

General Provisions

Sec. 2. FY 2017 Budget with UACS. To properly implement this Act, the DBM shall identify the account codes of the items of appropriations in this Act pursuant to the Unified Accounts Code Structure (UACS) under COA-DBM J.C. Nos. 2013-1 and 2014-1 dated August 6, 2013 and November 7, 2014, respectively. The UACS shall cover the funding source, organization, location, MFO, program, activity or project, and object code which shall be used in the release of the appropriations herein for a unified accounting, auditing and reporting of all the financial transactions of the government.

Sec. 3. The GAA as the Allotment Order. The GAA, upon its effectivity, shall be considered the allotment authorizing agencies to obligate funds in accordance with its provisions, except for the following:

- (a) Appropriations that by virtue of law, general or special provisions, and rules and regulations have conditions or requirements before release;
- (b) Lump-sum appropriations in the agency budget and special purpose funds that have no details necessary for release; and
- (c) Those requiring a Special Budget under the general and special provisions in this Act.

In the case of automatic appropriations, the allotment shall be issued by the DBM upon compliance with the conditions provided by law.

The DBM shall identify the items of appropriations in the GAA which are not covered by the above allotment order and submit a copy thereof to the Speaker of the House of Representatives and the President of the Senate of the Philippines.

RECEIPTS AND INCOME

Sec. 4. Receipts or Revenues Collected by Agencies. As a general rule, 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 mandated 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.

Exceptions to the foregoing are:

- (a) Receipts authorized by law to be recorded as a Special Account in the General Fund, Trust Fund or a fund other than the General Fund which shall be established 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. The said special funds may be made available for expenditure, subject to any special provision of the agencies concerned; 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 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. They may be allowed to raise their fees and charges in accordance with A.O. No. 31, s. 2012, DOF-DBM-NEDA J.C. No. 1-2013 dated January 30, 2013 and such other 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 regional, provincial, field or extension offices. The agencies shall likewise continuously display their updated schedule of fees.

Sec. 5. 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. 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, whether in cash or in kind, shall be accounted for in the books of the donee-government agency in accordance with accounting and auditing rules and regulations. 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. The cash value of the donations shall be deemed automatically appropriated for the purpose specified by the donor. Donations with a term not exceeding one (1) year shall be treated as trust receipts in accordance with Section 6 hereof.

Disbursements or expenditures by agencies in violation of the above requirements 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 Speaker of the House of the Representatives, the President of the Senate of the Philippines, and the COA, either in printed form or by way of electronic document, quarterly reports of all donations received, whether in cash or in kind, and 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 likewise posted on the agency's official website.

Sec. 6. Trust Receipts. The following shall be deposited with the National Treasury and recorded as trust receipts 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 guidelines issued thereon:

- (a) Receipts collected or received by departments, bureaus, offices, and instrumentalities of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs: (i) from non-tax sources, such as insurance proceeds, acting as trustee, agent or administrator; (ii) as a guaranty for the fulfillment of an obligation; or (iii) from donations authorized by law or contract with a term not exceeding one (1) year; and
- (b) Those classified by law or regulations as trust receipts.

Trust receipts shall be disbursed in accordance with the purpose for which it is created, subject to the applicable special provisions and accounting and auditing rules and regulations.

Disbursements or expenditures by agencies in violation of the above requirements 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 agency concerned shall submit to the DBM, the Speaker of the House of the Representatives, the President of the Senate of the Philippines, and the COA, either in printed form or by way of electronic document, quarterly reports of all trust receipts collected or received. 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 likewise posted on the agency's official website.

Sec. 7. Performance Bonds and Deposits. Performance bonds and deposits filed or posted by private persons or entities with departments, bureaus, offices, and instrumentalities of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs shall be deposited with the National Treasury and recorded as trust receipts in accordance with E.O. No. 338, as implemented by COA-DBM-DOF J.C. No. 1-97, and such other guidelines issued thereon.

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 accounting and auditing rules and regulations.

Disbursements or expenditures by agencies in violation of the above requirements 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 agency concerned shall submit to the DBM, the Speaker of the House of the Representatives, the President of the Senate of the Philippines, and the COA, either in printed form or by way of electronic

document, quarterly reports of all trust receipts collected or received. 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 likewise posted on the agency's official website.

Sec. 8. Receipts from Public-Private Partnership Projects. Receipts collected or received by departments, bureaus, offices, and instrumentalities of the National Government, including Constitutional Offices enjoying fiscal autonomy, SUCs and GOCCs, such as toll fees, charges and other revenues arising from projects implemented through build-operate-and-transfer arrangement and other variants pursuant to R.A. No. 6957, as amended by R.A. No. 7718, intended for the proponent private company or individual in accordance with the Public-Private Partnership (PPP) agreement 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.

The National Government share out of the collections from PPP 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.

