

GENERAL PROVISIONS

RECEIPTS AND INCOME

Sec. 3. Fees, Charges and Assessments. All fees, charges, assessments, and other receipts or revenues collected by departments, bureaus, offices or agencies in the exercise of their functions, at such rates as are now or may be approved by the Secretary concerned, shall be deposited with the National Treasury and shall accrue to the General Fund pursuant to Section 44 of Book VI, E.O. No. 292 and Section 3 of B.P. Blg. 325: PROVIDED, That certain receipts may be recorded as income of a Special Fund, a Fiduciary or a Trust Fund, or a fund other than the General Fund, when authorized by law and following such rules and regulations as may be issued by the Permanent Committee created under Section 45 of Book VI, E.O. No. 292: PROVIDED, FURTHER, That all revenues or income accruing to special accounts in the General Fund may be made available for expenditure, subject to the Special Provision in this Act for the agencies concerned and to Special Budgets required under Section 35 of Book VI, E.O. No. 292: PROVIDED, FURTHERMORE, That whenever practicable and taking into account the cost reduction program of the government, when an agency contracts with another government office for fabrication of furniture or equipment, or for computer, printing or other services, the agency rendering such services may assess the requesting agency for the cost of production and services rendered and may utilize the proceeds thereof, subject to Section 35 of Book VI, E.O. No. 292, except as otherwise provided in this Act: AND PROVIDED, FINALLY, That the schedule of fees, charges and assessments collectible by any government agency including government-owned and/or controlled corporations shall be posted in big bold characters in a conspicuous place in said government agency or corporation, including its branches or extension offices and that the updating and continuous display of said schedule shall be the responsibility of the head of the agency or corporation concerned.

Sec. 4. Revolving Fund. Revolving funds shall be established and maintained only in cases where said funds are expressly created and authorized by law. Revolving funds already in existence shall continue their operations, except those which are now reflected as "Use of Income" in this Act. Receipts derived from business-type activities of departments, bureaus, offices or agencies which are authorized by law to be constituted into a Revolving Fund shall be separately recorded and deposited in an authorized government depository bank and may be made available for operational expenses of the said activity of the agency concerned, subject to the conditions prescribed under the special provision of the agency concerned and the rules and regulations as may be prescribed by the Permanent Committee created under Section 45 of Book VI, E.O. No. 292. The Revolving Fund shall be considered self-perpetuating and self-liquidating and all obligations or expenditures incurred by virtue of said business-type activities shall be charged against the Revolving Fund: PROVIDED, That interest and other income earned shall be deposited with the National Treasury and shall accrue to the General Fund pursuant to Section 65 of P.D. No. 1445 in relation to Section 29(1) of Article VI of the Constitution. The agency concerned shall submit to the Department of Budget and Management, copy furnished the House Committee on Appropriations and the Senate Committee on Finance, a quarterly report of the income from this Fund and a quarterly report of expenditure. In case of failure to submit said requirements, no withdrawal in the subsequent quarter shall be allowed in audit except upon certification of the Department of Budget and Management that said report was submitted.

Sec. 5. Trust Receipts. Receipts from non tax sources authorized by law for specific purposes which are collected/received by a government office or agency acting as a trustee, agent or administrator, or which have been received as guaranty for the fulfillment of an obligation, and all other collections classified by law or regulations as trust receipts shall be treated as trust liability of the agency concerned and deposited with the National Treasury, subject to the conditions prescribed under the Special Provisions of the agency concerned and to the rules and regulations as determined by the Permanent Committee created under Section 45 of Book VI, E.O. No. 292. All existing balances of trust receipts deposited with authorized government depository banks or any forthcoming trust receipts which are intended to be deposited with authorized government depository banks are hereby required to be deposited also with the National Treasury. Payment out of such funds shall be made in accordance with the purpose for which the fund is created and subject to accounting and auditing regulations.

Sec. 6. Receipts Arising from BOT and its Variant Schemes Transactions. Receipts, such as toll fees, charges and other receipts or revenues arising from public sector projects implemented through build-operate-transfer (BOT) arrangement and other variants pursuant to R.A. No. 6957, as amended by R.A. No. 7718, collected by an office or agency of the National Government but which shall accrue to the proponent private companies or individuals in accordance with the contract entered into by said government office or agency and project proponent(s) shall be constituted as a trust fund and deposited with the National Treasury and shall only be utilized for the fulfillment of the obligations as stipulated under the contract: PROVIDED, That the government share out of the collections from said projects shall accrue to the General Fund and shall be remitted to and deposited with the National Treasury.

The implementation of this Section shall be in accordance with the guidelines to be issued jointly by the Department of Finance, Department of Budget and Management, National Economic and Development Authority and the Coordinating Council of the Philippine Assistance Program in coordination with the Commission on Audit.

Sec. 7. Performance Bonds and Deposits. Performance bonds and deposits filed or posted by private persons or entities with agencies of the government shall be deposited in the National Treasury as trust liabilities under the name of the agency concerned. Upon faithful performance of the undertaking or termination of the obligation for which the bond or deposit was required, any amount due shall be returned to the filing party and the office or agency concerned, withdrawable in accordance with accounting and auditing rules and

regulations: PROVIDED, That any interest accruing on deposit accounts and any forfeited amounts shall be recorded as income of the General Fund and shall be remitted to the National Treasury at the end of each quarter. This provision shall apply to bonds posted in cash, such as bidder's bond, guaranty bonds, bail bonds, judicial deposits for the benefit of clients, cash under litigation deposited in court or quasi-judicial bodies and other refundable and judicial bonds, and all bonds and deposits required by law, rules and regulations to be posted to ensure the faithful performance of an activity or undertaking.

Sec. 8. Seminar and Conference Fees. Departments, bureaus, offices or agencies which conduct training programs in relation to their mandated functions are authorized to collect seminar and conference fees from government and private agency participants, at such standard rates as the Department of Budget and Management and the Civil Service Commission shall deem appropriate. The proceeds derived from such seminars or conferences may be made available for the conduct of such seminars and conferences, subject to pertinent budget, accounting and auditing rules and regulations: PROVIDED, That any excess therefrom shall be remitted to the National Treasury and shall accrue to the General Fund: PROVIDED, FURTHER, That upon the conclusion of the seminar or conference, the office authorized to conduct the same shall submit to the Department of Budget and Management a report of the income realized and of the expenses incurred: PROVIDED, FINALLY, That no appropriation authorized in this Act shall be used to support or augment expenses for seminars or conferences.

Sec. 9. Sale of Products. Departments, bureaus, offices or agencies are hereby authorized to sell products of agricultural, industrial or other projects. The proceeds derived therefrom shall be deposited with the National Treasury and shall accrue to the General Fund, pursuant to Section 44 of Book VI, E.O. No. 292, unless otherwise provided by law or by Special Provision in this Act.

Sec. 10. Sale of Official Publications. Departments, bureaus, offices or agencies are hereby authorized to sell their official publications. The proceeds derived therefrom shall be deposited with the National Treasury and shall accrue to the General Fund. Such proceeds may be made available to defray the cost of printing of such official publications subject to Special Budget pursuant to Section 35, Book VI of E.O. No. 292.

