

# **General Provisions**

## GENERAL PROVISIONS

Sec. 2. Performance-Informed Budgeting. The amounts appropriated herein considered the physical accomplishments vis-a-vis the organizational outcome targets of departments, bureaus, offices, and instrumentalities of the National Government, including Constitutional Offices enjoying fiscal autonomy, SUCs, and GOCCs. The organizational outcome targets were formulated by the agencies to ground the existing Major Final Outputs (MFOs) and their corresponding Performance Indicators under the Organizational Performance Indicator Framework (OPIF) to the sectoral and societal goals or targets of the agency. This is the results-based budgeting system being adopted in the whole of government. Accordingly, the budget allocations for the various programs and projects under this Act are informed by, among others, the actual performance of spending units in delivering their MFOs and their impact on the sectoral and societal objectives and priorities set by the National Government, as shown in their organizational outcomes. This is consistent with the national policy of orienting the budget towards the achievement of explicit objectives and desired budget outcomes, as well as for greater transparency and accountability in public spending.

The targets set for the MFO performance indicators of agencies, stated in terms of quantity, quality or timeliness dimensions, are disclosed under the Performance Information in this Act and are considered the commitments and accountability of their respective heads of agency. Agency performance shall be assessed not only in terms of their legally mandated outputs, as reflected in their MFOs, but the impact these are making on the broader organizational, sectoral and societal outcomes envisioned in the Philippine Development Plan (2011-2016) and the President's Social Contract with the Filipino People. Achievement of said targets shall therefore be closely monitored, and shall also be used as a basis for the grant of the Performance Based Incentives to government personnel in accordance with the provisions of E.O. No. 80, s. 2012, A.O. No. 25, s. 2011, and such other pertinent guidelines issued thereon.

In the case of GOCCs, they shall likewise be guided by the performance evaluation systems to be established by the Governance Commission for GOCCs pursuant to Section 5(f) of R.A. No. 10149 as well as the Results-Based Performance Management System to be implemented across all departments, bureaus and offices under the Executive branch as mandated under A.O. No. 25.

## RECEIPTS AND INCOME

Sec. 3. Fees, Charges and Assessments. All fees, charges, assessments, and other receipts or revenues collected by departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy in the exercise of their functions, at such rates as are now or may be approved by the appropriate approving authority shall be deposited with the National Treasury as income of the General Fund pursuant to Section 44, Chapter 5, Book VI of E.O. No. 292, s. 1987 and Section 65 of P.D. No. 1445, except for the following:

- (a) Receipts authorized by law to be recorded as a Special Account in the General Fund, a Fiduciary or Trust Fund, or a fund other than the General Fund in accordance with rules and regulations as may be issued by the Permanent Committee (the "Permanent Committee") created under Section 45, Chapter 5, Book VI of E.O. No. 292: PROVIDED, That revenues or income accruing to special accounts in the General Fund may be made available for expenditure, subject to any special provision of the agencies concerned, and the submission of a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292; and
- (b) Other instances authorized by law.

Disbursements or expenditures by agencies from use and/or retention of income absent the above legal authority and/or from income deposited outside of the National Treasury without legal basis shall be void and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43, Chapter 5, and Section 80, Chapter 7, Book VI of E.O. No. 292, and to appropriate criminal action under existing laws.

All agencies shall ensure that fees, charges and assessments collected cover the costs of services delivered to the public, and shall be allowed to raise their fees and charges in accordance with A.O. No. 31, s. 2012, DOP-DBM-NEDA Joint Circular (J.C.) No. 1-2013 dated January 30, 2013, and such other pertinent guidelines issued by the agencies concerned. The schedule of fees, charges and assessments collectible by any government agency shall be posted in big bold characters in a conspicuous place within the agency, including its branches or extension offices. The updating and continuous display of said schedule shall be the responsibility of the head of the agency.

Whenever practicable, and taking into account the cost reduction program of the government, an agency which renders service to another government office for fabrication of furniture or equipment, or for computer, printing or other services, may assess the requesting agency for the cost of production and service rendered. The proceeds derived therefrom shall be deposited with the National Treasury as income of the General Fund: PROVIDED, That government agencies which do not have appropriations in their budgets for the said purposes may use the proceeds thereof to defray the cost of production and service rendered, subject to pertinent budgeting, accounting and auditing rules and regulations: PROVIDED, FURTHER, That any excess proceeds shall be deposited with the National Treasury as income of the General Fund: PROVIDED, FINALLY, That the agency concerned shall submit, either in printed form or by way of electronic document, to the DBM a report on the income from the manufacture of furniture or equipment or rendition of services and the expenses incurred thereon.

Sec. 4. Donations for a Term Exceeding One (1) Year. Departments, bureaus, and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs 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 case of donations from foreign governments, acceptance thereof shall be subject to the prior clearance and approval by 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 donee-government agency in accordance with pertinent accounting and auditing rules and regulations. Such donations, whether in cash or in kind shall be deemed automatically appropriated for the purpose specified by the donor. The receipts from cash donations and proceeds from sale of donated commodities shall be deposited with the National Treasury and recorded as a Special Account in the General Fund and shall be available to the implementing agency concerned through a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292: PROVIDED, That donations for specific purpose with a term not exceeding one (1) year shall be treated as trust receipts in accordance with the succeeding section.

Disbursements or expenditures by agencies in violation of the above requirement shall be void and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43, Chapter 5 and Section 80, Chapter 7, Book VI of E.O. No. 292, and to appropriate criminal action under existing penal laws.

The donee-agency concerned shall submit to the DBM, the House Committee on Appropriations, the Senate Committee on Finance, and the COA, a quarterly report of all donations received, whether in cash or in kind, and a quarterly report on expenditures or disbursements thereon. The head of the agency concerned and the agency's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are posted on the agency's official website, which shall be considered compliance with the said reportorial requirement.

Sec. 5. Trust Receipts. Receipts from non-tax sources, including insurance proceeds, and donations authorized by law or contract for specific purposes with a term not exceeding one (1) year: (i) which are collected or received by departments, bureaus, and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs acting as trustee, agent or administrator; (ii) which have been received as guaranty for the fulfillment of an obligation; or (iii) classified by law or regulations as trust receipts, shall be deposited with the National Treasury and booked as trust liability account of the agency concerned in accordance with E.O. No. 338, s. 1996, as implemented by COA-DBM-DOF J.C. No. 1-97 dated January 2, 1997 and such other pertinent guidelines issued by the agencies concerned, and subject to any conditions prescribed under the special provisions of the agency concerned and to the rules and regulations as may be issued by the Permanent Committee. Disbursements shall be made in accordance with the purpose for which the fund is created and shall be subject to pertinent accounting and auditing rules and regulations.

Disbursements or expenditures by agencies in violation of the above requirement shall be void and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43, Chapter 5 and Section 80, Chapter 7, Book VI of E.O. No. 292, and to appropriate criminal action under existing penal laws.

Sec. 6. Performance Bonds and Deposits. Performance bonds and deposits filed or posted by private persons or entities with departments, bureaus, and offices in the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs shall be deposited with the National Treasury as trust receipts under the name of the agency concerned in accordance with E.O. No. 338, as implemented by COA-DBM-DOF J.C. No. 1-97. 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 by the agency concerned to the filing party, withdrawable in accordance with pertinent accounting and auditing rules and regulations.

This provision shall apply to bonds posted in cash, such as bidders bond, guaranty bonds, bail bonds, judicial deposits for the benefit of clients, cash under litigation deposited in courts or quasi-judicial bodies, other refundable and judicial bonds, and all bonds and deposits required by law, rules and regulations to be posted in order to ensure the faithful performance of an activity or undertaking.

Sec. 7. Receipts Arising from Build-Operate-and-Transfer Arrangements and Its Variant Schemes. Receipts, such as toll fees, charges and other revenues arising from public sector projects implemented through build-operate-and-transfer arrangement and other variants pursuant to R.A. No. 6957, as amended by R.A. No. 7718, collected by an agency of the National Government but which shall accrue to the proponent private company or individual in accordance with the contract entered into by said government office or agency and the project proponent, shall be deposited in an authorized government depository bank and booked as trust liability account of the agency concerned, notwithstanding the provision of Section 5 hereof, to be utilized exclusively for the fulfillment of obligations prescribed under the contract: PROVIDED, That the National Government share out of the collections from said projects, if any, including interest earned thereon, shall be deposited with the National Treasury as income of the General Fund pursuant to Section 44, Chapter 5, Book VI of E.O. No. 292.

Implementation of this section shall be subject to the guidelines issued by BTr and DBM.

Sec. 8. Revolving Fund. Revolving funds shall be established and maintained only for receipts derived from business-type activities of departments, bureaus, offices, and instrumentalities of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs, and which are expressly created and authorized by law or this section.

The following may be constituted into a revolving fund and made available for the purposes stated:

- a) Income derived from rentals for the use of buildings and facilities or from fees imposed for board and lodging, by agencies to be used for the MOOE or Capital Outlay requirements of said buildings and facilities, subject to any guidelines issued by the agency concerned and to pertinent budgeting, accounting and auditing rules and regulations.
- b) Other receipts derived from business-type activities of agencies, including sale of products, which are authorized by law or by the Permanent Committee to be utilized for the operational expenses of said business-type activity, subject to any conditions prescribed under the special provision of the agency concerned and the rules and regulations as may be prescribed by the Permanent Committee.

The revolving fund shall be separately recorded and deposited in an authorized government depository bank, and considered self-perpetuating and self-liquidating. All eligible obligations or expenditures incurred for the operations of the business-type activity including maintenance of building and facilities shall be charged against the revolving fund: PROVIDED, That no amount of the revolving funds authorized in this Act shall be used for the payment of discretionary and representation expenses.

The agency concerned shall submit to the DBM, the House Committee on Appropriations and the Senate Committee on Finance quarterly reports on income of, and expenditure from, this fund. The head of the agency concerned and the agency's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are posted on the agency's official website, which shall be considered compliance with the said reportorial requirements.

In case of failure to comply with the foregoing requirements, any disbursement in the subsequent quarters shall be void, except upon certification by the DBM and the agency's web administrator or his/her equivalent that said report has been submitted and posted, respectively.

Sec. 9. Reversion, Closure, and Transfer of Balances of Special Accounts, Fiduciary or Trust Funds, Revolving Funds, and Unauthorized Accounts. All departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs are mandated to revert all balances of Special Accounts, Fiduciary or Trust Funds, and Revolving Funds to the General Fund and close the same in any of the following instances: (i) when their terms have expired; or (ii) when they are no longer necessary for the attainment of the purposes for which said funds were established.

They shall likewise transfer with the National Treasury all balances of unauthorized accounts with any banking institution. Unauthorized Accounts shall refer to cash account balances maintained by agencies without legal authority or those while legally authorized are maintained with non-authorized government depository banks.