Disbursements or expenditures by agencies in violation of the above requirements 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 agency concerned shall submit to the DBM, the Speaker of the House of the Representatives, the President of the Senate of the Philippines, and the COA, either in printed form or by way of electronic document, quarterly reports on all trust liability accounts maintained. 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 likewise posted on the agency's official website.

Sec. 9. Revolving Funds. Revolving funds shall be established and maintained only if expressly created and authorized by law or this section.

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

- (a) 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 budgeting, accounting and auditing rules and regulations; and
- (b) Other 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.

Revolving funds 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 foregoing activities shall be charged against the revolving fund. In no case shall said fund be used for the payment of discretionary and representation expenses.

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 agency concerned shall submit to the DBM, copy furnished the Speaker of the House of the Representatives and the President of the Senate of the Philippines, either in printed form or by way of electronic document, quarterly reports on income and expenditure. 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 likewise posted on the agency's official website.

Sec. 10. Reversion, Closure, and Transfer of Balances of Special Accounts, Fiduciary or Trust Funds, Revolving Funds, and Unauthorized Accounts. Departments, bureaus, offices, and instrumentalities of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs are mandated to close and revert all balances of Special Accounts, Fiduciary or Trust Funds, and Revolving Funds to the

General Fund in any of the following instances: (i) when there is no legal basis for its creation; (ii) when their terms have expired; or (iii) when they are no longer necessary for the attainment of the purposes for which said funds were established.

In case an agency fails or refuses to implement such closure, reversion and/or transfer, the Permanent Committee may recommend for approval of the President the closure, reversion and/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) in the cases above-mentioned; (ii) when used in violation of the rules and regulations issued by the Permanent Committee; (iii) when they have remained dormant for an unreasonable length of time; or (iv) when needed by the General Fund in times of emergency.

Said agencies 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 basis or those while legally authorized are maintained outside of the National Treasury in violation of law.

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

Sec. 11. 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 deposited 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 or fund sources; (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.

Sec. 12. Conduct of Seminar, Conference, Training, and Oath Taking Programs. Departments, bureaus, offices, and instrumentalities 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, training, and oath taking fees from government and private agency participants.

The proceeds derived from each seminar, conference, training, and oath taking activities 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, training, and oath taking activities subject to 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, training, or oath taking submit to the DBM, either in printed form or by way of electronic document, a report on the fees collected and expenses incurred thereon.

Sec. 13. Sale of Official Publications. Departments, bureaus, offices, and instrumentalities 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 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 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. 14. Sale of Non-Serviceable, Obsolete or Unnecessary Equipment. Departments, bureaus, offices, and instrumentalities 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 other guidelines issued 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. 15. 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, offices, and instrumentalities 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 the issuance of foreign and domestic securities, and foreign currency acquisition for payment of debt service; (ii) DND and PNP on importations of military hardware, 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 (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, including tax obligations assumed to a valid agreement, the AFP Commissary and Exchange Service, the PNP Service Store System, and the Procurement Service Exchange Marts or PX Marts, in accordance with P.D. No. 776, as amended by E.O. No. 93, s. 1986 and such other guidelines issued thereon.

Implementation of this section shall be subject to DOF-DBM J.C. No. 1 dated April 30, 2014 and such other guidelines issued by the agencies concerned.

Sec. 16. 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) Other Conditions provided by law; and
- (d) Issuance of a Forward Obligational Authority (FOA) by the DBM for project loans or issuance of a DBCC resolution covering the full amount in the case of program loans, except for those undertaken by GOCCs. In the issuance of a FOA, the DBM shall 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.

EXPENDITURES

Sec. 17. Use of Government Funds. Government funds shall be utilized in accordance with the appropriations authorized for the purpose and 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, its IRR and GPPB guidelines issued 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 and employee for training, seminar or conference abroad when the foreign mission cannot effectively represent our country or travels necessitated by authorized international commitments, in accordance with E.O. Nos. 248 and 248-A, s. 1995 as amended by E.O. No. 298, s. 2004; and other guidelines issued thereon: 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. 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. 18. Strict Adherence to Procurement Laws, Rules and Regulations. All agencies of the government shall strictly adhere to the provisions of R.A. No. 9184, its IRR and GPPB guidelines in the procurement of goods, infrastructure projects and consulting services.

To promote transparency and achieve efficiency in the procurement process, the Philippine Government Electronic Procurement System shall be the primary source and repository of information on government procurement.

Sec. 19. Early Procurement Activities. To ensure full budget utilization, timely contract implementation and efficient delivery of services, agencies are authorized to undertake procurement activities from pre-procurement conference until post-qualification of bids based on their proposed budget in the National Expenditure Program, Corporate Operating Budgets or Appropriations Ordinance, in accordance with the guidelines issued by the GPPB.

For multi-year projects, the issuance of Multi-year Obligational Authority (MYOA) by the DBM is required prior to commencement of any procurement activity.

