

# **Part II**

## **General Provisions**

## GENERAL PROVISIONS

**Sec. 2. FY 2026 Budget with Unified Accounts Code Structure.** All items of appropriations in this Act shall be given account codes by the DBM pursuant to the Unified Accounts Code Structure. These account codes shall be used in the release of the appropriations in this Act for a unified accounting, auditing, and reporting of all the financial transactions of the government.

**Sec. 3. The General Appropriations Act as the Allotment Order.** The General Appropriations Act (GAA), upon its effectivity, shall be considered the allotment authorizing agencies to obligate 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; and
- (b) Lump-sum appropriations in the agency budget and special purpose funds that have no details necessary for release.

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 GAA as the allotment order and submit a copy thereof to the Speaker of the House of Representatives, President of the Senate of the Philippines, House Committee on Appropriations, and Senate Committee on Finance.

## 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 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 or retention of income absent the above legal authority or from income deposited outside of the National Treasury without legal basis shall be void and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43, Chapter 5, and Section 80, Chapter 7, Book VI of E.O. No. 292, and to appropriate civil and criminal actions 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, as well as any updates thereon, shall be posted on their respective websites and in big bold characters in a conspicuous place within the agency, including its regional, provincial, field, or extension offices.

**Sec. 5. Donations.** 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 the case of grants, in cash or in kind, from governments of foreign countries, their agencies and instrumentalities or multilateral institutions or organizations, acceptance thereof shall be subject to the prior clearance and approval by the President or his authorized representative based on the recommendation of the Secretary of Finance. On the other hand, other donations, in cash or in kind, from foreign governments shall require prior clearance and approval by the President or his authorized representative based on the 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 Request, and other relevant budgetary requirements in accordance with applicable laws, rules, and regulations.

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 civil and criminal actions under existing laws.

The donee-agency concerned shall submit its quarterly reports of all donations received, whether in cash or in kind, and expenditures or disbursements thereon, within thirty (30) days after the end of every quarter, through the following:

- (a) URS or other electronic means for reports not covered by the URS until such time that all agencies have fully migrated to the BTMS; and
- (b) Agency's website.

The donee-agency concerned shall send written notice when said reports have been submitted or posted on its website to the DBM, House of Representatives, Senate of the Philippines, House Committee on Appropriations, Senate Committee on Finance, COA, and other offices where the submission of reports is required under existing laws, rules, and regulations. The date of notice to said agencies shall be considered the date of compliance with this requirement.

**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 civil and criminal actions under existing laws.

The agency concerned shall submit its quarterly reports of all trust receipts collected or received, within thirty (30) days after the end of every quarter, through the following:

- (a) URS or other electronic means for reports not covered by the URS until such time that all agencies have fully migrated to the BTMS; and
- (b) Agency's website.

The agency concerned shall send written notice when said reports have been submitted or posted on its website to the DBM, House of Representatives, Senate of the Philippines, House Committee on Appropriations, Senate Committee on Finance, COA, and other offices where the submission of reports is required under existing laws, rules, and regulations. The date of notice to said agencies shall be considered the date of compliance with this requirement.

**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 civil and criminal actions under existing laws.

The agency concerned shall submit its quarterly reports of all trust receipts collected or received, within thirty (30) days after the end of every quarter, through the following:

- (a) URS or other electronic means for reports not covered by the URS until such time that all agencies have fully migrated to the BTMS; and
- (b) Agency's website.

The agency concerned shall send written notice when said reports have been submitted or posted on its website to the DBM, House of Representatives, Senate of the Philippines, House Committee on Appropriations, Senate Committee on Finance, COA, and other offices where the submission of reports is required under existing laws, rules, and regulations. The date of notice to said agencies shall be considered the date of compliance with this requirement.

**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 public sector projects implemented through build-operate-and-transfer arrangement and other variants pursuant to R.A. No. 11966, intended for the private proponent, shall be deposited in an authorized government depository bank. Said receipts shall be booked as trust liability account of the agency concerned, notwithstanding the provisions of Section 4 hereof, subject to the guidelines to be issued by the Permanent Committee.

The National Government share from receipts arising from Public-Private Partnership (PPP) projects, if any, including interests 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 civil and criminal actions under existing laws.

The agency concerned shall submit its quarterly reports of all trust receipts collected or received, within thirty (30) days after the end of every quarter, through the following:

- (a) URS or other electronic means for reports not covered by the URS until such time that all agencies have fully migrated to the BTMS; and
- (b) Agency's website.

The agency concerned shall send written notice when said reports have been submitted or posted on its website to the DBM, House of Representatives, Senate of the Philippines, House Committee on Appropriations, Senate Committee on Finance, COA, and other offices where the submission of reports is required under existing laws, rules, and regulations. The date of notice to said agencies shall be considered the date of compliance with this requirement.

**Sec. 9. Revolving Funds.** The following receipts may be constituted, established, and maintained as revolving funds:

- (a) Those expressly created and authorized by law;
- (b) 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
- (c) Other business-type activities of agencies, including sale of products, which are authorized 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 civil and criminal actions under existing laws.

The agency concerned shall submit its quarterly reports on income and expenditure, within thirty (30) days after the end of every quarter, through the following:

- (a) URS or other electronic means for reports not covered by the URS until such time that all agencies have fully migrated to the BTMS; and
- (b) Agency's website.

The agency concerned shall send written notice when said reports have been submitted or posted on its website to the DBM, House of Representatives, Senate of the Philippines, House Committee on Appropriations, Senate Committee on Finance, COA, and other offices where the submission of reports is required under existing laws, rules, and regulations. The date of notice to said agencies shall be considered the date of compliance with this requirement.

