



DEPARTMENT OF BUDGET AND MANAGEMENT

# **PUBLIC FINANCIAL MANAGEMENT: BARANGAY PLANNING-BUDGETING**



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Director IV, DBM-SPIB



# OUTLINE OF PRESENTATION

1

DBM Mandates

2

Local Planning - Budgeting  
Framework and Process

3

SK Planning-Budgeting Process



# **MANDATE**

**The Department of Budget and Management is responsible for the efficient and sound utilization of government funds and revenues to effectively achieve our country's development objectives.**

# **FUNCTIONS RELATED TO LGUs**

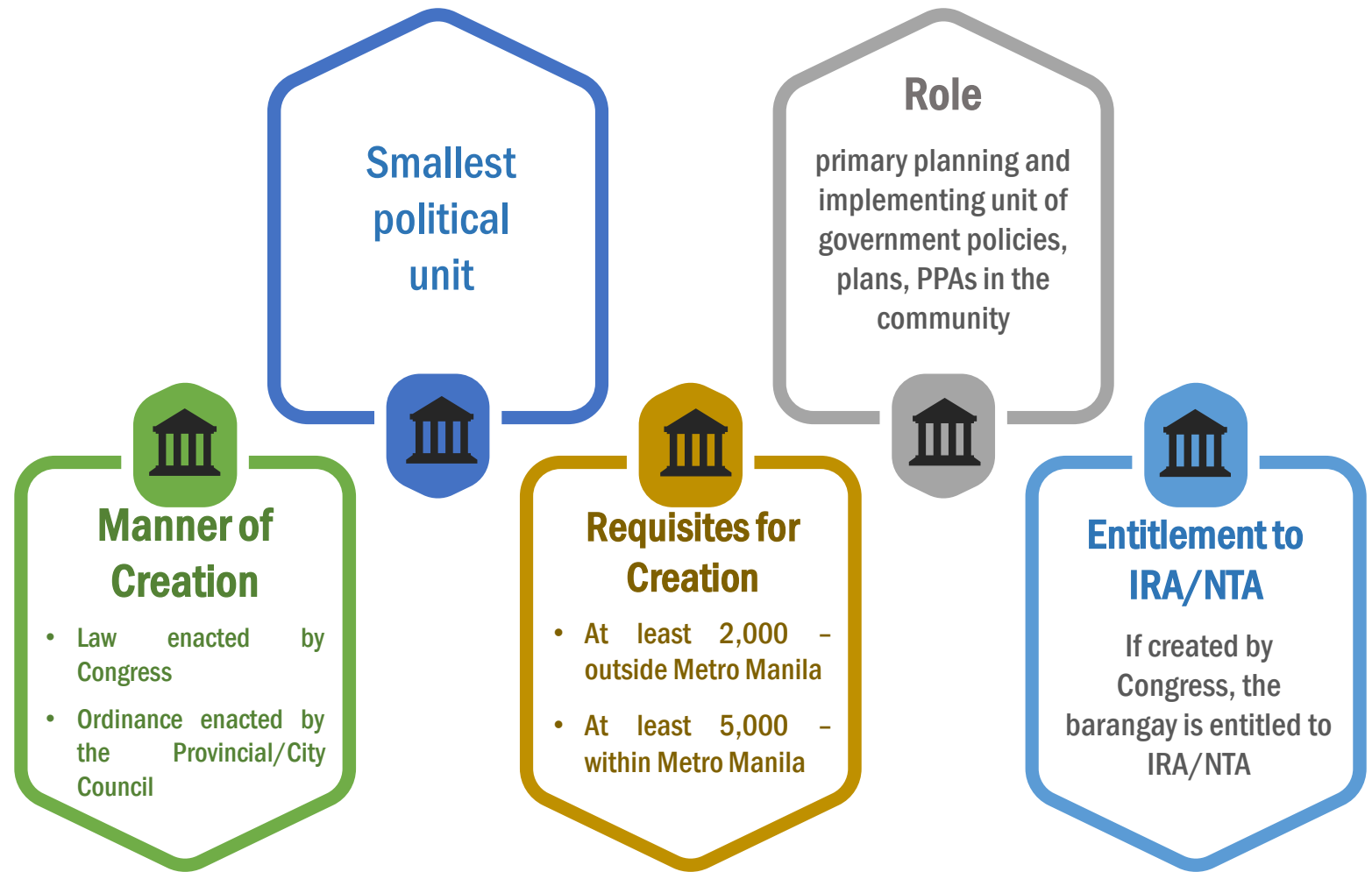


## **Release Allocations to LGUs through the BTr**

**Review the annual and supplemental budgets of Provinces and HUCs**

**Promulgate the Budget Operations Manual to improve and systematize methods, techniques and procedures employed in budget operation, preparation, authorization, review, execution and accountability.**

# THE BARANGAY



# BARANGAY OFFICIALS

## Elective Barangays Officials

**Punong Barangay and seven (7) members of Sangguniang Barangay**

- ✓ A citizen of the Philippines;
- ✓ A registered voter in the barangay he intends to be elected;
- ✓ A resident for at least one (1) year immediately preceding the day of the election;
- ✓ Able to read and write Filipino or any other local language or dialect; and
- ✓ Must be at least eighteen (18) years of age on election day.

## Appointive Barangays Officials

**Barangay Secretary and Barangay Treasurer**

- ✓ Shall be appointed by the Punong Barangay with the concurrence of the majority of all the Sangguniang Barangay members;
- ✓ Shall be of legal age, a qualified voter, and an actual resident of the barangay concerned; and
- ✓ No person shall be appointed barangay secretary if he is a Sangguniang Barangay member, a government employee, or a relative of the punong barangay within the fourth civil degree of consanguinity of affinity.

# BARANGAY SOURCES OF FUNDS

## SCOPE OF TAXING POWERS

(Sec. 152, RA 7160)