Sec. 11. Sale of Non-Serviceable, Obsolete and Other Unnecessary Equipment. Departments, bureaus, offices or agencies are hereby authorized to sell non-serviceable, obsolete, and other unnecessary equipment including cars, vans and the like pursuant to the provisions of Section 79 of P.D. No. 1445 and E.O. No. 309 dated March 8, 1996. The proceeds from the sale of equipment of the agency shall be deemed automatically appropriated for the purchase of new ones, and for the repair or rehabilitation of existing vital equipment: PROVIDED, That the purchase of such new cars and vans shall be subject to pertinent laws, rules and regulations.

Sec. 12. Donations. Departments, bureaus, offices or agencies may accept donations, contributions, grants, bequests or gifts, in cash or in kind, from various sources, domestic or foreign, for purposes relevant to their functions: PROVIDED, That in cases of donations from foreign governments, acceptance thereof shall be subject to the prior clearance and approval of the President of the Philippines upon recommendation of the Secretary of Foreign Affairs. Receipts from donations shall be accounted for in the books of the government in accordance with pertinent accounting and auditing rules and regulations. Such donations, whether in cash or in kind, shall be deemed automatically appropriated for purposes specified by the donor. The receipts from cash donations and sale of donated commodities shall be remitted to the National Treasury and recorded as a Special Account in the General Fund and shall be available through a Special Budget pursuant to Section 35, Book VI of E.O. No. 292. The agency concerned shall submit to the Department of Budget and Management and to the Commission on Audit a quarterly report of all donations whether in cash or in kind as well as the expenditures or disbursements of the amounts released.

In case of violation of this Section, the erring officials and employees shall be subject to disciplinary action under the provisions of Sections 43 and 80 of Book VI, E.O. No. 292 and to appropriate criminal action under existing penal laws.

Sec. 13. National Internal Revenue Taxes, and Import Duties of National and Local Government Agencies as well as Government-Owned And/Or Controlled Corporations, Including Armed Forces of the Philippines Commissary Exchange Service (AFPCES) and Philippine National Police Storage Store System (PNPSSS). National internal revenue taxes and import duties payable by national government agencies to the National Government as well as customs duties and taxes for the importation of equipment by local government units, except those duties and taxes imposed on equipment imported and donated by private entities, are deemed automatically appropriated. Tax expenditure subsidy to various government-owned and/or controlled corporations, including AFPCES, thru the Department of National Defense, and PNPSSS thru the Department of the Interior and Local Government, shall likewise be deemed automatically appropriated, subject to approval by the Fiscal Incentives Review Board (FIRB) pursuant to Executive Order No. 93, as amended. The amounts pertaining to such taxes and duties shall be considered as revenue and expenditure of the government.

The implementation of this Section shall be in accordance with guidelines jointly issued by the Department of Budget and Management and the Department of Finance.

Sec. 14. Loan Agreements. Departments, bureaus, offices or agencies, including government-owned and/or controlled corporations, shall in no case enter into foreign or domestic loan agreements, whether in cash or in kind, except upon concurrence of the Secretary of Budget and Management with respect to peso requirements and implications on expenditure ceilings and prior approval of the President of

the Philippines, with the prior concurrence of the Monetary Board, subject to such limitations as may be provided by law: PROVIDED, That the Monetary Board shall within thirty days from the end of every quarter of the calendar year, submit to the Congress of the Philippines a report of its decisions on applications for loans to be contracted or guaranteed by the government or government-owned and/or controlled corporations which have the effect of increasing the foreign debt. Loans shall not be contracted by agencies of the national government unless the full amount of the loan is covered by an Obligational Authority issued by the Secretary of Budget and Management. For this purpose, the budgetary implications of foreign-assisted projects shall be explicitly considered by the Secretary of Budget and Management and the office or agency concerned at the time of project design and financing negotiations. The project study shall specify the cash flow requirements of the project among others, for: (a) payment of principal and interest; (b) peso component of capital costs and project preparation; (c) infrastructure and support facilities needed to be directly financed by government; (d) operating and other expenditures which will be ultimately required for general fund support when the project is implemented; and (e) peso requirements needed as counterpart.

EXPENDITURES

Sec. 15. Restrictions on the Use of Government Funds. No government funds shall be utilized for the following purposes:

a. To purchase motor vehicles, except: (a) medical ambulances, military and police patrol vehicles, motorcycles, other utility vehicles, road construction equipment, motorized bancas and those used for mass transport when necessary in the interest of the public service, upon authority of the department or agency head and the Secretary of the Department of Budget and Management; and (b) those authorized by the President, the Senate President, the Speaker of the House of Representatives, or the Chief Justice of the Supreme Court;

b. To defray foreign travel expenses of any government official or employee, except in the case of training seminar or conference abroad when the officials and other personnel of the foreign mission cannot effectively represent the country therein and travels necessitated by international commitments: PROVIDED, That no official or employee, including uniformed personnel of the Department of the Interior and Local Government and Department of National Defense will be sent to foreign training, conference or attend to international commitments when they are due to retire within one year after the said foreign travel;

c. To provide fuel, parts, repair and maintenance to any government vehicle which is not permanently marked "For Official Use Only" with the name or logo of the agency, nor otherwise properly identified as a government vehicle and does not carry its official government plate number, except official vehicles assigned to the President, Vice-President, Senate President, Speaker of the House of Representatives, Chief Justice of the Supreme Court and Chairmen of the Constitutional Commissions and those used by personnel performing intelligence and national security functions: PROVIDED, That in case of transport crisis, such as that occasioned by street demonstrations, welgang bayan, floods, typhoons and other emergencies, all government vehicles of any type whether luxury cars or utility vehicles, shall be made available to meet the emergency and utilized to transport for free the commuters on a round-the-clock basis;

d. To pay honoraria, allowances or other forms of compensation to any government official or employee, except those specifically authorized by law;

e. To be invested in non-government securities, money market placements and similar investments or deposited in private banking institutions.

The provisions of this Section shall also apply to government-owned and/or controlled corporations.

The implementation of this Section shall be in accordance with the rules and regulations issued by the Department of Budget and Management, in coordination with the Commission on Audit.

Sec. 16. Mandatory Expenditures. The amounts released, particularly for, but not limited to, petroleum, oil and lubricants as well as for water, illumination and power services, telephone and other communication services, rents, retirement gratuity and terminal leave requirements shall be disbursed solely for such items of expenditures in accordance with the Work and Financial Plan as approved by the Secretary of Budget and Management: PROVIDED, That any savings generated from these items may be realigned only in the last quarter upon prior approval of the Secretary of the Department of Budget and Management.

The use of funds in violation of this Section shall be null and void, and shall subject the erring officials and employees to disciplinary action under the provisions of Sections 43 and 80 of Book VI, E.O. No. 292 and to appropriate criminal action under existing penal laws.

Sec. 17. Authority to Identify Funds for Mandatory Expenditures. Out of the agency appropriations authorized in this Act, the Department of Budget and Management may identify in the fund release documents the amounts due all government service agencies and government service corporations to cover prior year's mandatory expenditures as certified by the Commission on Audit. In the case of government-owned or controlled corporations (GOCCs) without budgetary support from the National Government, funds for the purpose shall be indicated in the approval of their Corporate Operating Budgets.