**Sec. 10. Revolving Fund for Research and Development, Science and Technology Capability Building, and Technology Transfer Activities.** All income generated from commercialization of intellectual property and/or intellectual property rights from research and development funded by public funds shall be constituted as a revolving fund for use of the research and development institutes or institutions undertaking technology transfer, deposited in an authorized government depository bank, subject to accounting and auditing rules and regulations: *Provided*, That said income shall be used to defray intellectual property management costs and expenses and to fund research and development, science and technology capability building, and technology transfer activities, including operation of technology licensing offices: *Provided, further*, That no amount of said income shall be used for payment of salaries and other allowances: *Provided, finally*, That the use of said income shall be subject to the limitations provided under Section 18 of R.A. No. 10055.



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 civil and criminal actions under existing laws.

The agency concerned shall submit its quarterly reports on income and expenditure, within thirty (30) days after the end of every quarter, through the following:

- (a) URS or other electronic means for reports not covered by the URS until such time that all agencies have fully migrated to the BTMS; and
- (b) Agency's website.

The agency concerned shall send written notice when said reports have been submitted or posted on its website to the DBM, House of Representatives, Senate of the Philippines, House Committee on Appropriations, Senate Committee on Finance, COA, and other offices where the submission of reports is required under existing laws, rules, and regulations. The date of notice to said agencies shall be considered the date of compliance with this requirement.

**Sec. 11. Reversion, Closure, and Transfer of Balances of Special Accounts, Fiduciary or Trust Funds, Revolving Funds, and Unauthorized Accounts.** Executive agencies, such as, but not limited to, departments, bureaus, offices, and instrumentalities of the National Government, including Constitutional Offices enjoying fiscal autonomy, SUCs, and GOCCs shall immediately assess the status of all Special Accounts, Fiduciary or Trust Funds, and Revolving Funds and submit assessment reports to the Permanent Committee within ninety (90) days from the issuance of the guidelines for the purpose.

The agency shall, based on its assessment, 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; (iii) when they are no longer necessary for the attainment of the purposes for which said funds were established; (iv) when their purpose is duplicative or unnecessarily overlaps with the purposes of other funds; (v) when their purposes are fulfilled or accomplished; (vi) when they have remained dormant for an unreasonable length of time; or (vii) when their purposes are funded under this Act.

In case an agency fails or refuses to implement such closure, reversion or transfer, the Permanent Committee may recommend for approval of the President the closure, reversion 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; or (iii) when needed by the General Fund in times of emergency.

Said agencies shall likewise transfer to 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 Permanent Committee J.C. No. 4-2012 dated September 11, 2012, and such other guidelines to be issued by the Permanent Committee.

**Sec. 12. 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 and Funds 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 requirements.

Agencies shall ensure that posts in their website are searchable for public's easy access of information regarding matters on public funds.

**Sec. 13. 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 seminar, conference, training, and oath taking programs, in relation to their mandated functions are authorized to collect fees from government and private agency participants for said activities. 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.

However, the agencies which do not have sufficient 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. Any excess proceeds shall be deposited with the National Treasury as income of the General Fund.

The agency concerned shall submit quarterly reports on its financial and physical accomplishments, within thirty (30) days after the end of every quarter, through the following:

- (a) URS or other electronic means for reports not covered by the URS until such time that all agencies have fully migrated to the BTMS; and
- (b) Agency's website.

The agency concerned shall send written notice when said reports have been submitted or posted on its website to the DBM, House of Representatives, Senate of the Philippines, House Committee on Appropriations, Senate Committee on Finance, and other offices where the submission of reports is required under existing laws, rules, and regulations. The date of notice to said agencies shall be considered the date of compliance with this requirement.

**Sec. 14. 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. However, the 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. Any excess proceeds shall be deposited with the National Treasury as income of the General Fund.

The agency concerned shall submit quarterly reports on its financial and physical accomplishments, within thirty (30) days after the end of every quarter, through the following:

- (a) URS or other electronic means for reports not covered by the URS until such time that all agencies have fully migrated to the BTMS; and
- (b) Agency's website.

The agency concerned shall send written notice when said reports have been submitted or posted on its website to the DBM, House of Representatives, Senate of the Philippines, House Committee on Appropriations, Senate Committee on Finance, and other offices where the submission of reports is

required under existing laws, rules, and regulations. The date of notice to said agencies shall be considered the date of compliance with this requirement.

**Sec. 15. Sale of Unserviceable, Obsolete, or Unnecessary Equipment.** Departments, bureaus, offices, and instrumentalities of the National Government, including Constitutional Offices enjoying fiscal autonomy are hereby authorized to sell unserviceable, obsolete, or unnecessary equipment, including motor vehicles in accordance with Section 79 of P.D. No. 1445, E.O. No. 309, s. 1996, COA-DBM J.C. No. 2024-1 dated January 30, 2024, 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.

The agency concerned shall submit quarterly reports on its financial and physical accomplishments, within thirty (30) days after the end of every quarter, through the following:

- (a) URS or other electronic means for reports not covered by the URS until such time that all agencies have fully migrated to the BTMS; and
- (b) Agency's website.

The agency concerned shall send written notice when said reports have been submitted or posted on its website to the DBM, House of Representatives, Senate of the Philippines, House Committee on Appropriations, Senate Committee on Finance, and other offices where the submission of reports is required under existing laws, rules, and regulations. The date of notice to said agencies shall be considered the date of compliance with this requirement.

**Sec. 16. 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 DOTr 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; (v) Philippine Coast Guard and National Coast Watch Center of the Office of the President of the Philippines on importation, grants, and donations of hardware, software, munitions, arms, and equipment for maritime security and law enforcement, marine environmental protection, maritime safety, maritime communications, maritime domain awareness, and search and rescue; (vi) special hospitals, specialty hospitals, DOH-retained hospitals and SUC hospitals on importation of health equipment; (vii) Office of the President on donations of electric vehicles to the government; and (viii) other tax obligations assumed by the National Government pursuant to a valid PPP agreement; and
- (c) Tax expenditure subsidies approved by the Fiscal Incentives Review Board, which include, among others, the AFP Commissary and Exchange Service, the PNP Service Store System, and the Procurement Service Exchange Marts or PX Marts, in accordance with E.O. No. 93, s. 1986, as amended, R.A. No. 11534, and other pertinent laws, rules, and regulations issued thereon.