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

Sec. 20. Procurement of Common-Use Supplies. All agencies of the government shall purchase common-use supplies from the Procurement Service (PS) as mandated under LOI No. 755 dated October 18, 1978, E.O. No. 359, s. 1989, A.O. No. 17, s. 2011 and such guidelines issued thereon. Common-use supplies shall refer to those included in the Electronic Catalogue of the PS which shall be regularly updated to include all items commonly procured by agencies of the government.

Sec. 21. Procurement of Critical Supplies. All agencies of the government shall ensure the timely and sufficient provision of critical supplies, particularly those which by its nature, use or characteristic, the quantity and/or exact time of need cannot be accurately pre-determined. This includes fuel, equipment spare parts and other analogous items. For this purpose, said agencies shall resort to the use of Ordering Agreement in the procurement of critical supplies, subject to the provisions of R.A. No. 9184, its IRR, and GPPB guidelines.

Sec. 22. Printing Expenditures. All agencies of the government shall engage the services of the National Printing Office, *Bangko Sentral ng Pilipinas* and APO Production Unit as recognized government printers (RGPs) for the printing of accountable forms and sensitive, high quality or high volume requirements, subject to the following:

- (a) The RGPs shall undertake the printing requirements themselves and shall not sub-contract any portion thereof to other printers; and

- (b) An agency may be allowed to engage private printers for the printing of accountable forms and sensitive, high quality or high volume requirements upon certification by the RGPs that they are unable to service the said requirements.

Sec. 23. Inventory of Supplies, Materials and Equipment Spare Parts. The inventory of supplies, materials and equipment spare parts to be procured shall not exceed the agency's two-month requirement.

The head of agencies may increase their inventory of critical supplies, materials and equipment spare parts to be procured in any of the following instances: (i) in anticipation of cost increases; (ii) necessitated by a national emergency; (iii) when there is an impending shortage; and (iv) when otherwise authorized in this Act or in the charter of the agency concerned. The 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 equipment spare parts when there is an unforeseen contingency requiring immediate purchase subject to the conditions prescribed under R.A. No. 9184, its IRR and GPPB guidelines.

Sec. 24. Implementation of Infrastructure Projects. The following requirements shall be observed in the implementation of infrastructure projects:

- (a) The location, areas or sites of all infrastructure projects are not included in the critical geo-hazard areas or no build zones identified by the Mines and Geo-Sciences Bureau (MGB);
- (b) The standards of construction, rehabilitation, improvement or repair of all infrastructure projects in all areas and zones are consistent with the rules determined by the DPWH, in coordination with the MGB; and
- (c) The planning and construction of all infrastructure projects to be implemented within the National Integrated Protected Area System (NIPAS) are done in a way that eliminates or minimizes the risk of biodiversity loss while the specifications thereon are in accordance with those determined by the DPWH, in coordination with the DENR. Major infrastructure projects may only be undertaken in said areas if intended to enhance biodiversity.

Sec. 25. Multi-year Projects. The DBM shall identify the requirements and/or prescribe guidelines before departments, bureaus, offices and instrumentalities of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs may enter into multi-year projects. This includes the issuance of a MYOA prior to the procurement of multi-year projects. The DBM, in setting the requirements for the issuance of a MYOA, shall consider the types of multi-year projects if these are capital intensive or regular and recurring, such as, janitorial and security services, telecommunications requirements, provision for water, rental of office space and equipment, and lease-purchase agreements.

In the case of solicited multi-year PPP projects approved under R.A. No. 6957, as amended by R.A. No. 7718, the same shall be covered by a letter of commitment issued in accordance with the guidelines issued by the DBM.

In all instances, the obligation to be incurred for multi-year projects shall in no case exceed the allotment released for the purpose during the year. Procurement of multi-year projects shall be subject to the provisions of R.A. No. 9184 and its IRR and the guidelines issued by the GPPB.

Sec. 26. Harmonized National Research and Development Agenda. The DOST, in consultation with government research institutions and other agencies concerned, shall prepare a harmonized national research and development agenda for the government covering all major research and development programs and projects or those costing Ten Million Pesos (P10,000,000) and above. The proposed agenda shall be submitted for approval by the Director General of NEDA.

The harmonized national research and development agenda shall be directly related to the priorities under the Philippine Development Plan.

The DOST shall submit to the DBM, the Speaker of the House of the Representatives and the President of the Senate of the Philippines, either in printed form or by way of electronic document, a copy of the approved Harmonized National Research and Development Agenda. The Secretary of Science and Technology and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that the approved Harmonized National Research and Development Agenda is posted on the Agency's website.

Sec. 27. 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 the 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 Philippine Plan for Gender-Responsive Development (1995-2025) and the Philippine Development Plan.

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 fulfilment 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. 28. 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 infrastructures and facilities 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. 29. Projects Related to the 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.

