

RELEASE AND USE OF FUNDS

Sec. 57. 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 augment any item in this Act from savings in other items of their respective appropriations.

Sec. 58. Meaning of Savings and Augmentation. Savings refer to portions or balances of any programmed appropriation in this Act free from any obligation or encumbrance which are: (i) still available after the completion or final discontinuance or abandonment of the work, activity or purpose for which the appropriation is authorized; (ii) from appropriations balances arising from unpaid compensation and related costs pertaining to vacant positions and leaves of absence without pay; and (iii) from appropriations balances realized from the implementation of measures resulting in improved systems and efficiencies and thus, enabled agencies to meet and deliver the required or planned targets, programs, and services approved in this Act at a lesser cost.

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

Sec. 59. Priority in the Use of Savings. In the use of savings, priority shall be given to the augmentation of the amounts set aside for compensation, Year-End Bonus and Cash Gift, retirement gratuity, terminal leave benefits, old-age pension of veterans and other personnel benefits authorized by law, and those expenditure items authorized in agency special provisions, in Section 16 and in other sections of the General Provisions in this Act.

Sec. 60. Augmentation of Maintenance and Other Operating Expenses Items. Agencies may augment any item of expenditure within MOOE, except confidential and intelligence funds, from savings in other items of MOOE without prior approval of the DBM, subject to the limitations provided under Section 16 of the General Provisions in this Act.

Sec. 61. Realignment/Relocation of Capital Outlays. The amount appropriated in this Act for acquisition, construction, replacement, rehabilitation and completion of various Capital Outlays may be realigned/relocated in cases of imbalanced allocation of projects within the district, duplication of projects, overlapping of funding source and similar cases: PROVIDED, That such realignment/relocation of Capital Outlays shall be done only upon prior consultation with the representative of the legislative district concerned.

Sec. 62. Implementation of Foreign-Assisted Projects. The amount appropriated in this Act for the implementation of foreign-assisted projects, including loan proceeds and local counterpart, shall not be realigned except to other foreign-assisted projects: PROVIDED, That an agency may, with valid reason realign from 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. 63. 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: PROVIDED, That appropriations for MOOE and Capital Outlays under R.A. No. 9970 shall be made available up to the end of FY 2011: PROVIDED, FURTHER, That a report on these releases and obligations shall be submitted to the Senate Committee on Finance and House Committee on Appropriations.

Sec. 64. Prohibition Against Impoundment of Appropriations. No appropriations authorized under this Act shall be impounded through retention or deduction, unless in accordance with the rules and regulations to be issued by the DBM: PROVIDED, That all the funds appropriated for the purposes, programs, projects, and activities authorized under this Act, except those covered under the Unprogrammed Fund, shall be released pursuant to Section 33 (3), Chapter 5, Book VI of E.O. No. 292.

Sec. 65. Unmanageable National Government Budget Deficit. Retention or deduction of appropriations authorized in this Act shall be effected only in cases where 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 FY 2011 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 Development Budget Coordinating Committee and approved by the President.

Sec. 66. Prohibition Against Retention or Deduction of Allotment. Fund releases from appropriations provided in this Act shall be transmitted intact or in full to the office or agency concerned. No retention or deduction as reserves or overhead shall be made, except as authorized by law, or upon direction of the President of the Philippines. The COA shall ensure compliance with this provision to the extent that sub-allotments by agencies to their subordinate offices are in conformity with the release documents issued by the DBM.

Sec. 67. Automatic and Regular Release of Appropriations. Notwithstanding any provision of law to the contrary, the appropriations authorized in this Act for the Congress of the Philippines, the Judiciary, the Civil Service Commission, the Commission on Audit, the Commission on Elections, the Office of the Ombudsman and the Commission on Human Rights shall be automatically and regularly released.

Sec. 68. Direct Release of Funds to Regional Offices/Implementing Units. Funds allotted for regional offices/implementing units but included in the budgets of their Central Offices or which are specifically allocated for the different regions/implementing units shall be released directly to said regional offices/implementing units. For this purpose, the DBM shall identify by region/implementing unit the expenditure programs of agencies in the National Government budget and shall release funds intended for them in accordance with the approved distribution of expenditures specifying the region/implementing unit. Copies of fund releases to said regional offices/implementing units shall be furnished the House Committee on Appropriations and Senate Committee on Finance.

Sec. 69. Notice of Release of Funds. Release of funds for construction, repair, maintenance, rehabilitation, replacement, completion, betterment or improvement of roads and bridges, port works, flood control, waterworks/supply and government buildings and structures, shall be made after ten (10) days written notice to the representative of the legislative district concerned.

Sec. 70. Certification of Availability of Funds. Before entering into contracts involving the expenditure of public funds, all departments, bureaus, offices or agencies shall secure a certification of availability of funds for the purpose from the agency chief accountant, subject to 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, as provided by LOI No. 968 dated December 17, 1979.

Departments, bureaus, offices or agencies, before entering into contracts for delivery of goods or services against future payment, shall likewise first secure a certification of availability of funds out of the agency's appropriations to cover the full contract price or the contracted amount for such goods or services. No contract shall be entered into nor work undertaken without such certification of fund availability.

Sec. 71. Disbursement of Funds. All appropriated funds shall be disbursed only through the BTr and/or authorized servicing banks under the Modified Disbursement Scheme.

Sec. 72. Limitations on Cash Advance/Reportorial Requirements. Notwithstanding any provision of law to the contrary, it is hereby declared a policy of the government not to grant cash advances until such time that the earlier cash advances availed of by the officials or employees concerned shall have been already

liquidated pursuant to pertinent accounting and auditing rules and regulations, as certified by the head of the agency concerned and the COA auditor.

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 of 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. 73. Limitations on Fund Transfers to Non-Government Organizations and People's Organizations. It is hereby declared a policy of the government not to allow non-government organizations (NGOs) and people's organizations (POs) to participate in the implementation of any program or project of government agencies until such time that any earlier fund releases availed of by the said NGOs and POs shall have been fully liquidated pursuant to pertinent accounting and auditing rules and regulations, as certified by the head of the agency concerned and the COA auditor.

Government agencies shall likewise ensure that the NGOs and POs that they deal with are legitimate. A report on the fund releases indicating the names of NGOs and POs shall be prepared by the agency concerned and duly audited by the COA, and shall be submitted to the Senate Committee on Finance and House Committee on Appropriations.

Sec. 74. Preference for Priority Provinces, Cities and Municipalities. All departments, bureaus, offices and agencies shall give utmost priority in the utilization of their funds for basic services to all provinces, cities and municipalities with the poorest families as set forth in the National Anti-Poverty Program.