



Republic of the Philippines  
**DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT**  
**REGION XIII (CARAGA REGION)**  
 1559 Matimco Bldg., Km. 4, Libertad, Butuan City  
 Telefax Nos. (085) 342-2134 / 815-1229  
 website: caraga.dilg.gov.ph; email address: dilgxiii@yahoo.com



**DILG RO XIII**  
**FILE**

October 30, 2014

12571927742  
**DILG - REGION XIII**  
**RELEASED**  
 DATE: NOV. 05 2014  
 TIME: 10:15 AM  
 BY: RA

HON. DICK VICTOR B. CARMONA  
 Municipal Vice Mayor  
 Nasipit, Agusan del Norte

*Dear Vice Mayor Carmona:*

This refers to your request for legal opinion on which should come first, the Annual Budget or the Annual Investment Plan (AIP).

In your query, you stated that your confusion stemmed from the differing views on the above matter, i.e., from lessons learned from your seminars and trainings, saying the AIP comes first, and from the opinion of our Municipal Local Government Operations Officer (MLGOO), Ms. Laarni Beauty C. Sepe, at Nasipit, Agusan del Norte, saying the Annual Budget comes first before the AIP.

In our opinion, you are BOTH correct. The preparation of the AIP comes first, before the Annual Budget, when we look at the Calendar Year. The preparation of the Annual Budget comes first, before the AIP, when we look at the Fiscal Year. *We have attached the Plan and Budget Linkage Summary for your information and guidance.*

We understand that the Annual Budget preparation, which starts with the Budget Call sometime in June, is based on the AIP, initial IRA released by the DBM, and projected income of the Local Government Unit. Thus, as the Fiscal Year starts in July, it is the Annual Budget which is being prepared, i.e., preparation and submission of proposals by department heads, budget hearings, consolidation of proposals, issuance of Budget Message and submission of the Executive Budget to the Local Sanggunian. Understandably, this Annual Budget is for the ensuing year.

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As the Calendar Year starts in January of the ensuing year, the AIP is reviewed and updated based on multi-stakeholders consultation, and match the AIP with the actual IRA and income available or, in other words, resources available. It will then be finalized and endorsed to the Local Sanggunian sometime in March.

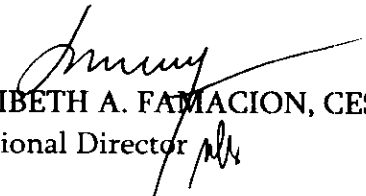
Theoretically speaking, Planning and Budgeting is a cycle. This implies that the AIP is a basis for the Annual Budget while based on the budget, the AIP is also reviewed and updated.

We hope to have satisfactorily addressed your concern. This opinion is rendered without prejudice to the decisions that competent higher authorities and the courts may subsequently decree.

Please course through your request for legal opinion in the future through your MLGOO or DILG Provincial Office.

Thank you and God bless!