Sec. 30. Disaster Risk Reduction and Climate Change Mitigation Projects. All agencies of the government are encouraged to implement projects designed to address risk reduction and management activities under R.A. No. 10121.

They shall likewise 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. 31. Employment of Contractual Personnel. Contractual personnel may be hired by agencies 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. 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 personnel in the implementation of the priority programs, activities or projects, subject to approval of the DBM. In which case, the payment for contractual personnel shall be sourced from Miscellaneous Personnel Benefits Fund.

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

Sec. 32. Extraordinary and Miscellaneous Expenses. Appropriations authorized in this Act may be used for the annual extraordinary expenses of the following officials with the following ranks and their equivalent, as may be determined by the DBM, not exceeding the amounts indicated:

- (a) P264,000 for each Department Secretary;
- (b) P108,000 for each Department Undersecretary;
- (c) P60,000 for each Department Assistant Secretary;
- (d) P45,600 for each head of bureau or organization of equivalent rank, and for each head of a Department Regional Office including General Manager of Local Water District in Category A and B;
- (e) P26,400 for each head of a Bureau Regional Office or organization of equivalent rank including General Manager of Local Water District in Category C and D; and
- (f) P19,200 for each Municipal Trial Court Judge, Municipal Circuit Trial Court Judge, and Shari'a Circuit Court Judge.

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

For the purpose of this section, extraordinary and miscellaneous expenses shall include, but 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. 33. 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 uniform or costume and other related expenses in the conduct of cultural and athletic activities per employee-participant.

PERSONNEL BENEFITS

Sec. 34. Funding of Personnel Benefits. Notwithstanding any provision of law to the contrary, all personnel benefits costs of government personnel shall be chargeable against the funds from which their salaries are paid. If the personnel benefits costs, 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 the payment of retirement and terminal leave benefits and pension.

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

The personnel benefits costs 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. 35. 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 personnel, computed based on the Government Manpower Information System. 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.

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

Sec. 36. Remittance of Compulsory Contributions. The government and employee share in the compulsory contributions to the Employees' Compensation Commission, PHILHEALTH, GSIS and HDMF 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 directly remitted 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.

Any proposed increase in government and employee compulsory contributions may only be implemented after consultation by the agency concerned with the DBM in order that the budgetary implications of such proposal be duly considered. The implementation of any increase in government and employee compulsory contributions, after said consultation, shall be made effective only upon inclusion thereof in an appropriations law.

Sec. 37. Authorized Deductions. Deductions from salaries and 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 HDMF;
- (b) Non-stock savings and loan associations and mutual benefits associations duly operating under existing laws which are managed by and/or for the benefit of government employees;
- (c) Associations, cooperatives, or provident funds organized and managed by government employees for their benefit and welfare;
- (d) GFIs authorized by law and accredited by appropriate government regulating bodies to engage in lending;
- (e) Licensed insurance companies; and
- (f) Thrift banks and rural banks accredited by the BSP.

In no case shall the foregoing deductions reduce the employee's monthly net take home pay to an amount lower than Three Thousand Five Hundred Pesos (P3,500).

Sec. 38. Personnel Economic Relief Allowance. In order to supplement the salaries of government personnel covered by R.A. No. 6758, as amended, Personnel Economic Relief Allowance (PERA), in the amount of Two Thousand Pesos (P2,000) per month, is granted to the following:

- (a) Civilian government personnel stationed in the Philippines, whether occupying regular, contractual or casual positions, appointive or elective; and
- (b) Military and uniformed personnel.

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

The grant of PERA shall be subject to the rules and regulations prescribed under B.C. No. 2009-3 dated August 18, 2009 and such other guidelines issued by the DBM.

Sec. 39. 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 guidelines issued by the DBM.

Sec. 40. 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 subject to the guidelines issued by the DBM.

Sec. 41. Special Counsel Allowance. Government lawyers designated to assume the duties of a legal officer are hereby authorized an allowance of Two Thousand Five Hundred Pesos (P2,500) for each appearance or attendance to court hearings, subject to the following:

- (a) The government lawyer has been deputized by the Office of the Solicitor General (OSG) or authorized by the head of agency to assist the OSG, prosecutors, or represent the agency or its personnel, as the case may be;
- (b) The court appearance is not pursuant to motions for extension or postponement of hearing; and
- (c) The aggregate allowance shall not exceed fifty percent (50%) of the government lawyer's monthly basic salary 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 government lawyers appearing before quasi-judicial and administrative agencies.

Sec. 42. Hazard Duty Pay. Hazard duty pay shall be granted only to government personnel 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.

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 guidelines issued by the DBM.

Sec. 43. Honoraria. Honoraria may be paid only 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;
- (c) Chairpersons 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 these 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. 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 receive 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 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 guidelines issued by the DBM.

