

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

SEVENTEENTH CONGRESS  
First Regular Session

HOUSE BILL NO. **2387**

**"AN ACT  
TO ENFORCE GREATER ACCOUNTABILITY IN  
PUBLIC FINANCIAL MANAGEMENT (PFM) BY STRENGTHENING  
CONGRESS' POWER OF THE PURSE, INSTITUTING AN  
INTEGRATED PFM SYSTEM, AND INCREASING  
BUDGET TRANSPARENCY AND PARTICIPATION,  
AND FOR OTHER PURPOSES."**

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Introduced by **REP. HENEDINA RAZON- ABAD**

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**EXPLANATORY NOTE**

The Constitution empowers the Congress of the Philippines with approving and enacting the annual operational budget of the Philippine Government. Our charter specifically states appropriation measures originate from the House of Representatives, being the most representative of the people. In this regard we must create a sound Public Fiscal Management Policy to ensure that the People's Money is spent for inclusive growth and every peso is accounted for.

The proposed measure aims to institutionalize a sound Public Fiscal Management Policy in Budget Preparation, Budget Execution, and Fiscal Responsibility. It will create a system that mandates each government to craft a fiscal strategy and to submit fiscal reports to ensure that government programs are sufficiently funded for implementation. This mechanism will ensure that the people's needs are addressed and government services reach their intended constituents.

In addition, the proposed law will create additional safeguards to ensure that public funds are allocated and used for their intended purpose. This bill aims to grant the Congress with additional oversight powers over National Government Agencies to exact accountability from government agencies over their use of public resources. It also establishes the Office of the Comptroller General under the Department of Budget and Management which will ensure that government agencies strictly adhere to the principles of public financial accountability. Furthermore, transparency and peoples participation mechanisms are institutionalized such as, the publication of disclosures and the People's Budget.

HOUSE OF REPRESENTATIVES	
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REGISTRATION UNIT BILLS AND INDEX SERVICE	

These provisions will ensure that reforms made will create a culture of fiscal responsibility, accountability and transparency in government.

In view of the foregoing, passage of this bill is urgently sought.

  
HENEDINA RAZON-ABAD

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City, Metro Manila

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Introduced by *HON. HENEDINA RAZON-ABAD*

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*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

**PART I  
PRELIMINARY PROVISIONS**

**SECTION 1. *Short Title.*** – This Act shall be known as the “Public Financial Accountability Act.”

**SECTION 2. *Declaration of Policy and Objectives.*** – It is hereby declared the policy of the State to ensure accountability and integrity in the use of public resources by ensuring transparency, fiscal responsibility, results-orientation, efficiency, and effectiveness. This shall be upheld through the establishment of an integrated system of planning, budgeting, management, accounting, reporting and review of public finances. In light of these requirements, the State shall pursue the following specific objectives:

- (a) To enforce the power of Congress to authorize all appropriations and hold government accountable in the use of public resources, as well as the responsibility of all government agencies to propose, execute and deliver committed results in the appropriations acts in a timely, predictable, and economic manner;
- (b) To promote people’s empowerment in the management of public resources by enforcing their right to access information on, and to contribute in the formulation and implementation of, the financial affairs of the government; and
- (c) To strengthen the integration of planning, budgeting, and performance management and

ensure ample safeguards in managing public finances, including through internal controls, accounting, reporting, and risk management;

**SECTION 3. *Scope and Coverage.*** – The provisions of this Act shall apply to the management of revenues, expenditures, financing arrangements, and assets and liabilities of national government agencies (NGAs), government-owned or -controlled corporations (GOCCs), and local government units (LGUs) to the extent provided herein.

**SECTION 4. *Definition of Terms.*** – The following terms when used in this Act and the implementing rules and regulations shall be understood, as follows:

- (a) ***Accounting Standards*** refer to authoritative statements on how transactions and other events should be reflected in the accounts and financial statements of Government Agencies as promulgated by the Commission on Audit (COA);
- (b) ***Allotment*** refers to the authorization issued by the Department of Budget and Management (DBM) for NGAs, GOCCs, or LGUs to incur obligations up to a certain amount, for a specified public purpose, and within a specified period of time, in accordance with the Appropriations Law;
- (c) ***Appropriations Law*** refers to the legislative authorization for the utilization of Public Funds for specific public purposes covering a specified period of time. This may refer to either a general or special appropriations law;
- (d) ***Cabinet*** refers to the Executive Secretary and the Secretaries of the departments under the executive branch;
- (e) ***Fiscal Year*** refers to a period of twelve months commencing on January 1 until December 31;
- (f) ***Government Agencies*** collectively refer to NGAs, GOCCs and LGUs;
- (g) ***Government-Owned or -Controlled Corporations*** refer to agencies with corporate powers, whether or not organized as a stock or non-stock corporation, vested with functions relating to public needs whether governmental or proprietary in nature, and owned by the Government of the Republic of the Philippines either wholly or, where applicable as in the case of stock corporations, to the extent of at least a majority of its outstanding capital stock. This includes Government Financial Institutions, government corporate instrumentalities and related corporations;
- (h) ***Government Financial Institutions*** refer to financial institutions in which the GRP directly or indirectly owns the majority of the capital stock and which are either: (i) registered with, or directly supervised by, the *Bangko Sentral ng Pilipinas (BSP)*; or (ii) authorized to collect or transact funds or contributions from the public and place them in financial instruments or assets such as deposits, loans, bonds and equity;
- (i) ***Head of Agency*** refers to the head of the department or agency in the case of NGAs, the Board of Directors or Trustees in the case of GOCCs as well as certain agencies which are structured as such, and the local chief executive in the case of LGUs;

- (j) **Local Government Units** refer to provinces, cities, municipalities, and barangays, as well as autonomous regions authorized to be created in the Constitution;
- (k) **National Government Agencies** refer to units of the national government, as distinguished from GOCCs and LGUs, which include any of the departments, bureaus, offices or instrumentalities of the Executive, Judicial and Legislative branches of government, as well as the Constitutional Commissions, and the Office of the Ombudsman;
- (l) **Proposed National Budget** refers to a financial plan to be submitted by the President to Congress reflective of national objectives, strategies and programs;
- (m) **Public Officials** refer to elective and appointive officials and employees, in a permanent or temporary capacity, whether in the career or non-career service, including military and uniformed personnel, regardless of the rank, form or amount of compensation;
- (n) **Public Funds** refer to the monies of all Government Agencies sourced from taxes, fees, charges, penalties, income, dividends, interest earnings, loan proceeds, grants, proceeds from the sale of assets, and such other receivables of the government that the Government has a legal right to retain and use and shall not include any money received in error; and
- (o) **Subsidiary** refers to a corporation where at least a majority of the outstanding capital stock is owned or controlled, directly or indirectly and through one or more intermediaries, by a GOCC.

In this Act the singular may be read as the plural and the plural may be read as the singular, as the context requires.

## PART II ADDITIONAL ROLES AND RESPONSIBILITIES

**SECTION 5. Congress.** – The Congress shall, in addition to its powers under the Constitution and existing laws, perform the following:

- (a) Monitor and review government performance against the requirements of appropriations and related laws, and hold Government Agencies accountable for their financial and non-financial performance;
- (b) Review reports on planned and actual performance, including the Statement of Fiscal Policy, the Medium Term Fiscal Strategy, fiscal reports, annual plans of government agencies, periodic and annual reports on government performance and performance of government agencies; and
- (c) Consider the consolidated annual financial statements of government prepared by the Office of the Comptroller General (OCG) and the audited government agency reports by the COA.