## OTHER LOCAL SOURCES

Sec. 153, 154, 155,  
156, 271, RA 7160

## SHARES IN THE PROCEEDS OF NATIONAL TAXES

Sec. 284, 285, RA 7160

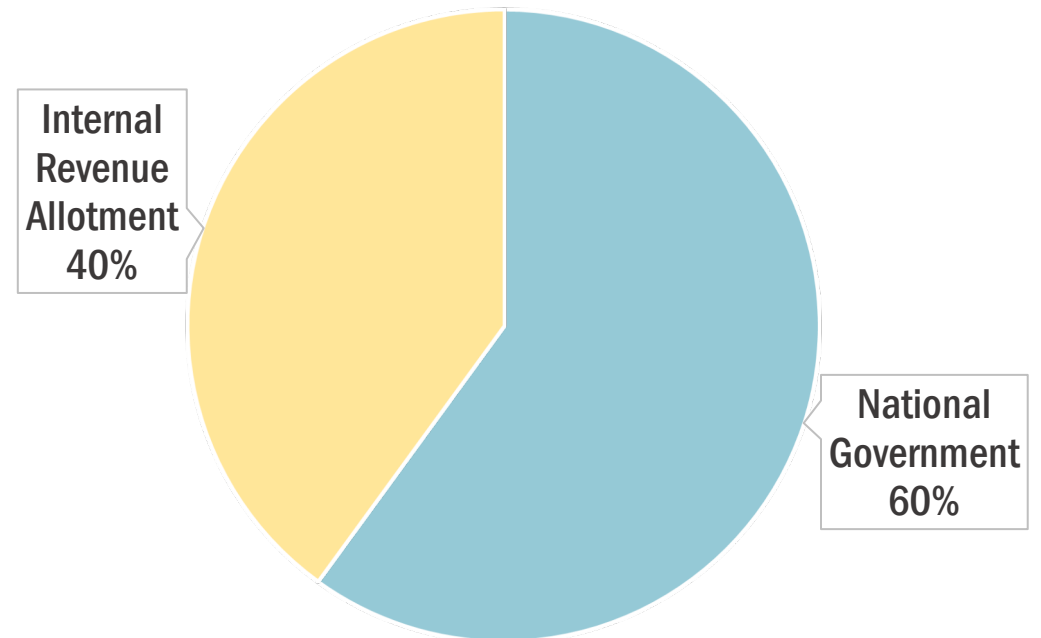
## SHARES FROM NATIONAL WEALTH

Sec. 289, 292, RA 7160

# IRA/NTA SHARE OF LGUs

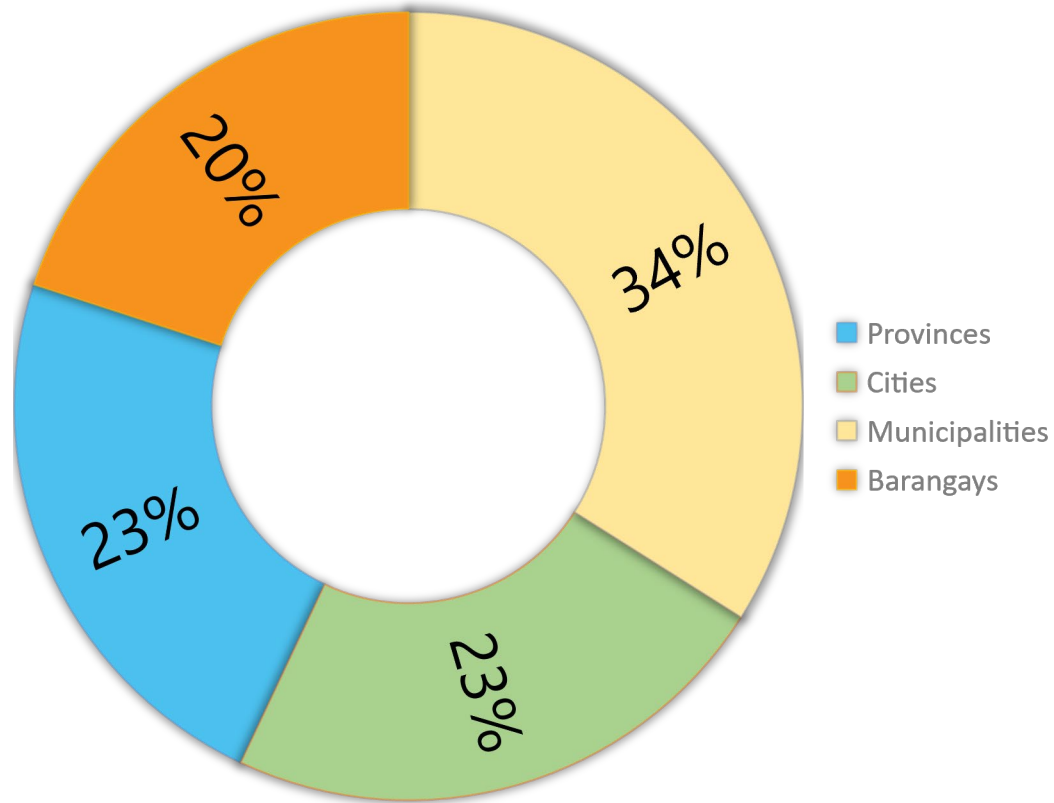
- LGUs shall have a just share, as determined by law, in the national taxes which shall be automatically released to them.
- Forty percent (40%) of the share in the national internal revenue taxes (NIRT) based on the collection of the third fiscal year preceding the current fiscal year will be given to LGUs

NATIONAL INTERNAL REVENUE TAXES





# ALLOCATION OF THE NTA PER LGU LEVEL

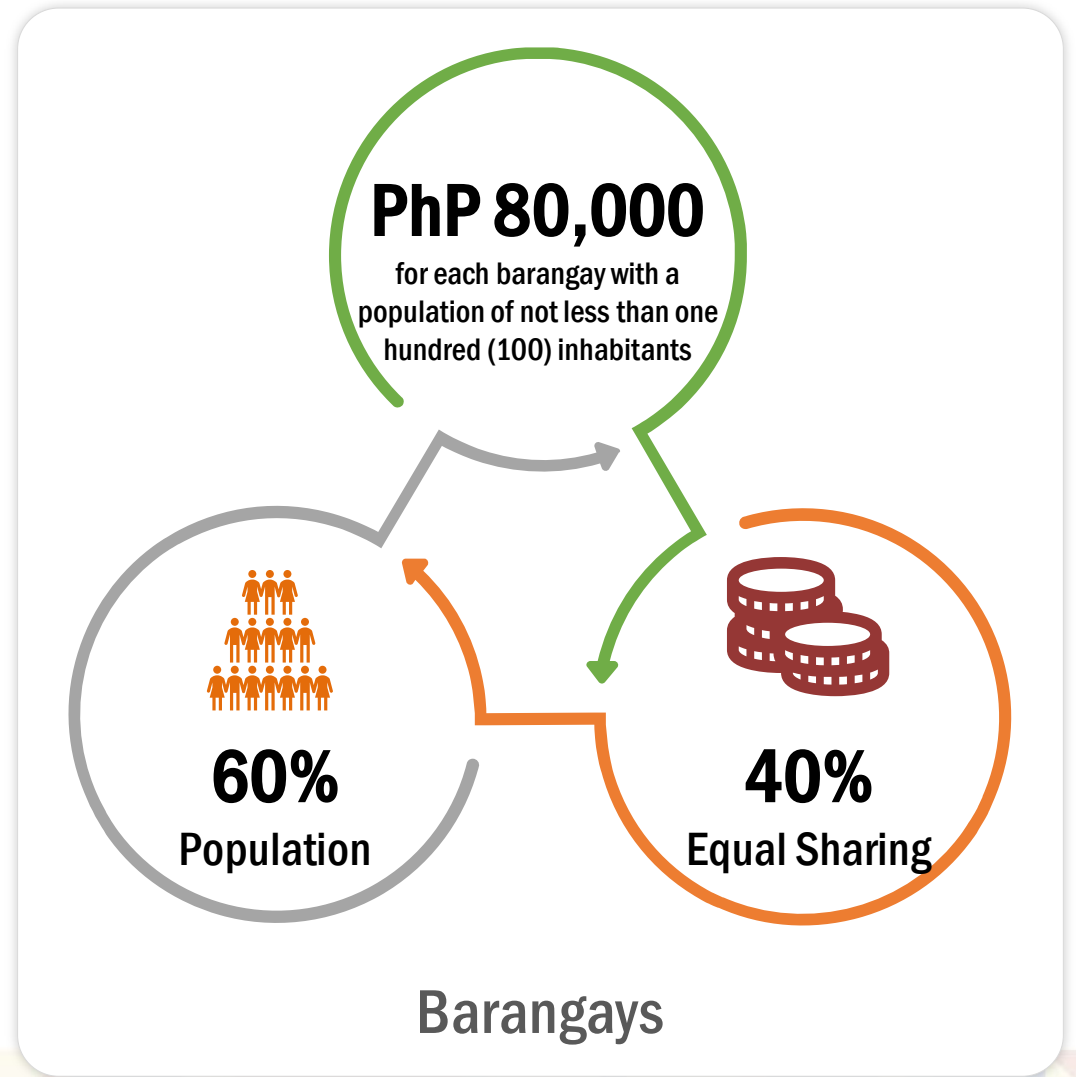
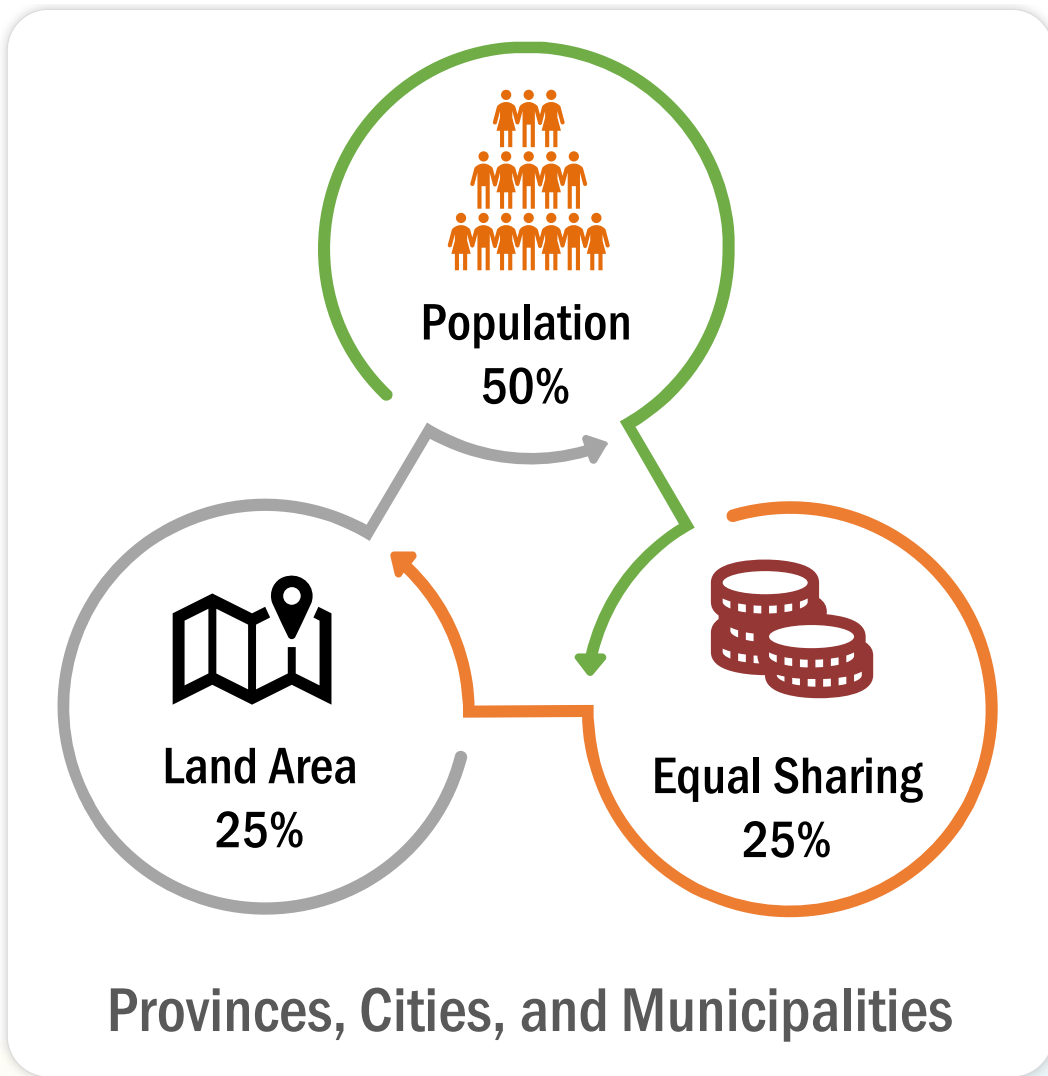


NTA ALLOCATION PER LGU LEVEL

LEVEL OF LGU	NO. OF LGUs	% ALLOCATION
Provinces	83 <sup>1</sup>	23%
Cities	149	23%
Municipalities	1,485	34%
Barangays	41,905	20%
<b>Total</b>	<b>43,670</b>	<b>100%</b>

<sup>1</sup> There are only 82 provinces, but the Metro Manila Development Authority receives NTA like that of a province pursuant to Section 10 (b) of RA No. 7924.