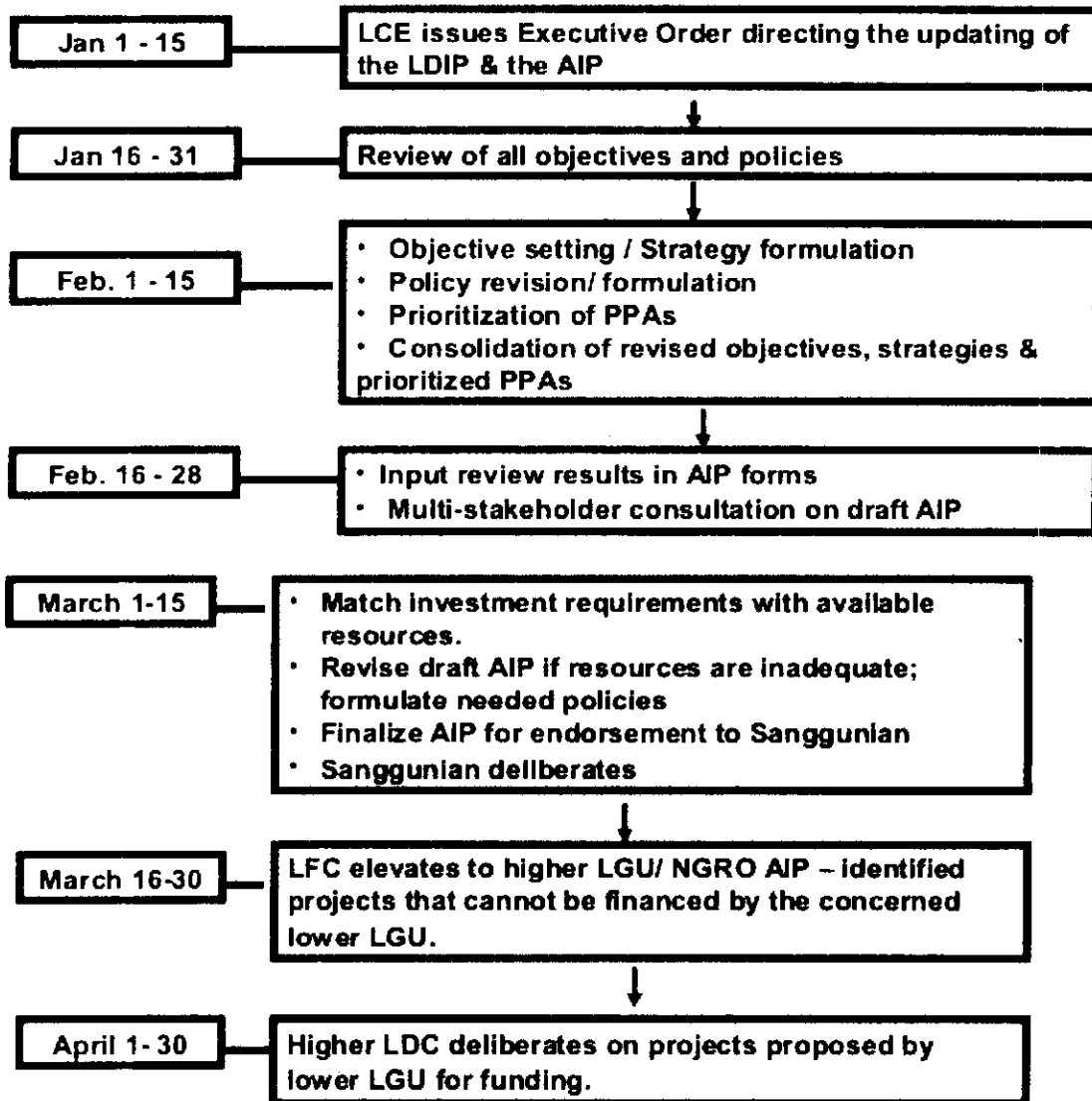
Very truly yours,

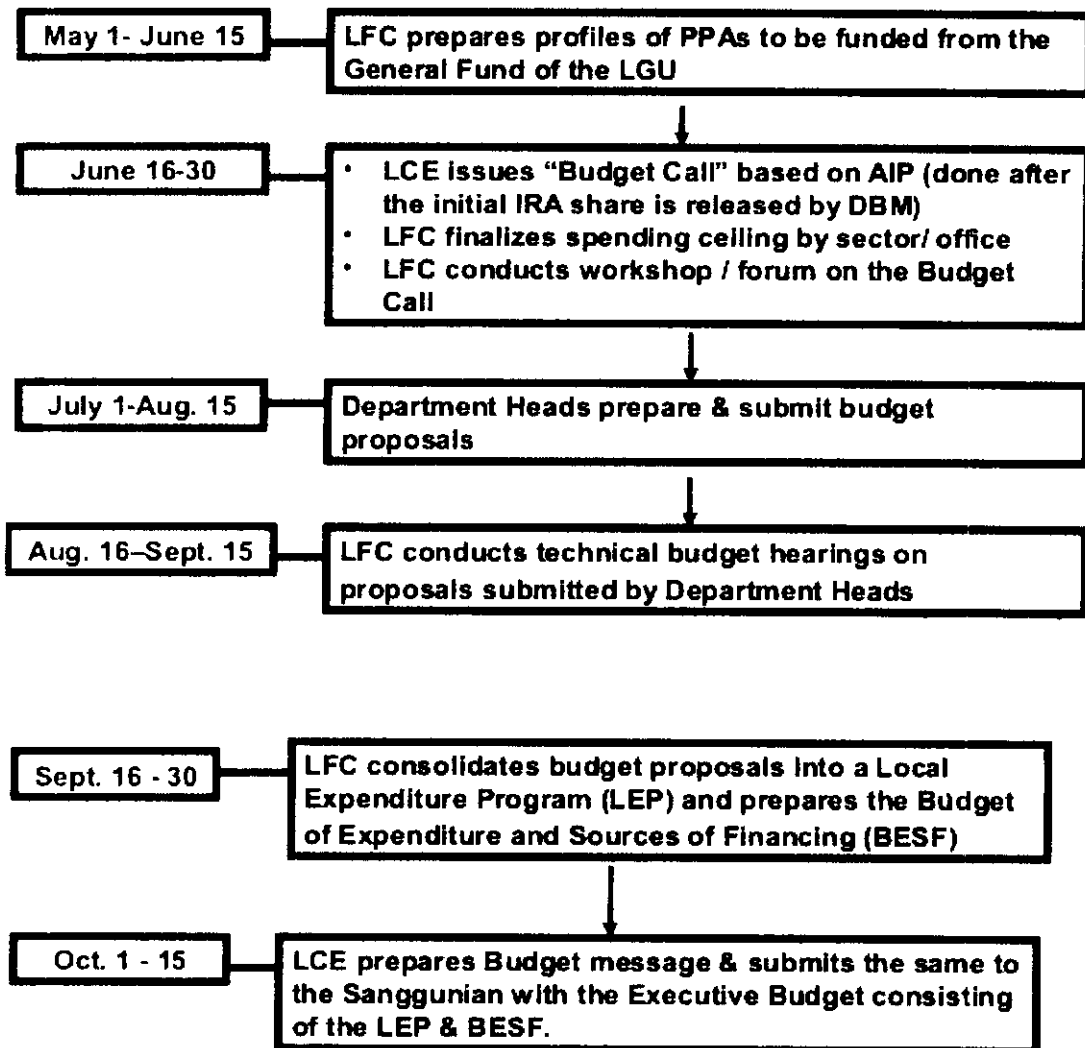
  
LILIBETH A. FAMILACION, CESO IV  
Regional Director

cc: *PD Romeo A. Solis*  
*DILG-ADN*

*Ms. Laarni Beauty C. Sepe*  
*MLGOO-Nasipit, ADN*

*PLAN-BUDGET LINKAGE SUMMARIZED*





# THE PLAN-BUDGET CYCLE