Congress shall undertake the foregoing through any of its existing committees, support offices or one created for the purpose to strengthen the oversight role of Congress.

**SECTION 6. *President.*** - The President shall, in addition to his/her powers under the Constitution and existing laws, perform the following:

- (a) Approve the Statement of Fiscal Policy, and the Medium-term Fiscal Strategy for submission to Congress;
- (b) Approve the Budget Priorities Framework to identify the priority areas for government spending and guide the budget preparation exercise; and,
- (c) Authorize changes in the functional, operational and organizational structure within and among the DBM, Department of Finance (DOF), and National Economic and Development Authority (NEDA), as may be necessary, to ensure the effective implementation of this Act.

**SECTION 7. *Commission on Audit.*** - The COA shall, in addition to its powers under the Constitution and existing laws, coordinate with the DBM, through the OCG, for the proper enforcement of timely accounting and reporting of public finances.

**SECTION 8. *Department of Budget and Management.*** - The DBM shall, in addition to its mandates and functions under existing laws, perform the following:

- (a) Prepare, in coordination with the agencies concerned, and DOF, NEDA and OP in the Development Budget Coordination Committee (DBCC), the Statement of Fiscal Policy, the Medium-term Fiscal Strategy, the Budget Priorities Framework, and the Mid-year and Annual Fiscal Reports as required in this Act;
- (b) Monitor and evaluate the financial and non-financial performance of NGAs;
- (c) Evaluate and review the financial and non-financial performance of GOCCs with special laws and charters, in coordination with the DOF and the Governance Commission for GOCCs (GCG), and approve the annual corporate operating budgets (COBs) of the GOCCs;
- (d) Monitor and review, together with the Bureau of Local Government Finance (BLGF) under the DOF and Department of the Interior and Local Government (DILG), the financial and non-financial performance of LGUs;
- (e) Assess, together with the BLGF under the DOF and DILG, the PFM systems of LGUs and assist them in designing and implementing PFM improvement measures; and

To ensure the effective formulation and execution of fiscal policies, the Secretary of Budget and Management shall lead the DBCC, with the Secretary of Finance, the Director General of the NEDA Secretariat and a representative from the OP as members, and the Governor of the BSP as resource person.

To enhance the management of public finances, there is hereby created an Office of the Comptroller General under the supervision and control of the DBM which shall perform the following functions:

- i. Formulate measures on effective internal controls, for the implementation by Government Agencies, to ensure the integrity, accuracy, completeness, and reliability of government financial and management systems;



- ii. Oversee the implementation of, and Government Agencies' compliance with, accounting and auditing rules and regulations promulgated by the COA;
- iii. Oversee and manage the financial reporting of Government Agencies, including (1) to monitor the periodic and annual management and financial accounts with regard to accuracy, timeliness, completeness, and compliance with this Act, standards, rules and regulations; and (2) to consolidate the financial reports for submission to the President, Congress, and COA;
- iv. Oversee the operationalization of the financial management information system of the government;
- v. Formulate competency-based human resource policies for positions in public financial management and coordinate on capacity building requirements on PFM with other agencies;
- vi. Oversee the implementation of Public Expenditure Framework policies of LGUs;
- vii. Coordinate with counterpart agency officials to ensure compliance with the foregoing functions; and
- viii. Perform such other functions as may be necessary to properly implement the provisions under this Section.

The OCG shall be headed by the Comptroller General who shall be of the same rank as an Undersecretary, and with the structure and staff complement as may be approved by the DBM. The heads of agency shall designate a Comptroller in their respective offices to oversee the implementation of the above-mentioned functions at the agency level in coordination with the Comptroller General.

**SECTION 9. *Department of Finance.*** – The DOF shall, in addition to its mandates and functions under existing laws, perform the following:

- (a) Monitor and manage fiscal risks to the government, including those from public-private partnerships;
- (b) Compile and publish government fiscal statistics in accordance with international standards; and
- (c) Formulate policies and standards for the acquisition and management of fixed assets by NGAs.

The Bureau of the Treasury (BTr) shall, in addition to its mandates and functions under existing laws, perform the following:

- i. Manage the Treasury Single Account (TSA) maintained at the BSP or an agent bank, with the prior approval of the Secretary of Finance;

- ii. Put in place arrangements for the execution of duly authorized payments from the TSA, which may include the appointment of banks to operate as agents of the National Government with the prior approval of the Secretary of Finance;
- iii. Manage the financial assets and liabilities of the government, including (i) banking arrangements for, and bank accounts of, the government; (ii) hedging and other risk management activities associated with debt management, cash management and financial investment; (iii) appointment of dealers, assets managers and other agents to support debt, cash and investment management activities; (iv) maintenance of an accurate record of the stock and flow of financial assets and liabilities; and (v) tracking and reporting on fiscal risks related to the management of financial assets and liabilities;
- iv. Issue instructions on the management and recording of financial assets and liabilities of the government;
- v. Authorize the opening and closing of bank accounts of NGAs;
- vi. Administer the release of cash requirements covering all types of transfers to LGUs; and
- vii. Establish and maintain a consolidated registry of fixed assets of the National Government.

**SECTION 10. *National Economic and Development Authority.*** – The NEDA shall, in addition to its mandates and functions under existing laws, perform the following:

- (a) Coordinate with the Regional Development Councils (RDCs), on the formulation of regional development plans and policies that are consistent with the established national priorities;
- (b) Coordinate the formulation of an annual and medium-term public investment program consistent with the approved Medium-term Fiscal Strategy and in the context of the preparation of the National Budget;
- (c) Set standards for Government Agencies in proposing, assessing, monitoring and evaluating development policies, plans and projects including those financed by grants and concessional loans;
- (d) Assist and support the capacity building of RDCs and LGUs in development planning and investment programming; and

**SECTION 11. *Heads of Government Agencies.*** - The heads of NGAs, GOCCs and LGUs shall, in addition to responsibilities provided under existing laws, be responsible for the following:

- (a) Keep the DBM and DOF informed of significant changes, issues, and risks that could impact on the finances of the government;
- (b) Participate in the processes to develop the Medium-term Fiscal Strategy, the Budget Priorities Framework, and the Proposed National Budget as required by the DBM;



- (c) Manage their respective agencies, including GOCCs, and other resources placed under their supervision, in an efficient, effective and economic manner in order to deliver the outputs and attain the outcomes set in their respective budgets;
- (d) Take appropriate measures to ensure that contractual commitments or obligations do not exceed the amounts appropriated in their respective budgets;
- (e) Ensure that their respective agencies settles all contractual obligations or approves payment thereon within the time prescribed by law;
- (f) Institute effective and efficient management systems, procedure and practices for assets, liabilities, and personnel, including internal controls, risk management, and performance review;
- (g) Demonstrate that due regard has been taken on the recommendations provided in internal and external audit evaluation reports, to the extent authorized in their respective budgets; and
- (h) Provide accounting and reporting of public finances as required in this Act.