In case an agency fails or refuses to implement such reversion, closure or transfer, the Permanent Committee may recommend for approval of the President the reversion, closure, or transfer of Special Accounts, Fiduciary or Trust Funds, Revolving Funds, and Unauthorized Accounts, as the case may be, on any applicable grounds, to wit: (i) any of the cases above-mentioned; (ii) when there is no legal basis for its creation; (iii) when they have remained dormant for an unreasonable length of time; (iv) when needed by the General Fund in times of emergency; or (v) when used in violation of the rules and regulations issued by the Permanent Committee.

Implementation of this section shall be subject to the Permanent Committee J.C. No. 4-2012 dated September 11, 2012 and such other pertinent guidelines issued by the agencies concerned.

Sec. 10. Transparency on Public Funds. Consistent with the State policy on full public disclosure of government transactions, the BTr shall post on its official website information relating to all Special Accounts, Fiduciary or Trust Funds, and Trust Receipts recorded with the National Treasury, which shall include, but not limited to the following: (i) agency under whose name the account or fund was constituted or created; (ii) funding source/s of the account or fund; (iii) legal basis for the creation of the account or fund; (iv) allowable uses/purposes of the account or fund; (v) monthly balances of each account or fund; and (vi) such other pertinent information as may be reasonably required to be posted on the BTr website.

In like manner, departments, bureaus, offices, and instrumentalities of the National Government, including Constitutional Offices enjoying fiscal autonomy, SUCs, and GOCCs shall post on their respective official websites information relating to public funds deposited, maintained, and invested by them with any banking or financial institution which shall include, but not limited to the following: (i) name of the banking or financial institution/s where public funds are deposited, maintained or invested; (ii) specific income/fund source/s; (iii) legal basis for depositing, maintaining or investing said income/fund source/s with the bank/s or financial institution/s; (iv) allowable uses/purposes of the income or fund; (v) monthly balances of each account or fund; and (vi) such other pertinent information as may be reasonably required to be posted by the agency concerned on its website.

The head of the agency concerned and the agency's web administrator or his/her equivalent shall be responsible for ensuring compliance with the foregoing requirement.

Implementation of this section shall be subject to the guidelines as may be jointly issued by the DBM, DOF and BTr.

**Sec. 11. Conduct of Seminar, Conference, and Training Programs.** Departments, bureaus, and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy which conduct training programs in relation to their mandated functions are authorized to collect seminar, conference and training fees from government and private agency participants, at such standard rates as the DBM and CSC deem appropriate. The proceeds derived from each seminar, conference and training shall be deposited with the National Treasury as income of the General Fund pursuant to Section 44, Chapter 5, Book VI of E.O. No. 292: PROVIDED, That government agencies which do not have appropriations in their budgets for the purpose may use the proceeds for the conduct of the said seminar, conference and training, subject to pertinent budgeting, accounting and auditing rules and regulations: PROVIDED, FURTHER, That any excess proceeds shall be deposited with the National Treasury as income of the General Fund.

The agency concerned shall, upon the conclusion of the seminar, conference or training, submit, either in printed form or by way of electronic document, to the DBM a report on the fees collected and expenses incurred thereon.

**Sec. 12. Sale of Official Publications.** Departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy are authorized to sell their official publications whether electronically or through other means. The proceeds derived from such sale shall be deposited with the National Treasury as income of the General Fund pursuant to Section 44, Chapter 5, Book VI of E.O. No. 292: PROVIDED, That government agencies which do not have appropriations in their budgets for the purpose may use said proceeds to defray the cost of preparing, printing and disseminating such official publications, subject to pertinent budgeting, accounting and auditing rules and regulations: PROVIDED, FURTHER, That any excess proceeds shall be deposited with the National Treasury as income of the General Fund.

The agency concerned shall submit, either in printed form or by way of electronic document, to the DBM a report on the proceeds from said sale and the expenses incurred thereon.

**Sec. 13. Sale of Non-Serviceable, Obsolete or Unnecessary Equipment.** Departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy are hereby authorized to sell non-serviceable, obsolete, or unnecessary equipment, including motor vehicles in accordance with Section 79 of P.D. No. 1445, E.O. No. 309, s. 1996 and such pertinent guidelines thereon. The proceeds from the sale of such equipment shall be deposited with the National Treasury as income of the General Fund pursuant to Section 44, Chapter 5, Book VI of E.O. No. 292.

**Sec. 14. National Internal Revenue Taxes and Import Duties.** The amounts pertaining to the following taxes and duties shall be considered as both revenue and expenditure of the government, and are deemed automatically appropriated:

- (a) National internal revenue taxes and import duties payable or assumed by departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs to the Government arising from foreign donations, grants and loans;
- (b) Non-cash tax transactions of the following government agencies: (i) the BTr for documentary stamp taxes on foreign and domestic securities issued; (ii) the DND and PNP on importations of military hardwares, software, munitions, arms and equipment; (iii) Bureau of Fire Protection on importations of fire fighting equipment, rescue equipment, and personal protective gears; (iv) the DOTC for the Metro Rail Transit Line 3 System incurred starting FY 1997 in accordance with the provisions of the Build-Lease-Transfer Agreement executed thereon and all importations by the DOTC related to the maintenance, rehabilitation and capacity expansion of the MRT 3 System; and (v) other tax obligations assumed by the National Government pursuant to a valid build-operate and transfer agreement and any of its variants; and
- (c) Tax expenditure subsidies granted by the Fiscal Incentives Review Board to GOCCs, the AFP Commissary and Exchange Service, the PNP Service Store System, and the Procurement Service Exchange Marts or PX Marts, in accordance with E.O. No. 93, s. 1986, as amended and such pertinent guidelines thereon, including those for tax obligations assumed by GOCCs pursuant to a valid agreement.

Implementation of this section shall be subject to DOF-DBM J.C. No. 1 dated April 30, 2014 and such other pertinent guidelines issued by the agencies concerned.(CONDITIONAL IMPLEMENTATION - President's Veto Message, December 23, 2014, Volume II-B, page 1557, R.A. No. 10651)

**Sec. 15. Loan Agreements.** Departments, bureaus, offices and instrumentalities of the National Government, including Constitutional Offices enjoying fiscal autonomy, SUCs and GOCCs, except those engaged in banking, shall in no case enter into foreign or domestic loan agreements, whether in cash or in kind, unless the following conditions, as may be applicable are complied with:

- (a) Prior approval of the President of the Philippines;
- (b) Concurrence of the Monetary Board;
- (c) Conditions provided by law; and
- (d) Issuance of a Forward Obligational Authority by the Secretary of Budget and Management for project loans or issuance of a DBCC resolution in the case of program loans for the full amount of said loans, except for those undertaken by GOCCs. For this purpose, the Secretary of Budget and Management and the office or agency concerned shall explicitly consider the budgetary implications of foreign-assisted projects.

The Monetary Board shall, within thirty (30) days from the end of every quarter, submit to the Congress a report of its decisions on applications for loans to be contracted or guaranteed by the government or GOCCs which have the effect of increasing the foreign debt.

Implementation of this section shall be subject to the applicable rules and regulations of the Office of the President, DBM, DOF and BSP and other agencies concerned.

#### EXPENDITURES

Sec. 16. Use of Government Funds. Government funds shall be utilized in accordance with the appropriations authorized for the purpose. Moreover, all departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy, SUCs, GOCCs, and LGUs shall ensure that utilization of government funds comply with applicable laws, rules and regulations, such as, but not limited to the following:

- (a) Purchase of goods, infrastructure projects, and consulting services, including common-use supplies, shall be made in accordance with the provisions of R.A. No. 9184 and its implementing rules and regulations (IRR) and such pertinent guidelines thereon;
- (b) Purchase of motor vehicles shall be made pursuant to A.O. No. 233, s. 2008 as amended by A.O. No. 15, s. 2011, Budget Circular (B.C.) No. 2010-2 dated March 1, 2010 and such other pertinent guidelines issued by agencies concerned;
- (c) Payment of foreign travel expenses of any government official or employee for training, seminar or conference abroad in accordance with E.O. Nos. 248 and 248-A, s. 1995 as amended by E.O. No. 298, s. 2004 and such pertinent guidelines thereon when the officials and other personnel of the foreign mission cannot effectively represent the country therein, or travels necessitated by authorized international commitments: PROVIDED, That no official or employee, including uniformed and military personnel of the DILG and DND, respectively, may be sent to foreign training, conference or attend international commitments when they are due to retire within one (1) year after the said foreign travel; and
- (d) Provisions for fuel, parts, repair and maintenance of government vehicles properly identified as such and which carry its official government plate number: PROVIDED, That in case of transport crisis, such as that occasioned by street demonstrations, welgang bayan, floods, typhoons and other emergencies, government vehicles of any type may be made available to meet the emergency and may be utilized to transport for free, commuters on a round-the-clock basis.

Sec. 17. Purchase of Supplies, Materials and Equipment Spare Parts for Stock. The inventory of supplies, materials and equipment spare parts to be procured out of available funds shall at no time exceed the normal three-month requirement, subject to pertinent rules and regulations issued by competent authority: PROVIDED, That heads of agencies may increase their inventory of critical supplies and materials in any of the following instances: (i) in anticipation of cost increases; (ii) necessitated by a national emergency; (iii) an impending shortage in the said items; and (iv) when otherwise authorized in this Act or in the charter of the agency concerned: PROVIDED, FURTHER, That purchase of stocks exceeding an agency's one-year requirement shall be subject to approval by the President of the Philippines, upon the joint recommendation of the Chairperson of the COA and the Secretary concerned.

Agencies may undertake emergency procurement of supplies, materials and spare parts of motor transport equipment when there is an unforeseen contingency requiring immediate purchase, subject to the conditions prescribed under R.A. No. 9184, its IRR and such pertinent guidelines thereon.

Sec. 18. Implementation of Infrastructure Projects. The respective heads of agencies of the government shall ensure that all infrastructure projects under their coverage shall be implemented in locations, areas or sites that are not included in the critical geo-hazard areas or no build zones identified by the Mines and Geo-Sciences Bureau (MGB).

For those in the National Integrated Protected Area System (NIPAS), critical habitats, and other conservation areas, the agencies shall not undertake major infrastructure and/or development projects therein except for measures intended to enhance biodiversity protection: PROVIDED, That all agencies shall include measures that eliminate or minimize the risk of biodiversity loss in the planning and implementation of all infrastructure and/or development projects. Such measures shall include prohibition of cutting of trees: PROVIDED, FURTHER, That the DPWH in coordination with the DENR, shall determine the specifications of all infrastructure projects including the materials to be used to guarantee its protection.

For other types of areas or zones, the DPWH in coordination with the MGD shall determine the level of prohibition and/or standards of construction of new infrastructure projects as well as the repair, rehabilitation or improvement of existing ones to ensure a safe living environment.