# IRA/NTA COMPUTATION



# IRA/NTA SHARE OF LGUs

## USES OF THE FUND

- To fund basic services and facilities pursuant to Section 17 of RA No. 7160 particularly those which have been devolved by the National Government; and
- To fund development projects as identified in the LGUs Annual Investment Plan.



# SHARES IN THE UTILIZATION AND DEVELOPMENT OF NATIONAL WEALTH

**40%**

gross collection derived by the NG from the utilization and development of national wealth

Types of National Wealth and the authorized collecting agencies:

Particulars	Collecting Agency
Forest Charges	Department of Environment and Natural Resources (DENR)
Royalty Income from Mineral Reservation	DENR-Mines and Geo-Sciences Bureau (MGB)
Energy Resources Production	Department of Energy (DOE)
Mining Taxes	Bureau of Internal Revenue (BIR)

# DISTRIBUTION OF SHARES IN THE UTILIZATION AND DEVELOPMENT OF NATIONAL WEALTH

Natural Resources are located in the Province	
Province	20%
Component City or Municipality	45%
Barangay	35%


Natural Resources are Located in a HUC or ICC	
City	65%
Barangay	35%

Natural Resources are Located in 2 or more LGUs	
Population	70%
Land Area	30%

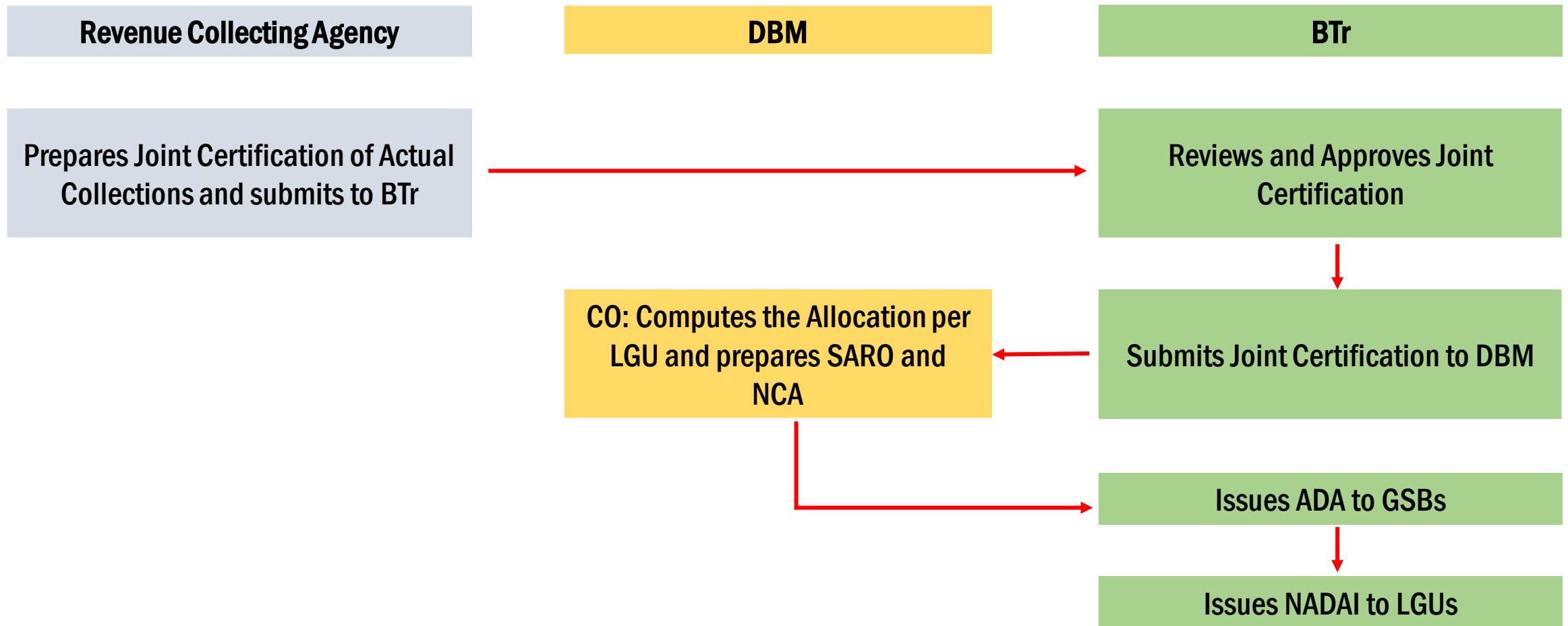


# **SHARES IN THE UTILIZATION AND DEVELOPMENT OF NATIONAL WEALTH**

## **USES OF THE FUND**

- To finance local development and livelihood projects of recipient LGUs.
  - In the case of energy resources, at least 80% of proceeds derived from the development and utilization of hydro-thermal, geothermal and other sources of energy, shall be applied solely to lower the cost of electricity in the LGU where the source of energy is located.
- 

# PROCESS OF INTER-GOVERNMENTAL TRANSFERS



# FY 2024 LOCAL GOVERNMENT SUPPORT FUND

Financial Assistance to Local Government Units	14,035,090,000
Support to the Barangay Development Program of the National Task Force to End Local Communist Armed Conflict	2,160,000,000
Green Green Green Program	1,055,000,000
Support and Assistance Fund to Participatory Budgeting	1,000,000,000
<b>TOTAL</b>	<b>P 18,250,090,000</b>





# **LOCAL BUDGETING FRAMEWORK**

**Process and Significance to Sustainable Local Development**



# BUDGETING

Spending within our means

Investing in the right priorities

Delivering measurable results

Empowering citizens through fiscal transparency, accountability, and participation

# LOCAL BUDGETING FRAMEWORK



**within our means**  
invests in the **right priorities**  
delivers **measurable results**



**empowers citizens**



# **BARANGAY PLANNING AND BUDGETING PROCESS**

**Process and Significance to Sustainable Local Development**





# BARANGAY PLANNING PROCESS

*"As the basic political unit, the barangay serves as the primary planning and implementing unit of government policies, plans, programs, projects, and activities in the community, and as a forum wherein the collective views of the people may be expressed, crystallized and considered, and where disputes may be amicably settled"*



- Section 384 (b), R.A. No. 7160



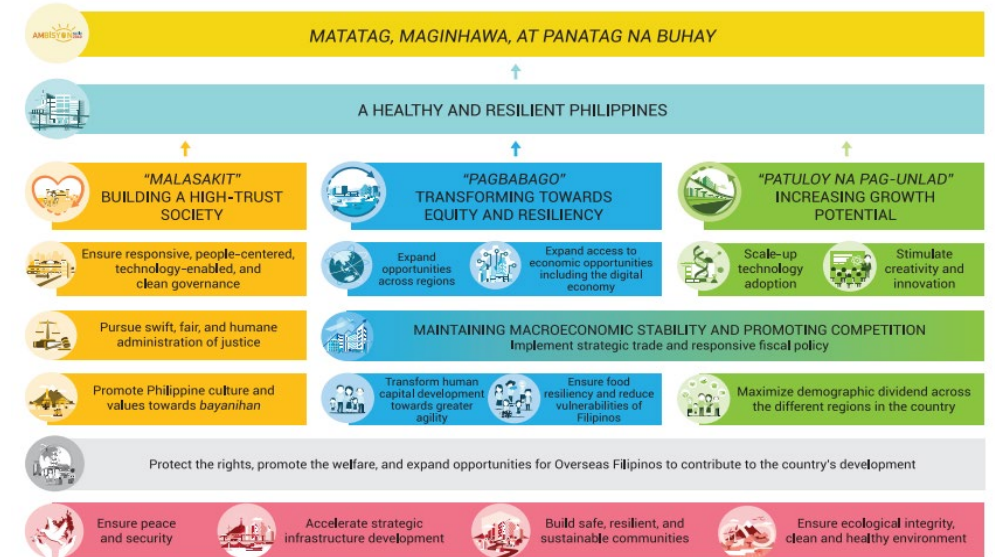
# LEGAL BASIS

- Local budget plans and goals shall be harmonized with national development plans, goals, and strategies

- Section 305 (h) of RA No. 7160

- LGUs are enjoined to align their PPAs with the priorities of the National Government, specifically those embodied under the updated Philippine Development Plan for 2013-2028.