The implementation of this Section shall be subject to the guidelines to be issued by the Department of Budget and Management in coordination with the Department of Finance and the Commission on Audit.

Sec. 18. Intelligence and Confidential Funds. No amount appropriated in this Act shall be released or disbursed for confidential and intelligence activities unless specifically identified and authorized as such intelligence or confidential fund in this Act.

Intelligence and confidential funds provided for in the budgets of departments, bureaus, offices or agencies of the National Government, including amounts from savings authorized by Special Provisions to be used for intelligence and counter-intelligence activities, shall be released only upon approval of the President of the Philippines: PROVIDED, That at least eighty percent (80%) of intelligence and confidential funds shall be used for field operations.

All departments, bureaus and offices shall submit to the Secretary of the Department of Budget and Management, the Chairman of the House Committee on Appropriations and the Chairman of the Senate Committee on Finance, a quarterly report on the utilization of intelligence and confidential funds.

Sec. 19. Prohibited Expenses in Revolving Funds and Use of Income. No amount of the revolving funds or agency income authorized in this Act for use by the agency shall be used for the payment of discretionary and representation expenses.

Sec. 20. Purchase of Supplies, Materials and Equipment Spare Parts for Stock. The stock on hand of supplies, materials and equipment spare parts to be acquired through ordinary purchase out of appropriations herein provided shall at no time exceed normal three-month requirements, subject to pertinent rules and regulations issued by competent authority: PROVIDED, That heads of departments, bureaus, offices or agencies or other instrumentalities of the government may approve the build-up of stocks on hand of critical supplies and materials as defined or specified by the Department of Budget and Management in anticipation of cost increases, or requirement of a national emergency, or of an impending shortage in the items concerned, specifying maximum quantities of individual items. Unless otherwise approved by the President, upon the joint recommendation of the Secretary concerned and the Chairman of the Commission on Audit, these stocks shall not exceed one year's need.

Sec. 21. Emergency Purchases. Unless otherwise provided in this Act, departments, bureaus, offices or agencies of the National Government are authorized to make emergency purchases of supplies, materials and spare parts of motor transport equipment that are urgently needed for the repair of ambulances, motor vehicles, vessels and aircrafts or to meet an emergency which may involve the loss of, or danger to, life and/or property, or are to be used in connection with a project or activity which cannot be delayed without causing detriment to the public service, in a monthly amount not exceeding four percent (4%) of the annual agency expenditure program for supplies and materials out of the appropriations allotted for maintenance and other operating expenses of the agency concerned, except as may be authorized by the President of the Philippines upon the joint recommendation of the Department of Budget and Management and the Commission on Audit.

Sec. 22. Domestic Purchases and Foreign Importations. All appropriations for the procurement of equipment, supplies and materials and other products and services authorized in this Act shall be used only for the purchase of equipment, parts, accessories, medicines and drugs, supplies and materials and other products and services locally available: PROVIDED, That importation may be made when none of the desired quality or standard is available in the market or when the price of the local product or service is more than fifteen percent (15%) of that of a similar product offered by an enterprise other than a domestic entity pursuant to Section 4 of the Flag Law (Commonwealth Act No. 138, as amended): PROVIDED, FURTHER, That purchases under foreign military sales agreements, heavy equipment imports for infrastructure projects and other importations of agencies which are financed by foreign borrowings may be made, subject to the requirements of LOI No. 880 and to pertinent budget, accounting and auditing laws, rules and regulations.

Sec. 23. Cultural and Athletic Activities. Out of the appropriations authorized in this Act for maintenance and other operating expenses for each department, bureau, office or agency, an amount not exceeding One Thousand Two Hundred Pesos (P1,200.00) may be used for the purchase of costume or uniform for each participant and other related expenses in the conduct of cultural and athletic activities.

Sec. 24. Extraordinary and Miscellaneous Expenses. Appropriations herein authorized may be used for extraordinary expenses of the following officials and those of equivalent rank as may be authorized by the Department of Budget and Management not exceeding:

- a. P150,000 for each Secretary;
- b. P50,000 for each Undersecretary;

- c. P20,000 for each Assistant Secretary, head of bureau or organization of equal rank to a bureau and for each Department Regional Director;
- d. P10,000 for each Bureau Regional Director; and
- e. P6,000 for each Municipal Trial Court Judge, Municipal Circuit Trial Court Judge and Shari'a Circuit Court Judge.

In addition, miscellaneous expenses not exceeding P48,000 for each of the offices under the above named officials are herein authorized.

For the purpose of this Section, extraordinary and miscellaneous expenses shall include, but shall not be limited to, expenses incurred for:

- a. meetings, seminars and conferences;
- b. official entertainment;
- c. public relations;
- d. educational, athletic and cultural activities;
- e. contributions to civic or charitable institutions;
- f. membership in government associations;
- g. membership in national professional organizations duly accredited by the Professional Regulation Commission;
- h. membership in the Integrated Bar of the Philippines;
- i. subscription to professional technical journals and informative magazines, library books and materials;
- j. office equipment and supplies; and
- k. other similar expenses not supported by the regular budget allocation.

No portion of the amounts authorized herein shall be used for salaries, wages, allowances, intelligence and confidential expenses. In case of deficiency, the requirements for the purpose may be charged against savings of the agency.

These expenditures shall be subject to accounting and auditing rules and regulations.

Sec. 25. Information Outlay. The appropriations pertaining to information activities of various departments, bureaus, offices or agencies shall be released upon presentation of an appropriate program of activities prepared by their respective Heads, copies of which shall be furnished the House Committee on Appropriations and the Senate Committee on Finance.

Sec. 26. Science and Technology Research. Departments, agencies, bureaus, or offices with appropriations for research and development in the natural, agricultural, technological and engineering sciences shall coordinate with the private sector and organizations that are engaged in scientific research and development projects with the primary objective of coordinating research agenda to achieve over-all coordination and optimize the use of research funds: PROVIDED, That research efforts shall be geared towards achievement of a wider commercialization of new discoveries and acceleration of technology transfer: PROVIDED, FURTHER, That the said government agencies shall submit an annual report to the House Committee on Appropriations and the Senate Committee on Finance. The report shall include the list of recipient private entities, status of research being undertaken, and the amount released and utilized for each project and the commercialization activities and technology transfer made.

Sec. 27. Training Programs. Departments, bureaus, offices or agencies shall review and formulate their training programs to make the same responsive to the organizational needs and manpower requirements of agencies and the need to train personnel in skills and attitudes. Such training programs shall be consistent with the rules and regulations issued by the Training Coordination Committee created under LOI No. 754, which shall review and evaluate training activities.

Sec. 28. Gender-Responsive Projects. All departments, bureaus, offices and agencies shall set aside a minimum amount of five percent (5%) out of their 1997 appropriations to be used for projects designed to address gender issues in accordance with R.A. No. 7192.

The concerned departments, bureaus, offices and agencies shall submit semestral reports to Congress, the Department of Budget and Management and the National Commission on the Role of Filipino Women indicating the amounts utilized to implement such gender-responsive projects and activities.