### PART III FISCAL RESPONSIBILITY

**SECTION 12. *Fiscal Responsibility Principles.*** – The State shall pursue its policy objectives in accordance with the following Fiscal Responsibility Principles:

- (a) Implement fiscal policies and strategies consistent with the achievement of macroeconomic stability and inclusive economic development;
- (b) Manage resources in a fiscally and environmentally sustainable way;
- (c) Maintain prudent levels of public debt;
- (d) Maintain an appropriate balance between government revenues and expenditures; and
- (e) Manage fiscal risks in a prudent manner.

**SECTION 13. *Statement of Fiscal Policy.*** – The DBM, in coordination with DOF, NEDA and OP in the DBCC, shall prepare, subject to the approval of the President, the Statement of Fiscal Policy which shall contain measurable medium-term macroeconomic and fiscal objectives and forecasts consistent with the Fiscal Responsibility Principles.

The President shall submit for information of Congress, the Statement of Fiscal Policy not later than ninety (90) days upon commencement of his/her term of office and update the measurable fiscal objectives set forth therein three (3) years thereafter.

**SECTION 14. *Medium-term Fiscal Strategy.*** – The DBM, in coordination with the DOF, NEDA, and OP in the DBCC, shall prepare, subject to approval of the President, a Medium-term Fiscal Strategy consistent with the approved Statement of Fiscal Policy, to be updated annually. It shall

include a summary of the fiscal policies for revenue, debt, deficit, expenditure, and fiscal risk management, supported by a medium-term fiscal sustainability analysis, consistent with the measurable fiscal objectives established in the approved Statement of Fiscal Policy. The IRR of this Act shall detail the other specifications for the Medium-Term Fiscal Strategy.

The President shall submit for the information of Congress, the Medium-term Fiscal Strategy for the following fiscal year not later than March 15 of the current year and shall publish the said report on a government website not later than seven (7) days after it is submitted to Congress.

**SECTION 15. *Fiscal Reports.*** – The DBM, in coordination with the DOF, NEDA, and OP in the DBCC, shall produce a Mid-year Fiscal Report (MFR), covering the first half of the fiscal year and an Annual Fiscal Report (AFR) on the government’s macroeconomic and fiscal performance.

The MFR and AFR shall include information on macroeconomic and fiscal outturns for the period covered as compared against forecasts and objectives stated in the Medium-Term Fiscal Strategy; as well as reporting on budget execution, at least in the aggregate and by agency level, compared against approved appropriations and other spending authorities. The IRR of this Act shall detail the other specifications for the contents of the MFR and AFR.

The President shall submit the MFR to Congress not later than September 30 of each year while the AFR shall be submitted together with the Proposed National Budget. Said reports shall be published on a government website not later than seven (7) days after they are submitted to Congress.

**SECTION 16. *Long-term Vision Report.*** – The NEDA, in coordination with the DOF, DBM and OP in the DBCC, shall submit a Long-term Vision Report to the President and Cabinet, and Congress not later than October 31 and November 30, respectively. Said Report shall assess the long-term sustainability of existing government policies over the next thirty (30) years, taking into account demographic, environmental, and other changes.

The first Long-term Vision Report shall be submitted to the President and Cabinet, and Congress within two (2) years from the effectivity of this Act, to be updated every six (6) years thereafter.

The NEDA shall cause the publication of the Long-term Vision Report on a government website not later than seven (7) days upon submission to Congress.

**SECTION 17. *Deviations from Fiscal Objectives.*** - The government may deviate from the medium-term fiscal objectives in the approved Statement of Fiscal Policy on a temporary basis, where such deviation is due to a major natural disaster, unanticipated severe economic shock, or other significant unforeseeable event that cannot be accommodated through accessing the Contingent Fund and/or the National Disaster Risk Reduction and Management Fund, as may be applicable or prudent fiscal policy adjustments, or the use of other flexibilities provided in this Act.

The President shall submit a report to the Congress, stating the reasons for any such deviations, the plans and the expected time to address such deviations, as part of the succeeding Medium-term Fiscal Strategy or its annual update, or in the Mid-year or Annual Fiscal Report, whichever is the next report due and within the prescribed period under this Act.

**PART IV**  
**BUDGET PREPARATION, EXECUTION, AND ADJUSTMENT**

**SECTION 18. *Governing Principles in Budget Preparation.*** – There is hereby established a set of governing principles to be observed by the DBM in the preparation and the presentation to Congress of the Proposed National Budget:

- (a) Cash-based estimates shall be adopted in the proposed general and special appropriations bills to promote faster and more effective delivery of services;
- (b) The overall expenditure program of the government for a given fiscal year shall be included, identifying those requiring approval by Congress and those authorized under existing laws;
- (c) All sources of funds and authorized uses available to the agency shall be considered in the evaluation of agency proposals and determination of agency budget levels, and shall likewise be disclosed in the Proposed National Budget and reports;
- (d) Evaluation of agency proposals may include the analysis of a development plan, master plan or road map, agency capability as demonstrated by previous years' performance, its contribution to projects and activities of other agencies, utilization of funds appropriated or released, and such other criteria as may be determined by the DBM;
- (e) All appropriations shall be valid until the end of the fiscal year;
- (f) Items of appropriations shall be presented in such a way as to identify both the entity responsible for the expenditure and the intended results from the use of the appropriation in order to evaluate the performance of the agency;
- (g) Both the financial and non-financial performance of agencies shall be presented in the Proposed National Budget and the General Appropriations Act to ensure a performance-informed budget; and
- (h) Items of appropriations shall be reflected by department, agencies, bureaus, and offices, and shall be presented for information purposes, by region and province, and eventually, by city or municipality.

**SECTION 19. *Planning-Budgeting Linkage*** - Development strategies identified in the Philippine Development Plan shall be a primary consideration in the formulation of the budget priorities framework. These shall also be the basis for drawing up strategic and prioritized programs and projects in the multi-year public investment program, which in turn will be considered in the formulation of the annual agency budgets that conform to the annual budget ceilings approved by the President.

The implementation of programs and projects funded under the annual agency budgets shall be monitored to ensure economy, efficiency, and effectiveness in the use of public funds. Monitoring and evaluation of these projects shall cover, among others, the planned and actual performance of

agencies, citing reasons for deviation and/or poor absorptive capacities. The results of the project evaluation shall inform the assessment of subsequent plans and budget proposals of agencies.

**SECTION 20. *Budget Priorities Framework.*** – The DBM, in coordination with the DOF, NEDA and OP in the DBCC, shall present to the President and Cabinet, in April of each year, a Budget Priorities Framework which shall guide the formulation of the Budget for the following year by containing the medium-term fiscal strategy and targets underlying the budget; the priority areas for government spending reflected in the PDP, estimated amount and planned allocation of the fiscal space; and other requirements laid down in the IRR.

**SECTION 21. *The Budget Preparation Process.*** – The DBM shall determine the budget preparation process and calendar. The budget preparation process shall cover: (i) NGAs; (ii) GOCCs with respect to their impact on revenues, expenditures, assets, and liabilities and risks of the government; and (iii) LGUs as to their impact on revenues and expenditures of the government.

**SECTION 22. *The Proposed National Budget.*** – The President shall submit to Congress, not later than thirty (30) days from the fourth Monday of July of every year, the Proposed National Budget, which shall be the basis of the general appropriations bill.