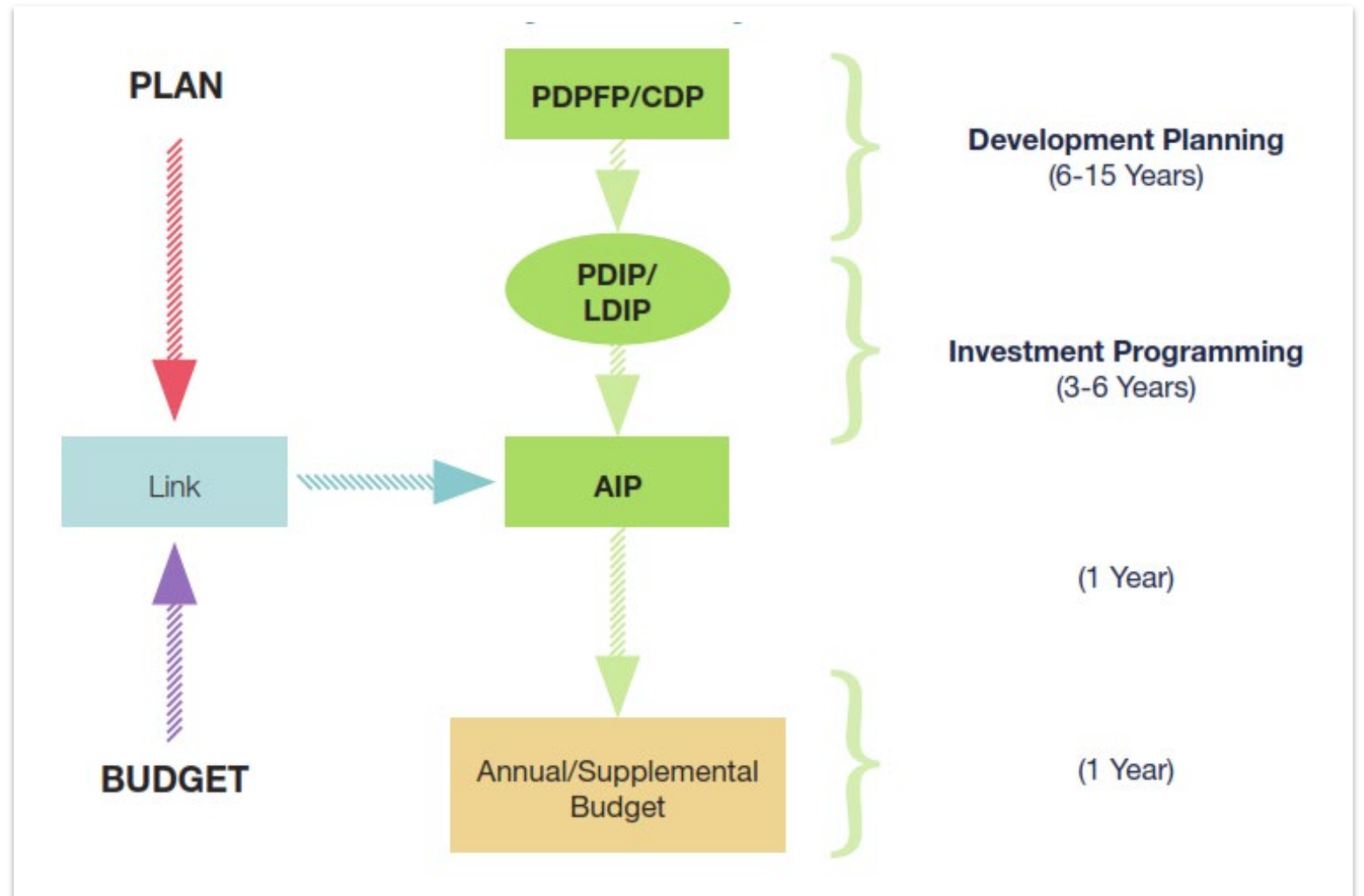
- The PPAs of LGUs shall have a results-oriented focus on national development goals and shall be in line with AMBISYON NATIN 2040, the 2030 Agenda for Sustainable Development, and the President's 8-Point Socio-Economic Agenda.



## SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD



# LINKING HARMONIZED PLANS AND POLICIES TO THE BUDGET



# BARANGAY PLANNING



- Article 410, IRR, R.A. No. 7160, mandates three (3) important points relative to the relationship between the barangay development plan and barangay budget, as follows:
  1. The *barangay development plan* and *Annual Investment Program (AIP)* shall be prepared and approved during the fiscal year before the calendar for budget preparation;
  2. The **AIP** shall specify projects for inclusion in the barangay budget as well as in the budget of NGAs and GOCCs; and
  3. The **plan** shall be used to ensure that the projects proposed for local funding are included in the barangay budget.



# BARANGAY PLANNING



The Barangay Development Council (BDC) shall prepare the **barangay development plan** and shall assist the sanggunian in setting the direction of economic and social development, and coordinating development efforts within its territorial jurisdiction.

## Composition:

1. Punong Barangay – Head
2. Members of the sangguniang barangay
3. Representatives of non-governmental organizations operating in the barangay, who shall constitute not less than one fourth (1/4) of the members of the fully organized council
4. A representative of the congressman

FY \_\_\_\_\_ Annual Investment Program (AIP)  
By Program/Project/Activity by Sector

Barangay: \_\_\_\_\_  
City/Municipality: \_\_\_\_\_  
Province: \_\_\_\_\_

AIP Reference Code	Program/Project/Activity Description	Implementing Office/Unit	Schedule of Implementation		Expected Outputs	Funding Source	AMOUNT (In Thousand Pesos)			
			Start Date	Completion Date			Personal Services (PS)	Maintenance and Other Operating Expenses (MOOE)	Capital Outlay (CO)	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11) 8+9+10
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: \_\_\_\_\_



# **BARANGAY BUDGETING PROCESS**





## WHAT IS BUDGET?

*"A financial plan embodying the estimates of income and expenditures for a given period of time (usually for one fiscal year)."*

“

- Section 306 (a), R.A. No. 7160



## ? **WHAT IS AN APPROPRIATION ORDINANCE?**

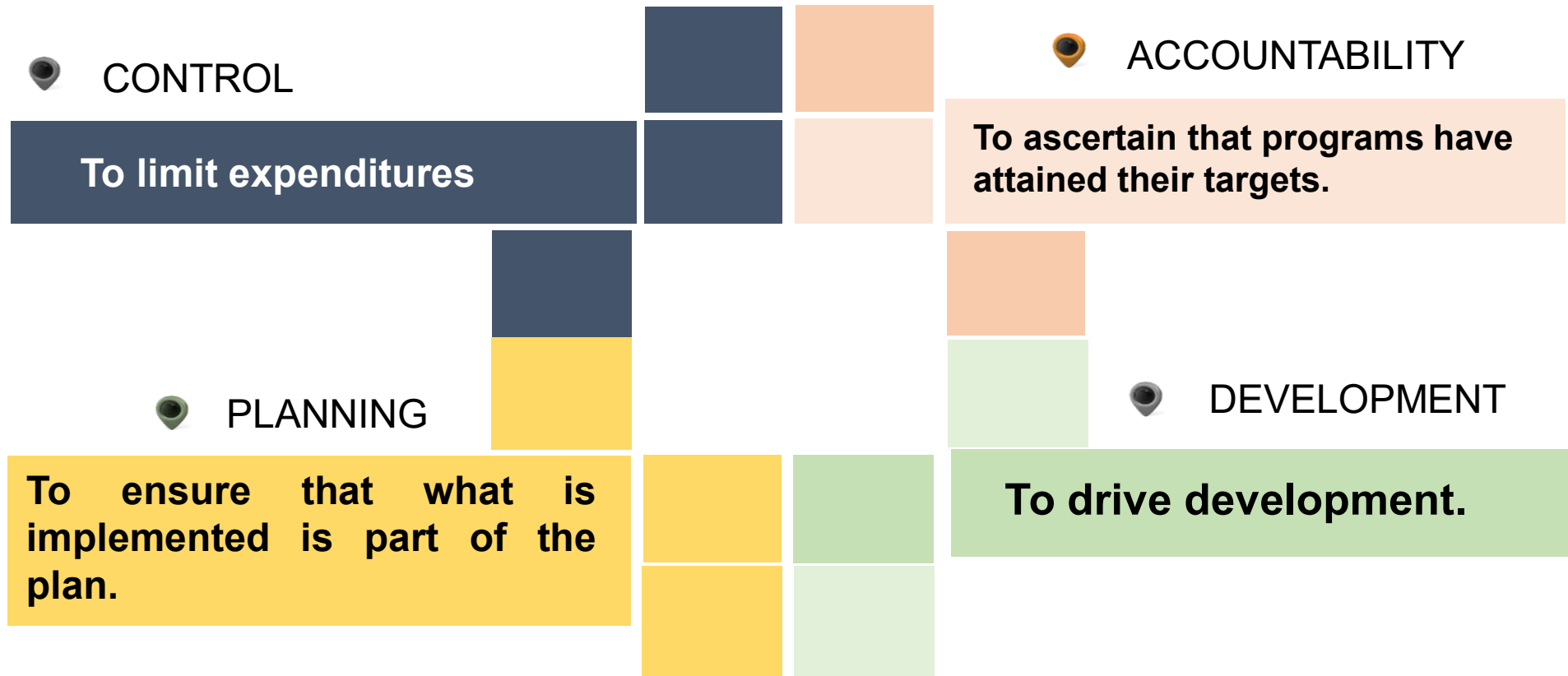
*"A legislative action **authorizing** the payment of goods and services from local government funds under specified conditions or for specific purposes."*

