



REPUBLIC OF THE PHILIPPINES

Department of Budget and Management  
Malacañang, Manila

LEGAL OPINION NO. L-B-2001-06

**SUBJECT :** Local Government Budgeting – Annual and Supplemental Budgets

**ISSUE :** Whether or not the power of the Sangguniang Panlungsod (SP) to approve and appropriate annual and supplemental budgets carries with it the power to slash/reduce the same, as proposed by the Local Chief Executive (LCE).

**FACTS :** In letter dated 08 January 2001, Mr. Gregorio B. Ogoy, City Administrator of Koronadal, South Cotabato, requested legal opinion on whether or not the power of the Sangguniang Panlungsod to approve and appropriate annual and supplemental budgets carries with it the power to slash/reduce the same, as proposed by the LCE.

**OPINION :** The power of the SP to approve and appropriate annual and supplemental budget carries with it the power to slash/reduce the same, as proposed by the LCE.

This can be clearly inferred from Section 319 of the Local Government Code (LGC) as implemented by Article 415 of its IRR and as reiterated under Item 4.5, Chapter III of the Budget Operations Manual for LGUs, to wit:

*"SEC. 319. 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."*

*"ART. 415. Budget Authorization. – x x x*

*The local sanggunian 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."*  
(Underscoring supplied)

*"4.5 Limitations on Legislative Action. – The Sanggunian may not increase the proposed amount in the executive budget nor include new items except to provide for statutory and contractual obligations that may not have been considered in the preparation of the budget, or that the amounts provided may be deficient. In no case, however, shall such additional provision result in the excess of the total appropriations over the proposal in the executive budget."*

The foregoing provisions expressly prohibit the sanggunian to increase or include new provisions/items in the executive budget, except for statutory and contractual obligations. The purpose thereof is to avoid possible excesses over the budgetary ceilings recommended and prescribed by the Local Finance Committee as adopted by the LCE in the Executive Budget pursuant to Section 317 of the LGC. On the other hand, there is not any prohibition on the reduction of the appropriations in the executive budget.

**REFERENCE:** Letter dated 10 May 2001 to Mr. Gregorio B. Cgoy, City Administrator, Koronadal, South Cotabato

*Recommended:*

  
**JANET B. ABUEL**  
Director, LLS

*Approved:*

  
**EMILIA T. BONCODIN**  
Secretary