Sec. 44. Representation and Transportation Allowances. Government officials with the following ranks and their equivalent, as determined by the DBM, while in the actual performance of their respective functions, are hereby authorized monthly commutable representation and transportation allowances 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.

The grant of representation and transportation allowances, shall be subject to the following:

- (a) Transportation allowance, whether in full or partial amounts, shall not be granted to officials who are assigned or actually using government motor transportation. 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;
- (b) 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 Personnel Services limitations under Section 325 (a) of R.A. No. 7160; and
- (c) 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.

Sec. 45. 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. 46. 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. 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.

Government personnel who are not entitled to quarters privileges but are allowed to use government quarters shall be charged the corresponding cost of rentals subject to guidelines as may be issued by the DBM.

Sec. 47. Mid-year Bonus. The Mid-year bonus equivalent to one (1) month basic salary, shall be granted to all National Government personnel, whether under regular, temporary, casual or contractual status, on full-time or part-time basis, subject to the following:

- (a) at least a total or an aggregate of four (4) months of service from July 1 of the immediately preceding year to May 15 of the current year, and who are still in the government service as of May 15 of the current year;
- (b) with a minimum satisfactory performance rating in the immediately preceding rating period; and
- (c) the provisions of B.C. No. 2016-3 dated April 28, 2016 and such other guidelines issued by the DBM.

Personnel of GOCCs covered by the Compensation and Position Classification System under R.A. No. 6758, as amended and LGUs are likewise entitled to Mid-year bonus chargeable against their respective corporate and local funds.

Sec. 48. 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 personnel, whether under regular, temporary, casual or contractual status, on full-time or part-time basis, subject to the following:

- (a) at least a total of four (4) months of service including leaves of absence with pay from January 1 to October 31 have been rendered during the current year, and who are still in the service by October 31 of the same year;
- (b) those who have rendered at least a total or an aggregate of four (4) months of service from January 1 of the current year but who have retired or separated from government service before October 31 of the same year shall be granted within the month of retirement or separation, a pro-rated share of the Year-end Bonus based on the monthly basic pay immediately preceding the date of retirement or separation and a Cash Gift of ₱5,000; and
- (c) the provisions of B.C. No. 2016-4 dated April 28, 2016 and such other guidelines issued by the DBM.

Personnel of GOCCs covered by the Compensation and Position Classification System under R.A. No. 6758, as amended and LGUs are likewise entitled to the Year-end Bonus and Cash Gift chargeable against their respective corporate and local funds.

Sec. 49. Use of Appropriations for Retirement Gratuity and Terminal Leave. Appropriations authorized in this Act to cover the payment of retirement benefits shall be released directly to the agencies concerned computed based on the provisions of, and subject to the conditions prescribed in, applicable retirement laws, rules and regulations.

Unless authorized by law and duly covered by guidelines issued 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. 50. Availability of Appropriations. All appropriations authorized in this Act shall be available for release and obligation for the purpose specified, and under the same special provisions applicable thereto, until December 31, 2017.

A report on these releases and obligations shall be submitted to the Speaker of the House of the Representatives and President of the Senate of the Philippines, either in printed form or by way of electronic document.

Sec. 51. Impoundment of Appropriations. The President of the Philippines, upon recommendation of the DBM may propose the rescission or deferral of appropriations from both houses of Congress, under any of the following:

- (a) if the appropriations is no longer required to fulfill the objectives originally sought to be achieved by the programs, activities and projects covering the same; or
- (b) in case of 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 to 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.

Both houses of Congress shall act on the proposed rescission or deferral within forty-five (45) days after the receipt of the impoundment proposal from the President by issuing a joint Impoundment Resolution. Within the same period of forty-five (45) calendar days, the appropriations covered by the Impoundment Proposal shall not, in any way, be rescinded or deferred in relation to the purposes and objectives for which it was appropriated. Congressional inaction, within the 45-day period, is equivalent to an approval of the impoundment proposal.

Impounded funds shall revert to the National Treasury and shall not thereafter be available for expenditure except by subsequent legislative enactment.

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

Sec. 52. Direct Release of Funds to Regional Offices and Operating Units. Funds appropriated in this Act shall be released directly to the Regional Offices (ROs) and Operating Units (OUs) of agencies where funds are specifically appropriated to the ROs and OUs of agencies, except as requested by the agencies to the DBM.

Sec. 53. 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 of a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292, copy furnished the Speaker of the House of the Representatives and the President of the Senate of the Philippines. The Special Budget shall include the complete details of the programs, activities and projects covering the lump-sum appropriations with the corresponding cost up to the lowest level i.e., provincial, city or municipal level, as the case may be.

Sec. 54. Civil Society Organizations. Agencies may work with civil society organizations (CSOs) as partners in the implementation of their programs, activities and projects. For this purpose, the DSWD shall accredit CSOs to ensure that agencies work only with legitimate CSOs as implementing partners.