“

- Section 306 (b), R.A. No. 7160



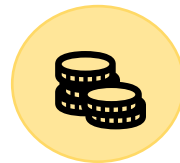
# FUNCTIONS OF BUDGETING



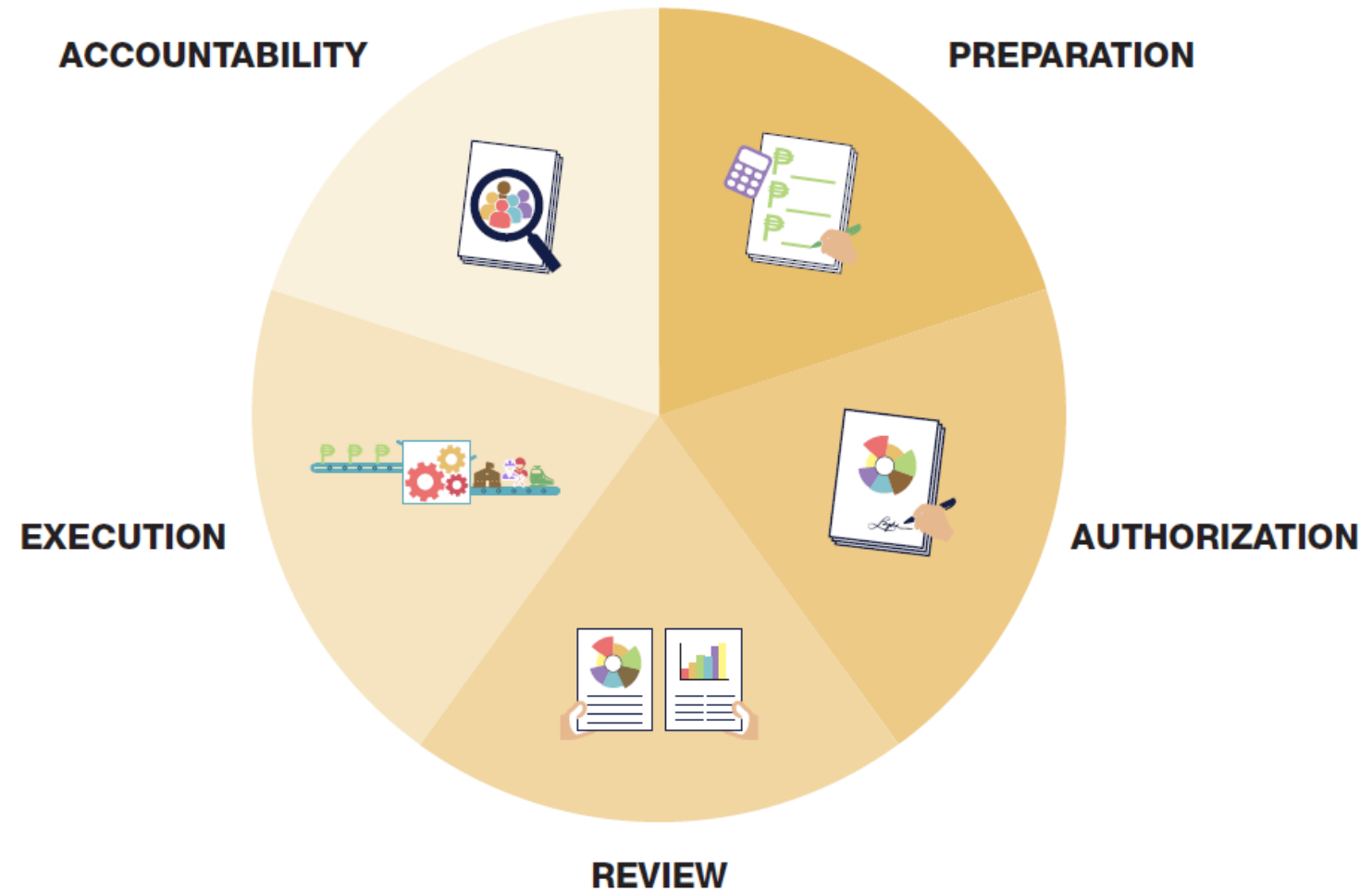


## **BUDGETING AS A FUNCTION...**

*pushes, strengthens and bridges  
the interconnection of the  
different elements of  
Public Financial Management*



# THE LOCAL BUDGET PROCESS







## **BUDGET PREPARATION**

*"Upon receipt of the statement of income and expenditures from the barangay treasurer, the punong barangay shall prepare the barangay budget for the ensuing fiscal year in the manner and within the period prescribed in this Title and submit the annual budget to the sannguniang barangay for legislative enactment."*

Section 331 (a), R.A. No. 7160



## **BUDGET PREPARATION**

*"In coordination with the barangay development council, the punong barangay shall prepare the annual executive and supplemental budgets of the barangay."*

Section 331 (a), R.A. No. 7160

*"Changes in the annual budget may be done through supplemental budgets."*

Article 417, IRR, R.A. No. 7160

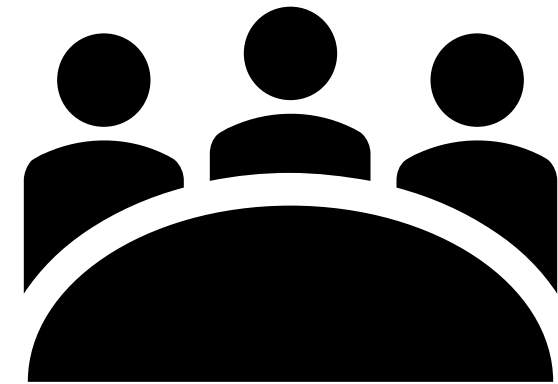
# KEY PLAYERS



Punong Barangay



Barangay Treasurer



Barangay  
Development Council



# STEPS IN PREPARING THE ANNUAL BUDGET

**Step 1** . Barangay Treasurer submits the detailed Statement of Income and Expenditure.

*Article 423 (b), IRR of R.A. No. 7160*

**On or before September 5** – The city or municipal treasurer (together with the city or 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.

**On or before September 15** – The treasurer shall submit to the punong barangay a statement covering the estimates of income and expenditures for the past, current, and the ensuing fiscal years.



# STEPS IN PREPARING THE ANNUAL BUDGET

**Step 2.** The Punong Barangay in coordination with the BDC prepares the barangay budget.

*Section 389 (b) (7), R.A. No. 7160*

**Task 1.** The Punong barangay prepares the estimated income for the ensuing year upon receipt of the statement of income and expenditure from the barangay treasurer.

**Task 2.** Of the total general fund (estimated income), set aside 10% for the Sangguniang Kabataan and inform the SK Chairperson, as soon as possible, of the total amount representing the 10% SK fund.

*Section 329, R.A. No. 7160*



# STEPS IN PREPARING THE ANNUAL BUDGET

**Step 2.** The Punong Barangay in coordination with the BDC prepares the barangay budget.

*Section 389 (b) (7), R.A. No. 7160*

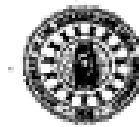
**Task 3.** Provide for budgetary requirements or Mandatory Allocations

- **Payment of debts** – must not exceed 20% of the regular income of the barangay.
- **BDRRMF** set aside not less than **five percent (5%) of estimated revenue from regular sources.**



**NDRRMC-DBM-DILG JOINT MEMORANDUM  
CIRCULAR NO. 2013-1 DATED MARCH 25, 2013**

**GUIDELINES ON THE ALLOCATION  
AND UTILIZATION OF THE LOCAL  
DISASTER RISK REDUCTION AND  
MANAGEMENT FUND**



**NATIONAL DISASTER RISK REDUCTION AND MANAGEMENT COUNCIL  
DEPARTMENT OF BUDGET AND MANAGEMENT  
and  
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT**

**Joint Memorandum Circular No. 2013-1**

Date: March 25, 2013

**TO:** PROVINCIAL GOVERNORS, CITY MAYORS, MUNICIPAL MAYORS, PUNONG BARANGAYS, MEMBERS OF THE SANGGUNIANG, LOCAL DISASTER RISK REDUCTION AND MANAGEMENT COUNCILS, LOCAL DEVELOPMENT COUNCILS, LOCAL FINANCE COMMITTEES, AND ALL OTHER NATIONAL AND LOCAL GOVERNMENT OFFICIALS CONCERNED

**SUBJECT:** **ALLOCATION AND UTILIZATION OF THE LOCAL DISASTER RISK REDUCTION AND MANAGEMENT FUND (LDRRMF)**

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**1.0 Background**

Republic Act (RA) No. 10121 (Philippine Disaster Risk Reduction and Management Act of 2010) granted local government units (LGUs) greater flexibility towards disaster mitigation, preparation, response, rehabilitation and recovery.

**2.0 Purpose**

This Joint Memorandum Circular (JMC) is issued to serve as a guide to LGUs in the allocation and use of the LDRRMF and to enhance transparency and accountability in the use of the LDRRMF.

# ALLOCATION FOR THE LDRRMF

LDRRMF amounting to **not less than five percent (5%)** of the estimated revenue from regular sources shall be set aside to support disaster risk management activities.

**70%**

Disaster prevention and mitigation,  
preparedness, response, rehabilitation  
and recovery

**30%**

Quick Response Fund (QRF)



# UTILIZATION OF THE LDRRMF



**Disaster Prevention  
and Mitigation**



**Disaster  
Preparedness**



**Disaster  
Response**



**Disaster  
Rehabilitation  
and Recovery**



# STEPS IN PREPARING THE ANNUAL BUDGET

**Step 2.** The Punong Barangay in coordination with the BDC prepares the barangay budget.

*Section 389 (b) (7), R.A. No. 7160*

**Task 3.** Provide for budgetary requirements or Mandatory Allocations

- **Statutory and other contractual obligations**
- **20% of IRA for development projects** shall be utilized in accordance with DILG-DBM Joint Memorandum Circular No. 2020-1 dated November 4, 2020



# DBM-DOF-DILG JOINT MEMORANDUM CIRCULAR DATED NOVEMBER 4, 2020

## REVISED GUIDELINES ON THE APPROPRIATION AND UTILIZATION OF THE 20% OF THE ANNUAL INTERNAL REVENUE ALLOTMENT FOR DEVELOPMENT PROJECTS



DEPARTMENT OF BUDGET AND MANAGEMENT (DBM)  
DEPARTMENT OF FINANCE (DOF)  
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT (DILG)

Joint Memorandum Circular (JMC) No. 1  
Date: November 4, 2020

To : Local Chief Executives, Members of the Local Sanggunians, Members of the Local Finance Committees, Local Accountants, Heads and Directors of the Central and Regional Offices/Field Offices of the DBM, DOF-Bureau of Local Government Finance (BLGF), and DILG, and All Others Concerned

Subject : **REVISED GUIDELINES ON THE APPROPRIATION AND UTILIZATION OF THE TWENTY PERCENT (20%) OF THE ANNUAL INTERNAL REVENUE ALLOTMENT FOR DEVELOPMENT PROJECTS**

### 1.0 BACKGROUND

Pursuant to Section 287 of the Local Government Code of 1991 (Republic Act [RA] No. 7160), "[e]ach local government unit (LGU) shall appropriate in its annual budget no less than twenty percent (20%) of its annual Internal Revenue Allotment (IRA) for development projects." The said required allocation of LGUs out of their respective annual IRA<sup>1</sup> shares has been commonly known as the 20% Development Fund (DF).

