



REPUBLIC OF THE PHILIPPINES

Department of Budget and Management
Malacañang, Manila

LEGAL OPINION NO. L-C-2001-03

SUBJECT : Local Government Compensation

ISSUES : (1) Whether or not Local Budget Circular (LBC) No. 63 is in conflict with Section 391 (10) of the Local Government Code (LGC).

(2) Whether or not LBC No. 63 is a sufficient legal basis in increasing the honoraria of the barangay officials of Sto. Domingo during their incumbency.

FACTS : The Sangguniang Barangay (SB) of Sto. Domingo, Angeles City, passed series of Resolutions increasing the Honorarium of Barangay Officials. The first increase was embodied in Resolution No. 96-111 dated 06 November 1996, approving the Increase of honoraria of the Barangay Chairman from P1,000 to P5,000 monthly, and to all Members of the SB from P600 to P4,000 monthly, effective January 1997. The second increase was embodied in Resolution No. 37-S-97 dated 15 November 1997, effective on 01 January 1998 and the third increase was embodied under Appropriations Ordinance No. 5, s. 1998 effective 01 March 1999.

Consequently, Barangay Resolution No. 6-S-99 was passed urging the City Accountant to implement effective 01 March 1999 Appropriation Ordinance No. 5, s. 1998, specifically the item increasing the honoraria of barangay officials.

As represented, the said increases in honoraria were primarily anchored on Item 3.2 of LBC No. 63 which provides:

"The maximum honorarium/salary rates shall correspondingly change to conform with the adjustments authorized by Congress and/or the President notwithstanding the restriction under Section 391 (10) of R.A. 7160." (underscoring ours)

Section 391 (10) of R.A. 7160." (underscoring ours)

Atty. Reynaldo C. Canoy, City Auditor of Angeles City, opined that the increase in honoraria may be authorized under LBC No. 63 but such increase cannot be implemented during the term of the elected barangay officials who passed the resolution. He further opined that Item 3.2 of LBC No. 63 is an insufficient legal basis for it cannot amend the LGC, which was enacted by the Congress itself. Said opinion was based on

Section 391 (10) of the Local Government Code (LGC) of 1991 which provides:

"Sec. 391. Powers, Duties and Functions – (a) The Sangguniang Barangay, as the legislative body of the barangay, shall:

X X X

X X X

(10) Provide compensation, reasonable allowances or per diems as well as travel expenses for sangguniang barangay member and other barangay officials, subject to the budgetary limitations prescribed under Title Five, Book II of this Code: Provided, however, that 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 increases." (underscoring supplied)

The Regional Director, COA RO-III, in his letter dated April 19, 1999, has adopted the foregoing opinion of the City Auditor.

OPINION : **Issue No. 1.** LBC No. 63 is **not** in conflict with Section 391 (10) of the LGC. It should be noted that the spirit of LBC No. 63 is distinct from Section 391 (10) of R.A. 7160.

The former deals with the Implementation of Joint Resolution No. 1, otherwise known as Salary Standardization Law - Part 2, which has a consequential effect of increasing the salaries or other emoluments of barangay personnel. On the other hand, Section 391 (10) of R.A. 7160 intends to prevent the possible evil of whimsical increases of salaries and other benefits of local public officials during their incumbency. Thus, it can be concluded that there is no conflict between LBC No. 63 and Section 391 (10) of R.A. 7160.

Second Issue. Considering the exposition on the first issue, LBC No. 63 is a sufficient legal basis in increasing the honoraria of the subject barangay officials during their incumbency, provided that the increase

is a sufficient legal basis in increasing the honoraria of the subject barangay officials during their incumbency, provided that, the increase is not exceeding the maximum rates prescribed under the same Circular (Item 3.1) and subject to other conditions and limitations set for the provision thereof.

LBC No. 63 is entitled to great weight and respect. It is an elementary rule in statutory construction that interpretation given by administrative bodies tasked to interpret the law, which they are entrusted to enforce, have the force of law, and is entitled to great weight and respect. (Nestle Phil., Inc. v. Court of Appeals, 203 SCRA 504; Gonzales v. Landbank of the Philippines, 183 SCRA 520; Atlas Consolidated Mining and Dev. Corp. v. Court of Appeals, 182 SCRA 166)

Moreover, LBC No. 63 was issued by virtue of Joint Resolution No. 1 of Congress on March 7, 1994 and E.O. No. 332 dated May 16, 1996 (Integrating the Barangay Governments into the Revised Position Classification and Compensation System in the Government). Joint Resolution No. 1 urges the President of the Philippines to revise the existing compensation and position classification system in the government. Thus, the legislative authority was conferred to the Executive Department as contemplated in the whereas clause and under paragraph 3 of the said Resolution to wit:

"WHEREAS, the President of the Philippines has the authority to revise the existing compensation and position classification systems under the standards and guidelines hereunder provided;

"Sec. 3. Implementation. – The Department of Budget and Management shall prepare and issue the necessary guidelines for the implementation of the revised compensation and classification system consistent with the governing executive order to the issued by the Office of the President."

Accordingly, in this case, it can be said that it is Congress and not the barangay officials concerned which has authorized the increase in honoraria, therefore, outside the prohibition of Section 391(10) of R.A. No. 7160.

REFERENCE: Memorandum of the Secretary dated 28 February 2001 to DBM RO III

Recommended:

Approved:

Recommended:



JANET B. ABUEL
Director, LLS

Approved:



EMILIA T. BONCODIN
Secretary