Implementation of this Section shall be subject to the guidelines issued by the DOF and DBM, and such other guidelines issued by the agencies concerned.

**Sec. 17. Loan Agreements.** Departments, bureaus, offices, and instrumentalities of the National Government, including Constitutional Offices enjoying fiscal autonomy, SUCs and GOCCs, except



those engaged in banking, shall in no case enter into foreign or domestic loan agreements, whether in cash or in kind, unless the following conditions, as may be applicable are complied with:

- (a) Prior approval of the President of the Philippines;
- (b) Concurrence of the Monetary Board;
- (c) Conditions provided by pertinent laws; and
- (d) Issuance of 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, and an equivalent document 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.

### **EXPENDITURE**

**Sec. 18. 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 existing government procurement laws, rules, and regulations;
- (b) Purchase of motor vehicles shall be made pursuant to A.O. No. 14, s. 2018, GPPB Resolution No. 06-2024 dated October 4, 2024, B.C. No. 2022-1 dated February 11, 2022, B.C. No. 2022-1A dated March 1, 2023, and such other pertinent guidelines; *Provided*, That priority shall be given to motor vehicles deemed critical to health, uniformed services, and disaster risk preparedness and response;
- (c) Purchase of electric vehicles in compliance with the targets of the Comprehensive Roadmap for the Electric Vehicle Industry shall be made pursuant to R.A. No. 11697, its IRR, and other pertinent guidelines;
- (d) 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 shall be made in accordance with E.O. No. 77, s. 2019, and such other issuances as may be issued thereon: *Provided*, That no official or employee may be sent to foreign training when they are due to retire within one (1) year after the said foreign travel;
- (e) Provisions for fuel, parts, repair and maintenance of government vehicles shall be made a priority during transport crisis, such as that occasioned by street demonstrations, *welgang bayan*, floods, typhoons, and other emergencies, to ensure availability of government vehicles of any type which may be utilized to transport, for free, commuters on a round-the-clock basis; and
- (f) Provisions for food and refreshments in government meetings, seminars, conferences, and other activities shall observe preference and priority to locally produced goods or Philippine products consistent with Section 4(f) of R.A. No. 6713 in relation to Section 2(g) of R.A. No. 11981.

All agencies of the government are encouraged to optimize the use of government funds through the implementation of efficiency measures that would result in the reduction of overhead and non-vital maintenance and other operating expenses.

In the implementation of programs, activities, or projects authorized in this Act, all heads of agencies of the government, including GOCCs, GFIs, SUCs, and LGUs, are responsible for all government

funds and property pertaining to their agencies, consistent with Section 51, Chapter 9, Subtitle B, Title I, Book V of E.O. No. 292.

In case of multiple entries for an item of appropriation, it shall be implemented provided that the total amount released shall not exceed the total project cost and the total amount appropriated.

**Sec. 19. Prohibition on the Display and/or Affixture of the Name, Image, and Likeness of Public Officials on Government Projects.** The display and/or affixture of the name, picture, image, motto, logo, color motif, initials, or other symbol or graphic representation associated with any public official, whether elected or appointed, on signboards for all programs, activities, and projects funded under this Act shall be considered as unnecessary pursuant to COA Circular No. 2013-004 dated January 30, 2013, as amended, and therefore, prohibited.

**Sec. 20. Strict Adherence to Procurement Laws, Rules, and Regulations.** All agencies of the government shall strictly adhere to the provisions of existing government procurement laws, rules, and regulations 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 (PhilGEPS) shall be the primary source of information and channel in the conduct of all procurement activities of the government.

**Sec. 21. Early Procurement Activities.** For goods to be delivered, infrastructure projects to be implemented, and consulting services to be rendered in the following fiscal year, agencies are authorized to undertake early procurement activities as soon as the proposed national budget is submitted to Congress. However, agencies may only proceed with the issuance of notice of award of contract upon approval or enactment of their respective appropriations and issuance of budget authorization document and based on the amount authorized therein.

For foreign-assisted projects, agencies may undertake early procurement activities, subject to the guidelines prescribed under GPPB Circular No. 06-2019 dated July 17, 2019, and such other guidelines issued thereon.

**Sec. 22. Procurement of Common-Use Supplies and Equipment.** Consistent with Section 40 of R.A. No. 12009 and its IRR, all national government agencies, GOCCs, GFIs, SUCs, and LGUs shall procure their common-use supplies and equipment from the Procurement Service-DBM (PS-DBM), subject to availability. In case of unavailability of stock or for purposes of efficiency, practicality, and/or economic viability, procuring entities may procure their common-use supplies and equipment from other sources, subject to guidelines to be issued by the GPPB.

Common-Use Supplies and Equipment shall refer to goods, materials, and equipment that are used repetitively in the day-to-day operations of procuring entities in the performance of their functions which are included in the Electronic Catalogue of the PhilGEPS.

The PhilGEPS Virtual Store and Electronic Marketplace shall be utilized for the procurement of common-use supplies and equipment, subject to existing procurement laws, rules, and regulations.

**Sec. 23. Printing Expenditures.** All agencies of the government shall engage the services of the National Printing Office, BSP, 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. Said engagement of private printers shall be in accordance with existing government procurement laws, rules, and regulations.

**Sec. 24. Use and Procurement of Information Technology Equipment.** The amounts authorized in this Act for Information and Communications Technology (ICT) equipment shall be used for the provision of personal computers inclusive of operating systems, basic software and other essential

electronic devices to their respective officials and employees. Said ICT equipment, if included in the electronic catalogue of the PhilGEPS, shall be procured exclusively from the PS-DBM as common-use supplies and equipment, pursuant to L.O.I. No. 755, E.O. No. 359 and A.O. No. 17, and existing procurement laws, rules, and regulations.