Sec. 19. Protection of Built Heritage, Cultural Properties and Cultural Landscapes. No alteration, renovation or demolition of government buildings and open spaces declared by government cultural agencies or presumed to be important cultural properties, including but not limited to provincial capitol buildings, city halls, municipal halls, monuments, fountains, parks and plazas, schools, state colleges and universities, fortifications, lighthouses, bridges, public hospitals, train stations, museums, public libraries, stadiums, prisons and government offices, shall be undertaken without prior approval of the government cultural agencies and proper consultation with stakeholders and cultural groups to be administered by the NCAA.

In addition, in undertaking major infrastructure projects, the concerned department/agency shall be responsible specifically in the planning, design, construction, and maintenance of national roads and bridges as they impact on heritage structures or aspects of heritage conservation pursuant to Republic Act No. 10066 or the National Cultural Heritage Act of 2009.

(CONDITIONAL IMPLEMENTATION - President's Veto Message, December 23, 2014, Volume II-B, page 1556, R.A. No. 10651)

Sec. 20. Strict Adherence to Procurement Laws, Rules and Regulations. In the procurement of goods, infrastructure projects, including works undertaken by administration, and consulting services, all agencies of the government, including Constitutional Offices enjoying fiscal autonomy, SUCs, GOCCs, and LGUs shall strictly adhere to the provisions of R.A. No. 9184, its IRR and other issuances by the GPPB. Particularly, procurement through Community Participation shall strictly comply with the Manual issued by the GPPB.

To promote transparency and achieve efficiency in the procurement process, the Philippine Government Electronic Procurement System (PhilGEPS) shall be the primary source of information on government procurement of common-use supplies, goods and equipment and the repository of all government procurement information in accordance with R.A. No. 9184 and its IRR.

Accordingly, all agencies of the government, including Constitutional Offices enjoying fiscal autonomy, SUCs, GOCCs, and LGUs shall use the PhilGEPS and its facilities in all their procurement activities. In particular, they shall utilize the PhilGEPS, through its electronic catalogue facility, in the procurement of all common-use supplies, and post all invitations to apply for eligibility and to bid, notices of award, and all other procurement-related notices, regardless of the method of procurement used, on the PhilGEPS Electronic Bulletin Board pursuant to R.A. No. 9184 and its IRR.

For this purpose, all agencies of the government, including Constitutional Offices enjoying fiscal autonomy, SUCs, GOCCs, and LGUs shall undertake measures to ensure their on-line access and connectivity to, and make full use of, the PhilGEPS.

Sec. 21. Purchase of Common-Use Supplies. All departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy, SUCs, GOCCs, and LGUs shall purchase from the Procurement Service (PS) all common-use supplies listed in the PS catalogue as mandated under LOI No. 755 dated October 18, 1978, E.O. No. 359, s. 1989, A.O. No. 17, s. 2011 and such pertinent guidelines thereon.

The PS shall regularly update its catalogue to include all items commonly procured by government agencies such as, but not limited to, information and communications technology requirements, software licenses, and telecommunications services, to ensure cost-efficiency.

Sec. 22. Procurement of Domestic and Foreign Goods. All appropriations for the procurement of equipment, supplies and materials, and other products and services authorized in this Act shall be used in accordance with the provisions of C.A. No. 138, Section 43 of R.A. No. 9184 and its IRR. Accordingly, all agencies of the government, shall give preference to domestic entities and domestic bidders, subject to the following:

- (a) A domestic entity can only claim preference if it secures a certification from the DTI, if a sole proprietorship, or the Securities and Exchange Commission, if a corporation or partnership, that it has all the qualifications required under C.A. No. 138, R.A. No. 9184 and its IRR; and
- (b) A domestic bidder can only claim preference if it secures from the DTI a certification that the goods forming part of its bid are substantially composed of articles, materials or supplies grown, produced, or manufactured in the Philippines:

PROVIDED, 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 dated June 21, 1979 and to pertinent budgeting, accounting and auditing laws, rules and regulations: PROVIDED, FURTHER, That utilization of the amounts appropriated herein for infrastructure projects to be undertaken either by administration or by contract shall give preference to locally-produced and manufactured materials in accordance with the preceding paragraph, including foreign-assisted projects whose covering loan agreements expressly allow or do not prohibit the same.

Sec. 23. Digital Interconnection and Electronic Commerce Application. Departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs may use available appropriations for the purpose to install an electronic on-line network to facilitate the open, speedy and efficient electronic on-line transmission conveyance and use of electronic data messages or documents consistent with R.A. No. 8792: PROVIDED, That agencies shall utilize the Voice Over Internet Protocol facilities over landline and mobile phone services whenever applicable to reduce the cost of telecommunications.

Sec. 24. Printing and Publication Expenditures. Departments, bureaus, offices and instrumentalities of the National Government, including Constitutional Offices enjoying fiscal autonomy, SUCs and GOCCs are hereby given the option to engage the services of private printers in their printing and publication activities, subject to public bidding in accordance with R.A. No. 9184, its IRR, and pertinent accounting and auditing rules and regulations: PROVIDED, That the printing of accountable forms, shall only be undertaken by recognized government printers, namely: the BSP, National Printing Office and the Asian Productivity Organization ("APO") Production Unit, Inc.: PROVIDED, FURTHER, That the BSP, NPO and APO are not authorized to engage the services of sub-contractors in doing their printing jobs: PROVIDED, FURTHERMORE, That said agencies shall first secure certification from BSP, NPO and APO stating their inability to accept the printing services before such agencies can engage services of private printers through competitive bidding subject to the provisions of R.A. No. 9184.

Implementation of this Section shall be subject to the guidelines issued by the GPPB.

Sec. 25. Interoperability in Government Information and Communications Technology Systems. Departments, bureaus, and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy, SUCs, and GOCCs shall adopt a policy of interoperability as to their respective Information and Communications Technology (ICT) systems, programs, activities, data, projects, networks, hardware, software, and any other ICT-related items, in relation to those of other agencies. Interoperability means the ability to exchange and reuse government data and information in a uniform and efficient manner across multiple ICT systems and across agencies.

The foregoing agencies, whenever applicable, are enjoined to use ICT products and services developed by ICTO for interoperability purposes under the Government-wide Medium-term Information and Communications Technology Harmonization Initiative.

Implementation of this provision shall be subject to the Philippine Electronic Government Interoperability Framework and such other guidelines to be issued by the ICTO.

Sec. 26. Open Government Data. Departments, bureaus, and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy, SUCs, and GOCCs shall adopt a policy of openness for all datasets created, collected, processed, disseminated, or disposed through the use of public funds to the extent permitted by applicable laws and subject to individual privacy, confidentiality, national security, or other legally-mandated restrictions. Openness means that datasets published by agencies shall be machine-readable, in open formats, and released with open licenses.

Implementation of this section shall be subject to guidelines to be issued by the Open Data Philippines Task Force comprised of the Office of the Presidential Spokesperson, DBM, and the Presidential Communications Development and Strategic Planning Office.

Sec. 27. Service Contracts. All departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy, SUCs, GOCCs, and LGUs are hereby authorized to enter into service contracts with other government agencies, private firms, Civil Society Organizations (CSOs), or individuals for services related or incidental to their respective functions and operations, whether on a part-time or full-time basis.

Service contracts may include the following:

- (a) Professional consultancy services. In case of individual professional consultant, the same is understood to be an expert in a field of special knowledge or training who is contracted to render particular outputs or services primarily advisory in nature requiring highly specialized or technical expertise which cannot be provided by the regular staff of the agency.
- (b) Janitorial, security and other related services, whenever practicable and cost-efficient for the government.

Engagement under the foregoing creates no employer-employee relationship between the agency, and the individual professional consultant, the agency, private firm or CSO, or the employees of the said entities.

The foregoing service contracts shall be entered into by the agency through public bidding or alternative methods of procurement in accordance with R.A. No. 9184 and its IRR, subject to pertinent budgeting, accounting and auditing rules and regulations.



Sec. 28. **Employment of Contractual Personnel.** Agencies of the government, including Constitutional Offices enjoying fiscal autonomy, SUCs, GOCCs, and LGUs when authorized through their respective appropriations and within the limits thereof, may hire contractual personnel as part of their organization in order to perform agency functions or specific vital activities or services which cannot be provided by the regular or permanent staff of the hiring agency.

Contractual personnel employed pursuant to this section shall be considered as an employee of the hiring agency but only during the period when their services are reasonably required.

The total annual Personnel Services requirement for contractual personnel, to cover salaries, and other personnel benefits and fixed expenditures, shall in no case exceed the lump sum appropriations for the purpose, except when there is an urgent need to hire contractual employees in the implementation of the priority programs, activities and projects of the hiring agency, subject to approval of the DBM. In which case, the payment of compensation of contractual employees shall be sourced from the Miscellaneous Personnel Benefits Fund.

The agency concerned shall submit to the DBM, the House Committee on Appropriations, the Senate Committee on Finance and the Civil Service Commission (CSC), a quarterly report on the hiring of contractual personnel sourced from the NPBF. The head of the agency concerned and the agency's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are posted on the agency's official website which shall be considered compliance with the said reportorial requirements.

Implementation of this Section shall be subject to the guidelines jointly issued by the DBM and the CSC.

Sec. 29. **Lease-Purchase Agreements.** Departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs are authorized to use their respective annual rental appropriations for office space or building for the acquisition thereof under a lease-purchase agreement until full payment thereof: PROVIDED, That the annual appropriations for the purpose at any given year shall not exceed the annual rental appropriations at the time of signing of the lease-purchase agreement: PROVIDED, FURTHER, That available MOOE allotments for Repair and Maintenance, Transportation and Delivery, Supplies and Materials, Utility Expenses, Printing and Binding, and Storage Expenses may be used by the agency concerned to accelerate payments whenever such would result to lower amortization cost and/or total contract price of the office space or building under lease-purchase.

Sec. 30. **Contracting Multi-Year Projects.** Departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs shall request the DBM for the issuance of a Multi-Year Obligational Authority for multi-year projects where the total cost is not provided in this Act, subject to such pertinent guidelines issued by the concerned agencies.

The Multi-Year Obligational Authority issued by the DBM shall be the basis for the Approved Budget for the Contract referred to under Section 5 of R.A. No. 9184.

Notwithstanding the issuance of a Multi-Year Obligational Authority, the obligation to be incurred in any given year, shall in no case exceed the allotment released for the purpose during said year.

Sec. 31. **Certification of Availability of Funds.** No expenditures or obligations chargeable against any authorized allotment shall be incurred by departments, bureaus, and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs without first securing a certification of availability of funds for the purpose from the agency chief accountant, subject to Section 40, Chapter 5 and Section 58, Chapter 7, Book VI of 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 in accordance with P.D. No. 1445.

For projects covered by a Multi-Year Obligational Authority or those where the total cost is not provided in this Act, the certification of availability of funds required prior to contract execution shall be based on the Multi-Year Obligational Authority covering the project.

Sec. 32. **Harmonized Priority Research Agenda.** The DOST, in consultation with the government research institutions and other agencies concerned, shall prepare a harmonized priority research agenda for the government, covering all major research and development programs and projects or those costing One Hundred Million Pesos (P100,000,000) and above.