The implementation of this Section shall be in accordance with the guidelines jointly issued by the National Economic and Development Authority and the Department of Budget and Management.

Sec. 29. Human Resource Development. All departments, bureaus, offices and agencies shall set aside an amount out of their 1997 appropriations to be used for Human Resource Development.

Sec. 30. Human and Ecological Security Concerns. All departments, bureaus, offices and agencies shall set aside an amount out of their 1997 appropriations to be used for projects designed to address human and ecological security concerns. This Section shall be implemented in accordance with the guidelines to be issued jointly by the Department of Environment and Natural Resources and the Department of the Interior and Local Government in coordination with the Department of Budget and Management.

Sec. 31. Disability-Related Projects/Facilities for the Handicapped. All government facilities, including infra, non-infra and civil works projects of the government, as well as office buildings, streets and highways, shall provide architectural facilities or structural features and designs as shall reasonably enhance the mobility, safety and welfare of disabled persons pursuant to S.P. 8lg. 344 and R.A. No. 7277.

Sec. 32. Contracting Multi-Year Projects. In the implementation of multi-year projects, no agency shall enter into a multi-year contract without a multi-year Obligational Authority issued by the Department of Budget and Management for the purpose.

Notwithstanding the issuance of the multi-year Obligational Authority, the obligation to be incurred in any given calendar year, shall in no case exceed the amount programmed for implementation during said calendar year.

PERSONNEL AMELIORATION

Sec. 33. Compensation Adjustment and Productivity Incentive Benefits. The amount authorized for Compensation Adjustment and Productivity Incentive Benefits shall be used for the adjustment in basic salary and associated benefits of national government personnel pursuant to Joint Resolution No. 01, s. 1994 of Congress, as well as Productivity Incentive Benefits as may be approved by the President: PROVIDED, That such compensation adjustment shall be fully implemented within FY 1997: PROVIDED, FURTHER, That transition allowance, if any, shall be deducted from or reduced by the salary adjustment: PROVIDED, FURTHERMORE, That compensation adjustment for government-owned or controlled corporations and local government units shall be charged to their corporate and local funds, respectively: PROVIDED, FINALLY, That the increase in the honorarium of barangay officials and personnel shall not exceed the rate equivalent to the first step of the following salary grades in the city or municipality to which the barangay belongs:

SG - 14	For the Punong Barangay
SG - 10	For the Sanggunian Barangay Members, Barangay Secretary and Barangay Treasurer
SG - 1	For the Barangay Tanod and Members of the Lupong Tagapamayapa

Government personnel who will compulsorily retire prior to November 1, 1997 shall be entitled to retirement benefits at the full rate of the implementation pursuant to Section 3 of R.A. No. 8244.

Sec. 34. Amelioration Benefits. Payment of amelioration benefits to cover the year-end bonus and cash gift provided under Republic Act No. 6686 shall be released to the department, bureau, office or agency concerned: PROVIDED, That one-half (1/2) of the amount of the said year-end bonus and cash gift may be paid not later than June of each year, subject to the issuance of the implementing rules and regulations by the Department of Budget and Management.

Savings generated in one department, bureau, office or agency shall be used to augment deficient funds in other departments, bureaus, offices or agencies.

Sec. 35. Funding of Personnel Benefits. The personnel benefits costs of government officials and employees shall be charged against the respective funds from which their compensations are paid.

All authorized supplemental or additional compensation, fringe benefits and other personal services costs of officials and employees whose salaries are drawn from special accounts or special funds, such as salary increases and adjustments, merit increases, incentive and service fees, vacation and sick leaves, retirement and life insurance premiums, compensation insurance premiums, health insurance (Medicare) premiums, HDMF contributions, hospitalization and medical benefits, scholarship and educational benefits, training and seminar expenses, all kinds of allowances, whether commutable or reimbursable, in cash or in kind, and other personnel benefits and privileges authorized by law, including the payment of retirement gratuities, separation pay and terminal leave benefits, shall similarly be charged against the corresponding fund from which their basic salaries are drawn and in no case shall such personnel benefits costs be charged against the General Fund of the National Government.

Officials and employees on detail with other offices, including the representatives and support personnel of auditing units assigned to serve other offices or agencies, shall be paid their salaries, emoluments, allowances and the foregoing supplemental compensation, fringe benefits and other personal services costs from the appropriations of their parent agencies, and in no case shall such be charged against the appropriations of the agencies where they are assigned or detailed, except when authorized by law.

Sec. 36. Personnel Benefits Fund. The provisions of Letter of Instructions No. 1102 notwithstanding, the government shares in the compulsory contributions mandated by Presidential Decree No. 1146, Republic Act No. 6111 and Presidential Decree No. 626, as amended, shall be remitted directly by said bureaus, offices and agencies to the Government Service Insurance System and the Home Development Mutual Fund.

Sec. 37. Authorized Deductions, Incentive and Service Fees. Deductions from salaries, emoluments or other benefits accruing to any government employee may be allowed for the payment of obligations due or owing to government lending institutions such as government banks, the Government Service Insurance System, duly licensed insurance companies, savings and loans associations, and those organized for, and managed by, government employees. Deductions under Section 21 of R.A. No. 4670, otherwise known as the Magna Carta for Public School Teachers may be allowed, including such deductions representing amortizations arising from educational loan for tuition fees, reasonable amount for textbooks and other school obligations granted by insurance companies duly licensed by the Insurance Commission: PROVIDED, That such deductions shall not reduce the employee's take home pay to an amount lower than one thousand pesos (P1,000.00), after deducting all other statutory deductions: PROVIDED, FURTHER, That the agencies and offices with existing deductions arrangements with private lenders shall continue such deductions until the credits/loans outstanding or the premiums of the policies in force at the date of passage of this Act shall have been fully paid.

Service fees collected shall be deposited with the National Treasury or any public financial institution and shall accrue to the General Fund, pursuant to Section 44 of Book VI, E.O. No. 292. Such fees may be made available for payment of incentive or service fees to employees who are actually and directly involved in the collection: PROVIDED, HOWEVER, That such payment to any employee may not, in the aggregate exceed fifty percent (50%) of his annual salary.

Any surplus of service fees deposited with the National Treasury pursuant to the provisions of the second paragraph hereof, shall form part of a provident fund to be established by the agency in favor of all its employees, which shall be available to employees for emergency needs, school and educational loans, hospitalization loans, minor but immediate need of repair of houses and other similar circumstances. This fund shall be administered pursuant to a set of uniform rules and regulations which the Office of the President shall promulgate.

Sec. 38. Travelling Expenses. Officials and employees of the government may be allowed full payment of claims for reimbursement of travelling and related expenses incurred in the course of official travel, certified by the head of the agency concerned as absolutely necessary in the performance of an assignment and supported by receipts, chargeable to the allotment for travelling expenses.

The implementation of this Section shall be in accordance with the rules and regulations issued by the Department of Budget and Management.