**Sec. 25. Medium-term Information and Communication Technology Harmonization Initiative (MITHI).** The amounts authorized in this Act for ICT requirements shall be used in accordance with the agency's Information Systems Strategic Plan and other issuances of the MITHI Steering Committee.

**Sec. 26. 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 agency head concerned.

**Sec. 27. 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 or certified by the Mines and Geosciences Bureau;
- (b) The standards of construction, rehabilitation, improvement or repair of all infrastructure projects in all areas and zones, including the standards on rehabilitation or construction of government buildings or office spaces, and the acquisition or outright purchase of lots and buildings, are consistent with the pertinent rules and regulations determined by the DPWH and/or other relevant agencies, which shall consider, among others, the structural strength and climate and disaster resilience required for infrastructure projects in all areas and zones; and
- (c) The planning and construction of all infrastructure projects to be implemented within the National Integrated Protected Area System 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. The DPWH shall consider climate data and risk assessment and green building standards in the planning, designing, construction, engineering, and renovation of government buildings and facilities.

**Sec. 28. Installation of Rainwater Collection System.** Rainwater collection system (RWCS) shall be installed in public markets, school sites, and government buildings and sites as an adaptation measure to combat climate change and to ensure sufficient water supply, which shall be in accordance with the prescribed design of DPWH. In no case shall the RWCS be constructed in private lots or privately-owned or operated market places.

**Sec. 29. Certification of Availability of Funds.** No obligations chargeable against any authorized allotment shall be incurred by departments, bureaus, and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy, SUCs, GOCCs, and LGUs, without first securing a certification of availability of funds (CAF) 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. The CAF 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.

For multi-year projects, the CAF shall be issued annually based on the budget for the year. In case of multi-year projects with no funding requirement on any given year, instead of the CAF, the chief accountant shall issue a certification that no fund is needed for the year, as indicated in the approved multi-year contractual authority (MYCA).

**Sec. 30. Multi-Year Contracts.** The issuance of a MYCA or any similar document shall be required before agencies may enter into multi-year contracts, subject to the requirements and guidelines prescribed by the DBM: *Provided*, That for foreign-assisted projects funded by foreign loans, the issuance of a MYCA shall no longer be necessary.

In the procurement of multi-year projects, the MYCA or any similar document shall be required prior to commencement of any procurement activity.

In the case of GOCCs, they shall secure prior authority from their respective governing boards before entering into multi-year contracts.

For LGUs, they shall secure any equivalent document issued by their respective *sanggunian* authorizing them to enter into multi-year contracts.

For the multi-year PPP projects with government undertakings authorized under R.A. No. 11966, the same shall be covered by a letter of commitment issued in accordance with the guidelines issued by the DBM.

The implementing agency shall ensure that the annual funding requirements for the multi-year projects shall be included in its budget proposals for the covered years, consistent with the funding schedule in the MYCA and equivalent authorities, and letter of commitment. In the case of national government agencies and qualified GOCCs, the DBM shall ensure that the funding requirement for the multi-year projects are included in the National Expenditure Program to be submitted to Congress who shall give due consideration of the said proposal. In the case of GOCCs and LGUs, due consideration shall be given by the governing board of GOCCs and the *sanggunian* of the LGUs, respectively.

In all instances, the disbursements to be incurred for multi-year contracts shall in no case exceed the cash appropriations for the purpose during the year. Procurement of multi-year projects shall be subject to the provisions of existing government procurement laws, rules, and regulations.

**Sec. 31. Harmonized National Research and Development Agenda.** All government agencies shall align their research and development agenda programs under the Harmonized National Research and Development Agenda for funding amounting to Ten Million Pesos (P10,000,000) and above.

The DOST, in coordination with government research institutions and other agencies, shall facilitate dissemination of all output programs and projects under the Harmonized National Research and Development Agenda to appropriate government agencies, LGUs, academe, industry and communities, whenever applicable.

A copy of the progress report shall also be submitted to the Speaker of the House of Representatives, President of the Senate of the Philippines, House Committee on Appropriations and Senate Committee on Finance, either in printed form or by way of electronic document.

**Sec. 32. 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, 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 (2023-2028).

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 GAD budget shall be evaluated based on the GAD performance indicators identified by said agencies.

The annual GAD Plan and Budget and the Annual GAD Accomplishment Report shall be prepared in accordance with the guidelines issued by the Philippine Commission on Women (PCW) and other concerned agencies.



**Sec. 33. Gender and Development Budget Tagging.** All national government agencies, SUCs, GOCCs, and LGUs shall tag their GAD Budget and the utilization thereof by submitting the Annual GAD Plan and Budget and the Annual GAD Accomplishment Report, respectively, to the PCW and the DBM through the Gender Mainstreaming Monitoring System (GMMS).

The data from the submitted reports shall be used in the development of a Gender Financing Framework, to be undertaken by the PCW, which shall serve as a roadmap to the Philippine compliance with the international standards of GAD Budgeting.

The DBM shall create an enabling Public Financial Management System which shall support the GAD Budget Tagging initiative. The implementation of the system shall be subject to the guidelines to be issued jointly by the PCW and the DBM.

**Sec. 34. 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, as amended.

**Sec. 35. Projects Related to the Youth.** All agencies of the government are encouraged to provide allocations for youth development projects and activities within the framework of the Philippine Youth Development Plan (2023-2028).

**Sec. 36. Institutional Linkage with the National Cultural Agencies.** In the implementation of their activities or projects authorized in this Act, agencies identified under Section 32 of R.A. No. 10066, as amended, shall consult, coordinate, and work closely with the National Commission for Culture and the Arts (NCCA) to ensure that their respective responsibilities embodied under the said law are implemented.