The harmonized priority research agenda shall be directly related to the priorities under the Philippine Development Plan (2011-2016) and consider, among others, the National Research and Development Extension Agenda and Programs for Agriculture and Fisheries (2011-2016) formulated and approved by the DA. The said harmonized priority research agenda shall be submitted to, and approved by, the Director General of NEDA, copy furnished the Science and Technology Committees of the Senate and House of Representatives.

All appropriations in this Act intended for new research and development shall be released only if included in the approved Harmonized Priority Research Agenda, upon determination by the DA or DOST, as the case may be.

In case there are new research programs or projects which need to be implemented prior to the approval of the harmonized priority research agenda, the agency concerned must first secure the approval of the Economic Development Cluster created under E.O. No. 43, s. 2011, through the Secretary of Finance as its Chairperson, before the implementation of said new research programs or projects.

Implementing agencies shall submit an annual report to the DBM, the House Committee on Appropriations and the Senate Committee on Finance. The report shall include the expected outcome, impact or contribution, and the number of expected beneficiaries of the research, the list of recipient public and private entities, status of research being undertaken, the amount released and utilized for each project, and any commercialization activities and technology transfer made.

The head of agency concerned and the agency's web administrator or his/her equivalent shall be responsible for ensuring that the annual report is posted on the official website of the agency concerned, which shall be considered compliance with the said reportorial requirement.

Sec. 33. **Human Resources Development and Training Programs.** All agencies of the government shall review and formulate their human resource development and training programs to make the same responsive to their organizational needs, human resource requirements, and capability development and skills training of their personnel. They shall likewise include in their human resource development and training programs measures to promote morale, efficiency, integrity, responsiveness, progressiveness, courtesy as well as nationalism and patriotism in the civil service. Such training programs shall be consistent with the rules and regulations issued by the CSC for the purpose.

Sec. 34. **Programs and Projects Related to Gender and Development.** All agencies of the government shall formulate a Gender and Development (GAD) Plan designed to address gender issues within their concerned sectors or mandate and implement applicable provisions under R.A. No. 9710 or the Magna Carta of Women, Convention on the Elimination of All Forms of Discrimination Against Women, the Beijing Platform for Action, the Millennium Development Goals (2000-2015), the Philippine Plan for Gender-Responsive Development (1995-2025), and the Philippine Development Plan (2011-2016).

The GAD Plan shall be integrated in the regular activities of the agencies, which shall be at least five percent (5%) of their budgets. For this purpose, activities currently being undertaken by agencies which relate to GAD or those that contribute to poverty alleviation, economic empowerment especially of marginalized women, protection, promotion, and fulfillment of women's human rights, and practice of gender-responsive governance are considered sufficient compliance with said requirement. Utilization of the GAD budget shall be evaluated based on the GAD performance indicators identified by said agencies.

The preparation and submission of the annual GAD Plan and annual GAD Accomplishment Report shall be subject to the guidelines issued by the agencies concerned.

Sec. 35. **Programs and Projects Related to Senior Citizens and Persons with Disability.** All agencies of the government shall formulate plans, programs and projects intended to address the concerns of senior citizens and persons with disability, insofar as it relates to their mandated functions, and integrate the same in their regular activities.

Moreover, all government facilities, including infrastructure, non-infrastructure and civil works projects of the government, as well as office buildings, streets and highways shall provide architectural or structural features, designs, or facilities that will reasonably enhance the mobility, safety and welfare of persons with disability pursuant to Batas Pambansa Blg. 344 and R.A. No. 7277.

Sec. 36. **Projects Related to Youth.** All agencies of the government are encouraged to provide allocation for youth development projects and activities within the framework of the Philippine Youth Development Plan (2012-2016). The National Youth Commission, in coordination with the DBM and NEDA, shall formulate a set of guidelines for the implementation of projects related to youth.

Sec. 37. **Productivity Development and Food Security.** All agencies of the government shall plant rice and other crops, whenever feasible, on government lands in its possession to develop productivity and promote food security.

Implementation of this section shall be subject to the guidelines issued by the DA and other agencies concerned.

Sec. 38. **National Greening Program.** All agencies of the government shall plant trees in lands of the public domain in support of the National Greening Program under E.O. No. 26, s. 2011.

Implementation of this section is subject to guidelines issued by the DENR.

Sec. 39. Disaster Risk Reduction and Management Projects. All agencies of the government are encouraged to implement projects designed to address disaster risk reduction and management activities under R.A. No. 10121.

Implementation of this section shall be subject to the guidelines issued by the National Disaster Risk Reduction and Management Council.

Sec. 40. Climate Change Mitigation. All agencies of the government, particularly the DPWH, shall integrate energy-savings solutions in the planning and implementation of all infrastructure projects to mitigate the effects of climate change pursuant to the provisions of R.A. No. 9729.

Sec. 41. Extraordinary and Miscellaneous Expenses. Appropriations may be used for the annual extraordinary expenses of the heads of the Executive Department, the Legislative Department, the Judiciary, the Constitutional Commissions, and the Office of the Ombudsman. Further, appropriations authorized herein may be used for the annual extraordinary expenses of the following officials:

- (a) P264,000 for each Department Secretary and those of equivalent rank;
- (b) P108,000 for each Department Undersecretary and those of equivalent rank;
- (c) P60,000 for each Department Assistant Secretary and those of equivalent rank;
- (d) P45,600 for each head of bureau or organization of equivalent rank, and for each head of a Department Regional Office;
- (e) P26,400 for each head of a Bureau Regional Office or organization of equivalent rank; and
- (f) P19,200 for each Municipal Trial Court Judge, Municipal Circuit Trial Court Judge, and Shari'a Circuit Court Judge

In addition, miscellaneous expenses not exceeding Seventy-Two Thousand Pesos (P72,000) for each of the offices under the above named officials are authorized herein.

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.

In case of deficiency, the requirements for the foregoing purposes shall be charged against available allotments of the agency concerned. No portion of the amounts authorized herein shall be used for the payment of salaries, allowances and other benefits, and confidential and intelligence expenses.

Sec. 42. Travelling Expenses. Officials and employees of the government may be allowed payment of claims for reimbursement of travelling and related expenses incurred in the course of official travel which are in excess of the authorized rates, certified by the concerned head of the agency as absolutely necessary in the performance of an assignment, and supported by receipts, chargeable against the available allotment for travelling expenses, in accordance with the provisions of E.O. Nos. 248 and 248-A, as amended by E.O. No. 298, s. 2004 and such pertinent guidelines thereon.

Sec. 43. Monitoring and Evaluation Expenses. The monitoring and evaluation expenses of the agencies mandated to implement and/or oversee the implementation of programs and projects shall not exceed three percent (3%) of the project/program costs.

(CONDITIONAL IMPLEMENTATION - President's Veto Message, December 23, 2014, Volume II-B, page 1553, R.A. No. 10651)

Sec. 44. Cultural and Athletic Activities. An amount not exceeding One Thousand Five Hundred Pesos (P1,500) in a year, may be used for the purchase of costume or uniform, and other related expenses in the conduct of cultural and athletic activities per employee-participant chargeable against the agency appropriations authorized in this Act for MOOE.

## PERSONNEL AMELIORATION

Sec. 45. **Funding of Personnel Benefits.** Notwithstanding any provision of law to the contrary, all personnel benefits costs of government officials and employees shall be chargeable against the funds from which their salaries are paid. If the personnel benefits costs of government officials and employees, in whatever form, are partly sourced from the General Fund and partly from other sources, only the portion attributed to the personnel benefits cost chargeable against the General Fund shall be sourced therefrom in determining the fund source for the payment of retirement and terminal leave benefits and pension.

In no case shall personnel benefits cost drawn from Special Accounts, Fiduciary or Trust Funds, or other sources of funds be chargeable against the General Fund of the National Government.

The personnel benefits cost of 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 chargeable against the appropriations of their parent agencies, except as otherwise authorized by the DBM.

Personnel benefits costs referred to in this section shall include salary increases, step increments, all kinds of allowances, benefits and incentives, monetized vacation and sick leave credits, government share in retirement and life insurance premiums, employees compensation insurance premiums, health insurance premiums and HDMF contributions, and other authorized benefits.

Sec. 46. **Appropriations for Personnel Services.** The appropriations for Personnel Services under this Act shall be used for the payment of personnel benefits authorized by law to be given to National Government employees, computed based on the human resource information provided in the Government Manpower Information System to be enhanced by the DBM: PROVIDED, That the payment of Magna Carta benefits shall be limited to the benefits specified and appropriations authorized in this Act for the purpose and the provision of Section 52 hereof: PROVIDED, FURTHER, That any available allotment for Personnel Services within a department or agency may be utilized by said department or agency for the payment of deficiencies in authorized personnel benefits.

Sec. 47. **Remittance of Compulsory Contributions.** The government and employee share in the compulsory contributions to the Employees' Compensation Commission, PHILHEALTH, GSIS and HDWF pursuant to P.D. No. 626, as amended, R.A. No. 6111, R.A. No. 7875, as amended, R.A. No. 8291, and R.A. No. 9679, respectively, shall be remitted directly by departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs to the respective recipient agencies unless a different arrangement is agreed upon in writing between the DBM and the recipient agency: PROVIDED, That any proposed increase in government and employee compulsory contributions may only be made after consultation by the agency concerned with the DBM in order that the budgetary implications of such proposal be duly considered: PROVIDED, FURTHER, That implementation of any increase in government and employee compulsory contributions, after said consultation, shall be made effective only upon inclusion thereof in the General Appropriations Act.

Sec. 48. **Authorized Deductions.** Deductions from salaries, emoluments or other benefits accruing to any government employee chargeable against the appropriations for Personnel Services may be allowed for the payment of an individual employee's contributions or obligations due the following, and in the order of preference stated below:

- (a) The BIR, PHILHEALTH, GSIS and HDWF;
- (b) Government Financial Institutions authorized by law and accredited by appropriate government regulating bodies to engage in lending;
- (c) Mutual benefits associations, thrift banks and non-stock savings and loan associations duly operating under existing laws which are managed by and/or for the benefit of government employees;
- (d) Associations/cooperatives/provident funds organized and managed by government employees for their benefit and welfare;
- (e) Duly licensed insurance companies accredited by the appropriate government agency; and
- (f) Rural Banks accredited by the Bangko Sentral ng Pilipinas.

In no case shall the foregoing deductions reduce the employee's monthly net take home pay to an amount lower than Three Thousand Pesos (P3,000). (CONDITIONAL IMPLEMENTATION - President's Veto Message, December 23, 2014, Volume II-B, page 1553, R.A. No. 10651)

Sec. 49. **Service Fees.** Departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy which collect service fees for the payment of any obligation through authorized deductions under the preceding section, shall deposit said service fees with the National Treasury, to be recorded in its books of accounts as trust receipts. Said service fees shall be used exclusively for the operation of a Provident Fund in favor of all their respective employees in accordance with A.O. No. 279, s. 1992 and such other pertinent guidelines issued by the DBM. The Provident Fund shall be used for loaning operations and other purposes beneficial to all members as may be approved by its governing board.