The President shall determine the form and content of the Proposed National Budget which shall include, but not limited, to the following:

- (a) President's Budget Message - provides a preview of the Proposed National Budget, explaining the principles, objectives and policy framework adopted and the spending priorities for the fiscal year;
- (b) National Expenditure Program (NEP) – includes the strategic objectives, details of the three-year (3-year) expenditure program, performance information, such as key strategies, outputs and outcomes for agencies in relation to their budgets, and staffing summary;
- (c) Budget of Expenditures and Sources of Financing (BESF) - contains the macroeconomic parameters; dimensions of three-year (3-year) expenditure program, revenues, financing, and outstanding debt; overview of the financial positions of GOCCs, LGUs, and public-private partnership projects, as well as the other items listed in the IRR;
- (d) Fiscal Risk Statement – presents a consolidated statement of the fiscal risks that the national government faces, including those from the contingent liabilities of Government Agencies and other items listed in the IRR.

The President shall publish the Proposed National Budget on a Government website on the same day as it is presented to Congress.

**SECTION 23. *Lump Sum Appropriations.*** - To promote the transparent and detailed disclosure of all proposed government spending, lump sum appropriations and special purpose funds (SPFs) in the Proposed National Budget shall be limited to: (i) the National Disaster Risk Reduction and Management Fund (NDRRMF); (ii) the Contingent Fund (CF); (iii) Statutory Shares of LGUs; and (iv) other SPFs not falling under any of the preceding purposes and the details of which could not be determined during the budget preparation stage.



**SECTION 24. *National Disaster Risk Reduction and Management Fund.*** - The NDRRMF shall be used for (i) disaster risk reduction or mitigation, prevention and preparedness activities, such as, but not limited to, training of personnel, procurement of equipment, and capital expenditures; and (ii) relief, recovery, reconstruction and other work or services in connection with natural or human induced calamities which may occur during the budget year or those that occurred in the preceding two (2) years.

All releases from the NDRRMF shall be subject to the prior approval of the President, who may take into consideration the recommendation of the National Disaster Risk Reduction and Management Council and the appropriate agency for local and international disasters and calamities.

**SECTION 25. *Contingent Fund.*** - The Contingent Fund shall cover the funding requirements of new and/or urgent and unforeseen projects and activities of NGAs and GOCCs that need to be implemented or paid during the year, such as, legal obligation of the government arising from final and executory decisions by competent authority, including arbitration awards, mediation settlement, or compromise agreements, requirements of newly created offices, or deficiencies in the appropriations for local and external travels of the President.

As a rule, all releases from the Contingent Fund shall be approved by the President. However, disbursements due to final and executory decisions promulgated by competent authorities shall only require the approval of the DBM.

The DBM shall inform Congress of all releases from the Contingent Fund in the quarterly and annual fiscal reports including information on the date of release, the amount covered, corresponding purpose/s and recipient agency.

**SECTION 26. *Statutory Shares of Local Government Units.*** - The shares of LGUs in the proceeds from national taxes and other transfers to LGUs authorized by law shall be released to the LGUs in accordance with the provisions on the use, allocation, and release of the funds as may be provided in pertinent laws, rules and regulations.

**SECTION 27. *Unprogrammed Appropriations.*** Congress may authorize standby appropriations to cover the funding requirements of other priority projects and activities or contingencies, as well as provide appropriations cover for foreign-assisted projects (FAPs) not specifically included in the programmed component of the Appropriations Law. The Unprogrammed Appropriations shall have the same level of details as in the programmed component of the Appropriations Law. The amount authorized under the Unprogrammed Appropriations shall not exceed two percent (2%) of the total proposed expenditure in the programmed component of the Appropriations Law.

The Unprogrammed Appropriations shall take effect only when supported by excess collections generated in any one of the particular tax or non-tax revenue source from its corresponding revenue collection target in the BESF as certified by the BTr, or when there are new loan agreements for FAPs. In no case shall the Unprogrammed Appropriations be activated or released when there is a risk of breaching the measurable fiscal objectives for the budget balance (including a deficit) or debt for the financial year or future years as provided in the Statement of Fiscal Policy and Medium-term Fiscal Strategy or if there is a risk of breaching any of the Fiscal Responsibility Principles.

Priority projects and activities or contingencies shall pertain to expenditures, the payment of which are not covered under the Contingent Fund and could not be delayed until the succeeding

budget years without harming public interest or arising from the government's legal obligation such, compliance with a government guarantee or settlement of final and executory decisions by competent authorities.

Releases from the Unprogrammed Appropriations shall be subject to the prior approval of the President of the Philippines, except final and executory decisions which shall instead require the approval of the DBM.

The DBM shall inform Congress of all releases from the Unprogrammed Appropriations in the quarterly and annual reports including information on the date of release, the amount covered, corresponding purpose/s and recipient agency.

**SECTION 28. *Release and Expenditure of Public Funds.*** - The government shall commence releases of Public Funds covered by an Appropriations Law as soon as such Law comes into force to ensure timely and efficient disbursement by the appropriate implementing agencies, subject to pertinent budgeting and auditing rules and regulations.

**SECTION 29. *Early Procurement Activities.*** - To ensure timely contract implementation and efficient delivery of services, all Government Agencies are authorized to undertake procurement activities from pre-procurement conference until post-qualification of bids even prior to the passage of the Appropriations Law, Corporate Operating Budgets (COBs) or Appropriations Ordinance, in accordance with IRRs to be issued by DBM.

Government Agencies may proceed with the awarding of contract upon approval or enactment of their respective appropriations or budget authorization document, as the case may be, and based on the amount authorized therein.

**SECTION 30. *Re-enacted Budget.*** - If, by the end of any fiscal year, Congress shall have failed to enact the General Appropriations Bill for the ensuing fiscal year, the General Appropriations Law for the preceding fiscal year shall be deemed re-enacted and shall remain in force and effect until the said General Appropriations Bill is passed by the Congress.

Consistent with the Fiscal Responsibility Principles, the Re-enacted Budget shall be enforced as follows:

(a) The aggregate level of the Re-enacted Budget shall be limited to the total amount appropriated in the preceding year's Appropriations Law, but shall in no case exceed the level of the sources of financing under the Budget of Expenditure and Sources of Financing (BESF) of the Proposed National Budget ;

(b) All completed programs, projects and activities, as well as program support for GOCCs and equity contribution of the national government shall be excluded from the Re-enacted Budget;

(c) The appropriations for the following shall be limited to the amount authorized under the Re-enacted Budget, but in no case exceed the amount proposed by the President in the Proposed National Budget:

1. Ongoing programs, projects and activities;
2. Personnel benefits, including retirement gratuities, pensions, terminal leave pays



- and related expenses;
3. NDRRMF, Contingent Fund, Statutory Shares of LGUs, and other SPFs; and
  4. Budgetary support to GOCCs but further limited to the amount of subsidy for their operational requirements.

The items and/or amount of appropriations not covered under the Re-enacted Budget as provided above shall not be released, disbursed, or utilized for the purpose previously authorized nor be declared savings to augment existing items of appropriations in the Re-enacted Budget.

The DBM shall issue guidelines on the aggregate level of appropriations authorized under the Re-enacted Budget in accordance with the foregoing, the level of obligations by agencies, supporting requirements to determine actual needs, and other pertinent rules in the implementation of the Re-enacted Budget.