Sec. 39. Representation and Transportation Allowances. The following officials and those of equivalent rank as may be determined by the Department of Budget and Management while in the actual performance of their respective functions are hereby granted monthly commutable representation and transportation allowances payable from the programmed appropriations provided for their respective offices not exceeding the rates indicated below, which shall apply to each type of allowance:

- a. At P4,375 for Secretaries;
- b. At P3,000 for Department Undersecretaries;
- c. At P2,500 for Assistant Secretaries, Bureau Directors and Department Regional Directors;
- d. At P2,125 for Assistant Bureau Directors, Department Assistant Regional Directors, Bureau Regional Directors, Department Service Chiefs;
- e. At P1,750 for Assistant Bureau Regional Directors; and
- f. At P1,625 for Chief of Divisions, identified as such in the Personal Services Itemization.

The transportation allowance herein authorized shall not be granted to officials who are assigned a government vehicle or use government motor transportation. Unless otherwise provided by law, no amount appropriated in this Act shall be used to pay for representation and/or transportation allowances, whether commutable or reimbursable, which exceed the rates authorized under this Section. Previous administrative authorizations not consistent with the rates and conditions herein specified shall no longer be valid and payment shall not be allowed.

Allowances of those officials who are receiving salaries from special accounts or special funds shall be charged against the corresponding fund from which their salaries are charged. Officials on detail with other offices, including officials of the Commission on Audit assigned to serve other offices or agencies, shall be paid the allowance herein authorized from the appropriations of their parent agencies.

Sec. 40. Official Vehicles and Transport. Government motor transportation may be used by the following officials with costs chargeable to the appropriations authorized for their respective offices:

- a. The President of the Philippines;
- b. The Vice-President;
- c. The President of the Senate;
- d. The Speaker of the House of Representatives;
- e. The Chief Justice and Associate Justices of the Supreme Court;
- f. The Secretaries, Undersecretaries, Assistant Secretaries and officials of equivalent rank;
- g. The Presiding Justice of the Court of Appeals;
- h. Ambassadors, Ministers Plenipotentiary and Consuls in charge of Consulates, in their respective stations abroad;
- i. The Chief of Staff, the Vice-Chief of Staff and the Commanding Generals of the major services of the Armed Forces of the Philippines;
- j. The Heads of Constitutional Commissions; and
- k. Those who may be specifically authorized by the President of the Philippines, the President of the Senate with respect to the Senate, the Speaker, with respect to the House of Representatives, and the Chief Justice, in the case of the Judiciary.

Sec. 41. Honoraria. Departments, bureaus, offices or agencies, are authorized to use their respective appropriations for payment of honoraria for services rendered by researchers, experts and specialists who are acknowledged authorities in their field of specialization, agency personnel performing activities or discharging duties in addition to or over and above their regular function as well as military personnel who are rendering security service to the Congress of the Philippines, including its Committees, at such rates as the Department of Budget and Management may authorize, unless otherwise specifically provided by law: PROVIDED, That such persons who are hired as consultants and who are paid professional consultancy fees for services rendered shall not be entitled to such honoraria.

Sec. 42. Employment of Contractual Personnel. Heads of departments, bureaus, offices or agencies, when authorized in their respective appropriations provided in this Act, may hire contractual personnel as part of the organization to perform regular Agency functions and specific vital activities or services which cannot be provided by the regular or permanent staff of the hiring agency.

The contractual personnel employed pursuant to this Section shall be considered as an employee of the hiring agency, limited to such period when their services are reasonably required.

Such contractual personnel may be paid compensation, inclusive of fees, honoraria, per diems and allowances not exceeding 120% of the minimum salary of an equivalent position in the Position Classification and Compensation System, but not to exceed the salary of his immediate superior, chargeable against the Personal Services funds of the Agency in accordance with the National Government Chart of Accounts.

Sec. 43. Uniform and Clothing Allowance. The appropriations herein provided for each department, bureau, office or agency may be used for uniform and clothing allowance of employees at not more than Two Thousand Pesos (P2,000) each per annum which may be given in kind, subject to the discretion of the department head concerned. In case of deficiency, or in the absence of appropriation for the purpose, the requirements may be charged against savings in the appropriations of each department, bureau, office or agency.

[Sec. 44. Hazard Duty Pay. Hazard duty pay may be allowed to officials and employees who are actually assigned in hardship posts or difficult work areas, strife-torn or embattled areas, distressed or isolated stations, prison camps/reservations or penal colonies, institutions, mental health hospitals, radiation-exposed work areas, disease-infested work areas or in work areas where rescue operations/evacuations have to be carried out due to natural calamities which expose them to great danger, contagion, hazardous pollutants, radiation, volcanic activity/eruption, occupational risk or perils to life, chargeable to savings in the appropriations of the department/agency concerned, which shall not be less than P400 nor more than P600 each per month, except in cases where the rates are specifically provided for under special laws, charters or enabling acts already being implemented, in which case such rates shall govern, or where more incentives are needed to attract applicants, in which case the sum may be augmented at the rates to be recommended by the Department Heads concerned and approved by the Department of Budget and Management as may be necessary: PROVIDED, That hazard pay by reason of strife-torn or embattled areas shall be subject to the certification issued by the Secretary of National Defense and the rates thereof shall be determined by the Secretary of Budget and Management on the basis of the area classification certified by the Secretary of National Defense. The Secretary of Budget and Management and the Secretary of National Defense shall review from time to time authorizations for the payment of hazard pay in strife-torn and embattled areas earlier issued and shall terminate such authorizations in areas where conditions no longer justify the continuation of hazard duty pay. The implementation of this Section shall be in accordance with the rules and regulations issued by the Department of Budget and Management.] (DIRECT VETO - President's Veto Message, February 12, 1997, page 1448, RA 8250)

Sec. 45. Special Counsel Allowance. Lawyer-personnel, including those designated to assume the duties of a legal officer and those deputized by the Office of the Solicitor General in the legal staffs of departments, bureaus, offices or agencies of the National Government to appear in Court as special counsel in collaboration with the Solicitor General or fiscals concerned are hereby authorized an allowance of P500 for each appearance, chargeable to savings in the appropriations of their respective offices, but not exceeding P2,000 per month.

Sec. 46. **Quarters Allowance.** Except as may be authorized by law, government officials and employees who, by virtue of their positions, are provided free quarters, furnished quarters, or are charged only nominal rate for the use of government-owned buildings such as dormitories or living quarters in state colleges and universities, schools, offices and elsewhere, shall forfeit their entitlement to any quarters allowance. Directors or their equivalent and heads of operating offices including District Engineers and Assistant District Engineers who are assigned or transferred from one Regional Office to another and do not own rooms or houses therein shall be provided free quarters within their office premises. Where there is not enough space to be used as quarters, the agency concerned may rent buildings or rooms which shall serve as quarters for officials and employees concerned. For those who desire more extensive quarters other than those provided by their agencies or by rental in the authorized amount appropriated for the purpose, such preferred quarters may be secured provided that the difference between the rental cost shall be paid by the former. Officials and employees who enjoy free quarters in government-owned buildings but are not entitled to quarters privileges, shall be charged the corresponding cost of rentals therefor. Unless fixed by law, the rate of quarters allowance or rental, as the case may be, shall be determined by the Department of Budget and Management.