Sec. 50. Personnel Economic Relief Allowance. The Personnel Economic Relief Allowance (PERA) in the amount of Two Thousand Pesos (P2,000) per month, is granted to civilian government personnel stationed in the Philippines, whether occupying regular, contractual, or casual positions, appointive or elective, whose positions are covered by R.A. No. 6758, as amended, as well as to military and uniformed personnel in order to supplement their salaries due to the rising cost of living. The PERA shall be chargeable against the respective agency appropriations in this Act: PROVIDED, That personnel of GOCCs and LGUs shall be paid from their respective corporate or local funds: PROVIDED, FURTHER, That the grant of PERA shall be subject to the rules and regulations prescribed under B.C. No. 2009-3 dated August 18, 2009, as amended, and such other pertinent guidelines issued by the DBM.

Government personnel stationed abroad shall instead be granted overseas allowances to defray the cost of their living expenses. Accordingly, government personnel authorized to receive overseas allowances shall no longer be entitled to receive the PERA for the duration of their station abroad.

Sec. 51. Uniform or Clothing Allowance. An amount not exceeding Five Thousand Pesos (P5,000) per year, is hereby authorized for the payment of uniform or clothing allowance to each qualified government employee, subject to B.C. No. 2012-1 dated February 23, 2012 and such other pertinent guidelines issued by the DBM. In case of deficiency, or in the absence of appropriations for the purpose, the requirements shall be charged against available savings of the agency.

Sec. 52. Magna Carta Benefits. The payment of magna carta benefits of public health workers, school teachers, social workers, scientists, engineers and researchers, and other science and technology personnel in the government shall be limited to the magna carta benefits and corresponding rates or amounts appropriated in this Act for the purpose. Re-prioritization of available allotment by the agency concerned for the payment of magna carta benefits shall be subject to the approval by the DBM.

Sec. 53. Special Counsel Allowance. Lawyer-personnel designated to assume the duties of a legal officer deputized by the Office of the Solicitor General to appear in court as special counsel in collaboration with the Solicitor General or prosecutors concerned, are hereby authorized an allowance of One Thousand Five Hundred Pesos (P1,500) for each appearance or attendance to court hearings except pursuant to motions for extension or postponement of hearing, chargeable against the Personnel Services appropriations of the agencies concerned, but not exceeding Six Thousand Pesos (P6,000) per month.

Court as used in this section shall pertain to those under the Judiciary. In no case shall special counsel allowance be granted to lawyer-personnel appearing before quasi-judicial and administrative agencies.

Sec. 54. Hazard Duty Pay. Hazard duty pay shall only be granted to officials and employees who are actually assigned to, and performing their duties in, strife-torn or embattled areas as may be determined and certified by the Secretary of National Defense and for the duration of such assignment. Funds for the purpose shall be charged against specific agency appropriations or in the absence thereof from savings under Personnel Services.

The grant of hazard duty pay shall be subject to the rules and regulations prescribed under B.C. No. 2005-4 dated July 13, 2005 and such other pertinent guidelines issued by the DBM.

Sec. 55. Honoraria. The respective agency appropriations for honoraria shall only be paid to the following:

- (a) Teaching personnel of the DepEd, TESDA, SUCs and other educational institutions, engaged in actual classroom teaching, whose teaching load is outside of the regular office hours or in excess of the regular load;
- (b) Those who act as lecturers, resource persons, coordinators and facilitators in seminars, training programs, and other similar activities in training institutions, including those conducted by agencies for their officials and employees wherein no seminar fees are collected from participants;
- (c) Chairs and members of commissions, boards, councils, and other similar entities, including personnel thereof who are not paid salaries nor per diems but compensated in the form of honoraria as provided by law, rules and regulations;
- (d) Those who are involved in science and technological activities and render services beyond their regular workload;
- (e) Officials and employees assigned to special projects, subject to the following conditions:
  - (i) Said special projects are reform-oriented or developmental, contribute to the improvement of service delivery and enhancement of the performance of the core functions of the agency, and have specific timeframes and deliverables in accomplishing objectives and milestones set by the agency for the year; and
  - (ii) Such assignment entails rendition of work in addition to, or over and above, their regular workload.

In this instances, the rates of honoraria shall depend on the level of responsibilities, nature of work rendered, and extent of individual contribution to produce the desired outputs: PROVIDED, That the total honoraria received from all special projects shall not exceed twenty-five percent (25%) of the annual basic salaries; and

- (f) Officials and employees authorized to received honoraria under R.A. No. 9184 and its IRR.

The grant of honoraria to the foregoing shall be subject to the guidelines prescribed under B.C. No. 2003-5 dated September 26, 2003, as amended by B.C. No. 2007-1 dated April 23, 2007 and National Budget Circular (N.B.C) No. 2007-510 dated May 8, 2007, B.C. No. 2007-2 dated October 1, 2007, B.C. No. 2004-5A dated October 7, 2005, as amended by B.C. No. 2007-3 dated November 29, 2007, DBM and DOST J.C. No.1 dated June 25, 2013 and such other pertinent guidelines issued by the DBM.

Sec. 56. Representation and Transportation Allowances. The following officials, while in the actual performance of their respective functions, are hereby authorized monthly commutable representation and transportation allowances charged against appropriations authorized for the purpose and at the rates indicated below, for each type of allowance:

- (a) P14,000 for Department Secretaries;
- (b) P11,000 for Department Undersecretaries;
- (c) P10,000 for Department Assistant Secretaries;
- (d) P9,000 for Bureau Directors and Department Regional Directors;
- (e) P8,500 for Assistant Bureau Directors, Department Assistant Regional Directors, Bureau Regional Directors, and Department Service Chiefs;
- (f) P7,500 for Assistant Bureau Regional Directors; and
- (g) P5,000 for Chief of Divisions, identified as such in the Personnel Services Itemization and Plantilla of Personnel.

No amount of representation or transportation allowances, whether commutable or reimbursable, which exceed the rates authorized under this section may be granted to the foregoing officials. Previous administrative authorizations inconsistent with the rates and conditions specified herein shall no longer be valid and payment shall not be allowed. The transportation allowance, whether in full or partial amounts, authorized herein shall not be granted to officials who are assigned or actually using government motor transportation: PROVIDED, That officials who are assigned government motor transportation, but are not able to use said vehicle for justifiable reason, as determined by the DBM, may be granted transportation allowance during the said period.

The DBM shall determine other officials in the government that are of equivalent ranks with the above-cited officials who may likewise be entitled to representation and transportation allowances. The representation and transportation allowances of local government officials who are of equivalent rank to the foregoing officials, as determined by the DBM, shall be at the same percentages as the salary rates authorized under R.A. No. 6758, as amended, and subject to the budgetary limitations under R.A. No. 7160.

Sec. 57. 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 Presiding Justices of the Court of Appeals, Court of Tax Appeals, and the Sandiganbayan;
- (g) The Department Secretaries, Undersecretaries, Assistant Secretaries and officials of equivalent rank;
- (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 AFP;
- (j) Heads of Constitutional Commissions and the Ombudsman;
- (k) Bureau Directors, Department Regional Directors and Bureau Regional Directors; and
- (l) Those who may be specifically authorized by the President of the Philippines, with respect to the Executive, the Senate President, 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. 58. Quarters Privileges. Officials who are transferred from one station to another by virtue of agency policies on reshuffling or rotation of personnel and do not own houses or rooms therein, shall be provided free quarters within their office premises.

Where there is not enough space to be used as quarters, the agency may rent buildings or rooms which shall serve as quarters for said officials, subject to the limits prescribed by the DBM. For those who opt for more expensive quarters other than those rented by their agencies, such preferred quarters may be secured provided that the difference in amount between the one preferred by the officials and that rented by their respective agencies shall be paid by the concerned officials.

Officials not entitled to quarters privileges and employees who are allowed to use quarters in government-owned buildings shall be charged the corresponding cost of rentals subject to pertinent guidelines as may be issued by the DBM.

Sec. 59. Year-End Bonus and Cash Gift. The year-end bonus equivalent to one (1) month basic salary and additional cash gift of Five Thousand Pesos (P5,000) provided under R.A. No. 6686, as amended by R.A. No. 8441, shall be granted to all National Government officials and employees, whether under regular, temporary, casual or contractual status, on full-time or part-time basis, who have rendered at least a total of four (4) months of service including leaves of absence with pay from January 1 to October 31 of each year, and who are still in the service as of October 31 of the same year. One half (1/2) of said year-end bonus and cash gift may be paid not earlier than May 1, for employees who have rendered at least a total of four (4) months of service have been rendered regardless of whether or not they will still be in the service by October 31 of the same year, except if the one (1) month productivity enhancement incentives has been granted to them, in which case they will receive the full year-end bonus not later than November 15 of the same year. In case an official or employee retires or is separated from government service before October 31, a proportionate share of the remaining balance of the year-end bonus and cash gift shall be granted to said official or employee, based on the monthly basic salary immediately preceding the date of retirement or separation.

Personnel of GOCCs and LGUs are likewise entitled to year-end bonus and cash gift chargeable against their respective corporate and local funds.

The grant of the year-end bonus and/or cash gift shall be subject to the provisions of B.C. No. 2010-1 dated April 28, 2010 and such other pertinent guidelines issued by the DBM.

Sec. 60. Use of Appropriations for Retirement Gratuity and Terminal Leave. Appropriations authorized in this Act to cover retirement benefit claims shall be released directly to the agencies concerned computed based on the provisions of, and subject to the conditions prescribed, under applicable retirement laws, rules and regulations.

Unless authorized by law and duly formalized in an appropriate issuance by the DBM, public funds shall not be used for the payment of salary increases or adjustments resulting from automatic promotions with the intent of increasing the retirement and terminal leave benefits of government personnel.

The payment of any unauthorized retirement benefits shall be null and void and shall accordingly be refunded by the beneficiary-employee. The officials and employees who authorized, allowed, or connived with others in the payment of any unauthorized retirement benefits shall be subject to disciplinary actions in accordance with Section 43, Chapter 5 and Section 80, Chapter 7, Book VI of E.O. No. 292, and to appropriate criminal action under existing penal laws.

#### RELEASE AND USE OF FUNDS

Sec. 61. Availability of Appropriations. Appropriations for MOOE and Capital Outlays authorized in this Act shall be available for release and obligation for the purpose specified, and under the same special provisions applicable thereto, for a period extending to one fiscal year after the end of the year in which such items were appropriated.

A report on these releases and obligations shall be submitted to the House Committee on Appropriations and Senate Committee on Finance. (CONDITIONAL IMPLEMENTATION - President's Veto Message, December 23, 2014, Volume II-B, page 1552, R.A. No. 10651)

Sec. 62. Prohibition Against Impoundment of Appropriations. No appropriations authorized under this Act shall be impounded, unless in accordance with the rules and regulations issued by the DBM and when there is an unmanageable National Government budget deficit.