Any related procurement of goods, infrastructure projects and consulting services in the engagement of CSOs as implementing partners shall comply with the provisions of R.A. No. 9184, its IRR and GPPB guidelines. And any transfer of funds to CSOs may only be made upon liquidation of funds previously received by them in accordance with accounting and auditing rules and regulations. Government agencies through regular monitoring, evaluation and reporting, shall ensure compliance of CSOs with the guidelines on fund transfers, and shall remain accountable for the funds transferred to CSOs.

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 Agency's website. Agencies partnering with CSOs in the implementation of their programs, activities and projects shall submit to the Speaker of the House of the Representatives and the President of the Senate of the Philippines an annual report on the funds transferred to CSOs, either in printed form or by way of electronic document. The respective heads of the agencies and web administrators or their equivalent shall be responsible for ensuring that said reports are likewise posted on their respective agency websites.

Sec. 55. Authority to Use Savings. The President of the Philippines, the Senate President, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court and the Heads of Constitutional Commissions enjoying fiscal autonomy 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. In the case of programs with several activities, each activity shall be considered an item of appropriation.

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 President of the Senate of the Philippines and the Speaker of the House of the Representatives, 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 websites.

Sec. 56. 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) completion, final discontinuance, or abandonment of a program, activity or project for which the appropriation is authorized; or
- (b) implementation of measures resulting in improved systems and efficiencies and thus enabled an agency to meet and deliver the required or planned targets, programs and services approved in this Act at a lesser cost.

In case final discontinuance or abandonment is used as basis in the declaration of savings, such discontinued or abandoned program, activity or project shall no longer be proposed for funding in the succeeding years.

Allotments that were not obligated due to the fault of the agency concerned shall not be considered savings.

Sec. 57. Meaning of Augmentation. Augmentation is the act of the constitutional officers authorized to use savings in their respective appropriations to cover a deficiency in any existing program, activity or project within their respective offices. A deficiency in a program, activity or project may result from:

- (a) Unforeseen modifications or adjustments in the program, activity or project; or
- (b) Re-assessment in the use, prioritization and/or distribution of resources.

The particulars of the expenditures to be funded from savings should be within the scope of, or covered by an existing program, activity or project. The existence of a program, activity or project regardless of the availability of allotment class/es is sufficient for the purpose of augmentation.

In no case shall a non-existent program, activity or project be funded by augmentation from savings or by the use of an appropriations otherwise in this Act.

Sec. 58. Priority in the Use of Savings. In the use of savings, priority shall be given to 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 program, activity or program covered in this Act.

Sec. 59. Modification in the Allotment. As a general rule, departments, bureaus and offices of the national government, including Constitutional Offices enjoying fiscal autonomy and SUCs shall spend what is programmed in their respective appropriations in this Act. In exceptional circumstances, agencies may modify the allotment issued within a program, activity or project subject to approval of the following:

- (a) The heads of agencies for change in the object of expenditure (Salaries and Wages, Travelling Expenses, or Investment Outlays) within an allotment class (Personnel Services, MOOE or Capital Outlays);
- (b) The DBM for modifications within a special purpose fund and within the purpose authorized under the Unprogrammed Appropriations; and
- (c) The President of the Philippines for the payment of intelligence funds within the Executive branch.

All modifications within Capital Outlays may only be made until June 30, 2017, except if due to the occurrence of calamities. All modification in the allotment shall not entail any increase in the total amount appropriated for a program, activity or project.

Sec. 60. Rules in the Grant of Collective Negotiation Agreement Incentive. Departments, bureaus, and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs may grant collective negotiation agreement (CNA) Incentive sourced from the allowable MOOE allotments identified by the DBM, subject to the following:

- (a) There is a valid CNA executed between the agency and the recognized employee organization which includes a provision on cost-cutting measures to be undertaken collectively by the agency and its personnel;
- (b) 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;

- (c) The CNA Incentive that may be granted shall be limited to the amount determined by the DBM; and
- (d) The payment of CNA Incentive shall be subject to approval by the DBM and made only during the validity of appropriations. Any excess amounts therefrom after payment of the CNA Incentive shall revert to the General Fund.

GOCCs and LGUs may likewise grant CNA Incentive to their respective personnel, subject to the policies, rules and regulations issued by the DBM.

Sec. 61. Mandatory Expenditures. The amounts programmed for petroleum, oil and lubricants, water, illumination and power services, telephone and other communication services, and rental expenses shall be disbursed exclusively for such items of expenditures. Any available allotment from these items after taking into consideration the agency's full year requirements may be modified only in the last quarter and subject to the provisions of Section 59 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. 62. Expenditures for Business-Type Activities. Funds 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. 63. Intelligence Funds. No appropriations authorized in this Act shall be released or disbursed for intelligence activities, including amounts sourced from savings, unless approved by the President of the Philippines, or specifically identified and authorized as intelligence fund in this Act. Agencies utilizing intelligence funds shall submit to the President of the Philippines a quarterly report on the accomplishments in the use of said funds.