Sec. 47. **Entitlement to Personnel Economic Relief Allowance (PERA).** The Personnel Economic Relief Allowance (PERA) in the amount of Five Hundred Pesos (P500.00) per month shall be granted to all appointive national and local government employees occupying itemized plantilla positions, to casual and contractual employees and to uniformed personnel of the Armed Forces of the Philippines, Department of the Interior and Local Government and the National Mapping and Resource Information Authority: PROVIDED, That employees of government-owned and/or controlled corporations shall be paid from their respective corporate fund: PROVIDED, FURTHER, That appointive local government employees, except members of local legislative bodies, shall be paid from their respective internal revenue allotment and local funds: PROVIDED, HOWEVER, That Local Government Units which can afford to pay higher than the rates authorized in the schedule below for their particular income class, but not exceeding P500 per month, shall be allowed to do so at a rate uniformly applied to all personnel entitled to this benefit:

	For Provinces/Cities	For Municipalities
Special Cities and 1st Class	100%	90%
2nd Class and 3rd Class	90%	80%
4th Class, 5th Class and 6th Class	80%	70%

Sec. 48. **Additional Compensation of P500.00 Per Month.** The additional compensation in the amount of Five Hundred Pesos (P500.00) per month granted under Administrative Order No. 53 dated May 17, 1993 shall continue to be granted to (1) public school teachers occupying positions allocated to Salary Grade 25 and below; (2) uniformed personnel of the Department of the Interior and Local Government up to the rank of Superintendent and of the Armed Forces of the Philippines up to the rank of Lieutenant Colonel; and (3) the rest of government personnel occupying positions allocated to Salary Grade 25 and below, whether regular personnel or full-time casual, those on temporary status or contractual personnel whose employments are in the nature of a regular employee pursuant to said Order, shall continue to be given, chargeable against the appropriations provided for the purpose under this Act.

Sec. 49. **Use of Appropriations for Retirement Gratuity and Terminal Leave.** Release of appropriations authorized in this Act to cover retirement gratuity benefit claims shall be made on the basis of the Work and Financial Plan of offices and agencies. In no case shall payment be made except on the basis of creditable services as computed by the Government Service Insurance System in accordance with the provisions of existing retirement laws. Unless otherwise authorized by law, no amount appropriated in this Act shall be used for payment of retirement gratuity under the provisions of Section 12(c) of C.A. No. 186, as amended by R.A. No. 1616 and terminal leave benefits of retiring officials and employees which include in the computation thereof additional compensation as defined under retirement laws such as bonuses, per diems, allowances and overtime pay, or salary, pay or compensation given in addition to the base pay of the position or rank as fixed by law or regulation.

Savings generated in one department, bureau, office or agency shall be used to augment deficient funds in other departments, bureaus, offices or agencies.

The implementation of this Section shall be in accordance with the rules and regulations issued jointly by the Civil Service Commission and the Department of Budget and Management.

Sec. 50. **Unauthorized Pre-Retirement Promotions and Salary Increases.** No portion of the appropriations provided in this Act shall be used for automatic promotions or for salary increases and adjustments granted to retiring officials and employees, which are not authorized by law and duly formalized in a National Compensation Circular.

The implementation of this Section shall be in accordance with the rules and regulations issued jointly by the Civil Service Commission and the Department of Budget and Management.

Sec. 51. **Personal Liability of Officials for Payment of Unauthorized Personal Services Cost.** No official or employee of the National Government, including those of government-owned and/or controlled corporations, shall be paid any unauthorized personal services benefits charged against the appropriations in this Act, other appropriations laws or income of the government.

The payment of any unauthorized personal services benefit in violation of this Section is null and void. The erring officials and employees shall be subject to disciplinary action under the provisions of Section 43, Chapter 5 and Section 80, Chapter 7 of Book VI, E.O. No. 292 and to appropriate criminal action under existing penal laws.

CHANGES IN EXPENDITURE ITEMS

Sec. 52. **Modification of Expenditure Components.** Except as may be authorized by law, no change or modification shall be made in the expenditure items authorized in this Act and other appropriations laws unless in cases of augmentations from savings in appropriations as authorized under Section 25(5) of Article VI of the Constitution.

Sec. 53. **Use of Savings.** The President of the Philippines, the President of the Senate, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court, the Heads of Constitutional Commissions under Article IX of the Constitution, the Ombudsman, and the Commission on Human Rights are hereby authorized to augment any item in this Act for their respective offices from savings in other items of their respective appropriations.

Sec. 54. **Meaning of Savings and Augmentation.** Savings refer to portions or balances of any programmed appropriation in this Act free of any obligation or encumbrance still available after the satisfactory completion or unavoidable discontinuance or abandonment of the work, activity or purpose for which the appropriation is authorized, or arising from unpaid compensation and related costs pertaining to vacant positions and leaves of absence without pay.

Augmentation implies the existence in this Act of an item, project, activity or purpose with an appropriation which upon implementation or subsequent evaluation of needed resources is determined to be deficient. In no case, therefore, shall a non-existent item, project, activity, purpose or object of expenditure be funded by augmentation from savings or by the use of appropriations authorized otherwise in this Act.

Sec. 55. **Priority in the Use of Savings.** In the use of savings, priority shall be given to the augmentation of the amounts set aside for compensation, bonus, retirement gratuity, terminal leave, old-age pension of veterans and other personnel benefits authorized by law and those expenditure items authorized in agency Special Provisions and in other sections of the General Provisions of this Act.

Sec. 56. **Use of Savings for the Implementation of the Magna Carta of Public Health Workers.** In case of deficiency in the funds needed to implement the Magna Carta of Public Health Workers pursuant to R.A. No. 7305, the requirements shall be charged against savings in the appropriations authorized for each department, bureau, office or agency concerned, subject to the guidelines jointly prescribed by the Department of Health and the Department of Budget and Management.

[Sec. 57. Prohibition in the Use of Contingent Fund, Reserves, Savings or Amounts in this Act. No Contingent Fund, reserves, savings or any amount from the appropriations authorized in this Act shall be realigned and utilized for any referendum, plebiscite or electoral activity for the purpose of amending the Constitution.] (DIRECT VETO - President's Veto Message, February 12, 1997, page 1448, RA 8250)

Sec. 58. **Augmentation of MOOE Items.** Agencies may augment an item of expenditure within Maintenance and Other Operating Expenses (MOOE) from savings in other items of MOOE in an amount not exceeding one-third (1/3) of the appropriated amount to be augmented without prior approval of the Department of Budget and Management.

Sec. 59. **Programming and Realignment of Projects.** The programming and realignment of public works projects shall be in accordance with Section 6 of R.A. No. 8150, the Public Works and Highways Infrastructure Program Act of 1995.

Sec. 60. **Realignment of Foreign-Assisted Projects.** The amount appropriated in this Act for the implementation of foreign-assisted projects, including loan proceeds and local counterpart, shall not be realigned except to other foreign-assisted projects.

Sec. 61. **Use of Fund and Releases to the Autonomous Region in Muslim Mindanao.** The lump-sum appropriations provided in the various departments of the National Government intended for the Autonomous Region in Muslim Mindanao shall be used for regular programs and specific activities identified after consultation with the respective Representatives of the congressional districts therein. The lump-sum appropriations provided herein shall be released only after such consultation.

