

PRIMER ON BARANGAY BUDGETING

I. Introduction

The barangay, as the basic political unit, plays a significant role in the country's economic development and nation-building efforts. With the enactment of Republic Act No. 7160, otherwise known as the Local Government Code of 1991, the country's 41,882 barangays began to assume even greater responsibilities with corresponding powers vested in them in line with the intent of local autonomy.

To sustain and deepen their roles in the devolution process and live up as effective partners of the National Government in nation-building, barangay officials need to master the use of one basic instrument of local governance -- the budget.

The skillful management of barangay budgets means the ability to efficiently manage revenues and expenditures to ensure fiscal balance and propel the barangay towards self-sufficiency which is the real essence of local autonomy.

The following basic principles should guide the barangay budget administrators in order to meet the challenges of their vital responsibilities:

- No money shall be paid out of barangay funds except in pursuance of an appropriation ordinance or law.
 - Barangay funds and monies shall be spent solely for public purposes.
 - Barangay revenue is generated only from sources expressly authorized by law or ordinance, and its collection shall at all times be acknowledged properly.
 - All monies officially received by a barangay official in any capacity or on any occasion shall be accounted for as barangay funds, unless otherwise provided by law.
 - Trust funds in the barangay treasury shall not be paid out except in fulfillment of the purpose for which the trust was created or the funds received.
 - The barangay shall implement a sound barangay budget and cash program based on functions, projects and activities in terms of expected results.
 - Barangay budgets shall be harmonized with national development plans to optimize the utilization of resources.
 - The barangay budget shall operationalize approved local development plans.
 - The barangay shall ensure that their budgets incorporate the requirements of their communities (puroks) and provide for the equitable allocation of resources among them.
 - Fiscal responsibility shall be shared by all those exercising authority over the financial affairs, transactions and operations of the barangay.
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- The barangay shall endeavor to have a balanced budget in each