Unmanageable National Government budget deficit as used in this section shall be construed to mean that: (i) the actual National Government budget deficit has exceeded the quarterly budget deficit targets consistent with the full-year target deficit as indicated in the BESF submitted by the President and approved by Congress pursuant to Section 22, Article VII of the Constitution; or (ii) there are clear economic indications of an impending occurrence of such condition, as determined by the DBCC and approved by the President.

Sec. 63. Prohibition Against Retention or Deduction of Funds. Fund releases from appropriations provided in this Act shall be transmitted to the agency concerned, subject to the applicable special and general provisions and on budgeting rules and regulations. No retention or deduction as reserves or overhead shall be made, except as authorized by law or the General or Special Provisions in this Act, or upon direction of the President of the Philippines.

Sec. 64. Direct Release of Funds to Regional Offices and Other Implementing Units. Funds which are specifically allocated for the different regions or implementing units or those allotted for regional offices and implementing units but included in the budgets of their Central Offices shall be released directly to said regional offices or implementing units. For this purpose, the DBM shall indicate by region or implementing unit the expenditure programs of agencies authorized in this Act and shall release funds intended for them in accordance with the approved distribution of expenditures specifying the region or implementing unit.

The DBM shall furnish copies of the fund releases to said regional offices/implementing units, either in printed form or by way of electronic document, to the House Committee on Appropriations and the Senate Committee on Finance.

Sec. 65. **Lump-Sum Appropriations.** Release of lump-sum appropriations shall be made upon compliance with the requirements under the applicable general and/or special provisions and submission by the agency concerned to DBM of a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292, which shall include the complete details of the programs, activities and projects covering the lump-sum appropriations, including the sub-programs or activities or sub-projects with the corresponding cost up to the lowest level i.e., provincial, city or municipal level, as the case may be. The Special Budget shall likewise cover the following details: (i) the rationale and objectives of the program, activity or project; (ii) the full components with cost estimates of the program, activity or project; (iii) the implementation strategy to be adopted; (iv) the targeted results or expected outputs; (v) the status of implementation for ongoing programs or projects; and (vi) such other information as may be required by the DBM.

In the case of lump-sum appropriations covering major infrastructure programs and projects, such as irrigation projects, farm-to-market roads, airports, seaports, fish ports and other ports, health care facilities, Basic Educational Facilities, and housing projects, the Special Budget shall include the following additional details: (i) amount allocated for each infrastructure project; (ii) location/site with covered area in square kilometers; (iii) list of targeted beneficiaries/recipients; (iv) program of work; and (v) such other information as may be required by the DBM.

The agency concerned shall submit, either in printed form or by way of electronic document, a copy of the abovementioned Special Budget, including any subsequent revisions or amendments thereto to the House Committee on Appropriations and the Senate Committee on Finance. The agency head and the agency's web administrator or his/her equivalent shall be responsible for ensuring that the said Special Budget is posted in the official website of the agency concerned.

Sec. 66. **Limitations on Cash Advance and Reportorial Requirements.** Notwithstanding any provision of law to the contrary, cash advances shall not be granted until such time that the earlier cash advances availed of by the officials or employees concerned shall have been liquidated pursuant to pertinent accounting and auditing rules and regulations.

For this purpose, the head of the agency and the COA auditor shall be jointly responsible for the preparation and submission to the House Committee on Appropriations and Senate Committee on Finance, either in printed form or by way of electronic document, the Annual Report on Cash Advances indicating the names of the recipients, the items of expenditures for which said cash advances were disbursed, and the dates of liquidation as reflected in the Agency Books of Accounts.

Sec. 67. **Bottom-up Budgeting Projects.** The amounts appropriated for Bottom-up Budgeting (DuB) Projects shall be implemented exclusively in the LGUs identified under this Act.

Releases from said amount shall be subject to compliance with the requirements of Good Financial Housekeeping under the FY 2014 Seal of Good Local Governance and the LGU Public Financial Management Improvement Program pursuant to DBM-DILG-DSWD-NAPC JMC No. 4 dated November 26, 2013 and such other criteria as may be required in other guidelines.

The implementing agencies shall likewise ensure that the cost of implementing the DuB Projects shall not exceed the cost of similar projects being implemented by national government agencies (NGAs) in the same locality.

The NGAs concerned shall submit, either in printed form or by way of electronic document, quarterly reports on the financial and physical accomplishments of the amounts for the DuB Projects to the DBM, the House Committee on Appropriations and the Senate Committee on Finance. The head of agency and the agency's web administrator or his/her equivalent shall be responsible for ensuring that said reports are likewise posted on the official website of the agency.

Violation of or non-compliance with this provision shall subject the government official and/or employee concerned to administrative, civil and/or criminal sanctions in accordance with Section 43 of Chapter 5, Section 57 of Chapter 6, and Section 80 of Chapter 7, Book VI of E.O. No. 292.

Implementation of this section shall be subject to the guidelines issued by the DBM.

Sec. 68. **Requirements on Fund Transfers to Civil Society Organizations.** Fund transfers by agencies of the government to CSOs shall be made only when earlier fund releases to said entities, if any, shall have been fully liquidated pursuant to pertinent accounting and auditing rules and regulations. Said government agencies shall remain accountable for the funds transferred by them to CSOs. Government agencies shall likewise ensure compliance with the provisions of R.A. No. 9184, its IRR and guidelines in the procurement of Goods, Infrastructure Projects, and Consulting Services for funds to be transferred to CSOs as well as pertinent budgeting, accounting and auditing rules and regulations.

Government agencies shall deal only with legitimate CSOs. For this purpose, CSOs may only be identified as a recipient, beneficiary or implementing entity of government or public funds upon accreditation by the DSWD, following the guidelines jointly issued by the DSWD, COA and DBM, in consultation with agencies concerned. The Secretary of Social Welfare and Development and the agency's web administrator



or his/her equivalent shall be responsible for posting the list of accredited CSOs and update the same every quarter on the official website of the DSWD.

The agency concerned shall submit to the House Committee on Appropriations and the Senate Committee on Finance, a report on the fund releases, indicating the names of the accredited CSOs and amounts transferred, duly audited by the COA. The respective heads of the agencies and web administrators or their equivalent shall be responsible for ensuring that said reports are posted on their respective official websites which shall be considered compliance with the said reportorial requirement.

Failure to comply with any of the foregoing shall result in the automatic suspension of the salaries of the responsible official and/or employee until they have complied with the above requirements pursuant to Section 57, Chapter 6, Book VI of E.O. No. 292. Repeated failure or refusal of said official or employee to submit the above reports without any justifiable cause may be a ground for administrative disciplinary action, subject to pertinent civil service rules and regulations. The head of agency shall be responsible for ensuring compliance with this penalty provision.

**Sec. 69. Use of 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 Constitutional Commissions enjoying fiscal autonomy, and the Ombudsman are hereby authorized to use savings in their respective appropriations to augment actual deficiencies incurred for the current year in any item of their respective appropriations. An item of appropriation shall pertain to the amount appropriated for a program, activity or project authorized in this Act.

The foregoing constitutional officers authorized to use savings shall be responsible for ensuring that a semestral and annual report 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 program, activity or project in their respective appropriations augmented. They shall likewise ensure that said reports are posted on their respective official websites.

**Sec. 70. Meaning of Savings.** Savings refer to portions or balances of any released appropriations in this Act which have not been obligated as a result of any of the following:

- (a) Final discontinuance or abandonment of an on-going program, activity or project (P/A/P) by the head of the agency concerned due to causes not attributable to the fault or negligence of the said agency which would not render it possible for the agency to implement the said P/A/P during the validity of the appropriations;
- (b) Non-commencement of the P/A/P for which the appropriations is released. For this purpose, non-commencement shall refer to the inability of the agency or its duly authorized procurement agent to obligate the released allotment and implement the P/A/P due to natural or man-made calamities or other causes not attributable to the fault or negligence of the agency concerned during the validity of the appropriations;
- (c) Decreased cost resulting from improved efficiency during the implementation or until the completion by agencies of their P/A/Ps: PROVIDED, That the agencies will still be able to deliver the targets and services as approved in this Act; and
- (d) Difference between the approved budget for the contract and the contract award price.

PROVIDED, HOWEVER, That savings may likewise refer to available balances of appropriations arising from unused compensation and related costs pertaining to: (i) unfilled, vacant or abolished positions; (ii) non-entitlement to allowance and benefits; (iii) leaves of absence without pay; and (iv) unutilized pension and retirement benefits arising from death of pensioners, decrease in the number of retirees, or other related causes.

Programmed appropriations which have not been released or allotments not obligated due to the fault of the agency concerned shall not be considered savings. (CONDITIONAL IMPLEMENTATION - President's Veto Message, December 23, 2014, Volume II-B, page 1552, R.A. No. 10651)

**Sec. 71. Meaning of Augmentation.** Augmentation is the act of the head of offices authorized under Section 69 of this Act to use savings in their respective appropriations to provide additional funding to cover an actual deficiency incurred for the current year in any existing item of their respective appropriations. A deficiency in the appropriation of a P/A/P may result from:

- a. Justified modifications or adjustments in the P/A/P authorized in this Act; or
- b. Adjustment in the cost of implementing P/A/P due to justified causes.

In no case shall a non-existent P/A/P, be funded by augmentation from savings or by the use of an appropriations not otherwise authorized in this Act. The existence of an appropriation for an allotment class in a P/A/P is necessary for the purposes of augmentation. An allotment class as used herein may either be personnel services, MOOE or capital outlays.

Sec. 72. Priority in the Use of Savings. In the use of savings, priority shall be given to the augmentation of the amounts set aside for the payment of compensation, year-end bonus and cash gift, retirement gratuity, terminal leave benefits, old-age pension of veterans and other personnel benefits authorized by law and in this Act, as well as the implementation of priority programs, activities or projects covered in this Act.

Sec. 73. Rules in the Realignment of Allotment Classes and Reprioritization of Items of Appropriations. The general rule is that agencies and offices must spend what is programmed in their appropriations in this Act. Therefore, any request to realign or to reprioritize is an exception to the rule and must be strictly construed against the agency or office requesting it. The exception may be allowed in the following instances:

- (a) The respective heads of agencies in the Executive branch, including SUCs are authorized to realign any object of expenditure e.g., Salaries and Wages, Travelling Expenses, or Investment Outlays, within an allotment class i.e., Personnel Services (PS), MOOE or Capital Outlays (CO) within the same program, activity or project (P/A/P) in their respective agency allocations, except for the following:
  - (i) Intelligence funds which require prior approval from the President of the Philippines; and
  - (ii) Payment of Magna Carta benefits authorized under Section 52 hereof which shall require prior approval of the DBM.

The realignment of objects of expenditures within CO of agency allotments is allowed: PROVIDED, That the realignment is within the same P/A/P and may only be undertaken until the second quarter of the year.