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.

Implementation of this section shall be subject to COA-DBM-DILG-GCG-DND J.C. No. 2015-01 dated January 8, 2015 and such other guidelines issued thereon.

Sec. 64. Confidential Funds. Confidential funds authorized in this Act shall be released or disbursed only upon approval of the Department Secretary concerned. 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.

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.

Implementation of this section shall be subject to COA-DBM-DILG-GCG-DND J.C. No. 2015-01 dated January 8, 2015 and such other guidelines issued thereon.

Sec. 65. 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 in accordance with 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 Speaker of the House of the Representatives and President of the Senate of the Philippines, 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. 66. Use of Funds for Foreign-Assisted Projects. The amounts appropriated in this Act for the implementation of foreign-assisted projects, composed of loan proceeds and peso counterpart components shall be utilized in accordance with the guidelines issued thereon.

Sec. 67. Disbursement of Funds. Public funds for obligations incurred with proper authorization shall be disbursed only through the BTr and/or authorized government servicing banks under the Modified Disbursement System, subject to guidelines issued thereon.

Sec. 68. Electronic Payments in Government Disbursements. Departments, bureaus, offices, and instrumentalities of the National Government, including Constitutional Offices enjoying fiscal autonomy, SUCS and GOCCS shall adopt the use of electronic payment in the disbursement of public funds.

In cases when the adoption of electronic payment is impracticable, agencies shall be allowed to continue with the existing payment scheme and shall submit to the DBM, within sixty (60) days from the effectivity of this Act the reasons therefor.

Sec. 69. Personal Liability of Public Officials and Employees for the Incurrence or Payment of Unauthorized or Unlawful Obligation or Expenditure. Any and all public 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. 70. Reversion of Unexpended Balances of Appropriations. Notwithstanding any provision of law to the contrary, unexpended balances of appropriations authorized in this Act shall revert to the General Fund at the end of the validity of appropriations provided under Section 50 hereof and shall not thereafter be available for expenditure except by subsequent legislative enactment.

ADMINISTRATIVE PROCEDURES

Sec. 71. 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 of the Philippines is 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. The DBM may approve minor changes in the organizational structure and staffing pattern of agencies, and create positions up to a division chief and equivalent level under the Executive branch.

Sec. 72. Institutional Strengthening and Productivity Improvement in Agency Organization and Operations. Heads of departments, bureaus, offices, and instrumentalities under the Executive branch shall adopt institutional strengthening measures to enhance productivity and improve service delivery. For this purpose, they 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 more resources need to be rechannelled; (iii) determine the functions, programs, activities and projects that could be scaled down, phased out or abolished; and (iv) recommend the corresponding structural, functional and operational adjustments to streamline the organization and operations of the agency and improve its performance and productivity.

In the pursuit of said institutional strengthening efforts, heads of agencies may propose the: (i) creation, abolition, renaming, consolidation or merger of bureaus, offices and units within their coverage; or (ii) creation, abolition, reclassification, conversion or transfer of existing positions, from one unit to another. In either instance, the government shall not incur additional cost.

The President of the Philippines or the DBM, as the case may be, is authorized to approve the organizational and staffing modifications needed in streamlining and improving productivity in agency organization and operations, in accordance with Section 71 hereof.

Sec. 73. Reorganization of Region VI. The appropriations provided in this Act for the regional/field offices of national government agencies in Region IV-B may be utilized for the requirements of Region VI under 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. 74. Allocation for the Autonomous Region in Muslim Mindanao in the Budget. National government agencies shall ensure that the requirements of ARMM are provided in the implementation of nationwide programs, activities and projects. 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 their respective agency websites.

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

Sec. 75. 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 2016 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, 2016; and
- (b) The population shall be based on the FY 2015 Census of Population by Province, City, Municipality and Barangay, as approved under Presidential Proclamation No. 1269 dated May 19, 2016.

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 only be considered and implemented by the DBM in the subsequent fiscal year from receipt by the DBM of the notice of said change.

LGUs shall include in their budgets income from both local and external sources, including the amount of their IRA, based on the allocation by the DBM, and receipts from borrowings, 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 the Personnel Services limitations under 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 CNA incentives of their employees upon compliance with the rules and regulations issued by the DBM; (iv) pay the retirement and terminal leave benefits of their employees; and (v) 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.

The IRA and all LGU shares appropriated herein shall be directly released by the BTr to the LGU beneficiaries through authorized government servicing banks.