**Sec. 37. Protection of Built Heritage, Cultural Properties, and Cultural Landscapes.** Alteration, renovation, or demolition of government buildings and open spaces declared or presumed to be important cultural properties by government cultural agencies concerned shall be undertaken only upon prior approval of the said government cultural agencies and proper consultation with stakeholders and cultural groups to be administered by the NCCA. This includes the protection of the sight line with regard to built heritage, cultural properties, and cultural landscapes.

In addition, the DPWH shall be responsible in the planning, design, construction, and maintenance of national roads and bridges as they impact on heritage structures or aspects or heritage conservation pursuant to R.A. No. 10066, as amended.

**Sec. 38. Disaster Risk Reduction and Climate Change Adaptation and Mitigation Measures Incorporated in All Agencies Projects.** All agencies of the government should implement projects incorporating risk reduction, climate change adaptation, and where feasible, climate change mitigation.

To ensure that the disaster risk reduction and climate change adaptation measures are appropriate in the light of intensifying hazards, all national government projects should be subjected to multi-scenario probabilistic analysis. For this purpose, the CCC shall extend the necessary technical and capacity building assistance to all agencies of the government in the conduct of risk assessment, as well as adaptation and mitigation planning.

Agencies shall likewise integrate energy-saving solutions and consider climate resilience in the planning and implementation of all infrastructure projects, office programs, and activities, as well as assess their organizational carbon footprint and pursue appropriate emission reduction measure, to mitigate and adapt to the effects of climate change pursuant to the provisions of R.A. No. 9729, as amended.

**Sec. 39. Disaster Risk Budget Tagging.** All national government agencies, SUCs, GOCCs, and LGUs shall endeavor to tag their budgets relating to disaster risk and resilience management and to submit periodic reports on the utilization thereof in the form to be prescribed by the DBM.

The data from the submitted reports shall guide the formulation of the succeeding budget to mainstream disaster risk and resilience management strategies in the national development process.

The DBM shall create an enabling Public Financial Management System which shall support the disaster risk budget tagging initiative. The implementation of the system shall be subject to the guidelines to be issued jointly by the OCD and the DBM.

**Sec. 40. Climate Budget Tagging.** All national government agencies, SUCs, and GOCCs shall tag their budgets for climate change adaptation and mitigation in accordance with the DBM-CCC J.M.C. No. 2015-01 dated March 24, 2015, and the LGUs shall tag their climate budget in their Annual Investment Plans pursuant to DBM-CCC-DILG J.M.C. No. 2015-01 dated July 23, 2015.

The DBM and CCC shall issue guidelines on the reporting of the utilization of the items tagged as climate change expenditures.

The results of the budget tagging shall guide the formulation of subsequent budgets to mainstream climate change adaptation and mitigation strategies in the national development process.

**Sec. 41. Government Compliance to the Electric Vehicle Industry Development Act.** All government entities (GEs), including national government agencies, LGUs, GOCCs, Constitutional Offices enjoying fiscal autonomy, as well as the Legislative and Judicial branches, shall comply with R.A. No. 11697 and its IRR. All GEs shall ensure that at least five percent (5%) of their fleet, whether owned or leased, shall be electric vehicles within the time frame indicated in the Comprehensive Roadmap for the Electric Vehicle Development Industry: *Provided*, That only recognized electric vehicles shall be purchased based on guidelines issued by DOE and subject to the provisions of existing government procurement laws, rules, and regulations.

All GEs, through their head offices, shall inform the DOE of the new electric vehicle purchases for government use. GEs shall also ensure regular updating of their fleets through the Government Energy Management Program (GEMP) online system.

**Sec. 42. Energy Efficiency.** All national government agencies, LGUs, and GOCCs shall comply with the GEMP, and existing laws, rules, and regulations on energy efficiency and conservation. These energy efficiency measures may include the (i) adoption of a standard thermostat level based on the DOE's energy conservation program; (ii) use of energy efficient lighting, such as light-emitting diode (LED) lamps, in their office buildings, school buildings, hospitals, markets, parks, street lights and other public places; (iii) use of inverter type air-conditioning units or similar equivalent technologies in their office buildings, school buildings, hospitals, and similar facilities; and (iv) adoption of flexible work arrangement, which may include the combination of a four (4)-day onsite work and one (1)-day uniform work from home arrangement, consistent with CSC Memorandum Circular No. 6 dated June 6, 2022, DBM-COA J.C. No. 1 dated September 13, 2022 and Inter-Agency Energy Efficiency and Conservation Committee Resolution No. 7, s. 2023, and other pertinent laws, rules, and regulations.

**Sec. 43. Maintenance and Operation of Dams.** As part of the disaster risk reduction program of the government, agencies and GOCCs that have control or supervision over the major dams shall ensure that said dams are properly maintained, managed, and operated with updated and promulgated protocols. The agencies and GOCCs concerned shall take into account climate change and extreme weather events and ensure coordination with the Philippine Atmospheric, Geophysical and Astronomical Services Administration on precipitation forecast. They shall also establish and maintain an efficient and effective early flood warning system and functional water level monitoring system that is periodically tested together with the LGUs and communities at risk of flooding from dam water releases.

**Sec. 44. Multi-Hazard Impact-Based Forecasting and Early Warning Systems for Climate and Disaster Resilience.** The National Government shall promote the establishment of multi-hazard impact-based forecasting and early warning systems and services, including the development and enhancement of protocols for climate, weather, and risk communication, early warning dissemination, and implementation of early action procedures, to prevent and minimize loss and damage from impacts of extreme weather and slow onset events in communities. Such instrumentation, communication, and implementation protocols should be actionable and verifiable to the last mile, reaching the most vulnerable.