Sec. 62. **Availability of Appropriations.** Appropriations for maintenance and other operating expenses and capital outlays authorized in this Act shall be available for release and obligation for the purpose specified and under the same special and general

provisions applicable thereto for a period extending to one fiscal year after the end of the year in which such items were appropriated. The Department of Budget and Management shall issue the guidelines to implement this provision within three (3) months after the approval of this Act.

Such balances shall be considered as over and above the current year budget of the departments, bureaus, offices or agencies.

Sec. 63. **Meaning of Hard Infrastructures.** Hard infrastructures refer to those investments that increase the productive capacity of the country. These include, but shall not be limited to, roads, bridges, airports, seaports, railways and irrigation systems. The term shall also refer to facilities that enhance the human capital, such as schools, clinics, hospitals, libraries and science and technology centers.

RELEASE AND USE OF FUNDS

[Sec. 64. Automatic and Direct Release of Funds. Unless otherwise provided under special laws and under this Act, the amount herein appropriated shall be released automatically and directly to concerned departments, bureaus, offices, agencies, including government-owned and/or controlled corporations, and local government units.] (DIRECT VETO - President's Veto Message, February 12, 1997, page 1448, RA 8250)

Sec. 65. **Appropriations of Agencies Vested with Fiscal Autonomy.** Any provision of law to the contrary notwithstanding, the appropriations authorized in this Act for the Judiciary, Congress of the Philippines, the Commission on Human Rights, the Office of the Ombudsman, the Civil Service Commission, the Commission on Audit and the Commission on Elections shall be automatically and regularly released in accordance with the Work and Financial Plan.

Sec. 66. **Release of Appropriations for Mt. Pinatubo Projects and Programs.** The amounts appropriated in the budgets of the departments, bureaus, offices and agencies in this Act for the implementation of various programs and/or projects for the rehabilitation or development of areas affected by the Mt. Pinatubo eruptions shall be released to the implementing agencies concerned upon the endorsement of the Mt. Pinatubo Commission.

Sec. 67. **Release of Funds for Payment of Death Gratuity and Disability Benefits.** The amounts appropriated for payment of death gratuity and disability benefits of uniformed personnel of the Armed Forces of the Philippines and the Department of the Interior and Local Government on account of death or injury suffered in line of duty shall be paid to the legitimate beneficiaries at the earliest possible time but in no case later than thirty (30) days after submission of required documentation.

Sec. 68. **Prohibition on the Release of Funds for Unfilled Positions.** No amount herein appropriated for salaries of authorized itemized positions which are unfilled except those in the Judiciary, schools and educational institutions, and hospitals shall be released by the Department of Budget and Management. Amounts generated from unfilled positions shall be used to augment the Compensation Adjustment Fund for increase of salaries and wages of all national government personnel, including uniformed personnel of the Armed Forces of the Philippines, Philippine National Police, Bureau of Fire Protection, Bureau of Jail Management and Penology and the Philippine Public Safety College, and the Miscellaneous Personnel Benefits Fund.

Sec. 69. **Direct Release of Funds to Regional Offices.** Funds allotted for regional offices but included in the budgets of their central offices or which are specifically allocated for the different regions shall be released directly to said regional offices. Imposition of any retention or deduction as reserves shall not be allowed except as may be authorized by the Department of Budget and Management. For this purpose, the Department of Budget and Management shall identify by region the expenditure programs of agencies in the national government budget and shall release funds intended for them in accordance with the approved regional distribution of expenditures specifying the region of destination.

Copies of fund releases to the said Regional Offices shall be furnished the House Committee on Appropriations and the Senate Committee on Finance.

Sec. 70. **Utmost Priority to Twenty (20) Priority Provinces.** All departments, bureaus, offices and agencies shall give utmost priority in the utilization of their funds for basic services to the twenty (20) priority provinces as identified by the Presidential Council for Countryside Development.

Sec. 71. **Prohibition Against Deduction/Retention of Allotment.** Fund releases from appropriations provided in this Act for any function/project shall be transmitted intact or in full to the office or agency concerned and no retention or deduction as reserves or overhead shall be made, except as authorized by law or upon direction of the President of the Philippines. The Commission on Audit shall ensure compliance with this provision to the extent that sub-allotments by departments and/or central agencies to their subordinate offices are in conformity with allocations in the General Allotment Release Order (GARO)/Special Allotment Release Order (SARO) as the case may be, as issued by the Department of Budget and Management.

Sec. 72. Notice of Release of Funds. Release of funds for construction, repair and maintenance, rehabilitation, replacement, completion, betterment or improvement of roads and bridges, port works, flood control, waterworks/supply and government buildings and structures as well as for Internal Revenue Allotment and other financial support to local government units shall be made with at least ten (10) days prior written notice to the Representative of the district concerned.

Failure to comply with this Section shall be considered negligence in the performance of duty subject to appropriate administrative sanction.

Sec. 73. Certification of Availability of Funds. Before entering into contracts involving the expenditure of public funds, all departments, bureaus, offices or agencies shall secure a certification of availability of funds for the purpose from the agency Chief Accountant, subject to applicable rules and regulations as may be issued by the Department of Budget and Management and to Sections 40 and 58 of Book VI, E.O. No. 292: PROVIDED, That the certification of availability of funds sufficient to cover the cost of the contracted activities shall be contained in and made part of the contract duly signed by the Chief Accountant of the contracting agency, as provided for by LOI No. 968. Departments, bureaus, offices or agencies, before entering into contracts for delivery of goods or services against future payment, shall likewise first secure a certification of the availability of the full contracted amount for such goods or services out of the agency's appropriations. No contracts shall be entered into nor work undertaken without such certification of fund availability.

Sec. 74. Disbursement of Funds. All appropriated funds shall be disbursed only through the National Treasury and/or originally-chartered government-owned or controlled banks.

Sec. 75. Treatment of Releases to Local Government Units from Special Purpose Funds. Except those funds earmarked by Special Laws to LGUs, all releases made direct to local government units from the Calamity Fund, Countrywide Development Fund, and other special purpose funds shall be used exclusively for the projects/purposes for which these are intended and the same shall be treated as a Special Account under the General Fund of the Local Government Units concerned: PROVIDED, That any unutilized balances thereof except those released as subsidy shall be reverted to the General Fund of the National Government upon completion and/or abandonment of the projects or purposes.

The rules and regulations to implement this Section shall be issued by the Department of Budget and Management.

ADMINISTRATIVE PROCEDURES

Sec. 76. Organizational Changes. Unless otherwise created by law or directed by the President of the Philippines, no organizational unit or changes in key position in any department or agency shall be authorized in their respective organizational structures and be funded from appropriations provided by this Act.

Sec. 77. Implementation of Reorganization. Pursuant to Section 42, Chapter 5, Book VI of the Administrative Code of 1987, the appropriations including the functions, projects, purposes and activities authorized in this Act may be realigned as may be necessary to implement the reorganization of departments, bureaus, offices or agencies of the government as mandated by law. Any unexpended balances or savings in appropriations may be made available for the payment of retirement gratuities and separation benefits as authorized under existing laws to personnel affected by the reorganization.