Sec. 76. Implementation of Nationally Funded Projects. Pursuant to Section 17(c) of R.A. No. 7160, the National Government may designate LGUs as implementing agencies for public works and infrastructure projects and other programs, services and facilities, including the construction of local roads and facilities appropriated in this Act, subject to the following:

- (a) The LGU has the capability to implement the foregoing by administration or contract and in accordance with the design, plan, specifications, and such other standards and policies of the National Government;
- (b) The LGU-recipient of nationally funded public works and infrastructure projects and other programs, services and facilities shall commit to fund the cost of maintenance and repairs thereof; and
- (c) The amount released to the LGUs shall be recorded as trust funds to be used for the specified purpose.

The LGU-implementing agency shall submit to the DBM, the Speaker of the House of the Representatives and the President of the Senate of the Philippines, either in printed form or by way of electronic document, quarterly reports on fund utilization and accomplishments. The Local Chief Executive and the LGU's web

administrator or his/her equivalent shall be responsible for ensuring that said reports are likewise posted on the respective LGU website.

Sec. 77. Submission of Annual Reports and Audited Financial Statements on Accounts Deposited Outside of the National Treasury. All departments, bureaus, offices, and instrumentalities 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 submit to the DBM, the Speaker of the House of the Representatives and the President of the Senate of the Philippines their respective audited financial statements, annual reports and narrative report stating therein a detailed description of the utilization of funds. The statement and report shall include the beginning balance, income collected and its sources, expenditures, and ending balance for the preceding fiscal year.

Sec. 78. Report on Commission on Audit Findings and Recommendations. Within sixty (60) days from receipt of the COA Annual Audit Report, agencies concerned shall submit to the COA, either in printed form or by way of electronic document, 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. They shall likewise furnish the DBM, the Speaker of the House of the Representatives and the President of the Senate of the Philippines, either in printed form or by way of electronic document, a copy of said reports.

The head of agency concerned and the agency's web administrator or his/her equivalent shall be responsible for ensuring that said status reports are posted on the agency's website.

Sec. 79. Submission of Reports. Within thirty (30) days after the end of each quarter, departments, bureaus, offices and instrumentalities of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs, shall submit the following, either in printed form or by way of electronic document:

- (a) Quarterly Financial and Physical Accomplishment Reports, including narrative descriptions to the Speaker of the House of the Representatives and President of the Senate of the Philippines, copy furnished the DBM and COA; and
- (b) Budget and Financial Accountability Reports to the DBM and COA, subject to COA and DBM J.C. No. 2014-1 dated July 1, 2014.

The DBM shall likewise submit to the Speaker of the House of the Representatives and the President of the Senate of the Philippines, either in printed form or by way of electronic document, quarterly reports on releases from, and balances of, Special Purpose Funds, Supplemental Appropriations, Continuing Appropriations and Automatic Appropriations as well as modification of funds approved by it pursuant to the general provisions of this Act.

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. 80. Transparency in Infrastructure Projects. All agencies of the government shall post the following on their respective websites, within the period indicated:

- (a) The project title, location and detailed description; detailed estimates in arriving at the Approved Budget for the Contract; and winning contractor and the detailed estimates of the bid as awarded, within thirty (30) calendar days from entering into contract; and
- (b) The detailed actual cost of the project; and variation orders issued, if any, within thirty (30) calendar days from the issuance of a certificate of completion.

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

Sec. 81. Transparency Seal. To enhance transparency and enforce accountability, all agencies of the government shall maintain a Transparency Seal to be posted on their websites. The Transparency Seal shall contain the following: (i) the agency's mandates and functions, names of its officials with their position and designation, and contact information; (ii) approved budgets and corresponding targets, immediately upon

approval of this Act; (iii) modifications made pursuant to the general provision in this Act; (iv) annual procurement plan/s and contracts awarded with the winning supplier, contractor or consultant; (v) major programs and projects categorized in accordance with the five key results areas under E.O. No. 43, s. 2011 and their target beneficiaries; (vi) status of implementation, evaluation and/or assessment reports of said programs or projects; (vii) Budget and Financial Accountability Reports, pursuant to COA and DBM J.C. No. 2014-1 dated July 1, 2014; and (viii) 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.

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

The DBM shall post on its website the status of compliance by all agencies of the government.

Sec. 82. 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 in the utilization of public funds under this Act and pertinent laws.

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. 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 other activities beyond its congressional oversight functions as defined under applicable laws and/or jurisprudence.

Sec. 83. Exemption from Garnishment, Levy and Execution. It shall be unlawful for any court, agency or office to garnish or subject to levy and execution all public funds, especially the amounts appropriated under this Act.

Sec. 84. Separability Clause. If for any reason, any section or provision of this Act is declared unconstitutional or invalid, other sections or provisions which are not affected thereby shall continue to be in full force and effect.

Sec. 85. Effectivity. The provisions of this Act, detailed in Volume Nos. I to III shall take effect on January one, two thousand and seventeen, unless otherwise provided herein.