**Sec. 45. Protection of Biodiversity.** All agencies of the government, including LGUs, SUCs, and GOCCs, shall endeavor to support the Kunming-Montreal Global Biodiversity Framework and ensure that protection of biological diversity is integrated and mainstreamed into their development programs and projects. Agencies shall likewise prioritize the conservation and restoration of natural ecosystems.

**Sec. 46. Mainstreaming Green Practices.** All national government agencies, LGUs, SUCs, and GOCCs shall, as much as possible, institute practices that promote the protection and conservation of the environment. Day-to-day operations of agencies shall be guided by principles directed towards sustainability and mitigation of the effects of climate change.

Agencies shall, in the implementation of their respective programs, activities, and projects, practice energy efficiency and conservation, recycling initiatives, and explore alternative solutions that promote conservation of natural resources, such as the use of electronic and digital platforms for provision of resource materials.

**Sec. 47. Implementation of Sustainable Practices in Government Operations.** Departments, bureaus, offices, and instrumentalities of the National Government, including Constitutional Offices enjoying fiscal autonomy, SUCs, GOCCs, and LGUs, shall review their day-to-day operations and adopt necessary measures to integrate sustainable practices and initiatives as applicable. These efforts aim to ensure that the government addresses the present needs without compromising the ability of future generations to meet their own.

Agencies shall develop their respective Sustainability Strategic Plans in accordance with the guidelines to be issued by the DBM.

**Sec. 48. Repair and Retrofitting of Government Structures.** The government agencies concerned shall prioritize the repair and retrofitting of government structures in areas considered highly vulnerable to seismic activity and shall ensure that the retrofitting shall result in structural strength required for the area concerned in accordance with R.A. No. 10121, R.A. No. 11285, and the National Structural Code of the Philippines.

**Sec. 49. Materials Recovery Facility.** All government agencies shall establish a Materials Recovery Facility (MRF) in a suitable open space within the office premises to promote environmental awareness and action. The design of the MRF shall be pursuant to the guidelines under R.A. No. 9003 (Ecological Solid Waste Management Act of 2000).

**Sec. 50. Philippine Open Government Partnership.** Departments, bureaus, offices, and instrumentalities of the National Government, including Constitutional Offices enjoying fiscal autonomy, SUCs, GOCCs, and LGUs, shall adopt the open government partnership values of transparency, accountability, citizen participation, and leveraging on technology in the implementation of their programs, activities, and projects, as institutionalized under E.O. No. 31, s. 2023.

The Philippine Open Government Partnership (PH-OGP) Steering Committee shall embed open government values in government policies and programs and promote open and participatory governance through advocacy and outreach programs, activities, and projects. Funding for the implementation of the PH-OGP programs, activities, and projects shall be in accordance with Section 7 of E.O. No. 31.

The implementation of this provision shall be consistent with E.O. No. 31, the strategies identified under the Philippine Development Plan (2023-2028), and the applicable guidelines to be issued by the DBM, in coordination with other agencies concerned.

Pursuant to Presidential Proclamation No. 916, s. 2025, the third week of May of every year shall be observed as "Open Government Week".

**Sec. 51. Use of Alternative Dispute Resolution.** Pursuant to Section 2 of R.A. No. 9285 (Alternative Dispute Resolution Act of 2004), all government agencies shall continually promote and provide the means for the use of Alternative Dispute Resolution (ADR) as an efficient tool and alternative procedure for the resolution of appropriate cases to achieve speedy and impartial justice and declog court dockets, including the enlistment of active private sector participation.

Agencies in the Executive branch, including departments, administrative offices, quasi-judicial bodies, and GOCCs, shall align their ADR programs with their respective administrative/regulatory functions and external/internal services shall be developed, funded, implemented, and reported in accordance with E.O. No. 97, s. 2012 and applicable issuances of the DOJ, the Office for Alternative Dispute Resolution, and other concerned agencies.

## **PERSONNEL BENEFITS**

**Sec. 52. 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, subject to compliance with the organizational, staffing and compensation standards set by DBM. 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 activities or projects, subject to approval of the DBM. In which case, the payment for contractual personnel shall be sourced from the 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. Existing qualified contractual employees shall be considered by the government agencies for appointment to their vacant positions, subject to existing civil service laws, rules, and regulations, as well as the CSC-approved Merit Selection Plan of agencies concerned.

**Sec. 53. 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 or by the GCG for GOCCs/GFIs covered by R.A. No. 10149, 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 Categories A and B; and
- (e) P26,400 for each head of a Bureau Regional Office or organization of equivalent rank including General Manager of Local Water District in Categories C and D.

In addition, annual miscellaneous expenses not exceeding Ninety Thousand Pesos (P90,000) 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 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. 54. 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.

**Sec. 55. 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 costs 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 to 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 shall include salary increases, step increments, all kinds of authorized 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 Home Development Mutual Fund (HDMF) contributions, and other authorized benefits.

**Sec. 56. 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. 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 guidelines issued by the DBM.

**Sec. 57. Remittance of Compulsory Contributions.** The government and employee shares 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 remitted directly by departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs to the respective recipient agencies unless a different arrangement is agreed upon in writing between the DBM and the recipient agency.

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. 58. 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:

- (a) The BIR, PhilHealth, GSIS, and HDMF;
- (b) The National Government, as decreed in a final and executory decision of COA;
- (c) Non-stock savings and loans associations and mutual benefit associations duly operating under existing laws and cooperatives which are managed by and/or for the benefit of government employees;
- (d) Associations or Provident Funds organized and managed by government employees for their benefit and welfare;
- (e) GFIs and authorized government depository banks authorized by law and accredited by appropriate government regulating bodies to engage in lending;
- (f) Licensed insurance companies; and
- (g) Thrift banks or rural banks accredited by the BSP.

Obligations due the BIR and contributions to PhilHealth, GSIS, and HDMF shall be satisfied ahead of all other obligations. The remaining obligations due the other entities listed above shall be satisfied in the order in which they were incurred.

