

[EXECUTIVE ORDER NO. 405, January 25, 1951]

**IMPLEMENTING SECTION 3 OF EXECUTIVE ORDER NO. 383,
DATED DECEMBER 20, 1950, WITH RESPECT TO THE FINANCES
OF THE LOCAL GOVERNMENTS**

WHEREAS, it is the purpose of the Administration to extend to the local governments as much autonomy as they can assume and exercise under existing laws; and

WHEREAS, the achievement of such local autonomy depends upon the extent of supervision that may be exercised by the authorities concerned;

NOW, THEREFORE, I, Elpidio Quirino, President of the Philippines, pursuant to the powers vested in me by the Constitution and existing laws, do hereby order:

1. In reviewing the budgets of local governments, the Department of Finance shall be guided by the principle that the local governments should be given a large degree of freedom and a wide latitude of discretion in determining for themselves the propriety and wisdom of the expenses that they make and, provided the expenses contemplated are within their financial capacity, the recommendation on the matter of the provincial board, municipal board or city council concerned shall be given due weight by the Department of Finance.

2. It shall be the duty of the Department of Finance to see that the estimates of income are collectible and that the authorized appropriations are within the collectible amount.

3. Until otherwise provided by law, the amount expendable for salaries and wages of provincial and city officials and employees for any fiscal year shall not exceed the following percentages of the ordinary and regular income that accrued to the general fund during the preceding fiscal year, exclusive of all balances carried forward from preceding fiscal years, transfers from other funds, and all receipts from loans, aids or gifts from government or private funds, provided that, upon the recommendation of the Department of Finance, the President may authorize any province or city to exceed such percentages under such conditions as may be prescribed:

First Class A provinces	40%
First Class B provinces	45%
First and Second Class provinces	50%
Third Class provinces	55%
Fourth Class provinces	60%
Fifth Class provinces	70%
Chartered cities (higher than the above percentages)	10%