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June 7, 2012

DILG-13 OPINION NO. 21

U206 299501/0471

HON. REDEEMER A. GABUNADA,
Punong Barangay
Barangay Cagdianao
Claver, Surigao del Norte

DILG - REGION XIII
RELEASED

DATE: JUN 14 2012

TIME: 1:44

BY: *[Signature]*

Letang, Punong Barangay Gabunada:

This refers to your letter seeking legal opinion from this Office pertaining to the following issues, to wit:

1. Whether or not the national wealth share can be considered as local income of the barangay and can be included or accrue in the general fund?
2. Whether or not the municipal accountant has the authority to refuse in issuing advise despite the complete attachment on any barangay transactions? and
3. Whether or not the barangay is allowed to buy "Second-Hand Hi-Ace Van Vehicle for mass transportation or public use?"

As to your first query, the share in the national wealth utilization is considered as local income and shall accrue to the general fund. No less than the Supreme Court in the case of Alvarez vs. Mangona (G.R. No. 118303, January 31, 1996) said that the "funds generated from x x x national wealth utilization proceeds accrue to the general fund of the local government and are used to finance its operations subject to specified modes of spending the same as provided for in the Local Government Code and its implementing rules and regulations. x x x. As such, for purposes of budget preparation, which budget should reflect the estimates of the income of the local government unit, among others, x x x the share in the national wealth utilization proceeds are considered items of income. This is as it should be, since income is defined in the Local Government Code to be all revenues and receipts collected or received forming the gross accretions of funds of the local government unit." (underlining supplied)

In the same case, the Supreme Court cited Department of Finance Order No. 35-85 which defined ANNUAL INCOME to be "revenues and receipts realized by provinces, cities and municipalities from regular sources of the Local General Fund including the internal revenue allotment and other shares provided for in Sections


284, 290 and 291 of the Local Government Code, but exclusive of non-recurring receipts, such as other national aids, grants, financial assistance, loan proceeds, sales of fixed assets, and similar others".

As to your second query, if the disbursement vouchers are complete as required then we find no reason for the municipal accountant to deny the issuance of advice. COA Circular No. 2009-008 dated November 9, 2009 entitled "Reinstitution of the Use of the City/Municipal Accountant's Advice for Barangay Check Disbursements" states that "The municipal accountant shall issue the accountant's advice to certify that a) the disbursement vouchers are duly certified by the barangay treasurer and approved by the punong barangay and b) the supporting documents are complete (Item 2.3).

As to your third query, the purchase of second-hand vehicle is allowed provided that the procurement must follow the procedure prescribed in the Government Procurement and Reform Act (R.A. No. 9184) and its revised Implementing Rules and Regulations, i.e., conduct of competitive public bidding, unless circumstances warrant resort to any of the alternative modes of procurement (GPPB NPM 43-2012 dated April 25, 2012). In the procurement of the vehicle, the barangay should also comply Administrative Order No. 233 series of 2008, entitled "Reiterating the Prohibition on the Acquisition and Use of Luxury Vehicles and Directing Revisions of Guidelines on Government Motor Vehicles Acquisition", as amended by A.O. No. 15, Series of 2011.

We hope to have clarified you on this matter.

Very truly yours,


LILIBETH A. FAMACION, CESO IV
O/C- Regional Director