Upon enactment of the General Appropriations Law, all releases under a Re-enacted Budget consistent with this Section shall be deemed to have been implemented pursuant to, and charged against, for account recording purposes, the general appropriations law for the current fiscal year.

**SECTION 31. *Special Appropriations Bill.*** – A Special Appropriations Bill is a legislative proposal to provide authorization for expenditures for a specific purpose not included or not covered under the annual appropriations laws. It shall, specify the purpose/s for which it is intended and be valid until the end of the fiscal year of its enactment.

A Special Appropriations Bill shall be supported by funds actually available or those which are not included in the fiscal year's sources of financing under the BESF as certified by the National Treasurer, or to be raised by a corresponding revenue measure proposed therein. The amount to be authorized by Congress in a Supplemental Appropriations Bill may be more than that originally proposed for as long as the same is supported by any or a combination of the above sources and is consistent with the Fiscal Responsibility Principles and the MTFS. A Special Appropriations Bill may only be proposed after the passage of the General Appropriations Law, except for disaster-related purposes, as well as urgent and unforeseen requirements of the government.

**SECTION 32. *Multi-year Contracts.*** - Multi-year contracts (MYCs) shall refer to contracts entered into by NGAs and GOCCs where the delivery of goods, civil works, and services will cover more than one (1) year. NGAs entering into MYCs shall first secure a Multi-year Obligational Authority (MYOA) from the DBM but in no case shall obligate and disburse more than the current year's appropriation for the said year's phase of project implementation. GOCCs shall secure prior authority from their respective governing boards before entering into MYCs.

The MYOA issued by the DBM for NGAs, and the amount authorized by the governing board for GOCCs' governing board shall be the basis of the ABC under Section 5 of Republic Act No. 9184 for MYCs and the certification of availability of funds required prior to contract execution under Section 85 of Presidential Decree No. 1445.

**SECTION 33. *Authority to Declare and Use Savings.*** - The President of the Philippines, the Senate President, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court, the Heads of the Civil Service Commission (CSC), the Commission on Elections (COMELEC), and the COA are hereby authorized to declare and use savings in their respective appropriations to augment actual deficiencies incurred for the current year in any item of their respective appropriations.

The foregoing constitutional officers authorized to use savings shall be responsible for ensuring that quarterly reports on their respective use of savings shall be submitted to the Senate Committee on Finance and the House Committee on Appropriations, copy furnished the DBM. The report shall indicate, among others, the amount of savings generated, the sources and grounds used therefor, and the existing item of appropriations augmented. They shall likewise ensure that said reports are posted on their respective official websites.

The DBM shall determine the procedure, as well as the supporting documents needed in the declaration and use of savings authorized in this Act.

**SECTION 34. *Meaning of Savings.*** - Savings refer to portion or balances of any programmed items of appropriations in the general appropriations law, which have not been released or obligated as a result of the following:

- (a) Completion of a program, project or activity at a lower cost than that programmed. For this purpose, completion shall refer to the award of contract to the contractor, supplier or consultant. Any difference between the approved budget for the contract and the amount of contract award may be declared as Savings;
- (b) Decreased cost realized from the implementation of measures resulting in lower input costs or efficiencies which enabled agencies to meet and deliver their targets and/or implement or complete their projects or activities;
- (c) Discontinuance or abandonment of a project or activity for causes not attributable to the fault or negligence of either the NGA mandated to undertake or authorized to implement said project or activity or the procurement agent, at any time during the validity of the appropriations;
- (d) Non-commencement of a program, project or activity for which the appropriations is authorized. For this purpose, non-commencement shall refer to the inability of the NGA to obligate an allotment on or before June 30 of the current fiscal year due to causes not attributable to the fault or negligence of the agency; or
- (e) Unused compensation and related costs as well as pension and retirement benefits.

**SECTION 35. *Rules on Augmentation.*** - Augmentation is the act of the constitutional officers authorized under Section 34 of this Act to use Savings realized in their respective appropriations in order to address a deficiency in other items of their respective appropriations. A deficiency in an item of appropriations may result from the following, as determined by the Head of Agency:

- (a) Unforeseen modifications or adjustments in the program, project or activity (PPA); or
- (b) Adjustment in the cost of implementing the PPA due to justified causes.

In particular, the authorized constitutional officers shall observe the following when augmenting an item of appropriations from Savings:

- (a) There should be an existing item of appropriations to be augmented. For this purpose, the particulars of the expenditures to be funded by augmentation from Savings should be within the scope of or may be attributed to the item of appropriations to be augmented; and

- (b) In no case shall a non-existent allotment class in a PPA be funded by augmentation from Savings.

**SECTION 36. *Rules on Realignment.*** - Realignment is the limited flexibility given to NGAs to modify or change the specific details within a PPA that shall not entail any augmentation of the amount appropriated for the said PPA during budget execution. Realignment may be undertaken in any of the cases specified in the IRR.

The following are authorized to approve realignments:

- (a) For the Executive branch, the respective Heads of Agencies, except for: (i) realignment, within PS for the payment of authorized magna carta benefits; from one allotment class to another and, from one operating unit to another, which shall be subject to approval of the DBM, and (ii) realignment of intelligence funds which shall require approval of the President of the Philippines;
- (b) For the Senate of the Philippines, all types of realignment shall require approval of the Senate President;
- (c) For the House of Representatives, all types of realignment shall require approval of the Speaker;
- (d) For the Judicial branch, the Chief Justice with regard to the Supreme Court and lower courts, and the respective Presiding Justices of the Court of Appeals, Court of Tax Appeals and *Sandiganbayan*, except for realignment of intelligence funds which shall require approval of the Chief Justice; and
- (e) For the CSC, COMELEC, and COA, all types of realignment shall require approval of their respective Chairpersons.

The DBM shall promulgate the rules and regulations necessary to ensure the uniform implementation among the various branches of government, the proper recording of realignments, and the timely submission of reports by all the offices concerned.

## PART V FINANCIAL MANAGEMENT

**SECTION 37. *General Fund.*** - All monies received by NGAs, whether coming from taxes, fees, charges, penalties, income, dividends, interest earnings, loan proceeds, grants, donations, asset sale proceeds and such other receivables, shall accrue to the General Fund and be remitted to the National Treasury, unless otherwise provided by law or stipulated by covering loan or grant agreements. Monies under the General Fund shall be made available to support the requirements of the NG authorized in an Appropriations Law.

A Special Account in the General Fund (SAGF) shall be established by law only under exceptional circumstances to record taxes, fees, charges penalties, income, dividend, interest earnings, grants, and donations collected, earned or received by NGAs for specified purposes. All laws authorizing the establishment of SAGFs shall specify the period of use thereof which shall not exceed three (3) years, or if no period is specified, shall be deemed to be until the fulfilment of the

purpose for which the SAGF was authorized or for three years, whichever comes earlier. All interests earned by SAGFs shall accrue to the General Fund. The balance of SAGFs upon their termination shall form part of the General Fund.

All earmarked revenues with significant inflows, a large portion of which are not or not expected to be programmed for disbursement during the year shall be treated as Trust Funds and recorded as trust receipts. Proceeds from these Trust Funds shall be recorded only as revenue inflow in the General Fund when programmed to be spent for the year.