Sec. 78. Scaling Down and Phase-Out of Activities of Agencies within the Executive Branch. The heads of departments, bureaus, offices and agencies are hereby directed to identify their respective activities which are no longer essential in the delivery of public services and which may be scaled down, phased-out or abolished, subject to Civil Service rules and regulations. Said activities shall be reported to the Office of the President through the Department of Budget and Management and to the Chairman, Committee on Appropriations of the House of Representatives and the Chairman, Committee on Finance of the Senate. Actual scaling down, phase-out or abolition of the activities shall be effected pursuant to Circulars or Orders issued for the purpose by the Office of the President.

Savings generated by departments, bureaus, offices and agencies on the abolition, phase-out or scaling down of unnecessary activities may be used by the departments, bureaus, offices and agencies concerned for the augmentation of their respective programs, projects and activities.

Sec. 79. Recruitment of Uniformed Personnel for the Philippine National Police (PNP), Bureau of Jail Management and Penology (BJMP) and Bureau of Fire Protection (BFP). In the recruitment of uniformed personnel for PNP, BJMP and BFP, one third (1/3) of its recruits shall be from the qualified applicants of the twenty priority provinces and 5th and 6th class municipalities.

Sec. 80. Service Contracts. Departments, bureaus, offices or agencies of the National Government are hereby authorized to enter into contracts including professional consultancy services contracts with other government agencies, private firms or individuals.

non-governmental organizations for services related or incidental to their respective functions and operations, whether on part-time or full-time basis, through public bidding or negotiated contracts, whenever it is impractical or more expensive for the government to directly undertake such functions and operations, subject to pertinent accounting and auditing rules and regulations.

For purposes of this Section, consultants shall be understood to mean those who are hired to provide professional consultancy services requiring highly specialized or technical expertise in a field of special knowledge or training. Such consultant shall not be considered an employee of the government and shall not be entitled to benefits granted to government employees: PROVIDED, That such consultant shall be paid a professional fee at a rate to be determined by the Department of Budget and Management taking into consideration the level of expertise in the field of specialization: PROVIDED, FURTHER, That said professional service fee shall be charged against the Maintenance and Other Operating Expenses (MOOE) or capital outlays of the department, office or agency concerned as the case may be: PROVIDED, FINALLY, That the regular staff of the agency cannot adequately provide the necessary technical skill and expertise needed.

Sec. 81. Implementation of Infrastructure Projects. In the hiring of workers needed for the implementation of infrastructure projects as authorized in this Act, priority shall be given to unemployed, unskilled and indigent inhabitants of the local government unit where the project is located.

Sec. 82. Funding of National Government Agencies in the Autonomous Regions. National government offices and agencies in the Autonomous Region of Muslim Mindanao which are not excluded under paragraph (9), Section 2, Article V of R.A. No. 6734, together with their personnel, equipment, properties and budgets shall be placed under the control and supervision of the Regional Government, pursuant to a schedule prescribed by the Oversight Committee in accordance with its mandate under the provisions of R.A. No. 6734.

Prior to said transfer, the said agencies of the National Government shall continue their operations and discharge of their respective functions.

Sec. 83. Construction Standards and Guidelines. Construction projects funded from capital outlays authorized in this Act under the various departments, bureaus, offices or agencies of the National Government, including the construction of buildings for state universities, colleges, schools, hospitals, sanitariums, health centers and health stations, roads and bridges, shall be implemented only in accordance with the appropriate standards and specifications for the planning, survey, design and construction of the project as prescribed by the Department of Public Works and Highways or the Department of Transportation and Communications as the case may be. In addition, land use and zoning guidelines as prescribed by existing laws, rules and regulations shall be strictly observed. In the implementation of the construction projects, Sections 2, 3, 4, 5, 6, 7, 9, 10 & 12 of Executive Order No. 182, entitled "Rationalizing Public Works Measures, Appropriating Funds for Public Works, and for Other Purposes", and other legislations on public works shall be strictly complied with, except as otherwise provided in this Act and except further for projects of the Department of Public Works and Highways, for which Sections 8, 9, 10, 11 and 12 of Republic Act No. 8150, otherwise known as the "Public Works and Highways Infrastructure Program Act of 1995" shall be adopted.

Sec. 84. Implementing Agency for Nationally Funded Projects. Pursuant to Sec. 17 (c) of R.A. No. 7160, the Local Government Code of 1991, projects, facilities, programs and services funded under the Federal Appropriations Act shall be implemented by the appropriate national government department or agency irrespective of the nature and location of such projects, facilities, programs and services: PROVIDED, That a memorandum of agreement may be entered into with the implementing national government agency designating a particular local government unit to undertake the project or activity.

Sec. 85. Report on Compliance with COA Recommendations. All departments, agencies, bureaus, offices and instrumentalities of the government, including government-owned or controlled corporations and local government units, shall submit to the Commission on Audit (COA) within sixty (60) days from their receipt of the COA annual audit report, a status report on the actions they have taken on the audit findings and recommendations made by the COA pertaining to each of said departments, agencies, instrumentalities, corporations and local government units.

Sec. 86. Submission of Quarterly Reports. Within thirty (30) days after the end of each quarter, each department, bureau, office or agency shall submit a quarterly report to the House Committee on Appropriations and the Senate Committee on Finance, copy furnished the Department of Budget and Management, the Commission on Audit, and the appropriate Committee Chairman of the House of Representatives on their cumulative allotments, obligations incurred/liquidated, total disbursements, unliquidated obligations, unobligated and unexpended balances, and the results of expended appropriations.

The quarterly report shall include detailed statements on the disbursements and utilization of appropriations for the purchase of motor vehicles and equipment, capital investment outlays, as well as appropriations earmarked and released for rentals, travels, petroleum, oil and lubricants, water, illumination and power services, and telephone and other communication services.

Likewise, the Department of Budget and Management shall submit to the House Committee on Appropriations, the Senate Committee on Finance and the appropriate Committee Chairman of the House of Representatives a quarterly report on releases made from the lump-sum Special Purpose Funds, Supplemental Appropriations, Continuing Appropriations and Automatic Appropriations, and, as applicable, the unreleased balances of such appropriations.

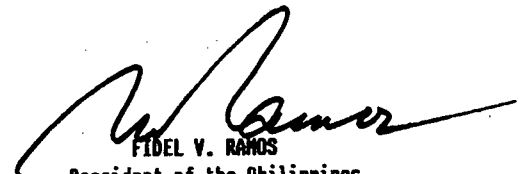
Sec. 87. Fund Releases Made Prior to the Approval of this Act. Fund releases to departments, bureaus, offices and agencies on the basis of R.A. No. 8174, the FY 1996 General Appropriations Act as reenacted in 1997, pursuant to Sec. 25 (7), Article VI of the Constitution, shall be considered as "Advance Releases" chargeable against their corresponding appropriations under this Act. Releases in excess of the agency authorized appropriations prior to the passage of this Act are deemed valid and are hereby ratified.

Sec. 88. Separability Clause. If for any reason any section or provision of this Act is declared unconstitutional or invalid, other sections or provisions hereof which are not affected thereby shall continue to be in full force and effect.

Sec. 89. Effectivity. The provisions of this Act shall take effect on January one, nineteen hundred and ninety-seven unless otherwise provided herein.

Approved.

February 12, 1997



FIDEL V. RAMOS
President of the Philippines