- (b) Any realignment within the same P/A/P that will entail the reallocation of funds from one allotment class i.e., PS, MOOE or CO to another without augmentation of the amount appropriated for the said P/A/P, shall be subject to approval by the DBM: PROVIDED, That any realignment from CO to another allotment class may only be undertaken until the third quarter of the year.

In all cases of realignment the existence of an appropriation in the object of expenditure and allotment class is necessary for realignment.

The heads of the constitutional offices enjoying fiscal autonomy are likewise authorized to realign allotment classes and reprioritize items of appropriations within their respective offices, subject to the rules on savings and augmentation as well as to the pertinent budget execution guidelines issued by the DBM.

Sec. 74. Rules in the Payment of Collective Negotiation Agreement Incentives. The amount sourced from allowable MOOE allotments, generated out of cost-cutting measures undertaken by the agencies of the government and their respective personnel, which are identified in their respective Collective Negotiation Agreements (CNAs) and supplements thereto, may be used for the grant of CNA Incentives by agencies with duly executed CNAs: PROVIDED, That the one-time annual payment of CNA Incentive shall be made through a written resolution signed by agency representatives from both labor and management, and approved by the agency head: PROVIDED, FURTHER, That the funding sources and amount of CNA Incentive shall in all cases be limited to the allowable MOOE allotments and rates determined by the DBM, respectively: PROVIDED, FURTHERMORE, That the payment of CNA Incentive sourced from the allowable MOOE allotments shall be subject to approval by the DBM. PROVIDED, FINALLY, That any excess amounts from the allowable MOOE allotments after payment of the CNA Incentive shall revert to the General Fund.

Implementation of this provision shall be subject to guidelines issued by the DBM.

Sec. 75. Mandatory Expenditures. The amounts programmed for petroleum, oil and lubricants as well as for water, illumination and power services, telephone and other communication services, and rent requirements shall be disbursed exclusively for such items of expenditures: PROVIDED, That any available allotment from these items after taking into consideration the agency's full year requirements may be realigned only in the last quarter and subject to the provisions in Section 70 hereof.

Disbursements or expenditures of agencies in violation of this section shall be void, and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43, Chapter 5 and Section 80, Chapter 7, Book VI of E.O. No. 292, and to appropriate criminal action under existing penal laws.

Sec. 76. Expenditures for Business-type Activities. Appropriations for the procurement of supplies and materials intended to be utilized in the conduct of business-type activities shall be disbursed exclusively for such business-type activity. In no case shall said appropriations be used for any other purpose.

Disbursements or expenditures by agencies in violation of this section shall be void, and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43, Chapter 5 and Section 80, Chapter 7, Book VI of E.O. No. 292, and to appropriate criminal action under existing penal laws.

Sec. 77. **Intelligence Funds.** No appropriations authorized in this Act shall be released or disbursed for intelligence activities unless approved by the President of the Philippines, or specifically identified and authorized as intelligence fund in this Act: PROVIDED, That intelligence funds provided for in the budgets of agencies 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.

Intelligence expenses refer to those related to intelligence information gathering activities of uniformed and military personnel, and intelligence practitioners that have direct impact to national security.

Agencies utilizing intelligence funds shall submit to the President of the Philippines a quarterly report on the accomplishments in the use of said funds.

Implementation of this section shall be subject to the guidelines as may be issued by the DBM.

Sec. 78. **Confidential Funds.** Confidential funds authorized in this Act shall only be released or disbursed upon approval of the Department Secretary concerned.

Confidential expenses refer to those related to surveillance activities in civilian government agencies that are intended to support the mandate or operations of the agency.

Agencies utilizing confidential funds shall submit to the President of the Philippines and both Houses of Congress a quarterly report on the accomplishments in the use of said funds.

Implementation of this section shall be subject to guidelines as may be issued by the DBM.

Sec. 79. **Use of Funds for Foreign-Assisted Projects.** The amount appropriated in this Act for the implementation of foreign-assisted projects, composed of loan proceeds and peso counterpart components may be used for other foreign-assisted projects after considering the allocation per every component: PROVIDED, That an agency may, with valid reason use funds allotted for one sub-project to another within the same foreign-assisted project as long as total project cost as prescribed in the relevant loan agreement is not exceeded.

Sec. 80. **Disbursement of Funds.** Disbursement of public funds for obligations incurred with proper authority for its incurrence, shall be disbursed only through the BTR and/or authorized servicing banks under the Modified Disbursement System.

Sec. 81. **Personal Liability of Officials and Employees for the Incurrence or Payment of Unauthorized or Unlawful Obligation or Expenditure.** Any and all officials or employees who will authorize, allow or permit, as well as those who are negligent in the performance of their duties and functions which resulted in the incurrence or payment of unauthorized and unlawful obligation or expenditure shall be personally liable to the government for the full amount committed or expended, and subject to disciplinary actions in accordance with Section 43, Chapter 5 and Section 80, Chapter 7, Book VI of E.O. No. 292.

Sec. 82. **Reversion to the General Fund.** Notwithstanding any provision of law to the contrary, unreleased appropriations and unobligated allotments authorized in this Act shall revert to the General Fund at the end of the validity of appropriations and shall not thereafter be available for expenditure except by subsequent legislative enactment.

Sec. 83. **Organizational Structure and Staffing Pattern Changes.** Notwithstanding any provision of law to the contrary, and within the limits of the appropriations authorized in this Act, the President is hereby authorized to create new offices and modify the existing organizational structure of the agencies in the Executive branch, as well as create new positions or modify existing ones whenever public interest so requires. PROVIDED, That the DBM may approve minor changes in the organizational structure and staffing pattern of agencies under the Executive branch, except for the creation of positions higher than a division chief or positions of equivalent level.

Unless otherwise provided by law or directed by the President of the Philippines, no organizational units or changes in key positions in any department, bureau, and office of the National Government, including SUCs shall be authorized in their respective organizational structures and staffing patterns, and funded from appropriations provided under this Act.

Sec. 84. **Institutional Strengthening and Productivity Improvement in Agency Organization and Operations and Implementation of Reorganization Mandated by Law.** The government shall adopt institutional strengthening measures to enhance productivity and improve service delivery.

Heads of departments, bureaus and offices under the Executive branch shall: (i) conduct a comprehensive review of their respective mandates, missions, objectives and functions, systems and procedures, and programs, activities and projects; (ii) identify areas where improvements are necessary; and (iii) implement corresponding structural, functional and operational adjustments that will result in streamlined organization and operations and improved performance and productivity.

The actual streamlining and productivity improvements in agency organization and operations, as authorized by the President of the Philippines for the purpose, including the utilization of savings generated from such activities, shall be in accordance with the rules and regulations issued by the DBM.

Sec. 85. Implementation of Executive Order No. 429, Series of 2005. The appropriations provided in this Act for the regional/field offices in Region IV-B may be realigned to Region VI to implement E.O. No. 429, s. 2005 upon approval by the President of the Philippines of the implementation plan to be submitted by the DILG under A.O. No. 129, s. 2005.

Sec. 86. Transfer of National Government Agencies and Funds to the Autonomous Region in Muslim Mindanao. Unless otherwise provided in a subsequent law, national government agencies and offices in the ARMM which are not excluded under paragraph 9, Section 2, Article V of R.A. No. 6734, as amended by Section 3, Article IV of R.A. No. 9054, together with their personnel, equipment, properties and budgets shall be placed under the control and supervision of the ARGMM pursuant to a schedule prescribed by the Oversight Committee in accordance with its mandate under the provisions of R.A. No. 6734, as amended by R.A. No. 9054. Prior to said transfer, said agencies of the National Government shall continue their operations and the discharge of their respective functions.

The appropriations provided in this Act for Basilan and Marawi City, included in the budget of the various departments, bureaus and offices of the National Government shall be transferred to the ARGMM.

Sec. 87. Allocation for Autonomous Region in Muslim Mindanao in Nationwide Projects. In the implementation of nationwide programs, activities and projects whether funded under this Act or other laws, the implementing agency, unless otherwise provided in a subsequent law, shall ensure that the requirements of ARMM are provided. The funds for the purpose shall be released based on, and made only upon submission by the implementing agencies concerned of the allocation for ARMM per province. The respective heads of the implementing agencies shall be responsible for ensuring that the amounts allocated for ARMM per province are posted on the respective official websites of the implementing agencies.

In addition, the ARGMM shall submit, either in printed form or by way of electronic document, to the DBM and the implementing agencies concerned separate quarterly reports on the utilization of said amounts per province in the ARMM. The Regional Governor of ARGMM shall be responsible for ensuring that said reports are likewise posted on the official website of the ARGMM.

Sec. 88. Internal Revenue Allotment of LGUs. The IRA which is automatically appropriated shall be apportioned among LGUs, including provinces, cities, and municipalities created, approved, and ratified in 2014 in accordance with the allocation formula prescribed under Section 285 of R.A. No. 7160 taking into consideration the following:

- (a) The land area shall be based on the FY 2001 Land Management Bureau (LMB) certified Masterlist of Land Area unless the FYs 2004 and 2007 LMB certified Masterlist of Land Area has been validated by the DILG, NAMRIA and representatives of the Leagues of Provinces, Cities and Municipalities, and endorsed by the Secretary of DENR and the Regional Secretary of the ARMM to DBM on or before December 31, 2014; and
- (b) The population shall be based on the FY 2010 Presidential Proclamation on the Official Population Count of the Philippines by Province, City, Municipality and Barangay.

All valid adjustments, changes, modifications, or alterations in any of the factors affecting the computation of IRA that occurred or happened, including final and executory court decisions made effective during the current fiscal year, shall be considered and implemented by the DBM upon receipt of the notice of said change chargeable against the amount herein appropriated under the Local Government Support Fund.

LGUs shall include in their budgets income both from local and external sources, and receipts from borrowings, including their IRA which shall be approved by their respective sanggunian. Member-municipalities of the Partido Development Administration may charge the capitalization requirement under R.A. No. 7820 against their respective IRA.

Enforcement of Sections 325 (a) and 331 (b) of R.A. No. 7160 shall be waived to enable LGUs to: (i) absorb the cost of hospital services transferred from provinces to newly created cities; (ii) fund the initial year requirements for newly created mandatory positions in the LGUs, as confirmed by DBM; (iii) pay the minimum year-end bonus of One Thousand Pesos (P1,000) for the punong barangay and Six Hundred Pesos (P600) for other mandatory barangay officials, and their cash gifts; and (iv) pay the retirement and terminal leave benefits of their employees. (CONDITIONAL IMPLEMENTATION - President's Veto Message, December 23, 2014, Volume II-B, pages 1557-1558, R.A. No. 10651)

Sec. 89. Implementation of Nationally Funded Projects. Pursuant to Section 17(c) of R.A. No. 7160, projects, facilities, programs and services funded under this Act shall be implemented by the appropriate government agency irrespective of the nature and location of such projects, facilities, programs and services: PROVIDED, That the National Government may delegate the implementation thereof to LGUs with the capability to, and which will actually, implement the project by themselves, as determined by the DPWH and through the execution of a MOA.