The Permanent Committee created under EO No. 292, s. 1989 shall recommend for approval of the President the change in the treatment of existing SAGFs that shall be converted into Trust Funds by virtue of the foregoing. The recording of revenue inflows from these SAGFs shall be governed by the guidelines to be issued by the Permanent Committee.

**SECTION 38. *Special Funds.*** – In exceptional cases when an SAGF is not suitable for the operations of a fund, Special Funds shall be authorized by law and limited to the following:

- (a) Trust Fund – constituted from identified revenue sources and other receipts by NGAs or public officials acting as trustees, agents, or administrators for the fulfillment of obligations or accomplishment of specified purposes. Trust Funds shall be deposited in the Treasury Single Account (TSA);
- (b) Revolving Fund – constituted from receipts derived from business-type activities of NGAs to be used for the operating requirements of said business-type activities and as such are considered self-liquidating. Revolving Funds shall be deposited in the TSA or in an Authorized Government Depository Bank (AGDB) upon authority of the National Treasurer; and
- (c) Retained Fund – constituted from taxes, fees, charges, penalties, income, dividends, or interest earnings collected, earned or received by NGAs which are expressly authorized by law to be retained by NGAs and utilized for specified purposes. Retained Funds shall be deposited in the TSA or in an AGDB upon authority of the National Treasurer.

Notwithstanding the provisions of laws to the contrary, Special Funds may only be established after evaluation by the Permanent Committee, as to their proper category and compliance with the foregoing conditions. Any interest earned by Special Funds shall accrue to said Funds.

**SECTION 39. *Review by the Permanent Committee.*** – The Permanent Committee shall review all existing SAGFs and Special Funds to validate their compliance with the foregoing requirements. Upon evaluation, the Permanent Committee shall recommend for approval of the President the modification and/or termination of said funds as may be necessary.

It shall likewise review all SAGFs created upon the passage of this Act and may recommend to extend their validity period, but in no case shall the extension exceed three (3) years at any one time, subject to approval of the President.

The Permanent Committee shall jointly issue guidelines for the establishment, review and evaluation, accounting and reporting, and termination of SAGFs and Special Funds.



**SECTION 40. *Escrow Fund.*** – Escrow Funds are constituted from funds for which the government's legal right to use is contingent upon a future event which may or may not occur. Escrow Funds shall be deposited in the TSA or an AGDB upon authority of the National Treasurer, and shall subsequently be part of the General Fund upon the occurrence of the future contingent event. Any interest earned by an Escrow Fund shall accrue to the said Fund. The amounts under escrow, including interest earned shall form part of the General Fund upon the occurrence of the future contingent event.

**SECTION 41. *Waiver, Abatement, Refund and Compromise Agreements.*** – No public official shall waive, abate, refund, or enter into a compromise agreement on a tax liability or the payment of fees or charges except in accordance with law. All waivers, abatements, refunds or compromise agreements made by an NGA shall be properly accounted for and reported. Refund of taxes and other revenues shall be treated as a reduction in revenue collections.

**SECTION 42. *Grants.*** – NGAs may accept, with prior coordination with DOF, grants, in cash or in kind, from domestic or foreign sources, for purposes relevant to their functions. In the case of grants, in cash or in kind, from governments of foreign countries, their agencies and instrumentalities and international or multilateral institutions or organizations, acceptance thereof shall be subject to the prior clearance and approval by the President or his authorized representative based on the recommendation of the Secretary of Finance.

The provisions of this Section shall not apply to 1) any grant received by LGUs or GOCCs, except where the grant is received by them on behalf of the NG , or 2) any grant authorized or covered in accordance with existing law.

**SECTION 43. *Treasury Single Account.*** – The TSA refers to the banking arrangement managed by the BTr wherein the government transacts all monies collected, received or paid by NGAs in one bank account or a set of linked bank accounts and gets a consolidated view of its cash position on at least, a daily basis.

The TSA shall cover remittances, releases or disbursements from the General Fund, SAGFs, Special Funds, and any other fund managed by the BTr, except in any of the following instances:

- (a) When monies under the General Fund are placed under investments;
- (b) When the BTr is required to hold foreign currency accounts; or
- (c) When authorized by the Secretary of Finance.

The BTr, in coordination with NGAs authorized by law to undertake revenue collection and administration, shall make the necessary arrangements with authorized agent banks (AABs) to facilitate the collection and transfer of said revenues to the TSA. AABs shall deposit said collections to TSA within the period and in the manner prescribed by laws, rules and regulations.

**SECTION 44. *Oversight on Government Bank Accounts.*** – Notwithstanding any provision of law to the contrary, the BTr shall undertake any of the following in case of violation of a provision in this Act and guidelines issued on the implementation of the TSA:

- (a) Transfer balances of NGA bank accounts to the TSA;

(b) Close any NGA bank account; and/or

(c) Revoke the authority to open any NGA bank account.

The NGA or GOCC which has opened a bank account, as well as the bank concerned, shall promptly disclose information regarding such account to the BTr.

**SECTION 45. *Treasury Cash Management.*** – The BTr shall issue orders for the conduct of cash management including the requirement to provide projections on the timing of future transactions of NGAs. If there is a projected cash shortfall, the BTr may request the DBM to temporarily suspend or withdraw a portion or the full allotment issued.

**SECTION 46. *Investments.*** – The BTr may invest portions of the funds held in the TSA for such periods as the BTr may deem prudent considering cash management requirements and based on terms and conditions as may be set by the IRR of this Act. Investments are authorized to be made in any of the following:

- (a) deposit with any highly reputable bank following a selection criteria to be issued by the Secretary of Finance in consultation with the *Bangko Sentral ng Pilipinas*;
- (b) sovereign-issued securities with an investment grade rating; or
- (c) other fixed income securities with an AAA credit rating issued by at least two (2) reputable international credit rating agencies acceptable to the Secretary of Finance.

The BTr may appoint a fund manager as an agent of the NG to undertake the investment of the funds.

Interest earned and other income from investments shall accrue to the General Fund, unless otherwise provided by law.

**SECTION 47. *Management of National Government Borrowings.*** –

Borrowings by the NG shall be for any of the following purposes:

1. Financing budget deficits and liquidity shortfalls;
2. Refinancing and pre-financing maturing debts;
3. Obtaining foreign currency on behalf of the *Bangko Sentral ng Pilipinas*;
4. On-lending to an approved entity;
5. Financing all sums of money paid to fulfill guarantees;
6. Regulating internal monetary conditions should the necessity arise;
7. Providing financing to remedy the effects of natural calamities; or
8. Defraying expenditures covered by appropriations.

Borrowing under this Act should adhere to the Fiscal Responsibility Principles and measurable fiscal objectives in the Statement of Fiscal Policy.



**SECTION 48. *Borrowings by Government -Owned or -Controlled Corporations.*** – Before the end of each fiscal year, the Head of a GOCC shall prepare a borrowing program for the following fiscal year which shall support the Corporate Operating Budget and for the medium term, both of which shall include a full financial plan with the details of the loans, refinancing and repayment that the GOCC intends to take. Said borrowing program, including changes thereon, shall be subject to the approval of the Head of the NGA overseeing the GOCC, and shall be submitted to DOF for information, and shall be published in the concerned GOCC website.

GOCCs shall seek approval of DOF for their borrowing activities as defined in the IRR.