Previous circulars jointly issued by the DILG and DBM provided the guidelines and policies on the appropriation and utilization of the 20% DF.

# GENERAL GUIDELINES

01

The 20% DF shall be utilized to finance the LGUs' priority development projects.

03

The LGUs shall ensure that the development projects are **well planned** and **procurement and implementation ready**.

02

The development projects that may be included under the 20% DF shall be **necessary, appropriate, or incidental** to efficient and effective local governance, and **essential to the promotion of the general welfare of the people**.


04

Technical assistance may be sought from NGAs for the determination of the more relevant and responsive development projects and to ensure compliance with the standards prescribed by the NGAs concerned.



# **GENERAL GUIDELINES**

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

- Personal Services expenditures;
  - Administrative expenses;
  - Traveling expenses;
  - Registration fees and other expenses related to the conduct of and participation to trainings, 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.
- 

# STEPS IN PREPARING THE ANNUAL BUDGET

**Step 2.** The Punong Barangay in coordination with the BDC prepares the barangay budget.


*Section 389 (b) (7), R.A. No. 7160*

**Task 4.** Compute the mandatory requirements for PS, MOOE, and CO.

- Total PS requirement for 1 fiscal year **shall not exceed 55%** of the total annual income realized from local sources during the next preceding fiscal year.
- Essential expenditures shall be given priority in the allocation of funds.
- Any **available fund or resource** of LGUs shall first be allocated for the provision of basic **services and facilities** before using such fund or resource for other purposes, unless otherwise provided in the Code.



# **BASIC SERVICES AND FACILITIES INCLUDE, BUT ARE NOT LIMITED TO, THE FOLLOWING:**

1. Agricultural support services
  2. Health and social welfare services;
  3. Services and facilities related to general hygiene and sanitation, beautification, and solid waste collection;
  4. Maintenance of Katarungang Pambarangay;
  5. Maintenance of Barangay roads and bridges and water supply systems;
  6. Infrastructure facilities
  7. Information and reading center; and
  8. Satellite or public market
- 



# STEPS IN PREPARING THE ANNUAL BUDGET

**Step 2.** The Punong Barangay in coordination with the BDC prepares the barangay budget.

*Section 389 (b) (7), R.A. No. 7160*

**Task 4.** Compute the mandatory requirements for PS, MOOE, and CO.

**Task 5.** Consolidates the estimated income and the proposed expenditures into:

Part 1 – Receipts Program

Part 2 – Expenditure Program







# STEPS IN PREPARING THE ANNUAL BUDGET

**Step 2.** The Punong Barangay in coordination with the BDC prepares the barangay budget.

*Section 389 (b) (7), R.A. No. 7160*

**Task 4.** Compute the mandatory requirements for PS, MOOE, and CO.

**Task 5.** Consolidates the estimated income and the proposed expenditures

**Task 6.** Prepares the APP using the prescribed format.

**Task 7.** Prepares the Budget message.



# STEPS IN PREPARING THE ANNUAL BUDGET

**Step 3.** Punong Barangay submits the proposed Annual Budget to the sangguniang barangay not later than October 16 of the current fiscal year.

*Section 318, R.A. No. 7160*

- Budget Message
- Plantilla of Personnel
- Approved AIP
- Annual Procurement Plan
- List of Projects chargeable against the 20% development fund
- DILG-endorsed GAP Plan and Budget
- Statement of Indebtedness (if any)

# **BARANGAY BUDGET PREPARATION (BBP) FORMS**

<b>BBP Form No. 1</b>	<b>Budget of Expenditures and Sources of Financing</b>
<b>BBP Form No. 2</b>	<b>Programmed Appropriation by PPA, Expense Class, Object of Expenditure and Expected Results</b>
<b>BBP Form No. 2-A</b>	<b>List of Projects Chargeable Against the 20% Development Fund</b>
<b>BBP Form No. 3</b>	<b>Plantilla of personnel</b>
<b>BBP Form No. 4</b>	<b>Statement of Indebtedness</b>



# BUDGET AUTHORIZATION

*"No money shall be paid out of the local treasury except in pursuance of an appropriations ordinance or law."*

Section 305 [a], RA No. 7160

*"The Sangguniang Barangay shall enact annual and supplemental budgets in accordance with the provisions of the Code"*

Section 391(a) (3), R.A. No. 7160



# **BUDGET AUTHORIZATION**

*not later than **October 16** of  
the current fiscal year*

# LIABILITY FOR FAILURE TO SUBMIT AN EXECUTIVE BUDGET

Failure to submit the budget within the prescribed period –

Subjects LCE to criminal and administrative penalties provided under the Code and other applicable laws

*[Section 318, RA No. 7160]*

- *Sec. 60 – Grounds for disciplinary actions*
- *(Secs. 61-68 – other rules on disciplinary actions)*
- [\*Villanueva vs. Ople, GR. 165125, Nov. 18, 2005\*](#)



## LEGISLATIVE AUTHORIZATION OF THE BUDGET

*"On or before the end of the current fiscal year, the Sanggunian concerned shall enact, **through an ordinance**, the annual budget of the local government unit for the ensuing fiscal year on the basis of the estimates of income and expenditures submitted by the local chief executive."*

Section 319, RANo. 7160



# HOW THE BARANGAY BUDGET IS AUTHORIZED?

**Step 1:** Present the Executive Barangay Budget to the Sangguniang Barangay.

- Deliver the State of the Barangay Address (SOBA)
- Follow Contents of Budget Message
- Certify as urgent the proposed executive budget





# HOW THE BARANGAY BUDGET IS AUTHORIZED?

**Step 1:** Present the Executive Barangay Budget to the Sangguniang Barangay.

**Step 2:** Deliberate on the Executive Budget

- Discuss the allocation of income to the budgetary requirements;
- Discuss the allocation of income to other Priority Projects, Activities and Purposes
- Discuss Sources of Income



# HOW THE BARANGAY BUDGET IS AUTHORIZED?

## **Step 3:** Enact the General Appropriations Ordinance (GAO)

1. Effectivity of a General Appropriations Ordinance - beginning of the budget year
2. Period of Approval
  - If SB fails to enact the ordinance on time - the SB shall continue to hold sessions without additional remuneration until the ordinance is approved and no other business may be taken up during such sessions.



# HOW THE BARANGAY BUDGET IS AUTHORIZED?

## **Step 3:** Enact the General Appropriations Ordinance (GAO)

1. Effectivity of a General Appropriations Ordinance - beginning of the budget year
2. Period of Approval
  - If the SB fails to pass the budget - The ordinance authorizing the appropriations of the past year shall be deemed reenacted.



# HOW THE BARANGAY BUDGET IS AUTHORIZED?

## **Step 3:** Enact the General Appropriations Ordinance (GAO)


3. Reduction/Increase of Appropriations by the SB
4. Vote of the Punong Barangay on the Proposed Budget
  - The PB may vote against the appropriations ordinance if important items in his original proposal are not adopted substantially or there are unnecessary insertions or deletions.



# HOW THE BARANGAY BUDGET IS AUTHORIZED?

**Step 3:** Enact the General Appropriations Ordinance (GAO)

**Step 4:** Approval of the GAO by the Punong Barangay

- The ordinance enacted by the SB, upon approval by the majority of its members, need to be approved and signed by the PB.
  - The PB does not have a veto power since he is also the presiding chairman of the SB.
- 



## BUDGET REVIEW

*"Within 10 days from its approval, copies of the barangay ordinance authorizing the annual appropriations shall be furnished the sangguniang panlungsod or 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 this Title (Title Five – Local Fiscal Administration) are complied with."*

Section 333, RA No. 7160



## BUDGET REVIEW

*“Within 10 days after its enactment, the sangguniang barangay shall furnish copies of all barangay ordinances to the sangguniang panlungsod or sangguniang bayan concerned for review as to whether the ordinance is consistent with law and city or municipal ordinances.”*

Section 57, RANo. 7160; Article 11, IRR

*“The sanggunian concerned shall review the barangay ordinance to ensure compliance thereof with all the budgetary requirements and limitations provided in this Rule (Rule XXXIV – Local Government Budgeting).”*

Article 424 (b), IRR



# HOW IS BUDGET REVIEW DONE?

**Step 1:** Review within 60 days upon receipt.

- If the Sangguniang Panglungsod/Bayan fails to review the barangay budget within the 60-day period the budget is deemed in full force and effect.





