

RELEASE AND USE OF FUNDS

Sec. 52. 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. 53. 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. 54. 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 and in other sections of the General Provisions in this Act.

Sec. 55. Rules in the Realignment of Funds. Realignment of funds from one allotment class to another shall require prior approval of the DBM.

Departments, agencies and offices are authorized to augment any item of expenditure within Personal Services and MOOE except confidential and intelligence funds which require prior approval of the President of the Philippines. However, realignment of funds among objects of expenditures within Capital Outlays shall require prior approval of the DBM.

Notwithstanding the foregoing, realignment of any savings for the payment of magna carta benefits authorized under Section 40 hereof shall require prior approval of the DBM.

Sec. 56. Mandatory Expenditures. The amounts programmed, particularly for, but not limited to, petroleum, oil and lubricants as well as for water, illumination and power services, telephone and other communication services, and rent requirements shall be disbursed solely for such items of expenditures: PROVIDED, That any savings generated 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 rules on the realignment of funds provided in the preceding section.

Use of funds in violation of this section shall be void, and shall subject the erring officials and employees to disciplinary action 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. 57. 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 solely for such business-type activity and shall not be realigned to any other expenditure item.

Use of funds in violation of this section shall be void, and shall subject the erring officials and employees to disciplinary action 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. 58. Confidential and Intelligence Funds. No amount in this Act shall be released or disbursed for confidential and intelligence activities unless approved by the President of the Philippines, or specifically identified and authorized as such confidential or intelligence fund in this Act.

Confidential and intelligence funds provided for in the budgets of departments, bureaus and 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: PROVIDED, That at least eighty percent (80%) of confidential and intelligence funds shall be used for field operations.

All departments, bureaus and agencies shall submit to the President of the Philippines a quarterly report on the accomplishments in the use of confidential and intelligence funds.

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

Sec. 59 Realignment of Funds for Foreign-Assisted Projects. The amount appropriated in this Act for the implementation of foreign-assisted projects, including loan proceeds and peso 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. 60. 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 a report on these releases and obligations shall be submitted to the Senate Committee on Finance and House Committee on Appropriations, either in printed form or by way of electronic document.

Sec. 61. 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. 62. 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 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. 63. 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. 64. Direct Release of Funds to Regional Offices and Other Implementing Units. Funds allotted for regional offices and other 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 authorized in this Act 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. 65. Lump-Sum Appropriations. All national government agencies including SUCs shall submit to DBM within thirty (30) days from the approval of this Act the complete details of all lump-sum appropriations in their respective budgets which shall include but not limited to the list of sub-programs/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.

Sec. 66. 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 in accordance with P.D. No. 1445.

For projects covered by a multi-year obligational authority, as authorized under Section 20 hereof, the same shall be used as basis in the certification of availability of funds required prior to contract execution.

Sec. 67. Disbursement of Funds. Public funds shall be disbursed only through the BTr and/or authorized servicing banks under the Modified Disbursement Scheme.

Sec. 68. 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, either in printed form or by way of electronic document, 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. 69. Requirements on Fund Transfers to Civil Society Organizations. Fund transfers to Civil Society Organizations (CSOs) shall be made only when earlier fund releases, if any, availed of by the CSOs shall have been fully liquidated pursuant to pertinent accounting and auditing rules and regulations.

Government agencies shall likewise ensure that the CSOs they deal with are legitimate. A report on the fund releases indicating the names of the CSOs 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, either in printed form or by way of electronic document.

Sec. 70. 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 where the absolute number of indigents and the incidence of poverty are high, as identified in the latest official poverty statistics of the National Statistics Coordination Board.