SUPPLEMENTAL RULES AND REGULATIONS ON THE APPROPRIATION FOR PERSONNEL BENEFITS CHARGEABLE AGAINST THE ANNUAL OR SUPPLEMENTAL BUDGET OF THE LOCAL GOVERNMENT UNITS

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Section 1. Purpose - This Circular is being issued to provide supplemental rules and regulations relative to personnel benefits chargeable against savings that may be charged against the annual or supplemental budget of Local Government Units (LGUs).

Section 2. Legal Bases - (a) Sec. 2 of Republic Act 7160 (Local Government Code of 1991), provides that LGUs shall enjoy genuine and meaningful autonomy to enable them to attain their fullest development as self-reliant communities and make them more effective partners in the attainment of national goal. (b) section 325 of RA 7160 authorizes the LGUs to use, for their personnel services, forty-five percent (45%) in the case of first to third class provinces, cities, and municipalities and fifty-five percent (55%) in the case of fourth class or lower, of the total annual income from regular sources realized in the next preceding fiscal year.

Section 3. Coverage - This Circular shall apply to all authorized personnel benefits of the LGUs such as Monetization of Leave Credits, CAN Incentive Bonus, overtime Pay, and such other benefits that are authorized by law but are chargeable against savings of the LGUs.

Section 4. Rules and Regulations - The following rules and regulations shall govern the provision of personnel benefits that may be charged against the annual or supplemental budget of the LGUs:

> (a) The personnel benefits referred to under Section 3 above may also be included by direct appropriation either in the Annual or Supplemental Budget of the LGU concerned, provided these are within the personnel services limitation as stipulated under Section 325 of RA 7160.
>
> (b) The personal services limitation shall be computed in accordance with Local Budget Circular No. 75 dated July 12, 2002.

Section 5. Responsibility. The Local Chief Executive concerned shall be personally liable for any payment of subject personnel benefits not in accordance with the provisions of this Circular without prejudice to the refund of any excess payment by the officials and employees concerned.

Section 6. Repealing Clause - All rules and regulations inconsistent with the provisions of this circular shall be deemed modified accordingly.

Section 7. Effectivity. This Circular shall take effect immediately

Adopted: 20 Oct. 2003

(SGD.) KARINA CONSTANTINO-DAVID

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