# HOW IS BUDGET REVIEW DONE?

**Step 1:** Review within 60 days upon receipt.

**Step 2:** Check consistency of GAO with AIP and ELA and existing laws

**Step 3:** Declare the Review Actions.

- Declare the Barangay Budget Operative
- Declare the barangay budget inoperative in its entirety
- Declare the barangay budget inoperative in part



# HOW IS BUDGET REVIEW DONE?

**Step 1:** Review within 60 days upon receipt.

**Step 2:** Check consistency of GAO with AIP and ELA and existing laws

**Step 3:** Declare the Review Actions.

**Step 4:** Appeal for reconsideration in case of Conflict in Budget Review



# BUDGET EXECUTION

*“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 herein.”*

*“The Punong Barangay shall be primarily responsible for the execution... of the annual and supplemental budgets of the barangay.*

Section 332, RANo. 7160

# KEY PLAYERS



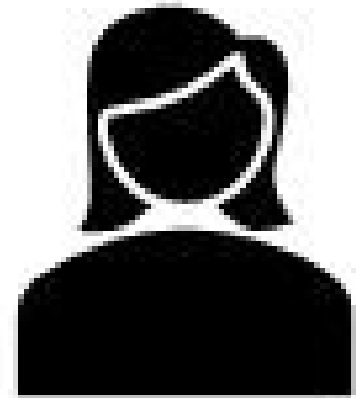
Punong  
Barangay



Barangay  
Treasurer



Chairman,  
Committee on  
Appropriations



City/Municipal  
Accountant



# BUDGET EXECUTION

## APPROPRIATION

---

- An authorization made by ordinance, directing the payment of goods and services from local government funds under specified conditions or purposes.

## ALLOTMENT

---

- The authorization issued by the Local chief Executive (LCE) to a Department / Office of the LGU which allows it to incur obligations for specified amounts within its appropriations.

## OBLIGATION

---

- The specific amount within the allotment which is committed to be paid by the LGU for any lawful expenditure made by an accountable officer for and in behalf of the LGU concerned.
- 



# BUDGET ACCOUNTABILITY

*The responsibility for the execution of the annual and supplemental budgets and the **accountability** shall be vested primarily in the LCE.*

- Sections 320, RA No. 7160

*Fiscal responsibility shall be shared by all those exercising authority over the financial affairs, transactions, and operations of the LGUs.*

- Section 305 (I) , R.A. No. 7160

# BUDGET ACCOUNTABILITY

01

Record all collections from taxes, fees, charges and contributions due or accruing to the barangay in the Income Books of Account under the General Fund.

02

Issue an official receipt for all taxes, fees, charges and contribution collected.

03

Deposit all collections in the depository account maintained in the name of the barangay within five (5) days after receipt.

04

Collect Real Property Taxes and such other taxes as may be imposed by province/city/municipality that are due in the barangay

05

Record all obligations and disbursements in the Expenditure Books of Accounts under the General Fund.

# BUDGET ACCOUNTABILITY

06

Segregate all expenditure levels by sector.

07

Post in a conspicuous place in the Barangay the income earned for the quarter and where it was spent.

08

Post in a conspicuous place the three (3) Barangay Budget Accountability Forms No. 1 to 3.

09

- Monitor and evaluate performance
- Monitor actual results of service delivery and implementation of development projects.
- Compare actual results with planned targets.
- Provide corrective actions for negative deviations.





*Thank you!*

For more information:  
Department of Budget and Management  
General Solano Street, San Miguel, Malacañang, Manila  
Trunkline: (02) 8657-3300 local 2345  
Website: [www.dbm.gov.ph](http://www.dbm.gov.ph)





DEPARTMENT OF BUDGET AND MANAGEMENT

# **SANGGUNIANG KABATAAN PLANNING AND BUDGETING**



**DIRECTOR JOHN ARIES S. MACASPAC**  
Systems and Productivity Improvement Bureau  
Department of Budget and Management



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

# **GUIDELINES ON THE APPROPRIATION, RELEASE, PLANNING AND BUDGETING PROCESS FOR THE SANGGUNIANG KABATAAN FUNDS**

*Joint Memorandum Circular No. 1 dated January 23, 2019*



## LEGAL BASIS

*Ten percent (10%) of the general fund of the barangay shall be set aside for the SK. The sangguniang barangay shall appropriate the SK funds in lump-sum, which shall be disbursed solely for youth development and empowerment purposes.*

Section 20 (a) of RA No. 10742

*The Sangguniang Kabataan shall have **financial independence** in its operations, disbursements and encashment of their fund, income and expenditures.*

Section 20 (b) of RA No. 10742

# APPROPRIATION OF THE SK FUND BY THE BARANGAY

01

The punong barangay shall include the 10% of the general fund accruing to the SK in the barangay executive budget to be submitted to the sangguniang barangay for budget authorization purposes.

02

The sangguniang barangay shall appropriate the said SK funds in lump-sum in the pertinent appropriation ordinance.

03

The barangay treasurer shall inform, in writing, the SK chairperson and the SK treasurer on or before the 15th day of September of the estimated 10% of the general fund of the barangay for the ensuing fiscal year, supported by a certification of income of the barangay from the city/municipal treasurer.

# RELEASE OF THE SK FUND BY THE BARANGAY

01

The SK funds shall be **automatically released** by the barangay to the SK, and shall not be subject to any lien or holdback.

03

The SK funds shall be deposited by the barangay in the current account of the SK not later than 5 working days after the crediting of the monthly NTA share of the barangay.

02

The SK shall open a current account in the name of the SK in a bank, situated in or nearest to its area of jurisdiction, with the SK chairperson and the SK treasurer as the official signatories.

04

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

# RELEASE OF THE SK FUND BY THE BARANGAY

05

The barangay may opt to transfer/release the SK funds earlier than prescribed on an annual, semestral or quarterly basis.

07

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

06

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



# **PLANNING AND BUDGETING PROCESS FOR THE SK FUND**





# PLANNING PROCESS BY THE SK

01

The SK, in consultation with the Katipunan ng Kabataan, shall formulate a 3-year rolling plan.

03

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

02

The CBYDP shall serve as the basis for the preparation of the ABYIP, which shall contain the specific PPAs with corresponding project costs.

04

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

# BUDGET PREPARATION BY THE SK

01

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

02

The SK chairperson, with the assistance of the SK treasurer, shall prepare the SK annual budget consisting the estimates of income and expenditure program.

03

Priority should be given to youth development and empowerment PPAs in accordance with the Philippine Youth Development Plan and Local Youth Development Plan, as embodied in the approved CBYDP and ABYIP, that will promote the following:

- ✓ Equitable access to quality education;
- ✓ Environmental protection;
- ✓ Climate change adaptation;
- ✓ Disaster risk reduction and resiliency;
- ✓ Youth employment and livelihood;
- ✓ Health and antidrug abuse;
- ✓ Gender sensitivity;
- ✓ Sports development; and
- ✓ Capability Building, which emphasizes leadership training.

# BUDGET PREPARATION BY THE SK

04

All regular operating expenses pertaining to the activities of the SK shall be charged against the SK funds, subject to the applicable budgeting, accounting, and auditing laws, rules and regulations.

06

The SK chairperson shall submit the proposed SK annual budget to the SK members not later than the 16th day of October of the current year for budget authorization purposes.

05

The conduct of study tours of the SK officials, chargeable against the SK fund, shall be subject to the policies and guidelines prescribed under DILG-DBM JMC No. 2 dated September 23, 2016.

# BUDGET AUTHORIZATION BY THE SK

01

The SK shall pass a resolution approving the SK AB/SB. For the annual budget, the resolution shall be passed before the beginning of the ensuing year.

03

The SK secretary shall post the resolution approving the SK AB/SB in the barangay bulletin board, and in at least 3 conspicuous places within the jurisdiction of the barangay.

02

All budgetary items shall be included and considered in the preparation of the AB. However, if funds allow, changes in the AB may be done through SBs under the following circumstances:

- a. When supported by funds actually available as certified by the SK treasurer; and
- b. If covered by new revenue source(s).

04

The SK secretary shall submit the SK AB/SB to the sangguniang panlungsod or sangguniang bayan, through the city/municipal budget officer, within 10 days upon the approval thereof.

# **BUDGET REVIEW BY THE SANGGUNIANG PANLUNGSOD OR SANGGUNIANG BAYAN**

**01**

The reviewing authority shall within 60 days upon receipt review the SK AB/SB on their compliance with the priority PPAs identified under Section 20 (c) of RA No. 10742, and with other existing laws, rules and regulations.

**02**

Depending on its findings, the sangguniang panlungsod or sangguniang bayan may render the following review actions.

# REVIEW ACTIONS

01

OPERATIVE IN ITS  
ENTIRETY

03

INOPERATIVE IN ITS  
ENTIRETY

02

OPERATIVE IN ITS  
ENTIRETY, SUBJECT TO  
CONDITIONS

04

INOPERATIVE IN PART

# **BUDGET REVIEW BY THE SANGGUNIANG PANLUNGSOD OR SANGGUNIANG BAYAN**

**01**

The reviewing authority shall within 60 days upon receipt review the SK AB/SB on their compliance with the priority PPAs identified under Section 20 (c) of RA No. 10742, and with other existing laws, rules and regulations.

**03**

Failure on the part of the reviewing authority to complete the review within the prescribed period shall render the said SK AB/SB deemed approved.

**02**

Depending on its findings, the sangguniang panlungsod or sangguniang bayan may render the following review actions.

**04**

The reviewing authority shall return to the SK chairperson, through the city/municipal budget officer, the SK AB/SB with the advice of action thereon, if any, for proper adjustments.