In exceptional cases where the National Government funds the construction of local roads and facilities already devolved to the LGUs, the National Government agency concerned shall, prior to the implementation of the project, enter into a MOA with the LGU-recipient requiring the latter to commit to shoulder the cost for the proper maintenance and repair of said local roads and devolved facilities.

Sec. 90. Procurement of Critical Supplies. Departments, bureaus, and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy, SUCs, GOCCs, and LGUs shall ensure the timely and sufficient provision of critical supplies such as fuel, equipment spare parts, and such other analogous items, particularly those by its nature, use or characteristic, the quantity and/or exact time of need cannot be accurately pre-determined. For this purpose, said agencies shall resort to the use of Ordering Agreement in the procurement thereof, subject to the pertinent provisions of R.A. No. 9184, its IRR, and guidelines.

Sec. 91. Submission of Release Documents. The DBM shall furnish the COA a list of all items under this Act that were considered released upon its effectivity into law. Likewise, the DBM shall submit to the COA a copy of all release documents, such as the special allotment release order and notice of cash allocations, pertaining to releases of funds.

Sec. 92. Submission of Annual Reports and Audited Financial Statements on Accounts Deposited Outside of the National Treasury. All departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs authorized by law to retain and/or use income and deposit the same outside of the National Treasury shall prepare and submit to the DBM, the Senate Committee on Finance and the House Committee on Appropriations their respective audited financial statements and annual reports on the status of income and its utilization, which shall include the beginning balance, income collected and its sources, expenditures, and ending balance for the preceding fiscal year.

Failure to submit said annual reports and the audited financial statements shall render any disbursement from said income void, and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43, Chapter 5, and Section 80, Chapter 7, Book VI of E.O. No. 292, and to appropriate criminal action under existing penal laws.

Sec. 93. Report on Compliance with Commission on Audit Findings and Recommendations. All agencies of the government, including Constitutional Offices enjoying fiscal autonomy, SUCs, GOCCs, and LGUs, shall within sixty (60) days from their receipt of the COA annual audit report submit to the COA, a status report on the actions taken on said audit findings and recommendations using the prescribed form under COA Memorandum No. 2014-002 dated March 18, 2014, copy furnished the DBM, the House Committee on Appropriations and the Senate Committee on Finance. The respective heads of the agencies and the agencies' web administrators or their equivalent shall be responsible for ensuring that said reports are posted on their respective official websites which shall be considered compliance with the said reportorial requirement.

Sec. 94. Submission of Reports. Within thirty (30) days after the end of each quarter, departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs, shall submit quarterly financial and physical accomplishment reports, including narrative descriptions to the House Committee on Appropriations and Senate Committee on Finance, copy furnished the DBM, COA, and the appropriate Committee Chairperson of the House of Representatives and the Senate. In addition, said agencies shall submit their respective Budget and Financial Accountability Reports to the DBM and COA pursuant to the IRR issued for the purpose.

The DBM shall likewise submit to the House Committee on Appropriations and the Senate Committee on Finance a quarterly report on the realignment of funds it has approved and 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.

The financial report shall show the cumulative allotments, obligations incurred and liquidated, total disbursements, unliquidated obligations, unobligated and unexpended balances, and the results of expended appropriations. It shall also 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, telephone and other communication services.

Failure to comply with any of the foregoing shall result in the automatic suspension of the salaries of the responsible official and/or employee until they have complied with the above requirements pursuant to Section 57, Chapter 6, Book VI of E.O. No. 292. Repeated failure or refusal of said official or employee to submit the above reports without any justifiable cause may be a ground for administrative disciplinary action, subject to pertinent civil service rules and regulations. The head of agency shall be responsible for ensuring compliance with this penalty provision.

The foregoing reports may be submitted either in printed form or by way of electronic document.

Sec. 95. **Reportorial Requirements.** The reports required in this Act to be posted in the official websites of agencies, which are considered compliance to the said reportorial requirements, shall remain posted in their websites for at least three (3) years from posting.

It shall be the duty and responsibility of the head of the agency to comply with the reportorial and documentary submissions mandated in this Act. Any head of the agency who fails to submit the said reports shall be subject to Section 11 of R.A. No. 6713, or the Code of Conduct and Ethical Standards for Public Officials and Employees and Section 57, Chapter 6, Book VI of E.O. No. 292, the Administrative Code of 1987.

Sec. 96. **Submission of Post 2015 Budget Status.** The DBM shall submit to Congress a post 2015 budget status report together with the documents pertaining to the President's FY 2016 Budget of Expenditures and Sources of Financing not later than thirty (30) days after the opening of the third regular session of the Sixteenth Congress. The report shall indicate a brief accomplishment on all P/A/Ps of agencies of the government as reflected in this Act and including specific programs, activities, and projects funded from lump-sum appropriations and Special Purpose Funds: PROVIDED, That a final report following the same format shall be submitted not later than March 31, 2017: PROVIDED, FURTHER, That said report shall be posted on the official website of the DBM while the government agencies shall likewise post in their respective websites the portion of the report pertinent to the agency concerned.

Sec. 97. **Transparency in Infrastructure Projects.** All agencies of the government, including Constitutional Offices enjoying fiscal autonomy, SUCs, GOCCs, and LGUs implementing infrastructure projects shall post on their respective websites within thirty (30) calendar days from entering into contract with the winning contractor the following information per project: (i) project title and detailed description which shall include the nature and location thereof; (ii) the detailed estimates in arriving at the Approved Budget for the Contract; and (iii) the winning contractor and the detailed estimates of the bid as awarded.

The respective heads of the agencies and web administrators or their equivalent shall be responsible for ensuring compliance with this section.

Implementation of this section shall be subject to guidelines to be issued by the DBM in coordination with the DPWH, DOTC, DepEd, DOH and DA.

Sec. 98. **Transparency Seal.** To enhance transparency and enforce accountability, all agencies of the government, including Constitutional Offices enjoying fiscal autonomy, SUCs, GOCCs, and LGUs shall maintain a transparency seal to be posted on their official websites. The transparency seal shall contain the following information: (i) the agency's mandates and functions, names of its officials with their position and designation, and contact information; (ii) physical accountability reports, as required under N.B.C. Nos. 507 and 507-A dated January 31, 2007 and June 12, 2007, respectively, financial accountability reports, as required under COA and DBM J.C. No. 2013-1 dated March 15, 2013, and other pertinent guidelines issued by the COA and DBM; (iii) annual reports on the status of income authorized by law to be retained and/or used and be deposited outside of the National Treasury, which shall include the legal basis for its retention and/or use, the beginning balance, income collected and its sources, expenditures, and ending balance for the preceding fiscal year; (iv) approved budgets and corresponding targets immediately upon approval of this Act; (v) major programs and projects categorized in accordance with the five key results areas under E.O. No. 43, s. 2011; (vi) the program or project beneficiaries as identified in the applicable special provisions; (vii) the status of implementation of said program or project and project evaluation and/or assessment reports; and (viii) the annual procurement plan, contracts awarded and the name of contractors/suppliers/consultants.

The respective heads of the agencies and their web administrators or their equivalent shall be responsible for ensuring compliance with this section. For this purpose, the DBM shall post on its official website the status of compliance by all agencies of the government.

Sec. 99. **Joint Congressional Oversight Committee on Public Expenditures.** The Senate and the House of Representatives shall constitute a Joint Congressional Oversight Committee on Public Expenditures which shall primarily monitor compliance by agencies with the requirements and/or conditions under pertinent laws in the utilization of public funds. The Joint Congressional Oversight Committee shall be co-chaired by the Chairperson of the Committee on Finance of the Senate and the Chairperson of the Committee on Appropriations of the House of Representatives. The President of the Senate and the Speaker of the House of Representatives shall each designate seven (7) Senators and seven (7) members of the House of Representatives, respectively, as members of the Joint Congressional Oversight Committee: PROVIDED, That the minority group in the Senate and the House of Representatives shall each have at least one (1) seat in the Joint Congressional Oversight Committee.

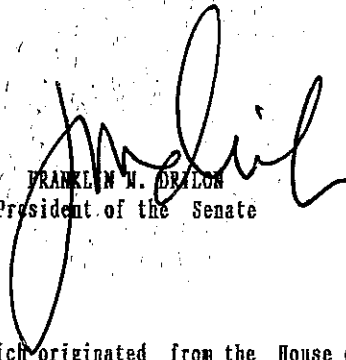
The Joint Congressional Oversight Committee on Public Expenditures shall not intervene, participate, or undertake any role or function in any of the various post-enactment stages of the budget execution, such as but not limited to project identification and/or modification, fund releases, and such other activities that are beyond its congressional oversight functions as defined under applicable laws and/or jurisprudence.

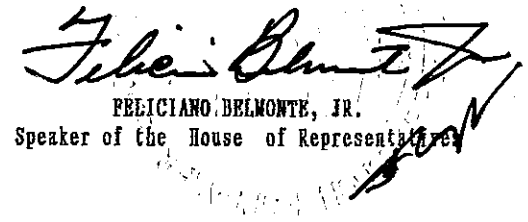
Sec. 100. Exemption from Garnishment. All amounts appropriated and released under this Act shall be exempt from garnishment.

Sec. 101. 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.

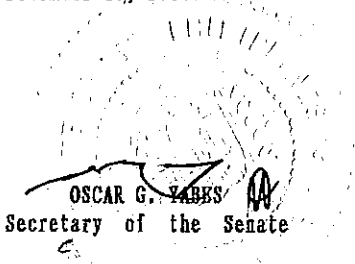
Sec. 102. Effectivity. The provisions detailed in Volume Nos. I, II-A and II-B of this Act shall take effect on January one, two thousand and fifteen, unless otherwise provided herein.

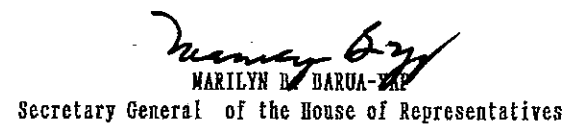
Approved.

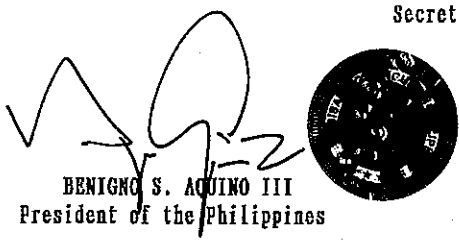
  
FRANKLIN M. DRILON  
President of the Senate

  
FELICIANO BELMONTE, JR.  
Speaker of the House of Representatives

This Act which originated from the House of Representatives was passed by the House of Representatives and the Senate of the Philippines on December 15, 2014.

  
OSCAR G. ZABES  
Secretary of the Senate

  
MARILYN D. BARUA-ZAFRA  
Secretary General of the House of Representatives

  
BENIGNO S. AQUINO III  
President of the Philippines