In no case shall the foregoing deductions reduce the employee's monthly net take home pay to an amount lower than Five Thousand Pesos (P5,000).

**Sec. 59. 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, as amended, and such other guidelines issued by the DBM or by the GCG for GOCCs/GFIs covered by R.A. No. 10149.

**Sec. 60. Uniform or Clothing Allowance.** An amount not exceeding Seven Thousand Pesos (P7,000) per year is hereby authorized for the payment of uniform or clothing allowance to each qualified government employee, subject to B.C. No. 2024-1 dated April 4, 2024, and such other guidelines issued by the DBM.

**Sec. 61. Medical Allowance for the Availment of Health Maintenance Organization (HMO)-type Benefit.** An amount not exceeding Seven Thousand Pesos (P7,000) per year is hereby authorized for the grant of Medical Allowance as subsidy to qualified government employees for the availment of HMO-type benefits, subject to B.C. No. 2024-6 dated December 12, 2024, and such other guidelines issued by the DBM.

**Sec. 62. 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 of the DBM.

**Sec. 63. Special Counsel Allowance.** Government lawyers assigned in the legal staff of the agencies are hereby authorized an allowance of Five Thousand Pesos (P5,000) 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 provide legal representation to the agency or its personnel as its counsel, as the case may be;
- (b) The court appearance is not pursuant to motion for extension or postponement of hearing; and
- (c) The aggregate allowance per month shall not exceed fifty percent (50%) of the government lawyer's monthly basic salary.

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. 64. 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. 65. Night Shift Differential Pay.** Night shift differential pay at a rate not exceeding twenty percent (20%) of the hourly basic rate of the employee, as determined by the head of the agency, for each hour of work performed between 6:00PM and 6:00AM of the following day, shall be granted to eligible government employees, who are occupying Division Chief positions and below, or their equivalent, including those in GOCCs, whether the nature of their employment is permanent, contractual, temporary, or casual, pursuant to R.A. No. 11701. The grant of night shift differential pay shall be subject to the rules and regulations prescribed under CSC-DBM-GCG J.C. No. 1 dated August 1, 2023, and such other guidelines that may be issued for the purpose.

For LGUs, the amount for the payment of night shift differential pay shall be charged against their respective funds, subject to the provisions of Sections 325 and 331 of R.A. No. 7160. While for GOCCs and their subsidiaries, the amount shall be charged against their respective corporate funds.

**Sec. 66. 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 laws, 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
- (iii) Officials and employees authorized to receive honoraria under existing government procurement laws, rules, and regulations.

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-DOST J.C. No. 1 dated June 25, 2013, and such other guidelines issued by the DBM.

**Sec. 67. Representation and Transportation Allowances.** Government officials with the following ranks and their equivalent, as determined by the DBM or by the GCG for GOCCs/GFIs covered by R.A. No. 10149, 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) P15,500 for Department Secretaries;
- (b) P12,500 for Department Undersecretaries;
- (c) P11,500 for Department Assistant Secretaries;
- (d) P10,000 for Bureau Directors and Department Regional Directors;
- (e) P9,500 for Assistant Bureau Directors, Department Assistant Regional Directors, Bureau Regional Directors, and Department Service Chiefs;
- (f) P8,500 for Assistant Bureau Regional Directors; and
- (g) P6,000 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 reasons, 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 of the salary rates authorized for their corresponding income classification in accordance with Section 10 of R.A. No. 6758 and subject to the Personnel Services limitations under Section 325(a) of R.A. No. 7160;
- (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; and
- (d) The pertinent provisions of N.B.C. No. 593 and Local Budget Circular No. 157, both dated May 3, 2024, and such other guidelines issued by the DBM.

**Sec. 68. Officials Authorized to Use Government Motor Vehicles.** Government motor vehicles 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 branch, 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. 69. 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 are no available quarters, the agency may rent rooms which shall serve as quarters for said officials, subject to the rules and regulations prescribed under N.B.C. No. 571 dated December 4, 2017. 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 officials concerned.

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. 70. 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) Personnel have rendered 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) Personnel have obtained at least a satisfactory performance rating in the immediately preceding rating period; and
- (c) The provisions of R.A. No. 11466 dated January 8, 2020, B.C. No. 2017-2 dated May 8, 2017, B.C. No. 2019-4 dated July 5, 2019, and such other guidelines issued by the DBM.

Personnel of GOCCs covered by the Compensation and Position Classification System (CPCS) 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. 71. 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 prorated 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 P5,000; and
- (c) The provisions of B.C. No. 2016-4 dated April 28, 2016, as amended by B.C. No. 2024-3 dated October 22, 2024, and such other guidelines issued by the DBM.

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

Such Year-end Bonus and Cash Gift shall be given in November of each year pursuant to R.A. No. 11466.

**Sec. 72. 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 as provided in CSC-DBM J.C. No. 3 dated November 8, 1991.

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 civil and criminal actions under existing laws.

## **RELEASE AND USE OF FUNDS**

**Sec. 73. Cash Budgeting System.** All appropriations authorized in this Act shall be available for release and obligation for the purpose specified, and under the same general and special provisions applicable thereto, until December 31, 2027, except for Personnel Services which shall be available for release, obligation, and disbursement until December 31, 2026.

In exceptional circumstances, payments for obligations incurred for Personnel Services may be allowed within an extended payment period until March 31, 2027.

In the case of MOOE and Capital Outlays, the delivery of goods and services, and the completion of construction of infrastructure projects, including inspection and acceptance, shall be made not later than December 31, 2027: *Provided*, That the payment thereof shall be made not later than two (2) years from the date of acceptance.