# BUDGET EXECUTION BY THE SK

01

The SK treasurer, whenever necessary, shall certify the availability of funds.

03

Disbursements shall be made by issuing checks drawn against the current account in the name of the SK with the SK chairperson and SK treasurer as the official signatories.

02

All payments out of the SK fund shall be made through Disbursement Vouchers.

04

All claims against the SK funds shall be properly supported with complete documentation.



# BUDGET EXECUTION BY THE SK

05

The SK chairperson and SK treasurer shall be properly bonded, chargeable against the SK funds, subject to the pertinent guidelines and policies issued by the Bureau of the Treasury.

07

However, unexpended balances for capital outlays shall continue and remain valid until fully spent, reverted, or the project is completed.

06

Unexpended balances in the SK budget(s) shall revert to the general fund of the SK at the end of the fiscal year, and shall not thereafter be available for expenditure except by subsequent approval of the SK.

08

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



# HANDBOOK ON THE FINANCIAL TRANSACTIONS OF THE SANGGUNIANG KABATAAN

## **BUDGET ACCOUNTABILITY BY THE SK**


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

The Handbook on the Financial Transactions of the SK covers the accounting policies, guidelines, financial reports and forms to be used in the SK operations.



# **RESPONSIBILITY AND ACCOUNTABILITY**


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





# **REPUBLIC ACT NO. 11768**

**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”**



# SALIENT FEATURES OF REPUBLIC ACT NO. 11768

Age

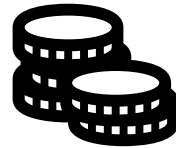
**18 to 30**

Expands eligibility for Sangguniang Kabataan Treasurer and Secretary

*not more than*

**25%**

SK funds can be allocated for personnel services



Additional honorarium, social welfare contributions, and hazard pay

*not more than*

**15%**

set aside an amount for mandatory and continuing training


*not less than*

**1%**

Allows appropriation of LGU budget for LYDO



# **PRIORITY PROGRAMS, PROJECTS, AND ACTIVITIES**

- Both the CBYDP and ABYIP shall give priority to PPAs that will promote and attain the thrusts of the PYDP such as:
    - a. Health;
    - b. Education;
    - c. Environment;
    - d. Global mobility;
    - e. Active citizenship;
    - f. Governance;
    - g. Social equity and inclusion;
    - h. Peace-building and security;
    - i. Human rights;
    - j. Gender equality; and
    - k. Economic empowerment.
- 

# PRIORITY PROGRAMS, PROJECTS, AND ACTIVITIES

**01** Student stipends, food, book and transportation allowances

**02** Sports and wellness projects

**03** Skills training, summer employment, on-the-job training, and livelihood assistance

**04** Agricultural, fishery, and forestry enterprises

**05** Environmental protection and conservation efforts

**06** Capacity-building for grassroots organization and leadership, and values education

**07** Programs that address context-specific and intersectional vulnerabilities of young people

# LOCAL BUDGET CIRCULAR NO. 148 DATED DECEMBER 23, 2022

## IMPLEMENTING GUIDELINES ON THE GRANT OF HONORARIUM TO SANGGUNIANG KABATAAN OFFICIALS PURSUANT TO REPUBLIC ACT NO. 11768

Published in The Philippine Star on 29 December 2022



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



### LOCAL BUDGET CIRCULAR

No. 148

Date: DEC 23 2022

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

Subject : **IMPLEMENTING GUIDELINES ON THE GRANT OF HONORARIUM TO SK OFFICIALS PURSUANT TO REPUBLIC ACT (RA) NO. 11768<sup>1</sup>**

#### 1.0 LEGAL BASIS

Section 4 of RA No. 11768, amending Section 16 of the SK Reform Act of 2015 (RA No. 10742), insofar as pertinent, provides the following:

"(6) The [SK] members, including the [SK] treasurer and secretary, shall receive a monthly honorarium, chargeable against the [SK] funds, in addition to any other compensation provided by this Act and shall be granted at the end of every regular monthly [SK] meeting: *Provided*, That the monthly honorarium shall not exceed the monthly compensation received by their [SK] chairperson: *Provided, further*, That not more than twenty-five percent (25%) of the [SK] funds shall be allocated for personnel services. The DBM shall issue the necessary guidelines implementing this provision.

The local government units [LGUs] may provide additional honorarium as well as social welfare contributions and hazard pay to the [SK] chairperson and the elected and appointed members through their own local ordinances: *Provided*, That the honorarium as stated in this section shall be subject to the post-audit jurisdiction of the [Commission on Audit] COA; and xxx"

#### 2.0 PURPOSE

This Circular is being issued to prescribe the guidelines and procedures on the grant of honorarium to SK Members, SK Treasurer, and SK Secretary, henceforth collectively referred to as "SK Officials," pursuant to Section 4 of RA No. 11768.

<sup>1</sup> "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"



# LEGAL BASIS

Section 4 of RA No. 11768, amending Section 16 of the SK Reform Act of 2015 (RA No. 10742), provides the following:

“(6) The [SK] members, including the [SK] treasurer and secretary, shall receive a **monthly honorarium**, chargeable against the [SK] funds, in addition to any other compensation provided by this Act and shall be granted at the end of every regular monthly [SK] meeting: *Provided*, That the monthly honorarium shall not exceed the monthly compensation received by their [SK] chairperson: *Provided, further*, That not more than twenty-five percent (25%) of the [SK] funds shall be allocated for personnel services. The DBM shall issue the necessary guidelines implementing this provision.

The local government units [LGUs] may provide **additional honorarium as well as social welfare contributions and hazard pay to the [SK] chairperson** and the elected and appointed members through their own local ordinances: *Provided*, That the honorarium as stated in this section shall be subject to the post-audit jurisdiction of the COA; and xxx”

# GRANT OF HONORARIUM TO SK OFFICIALS

01

The SK Officials shall each receive a monthly honorarium, chargeable against the SK funds, and shall be granted at the end of the month.

03

The amount of the monthly honorarium of the SK Officials shall be subject to their **attendance** to SK meetings, deliberations and official activities of the SK.

02

The SK chairperson shall no longer be entitled to receive any honorarium charged against the regular SK funds.

04

In no case shall the monthly honorarium exceed the actual monthly compensation received by the SK chairperson.

# GRANT OF HONORARIUM TO SK OFFICIALS

05

The monthly honorarium of the SK Officials shall be monitored by the **Budget Monitoring Officer** in a separate budget registry for PS and recorded in the appropriate registers being maintained by the SK Treasurer.

The amount to be allocated for PS shall **not be more than 25% of the SK funds.**



Budget  
Monitoring Officer

Responsible in the monitoring of budget and preparation of budget reports, and shall come from the SK Officials except the SK Treasurer.

- Item 3.12 of the HFTSK



SK Funds

10% of the general fund of the mother barangay

Other funds accruing to the general fund of the SK

# GRANT OF HONORARIUM TO SK OFFICIALS

06

If the prescribed rate of the SG cannot be fully provided, the proportionate and uniform monthly honorarium shall be determined and approved by the SK through a resolution.

08

The grant of honorarium to SK Officials shall be included in the CBYDP and ABYIP of the SK, and shall be subject to the SK planning and budgeting process.

07

The total honorarium to be included in the SK Annual Budget shall cover SK Officials, whether the SK position is filled or vacant.

09

The SKs are strongly advised to observe funding priorities in the determination of the amount of honorarium to be given to the entitled SK Officials.

# ADDITIONAL HONORARIUM FROM THE LGUS

01

The LGUs may provide additional honorarium, as well as social welfare contributions and hazard pay, to the SK chairperson and the elected and appointed members **through local ordinances.**

03

The grant of additional honorarium, as well as social welfare contributions and hazard pay, **shall be subject to their attendance** to SK meetings, deliberations, and official activities of the SK.

02

It shall be taken up as **financial subsidy to SK in the book of accounts of the LGU concerned.** The release shall be contingent on the fulfillment of the requirements set forth and agreed upon by both parties in a Memorandum of Agreement or contract.

04

In **no case** shall the grant of additional honorarium to SK Officials result where the total honoraria will be more than the amount of honorarium being received by the barangay officials.

# ADDITIONAL HONORARIUM FROM THE LGUS

05

The grant of additional honorarium **shall not result in the total honorarium exceeding SG 9, Step 1** in the salary schedule implemented by the city or municipality where the barangay belongs.

07

The additional honorarium, as well as social welfare contributions and hazard pay, to be given to the SK chairperson and the elected and appointed members, **shall be included in the AIP of LGUs concerned.**

06

**Funding priorities** shall be observed and the LGUs concerned must ensure that the grant will not significantly affect the delivery of basic services and facilities and implementation of developmental projects.

08

The additional honorarium, as well as social welfare contributions and hazard pay, to be given to the entitled SK chairperson and the elected and appointed members, **shall be transferred/downloaded to the account of the SK.**

# ADDITIONAL HONORARIUM FROM THE LGUS

09

The additional honorarium, as well as social welfare contributions and hazard pay **shall be accounted for and recorded in the Registry of Specific Purpose Fund Commitments, Payments, and Balances of the SK concerned.**

The same shall no longer be subject to the planning and budgeting process of the SK.

# MONITORING AND EVALUATION SYSTEM





# RESPONSIBILITY AND ACCOUNTABILITY



SK Chairperson and  
elected and appointed  
members

Determination and  
payment of  
honorarium to SK  
Officials charged  
against the SK funds



LCE and  
other local officials

Payment of additional  
honorarium, social  
welfare contributions,  
and hazard pay  
charged against the  
LGU funds



*Thank you!*

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