



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

LOCAL BUDGET CIRCULAR

No. 152

Date: AUG 02 2023

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

Subject : **BUDGET OPERATIONS MANUAL FOR LOCAL GOVERNMENT UNITS (BOM for LGUs), 2023 EDITION**

1.0 BACKGROUND

- 1.1 Pursuant to Section 354 of the Local Government Code of 1991 (Republic Act No. 7160) and Article 426 of its Implementing Rules and Regulations, the Department of Budget and Management (DBM) shall promulgate a BOM for LGUs to improve and systematize the methods, techniques, and procedures employed in budget preparation, authorization, execution, and accountability, as well as extend technical assistance in local government budgeting.
- 1.2 The previous version of the BOM for LGUs was promulgated under the auspices of the European Union Project, LGU PFM 2, and the same was officially prescribed by DBM through Local Budget Circular (LBC) No. 112 dated June 10, 2016.¹
- 1.3 However, there have been significant developments in local government budgeting which call for the need to update the BOM for LGUs, 2016 Edition.

2.0 PURPOSE

This Circular is being issued to prescribe the institutionalization of the BOM for LGUs, 2023 Edition as a guide for all provinces, cities, and municipalities in local government budgeting.

3.0 THE BOM for LGUs, 2023 EDITION

- 3.1 The BOM for LGUs, 2023 Edition provides for the enhanced framework and approaches to local budgeting which shall enjoin the LGUs to be more responsible and accountable for the funds entrusted to them and direct their financial resources according to their thrust and mandates.

¹ Budget Operations Manual for Local Government Units (BOM for LGUs), 2016 Edition

3.2 Specifically, the BOM for LGUs, 2023 Edition contains the following enhancements and new features:

- 3.2.1 Discussion on the fundamental principles governing local taxation and fiscal matters, limitations on the taxing powers of LGUs, and fundamental principles in local government budgeting;
- 3.2.2 Enhanced framework for strengthening policy-based budgeting by specifying how to harmonize the linkage among policy-making, planning, and budgeting;
- 3.2.3 Streamlining and updating of local budget forms;
- 3.2.4 Introduction of the Cash Budgeting System, a new approach to budgeting, which LGUs may adopt to instill fiscal discipline and ensure efficient and timely delivery of public service; and
- 3.2.5 Integration of other developments concerning local budget operations, in view of the enactment of new laws and issuance of updated/new policies and guidelines, including the implementation of the Supreme Court Ruling on the Mandanas-Garcia Case.

4.0 **ELECTRONIC BUDGET SYSTEM FOR LGUs**

- 4.1 To assist the LGUs in the preparation of the different forms required in the budgeting processes and to facilitate the online submission of the Annual/Supplemental Budgets and other reports, the electronic Budget (eBudget) System for LGUs was enhanced under the Technical Assistance of the Asian Development Bank.
- 4.2 The eBudget System also facilitates the online submission of report to the electronic Statement of Receipts and Expenditure (eSRE) System of the Department of Finance – Bureau of Local Government Finance by the Local Budget Officer. The eBudget System shall be made available free of charge to LGUs interested in automating their local budget processes.

5.0 **ROLL-OUT ACTIVITIES**

- 5.1 Training on the BOM for LGUs, 2023 Edition shall be conducted by the DBM Regional Offices (ROs) in coordination with the DBM-Local Government and Regional Coordination Bureau.
- 5.2 The DBM ROs, with the support of the DBM-Information and Communications Technology Systems Service, shall provide technical assistance to LGUs who are interested to use the eBudget System for LGUs.

6.0 **ITEMS FOR RESOLUTION**

Interpretation of the provisions of this Circular and the BOM for LGUs, 2023 Edition, including relevant items not covered therein, shall be referred to the DBM for resolution.

7.0 SEPARABILITY CLAUSE

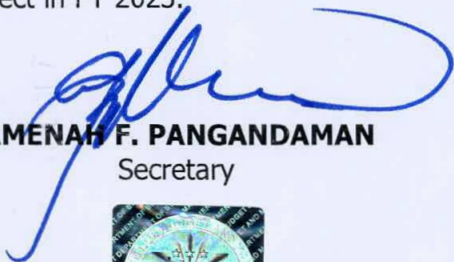
If any provision of this Circular and the BOM for LGUs, 2023 Edition is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

8.0 REPEALING CLAUSE

This Circular and the BOM for LGUs, 2023 Edition supersede LBC No. 112 dated June 10, 2016 and the BOM for LGUs, 2016 Edition, respectively.

9.0 EFFECTIVITY

The BOM for LGUs, 2023 Edition shall take effect in FY 2023.


AMENAH F. PANGANDAMAN
Secretary