Nothing in this Section shall be construed as creating a government guarantee on any borrowing, loans or refinancing and repayment that the GOCC intends to take.

**SECTION 49. *Local Government Borrowings.*** – An LGU may borrow funds from domestic and foreign sources in accordance with the Local Government Code of 1991 or any other applicable law. The financial plan including borrowing program shall be published in the appropriate government website within seven (7) days after the borrowing program has been approved.

**SECTION 50. *Debt Reporting.*** – The DOF through the BTr shall ensure that the records include information on the principal, terms of repayment, amounts drawn, interests and service charges accrued, principal and interests paid, and the balance outstanding, and shall make the records available in a timely way to the President and Congress when requested and in accordance with the reporting requirements in this Act.

Each LGU and GOCC shall maintain records and provide reports to the DOF on loans as required by relevant laws, rules and regulations.

**SECTION 51. *Guarantees.*** – Guarantee, indemnity or security shall be provided to an NGA or a GOCC as provided by law, and subject to the annual guarantee ceiling prescribed in the General Appropriations Law, and upon such terms and conditions as the Secretary of Finance may recommend consistent with relevant laws, rules and regulations. The overall level of guarantee, indemnity or security shall adhere to the Fiscal Responsibility Principles laid down in this Act and the fiscal objectives in the Statement of Fiscal Policy.

The DOF shall charge a risk-based fee for any guarantee, indemnity, security, relending or similar financial accommodation it may extend to a GOCC.

**SECTION 52. *Limitation on the Liability of the National Government For Debts of Other Entities.*** – The NG shall not be liable for any implied guarantees asserted by any person, but only for explicit guarantees extended in accordance with existing laws, and guarantees in favor of the Government Service Insurance System (GSIS), Home Development Mutual Fund (HDMF), Philippine Health Insurance Corporation, and the Social Security System (SSS) in their respective charters.

**SECTION 53. *Payments Made for Contingent Liabilities.*** – Any money paid by the DOF pursuant to any guarantee, indemnity, or security authorized by law and the expenses associated with the same shall constitute a debt due the NG from the entity for whose benefit the payment on the guarantee, indemnity, or security was made.

**SECTION 54. *Information on Contingent Liabilities.*** – The DOF shall keep a complete and updated registry of all contingent liabilities of the NG, and provide the OCG with a report on contingent liabilities as of the fiscal year.

## **PART VI ACCOUNTABILITY AND REPORTING**

**SECTION 55. *Financial Management and Internal Control.*** – The Head of Agency shall be responsible and accountable for the financial management of the agency which shall include meeting performance targets, controlling costs, mitigating adverse risks to agency operations, and ensuring that budgets are managed with integrity and in compliance with applicable laws. Adequate internal controls shall be ensured and an internal audit function shall be maintained.

The OCG shall oversee the operation of an integrated internal control framework across Government Agencies.

**SECTION 56. *NGA Annual Plans and Proposed Budgets.*** – The Head of each NGA shall produce an Annual Plan which shall have a medium term scope, with details for the following fiscal year, and shall include information on the strategic priorities for the medium-term, consistent with the Philippine Development Plan; performance information; summary proposed budget including financial forecasts assumptions and highlighting significant capital projects; and other information as required in the IRR, as well as the Budget Call and other related orders from the DBM. The Annual Plan shall be submitted to DBM during the budget preparation process consistent with the timetable and other guidelines in the Budget Call.

The Head of the NGA shall ensure that the Annual Plan is updated to be consistent with a) the Proposed National Budget, no later than thirty (30) days after the President has submitted the same to Congress, and; b) the General Appropriations Act, no later than thirty (30) days after its enactment. Both revisions of the Annual Plan shall be submitted to Congress and published on a government website within the aforementioned timeframes.

The Annual Plan of a Department shall incorporate the Annual Plans of its attached NGAs and GOCCs subject to guidelines prescribed in the IRR.

**SECTION 57. *NGA Reporting Requirements.*** – For greater transparency and accountability, each Head of an NGA shall:

- (a) Submit monthly and quarterly reports on the agency's financial and non-financial performance to the DBM and OCG, not later than thirty (30) days after the end of every month and quarter in the format specified by the DBM and shall publish the same on a government website within the same reglementary period;
- (b) Prepare an Annual Report which shall include year-end financial statements, reporting on non-financial performance compared against the Annual Plan, and other information as required in the IRR; submit the said Report to the DBM, OCG, and Congress no later than six (6) months after the end of the fiscal year; and publish the said Report in a government website no later than seven (7) days after its submission to Congress.

The monthly, quarterly, and annual reports of a Department shall incorporate the reports of its attached NGAs and GOCCs subject to guidelines prescribed in the IRR.

**SECTION 58. *Service Agreements.*** – The Head of an NGA may enter into a service and/or performance agreement with another agency for the latter to provide services charged against the budget of said principal agency.

**SECTION 59. *Corporate Operating Budget (COB).*** – The Board of Directors or Trustees of a GOCC shall prepare and submit a COB to the Head of the NGA overseeing said GOCC, the DBM, and the DOF, not later than ninety (90) days prior to the commencement of the fiscal year, which shall include, the objectives of the GOCCs and its subsidiaries, the activities to be undertaken, performance targets and risks; forecasts of financial statements for the next three (3) years; and other information as may be required in the IRR.

The Head of the NGA overseeing said GOCC shall endorse the Board-approved COB to the DBM, for the latter's approval. The Head of a GOCC shall publish the DBM-approved COB of the GOCC on the official website of the Corporation not later than fourteen (14) days after the approval of the COB.

**SECTION 60. *GOCC Reporting Requirements.*** – For greater transparency and accountability, each Head of GOCCs shall:

- (a) Provide quarterly reports on financial and non-financial performance to the DOF, Governance Commission for GOCCs (GCG) and the DBM, no later than thirty (30) days after the end of the quarter, in the format and time specified by the DOF, GCG and DBM and shall publish it on their official website within the same period; and
- (b) Prepare an Annual Report, which shall include year-end financial statements, reporting on non-financial performance compared against the COB, and other information as required in the IRR; submit the same to the overseeing NGA, DBM, GCG, DOF and Congress no later than six (6) months after the end of the fiscal year; and publish the said Report in a government website no later than seven (7) days after its submission to Congress.

GOCCs with subsidiaries shall reflect in its quarterly and annual reports the aforementioned required information for the whole corporate group, consistent with guidelines prescribed in the IRR.

**SECTION 61. *Service Agreement for a GOCC.*** – Where GOCCs implement government non-commercial programs, such as housing provision, irrigation and electrification, and receive government funding, a service agreement with the NGA overseeing said GOCC shall specify the terms of delivery of goods or services that the GOCC must provide, and the funds that the government will pay. Program funds shall be under the budget of the NGA overseeing said GOCC.

**SECTION 62. *Local Government Units.*** – The Local Chief Executives (LCEs) shall ensure that adequate internal controls and an internal audit function are maintained.

The LCEs shall provide financial and non-financial performance information of their respective LGUs to the OCG, DILG, and the BLGF under the DOF, subject to the guidelines to be issued thereon.

**SECTION 63. *Application of Accounting and Auditing Requirements.*** – Any expenditure of public money, including government assets or liabilities incurred by and for the Government regardless of the source of funding, shall be subject to accounting and auditing rules and regulations promulgated by the COA.

