



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

LOCAL BUDGET CIRCULAR

No. 112
Date: June 10, 2016

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

SUBJECT : **BUDGET OPERATIONS MANUAL FOR LOCAL GOVERNMENT UNITS (BOM for LGUs), 2016 EDITION**

1.0 PURPOSE

This Circular is being issued to prescribe the BOM for LGUs, 2016 Edition, as a guide for all provinces, cities and municipalities.

2.0 THE BUDGET OPERATIONS MANUAL FOR LOCAL GOVERNMENT UNITS, 2016 EDITION

- 2.1 The BOM for LGUs, 2016 Edition, is issued by the Department of Budget and Management (DBM) to improve and systematize methods, techniques, and procedures employed in the preparation, authorization, review, execution, and accountability in local budget operations, pursuant to Section 354 of Republic Act (RA) No. 7160.¹
- 2.2 This latest edition of the BOM for LGUs contains the following enhancements and new features:
- 2.2.1 Emphasis on participatory budgeting, specifically on the emerging roles and engagement of the civil society organizations (CSOs) in each phase of the local budget process, consistent with the Handbook on the Participation of Civil Society Organization in the Local Budget Process which was issued under Local Budget Circular (LBC) No. 106 dated June 9, 2015.
 - 2.2.2 Framework for strengthening policy-based budgeting by harmonizing development plans, investment programs and policies, and linking the budget to these harmonized plans and policies, pursuant to the pertinent provisions of RA No. 7160 and its Implementing Rules and Regulations.
 - 2.2.3 Introduction of the Performance-Informed Budgeting (PIB) approach, which uses performance information in appropriation documents to link funding to results and to provide a framework for more informed resource allocation and management.

¹ The Local Government Code of 1991

- 2.2.4 Streamlining of local budget forms and accounts consistent with the Revised Chart of Accounts for LGUs, as prescribed under Commission on Audit Circular No. 2015-009 dated December 1, 2015; and
- 2.2.5 Integration of other developments concerning local budget operations, in view of the enactment of new laws and issuance of updated/new policies and guidelines.

3.0 ELECTRONIC BUDGET SYSTEM FOR LGUs

- 3.1 To facilitate the preparation of the local budgets consistent with the BOM for LGUs, 2016 Edition, an Electronic Budget (eBudget) System for LGUs was designed and developed by the DBM under the auspices of the European Union - funded project, "Support to the Local Government Units for More Effective and Accountable Public Financial Management (LGU PFM 2 Project)."
- 3.2 The eBudget System automates the preparation of the local budgets following the procedures outlined in the BOM for LGUs, 2016 Edition. The same shall be made available free of charge to LGUs interested in automating their local budget preparation process.

4.0 ROLL-OUT ACTIVITIES

- 4.1 Trainings for the LGUs on the BOM for LGUs, 2016 Edition, and the eBudget System for LGUs shall be conducted by the Regional Inter-Agency Teams on PFM led by the DBM Regional Offices.

5.0 SAVING CLAUSE

Cases not covered by this Circular and the BOM for LGUs, 2016 Edition, shall be referred to the DBM for resolution.

6.0 REPEALING CLAUSE

This Circular and the BOM for LGUs, 2016 Edition, supersede LBC No. 2008-90 dated September 1, 2008 and the BOM for LGUs, 2008 Edition, respectively.

7.0 EFFECTIVITY

The guidelines provided in the BOM for LGUs, 2016 Edition, shall take effect in FY 2017.

FLORENCIO B. ABAD
Secretary