**SECTION 64. *Accounting Standards.*** – The Comptroller General shall develop guidelines to oversee the implementation of the accounting standards mandated by the COA, for use by all Government Agencies.

The Heads of Agencies shall ensure full, accurate and proper records are kept for their respective agencies on financial matters and for performance in the production of goods and services.

The DBM, OCG and COA shall ensure that complete, accurate and appropriate records of the government are kept on both financial and non-financial performances.

**SECTION 65. *Government Consolidated Reporting*** — The OCG shall submit a quarterly report on the consolidated financial performance of the government to the President, which includes information showing performance against the Appropriations Law, not later than sixty (60) days after the end of each quarter. This report shall be published in a government website within seven (7) days after the report is submitted to the President.

The OCG shall prepare the consolidated annual financial statements, not later than six (6) months after the end of the fiscal year, for submission to the President, Congress and COA.

## **PART VII TRANSPARENCY AND PARTICIPATION**

**SECTION 66. *People's Access to Public Financial Information.*** – Before the start of each fiscal year, the DBM shall promulgate a Calendar of Disclosures, and shall publish this on the government website and such calendar shall contain the schedule of release of all budget documents and information required by this Act and its IRR. The DBM shall monitor and periodically report to Congress and the public on the compliance of agencies with the Calendar of Disclosures and other fiscal transparency requirements under this Act and its IRR.

All documents and reports required to be published by this Act and its IRR shall automatically be made available electronically in a government website. Current and historical data on government revenues, expenditures, and borrowings, shall be made available electronically, in open data format, on a government website, subject to guidelines in the IRR.

**SECTION 67. *The People's Budget.*** –The DBM shall, for every fiscal year, publish citizen-friendly summaries of the following, subject to guidelines and other specifications in the IRR:

- (a) the Statement of Fiscal Policy in the year of the President's election and any updates thereafter within thirty (30) days from submission to Congress;



- (b) the Proposed National Budget, to be published in electronic format within thirty (30) days from submission to Congress of the Proposed National Budget;
- (c) the General Appropriations Law, to be published in electronic format in a government website within thirty (30) days from its effectivity; and
- (d) the Annual Fiscal Report, to be published in electronic format in a government website within thirty (30) days from submission to Congress.

**SECTION 68. *People's Participation in the Budget Process.*** – government shall establish and implement suitable participatory budget mechanisms to facilitate the open, inclusive, and meaningful engagement of citizens throughout the budget process—from budget preparation, to legislation, to execution, and to accountability and audit. Such participatory mechanisms may include consultations and partnerships with civil society organizations (CSOs), non-government organizations (NGOs), people's organizations (POs), academics and experts, and other individual and organized stakeholders throughout the annual budget process.

To aid the empowerment of grassroots organizations and communities in the national budget process, the DBM, DILG, and other relevant agencies shall facilitate a process wherein CSOs, NGOs, POs, community organizations and LGUs can jointly identify local priority poverty reduction and development needs which will serve as input to the formulation of the Proposed National Budget. Such process shall consider the pursuit of meaningful local devolution and local accountability, as well as the strengthening of regional and local development councils' roles in the national budget process.

Policies and regulations for the establishment of participatory budgeting mechanisms established by laws shall be formulated and enforced by:

- i. The DBM, together with other relevant agencies of the executive, when it comes to participation in budget preparation, execution, and accountability;
- ii. The House of Representatives and the Senate, through their relevant committees, when it comes to participation in budget legislation; and
- iii. The COA, when it comes to participation in the conduct of audit.

## PART VIII ENFORCEMENT

**SECTION 69. *Sanctions and Penalties.*** – Without prejudice to the provisions of other laws, the following sanctions and liabilities in case of failure to comply with the reporting and posting requirements under this Act, shall be imposed:

- a) The DBM shall not approve any request for release of allotments for items of appropriations covered in the negative list or realignment nor recommend the use of savings by the President

until such time as the non-compliant agency has submitted the report/s required under this Act;

- b) The COA may disallow any expenditure charged against augmentation using savings, and any expenditure due to realignment, which were made within the period succeeding the reporting period when the agency failed to comply with the reporting requirements under this Act;
- c) Failure to report on the income and/or funds retained at the end of a reporting period shall render all disbursements against such income or funds in subsequent reporting periods as void, and will render the responsible official liable under existing laws; and
- d) The Congress may *motu proprio* or upon the request of COA and/or DBM through its appropriate oversight committee compel the head of the non-compliant agency, under pain of contempt, to produce the required report/s and to explain reasons for failure to submit and disclose said report/s.

Without prejudice to the provisions of other laws:

- i. Every obligation, expenditure or payment authorized or incurred in violation of the provisions of this Act shall be void and shall render the public official and/or employee authorizing or making such payment and every person in collusion with said official or employee shall jointly and severally be held liable to the government for the full amount so paid or received. The public official or employee who knowingly incur any obligation or authorizes any expenditure in violation of the provisions of this Act or takes part therein shall likewise be removed or dismissed from office, after due notice and hearing, even if no criminal charge is instituted against him;
- ii. Any public official or employee, holding office or employment in a casual, temporary, holdover, permanent or regular capacity, who shall cause the inclusion of fraudulent information in any accountability report, shall be penalized with imprisonment not exceeding five (5) years, or a fine not exceeding One Million Pesos (P1,000,000.00), or both, without prejudice to disallowances that may be made by COA against expenditures related to such fraudulent information, provided, that this fine is reviewed and adjusted periodically to be reasonable;
- iii. A conviction under this Act shall carry with it civil liability, which may either consist of restitution for the damage done or forfeiture in favor of the government of any unwarranted benefit derived from the act or acts in question, or both, at the discretion of the courts, in addition to possible administrative liability; and
- iv. Private individuals who shall conspire with the erring public officials or employees, whether as co-principals, accomplices or accessories, in the commission of any violation of this Act shall be subject to the same penalties as the public officials or employees and shall be tried jointly with them.

**SECTION 70. Jurisdiction.** – Actions under this Act shall be cognizable by the courts, tribunals, bodies, agencies or authorities with appropriate jurisdiction under existing laws.



## **PART IX FINAL PROVISIONS**

**SECTION 71. *Implementing Rules and Regulations.*** – The DBM in consultation with the DOF, BTr, NEDA and COA, in coordination with agencies concerned shall issue the guidelines necessary for the proper implementation of this Act.

**SECTION 72. *Transitory Provisions.*** – The DBM, DOF, BTr, NEDA and COA shall produce and submit within thirty (30) days from promulgation of the IRR; a Transitory Plan for information, to the Joint Congressional Oversight Committee on Public Expenditures to ensure the proper implementation of the provisions of this Act, presenting the Sections that will not be implemented on the passing of this Act and those requiring compliance with certain conditions or the happening of events before the provisions herein may be implemented.

**SECTION 73. *Repealing Clause.*** – Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, proclamation, charter, rule or regulation and/or parts thereof contrary to or inconsistent with the provisions of this Act is hereby repealed, modified or amended accordingly. (Note: specific laws to be repealed will need to be identified for clarity.)

**SECTION 74. *Separability Clause.*** – If any provision of this Act is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

**SECTION 75. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days following its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,