After the end of validity period, all unreleased appropriations, unobligated allotments, and obligated allotments for goods/services/projects not yet delivered, rendered, or completed, and accepted shall revert to the unappropriated surplus of the General Fund in accordance with Section 28, Chapter 4, Book VI of E.O. No. 292 and shall not thereafter be available for expenditure except by subsequent legislative enactment. Departments, bureaus, and offices of the National Government, including

Constitutional Offices enjoying fiscal autonomy, and SUCs shall strictly observe the validity of appropriations and the reversion of funds.

Notwithstanding this provision and any other issuance, subsidies released to LGUs and GOCCs under this Act shall be valid until fully expended.

All funds transferred between national government agencies, or by national government agencies to GOCCs and vice versa, or by national government agencies to LGUs shall not be considered disbursed under this Section by the source agency until the transferred amounts have been actually utilized to pay for completed construction, goods delivered, and services rendered, inspected, and accepted within the validity period. It is understood that transfer of funds shall strictly be in accordance with pertinent budgeting, accounting, auditing, and existing government procurement laws, rules, and regulations.

The DBM is authorized to issue the necessary guidelines for the continued implementation of the cash budgeting system.

**Sec. 74. Prohibition Against Impoundment of Appropriations.** No appropriations authorized under this Act shall be impounded, unless in accordance with the rules and regulations issued by the DBM and when there is unmanageable National Government budget deficit.

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

**Sec. 75. Prohibition Against Retention or Deduction of Funds.** Fund releases from appropriations provided in this Act shall be transmitted to the agency concerned, subject to Section 3 hereof, applicable special and general provisions, and budgeting rules and regulations. No retention or deduction as reserves or overhead shall be made, except as authorized by law, the general or special provisions in this Act.

**Sec. 76. 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 non-implementing units.

**Sec. 77. 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 Request, and other relevant budgetary requirements in accordance with applicable laws, rules, and regulations. The Special Budget Request shall include the complete details of the activities or 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. 78. Fund Transfers to Civil Society Organizations.** A government agency may transfer public funds to a Civil Society Organization (CSO) only if all of the following conditions are present:

- (a) The CSO is either:
  - (i) implementing a government program or project jointly with the government agency; or
  - (ii) a beneficiary of a government program or project.
- (b) There is an appropriation in the GAA or some other appropriation law for such government program or project.
- (c) The government agency has accredited the CSO in accordance with its guidelines. The guidelines shall include, as a minimum, the following requirements:



- (i) The presence of the CSO in its stated address and area of operation has been validated;
- (ii) The CSO has an identified membership and leadership and defined organizational structure;
- (iii) The CSO is in good standing with all government agencies from which the CSO has received public funds;
- (iv) The CSO is not in default or in delay in liquidating any public funds received from any government agency;
- (v) For implementing CSOs, the CSO must have a proven track record and good standing in undertaking civil society works; the CSO must not have any Director, Trustee, Officer or key personnel related within the fourth civil degree of consanguinity or affinity to any official involved in the processing of its accreditation, or any official of the government agency funding or implementing the program or project to be implemented by the CSO; and the CSO must have proven legal existence; and
- (vi) For beneficiary CSOs, the CSO must have the appropriate social preparation from the government agency providing the grant of financial assistance.

In case of a cooperative who wishes to become a CSO partner, the submission of certificate of registration and certificate of compliance as issued by the Cooperative Development Authority specifically for that purpose including meeting the minimum requirements as stated herein shall be sufficient for it to qualify as a CSO partner.

Government agencies shall post the lists of their accredited CSOs in their respective websites, and shall update such lists quarterly.

A government agency may opt to consider a CSO accredited by another government agency as deemed accredited for its purpose.

- (d) The CSO has liquidated in accordance with existing COA regulations all fund transfers due for liquidation. Only CSOs with proven absorptive capacity and good track records to implement several projects at the same time shall be considered as implementing CSO of multiple projects.
- (e) The CSO was selected by the government agency in accordance with existing government procurement laws, rules, and regulations.

To ensure the CSOs comply with all pertinent rules and regulations covering the transfer, use, liquidation, and audit of public funds, government agencies shall put into place the needed monitoring, evaluation, and reporting mechanisms. Government agencies shall remain accountable for funds transferred to CSOs in accordance with government accounting and auditing rules and regulations.

Government agencies shall submit to the DBM, Speaker of the House of Representatives, President of the Senate of the Philippines, House Committee on Appropriations, and Senate Committee on Finance, either in printed form or by way of electronic document, quarterly reports on funds transferred and the government programs or projects involved. The head of the respective government agencies and their web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on their websites.

**Sec. 79. Authority to Use Savings.** The President of the Philippines, the President of the Senate of the Philippines, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court, the Heads of the CSC, the COMELEC, and the COA are hereby authorized to augment a deficiency in any existing item of their respective appropriations in this Act.

The foregoing constitutional officers authorized to use savings shall be responsible for ensuring that a semestral and annual report on their respective use of savings shall be submitted to the President of the Senate of the Philippines and the Speaker of the House of 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. 80. 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 next two (2) fiscal years.

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

**Sec. 81. Rules on Augmentation.** Augmentation is the act of the constitutional officers authorized to use savings in their respective appropriations in this Act to cover a deficiency in any existing item of appropriation within their respective offices. A deficiency in an item of appropriation 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.

An item of appropriation shall pertain to the amount appropriated for an activity or project authorized in this Act.

The particulars of the expenditures to be funded from savings should be within the scope of, or covered by, an existing activity or project. The existence of an 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 activity or project be funded by augmentation from savings or by the use of appropriations authorized in this Act.

**Sec. 82. 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, as well as the implementation of programs, activities, or projects that address and respond to natural or human-induced disasters and calamities covered in this Act.

**Sec. 83. Rules on 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 an activity or project subject to approval of the following ensued by the timely submission of reports by all offices concerned:

- (a) The heads of agencies or their duly authorized representatives who shall be the official next-in-rank, for the following: (i) change in the details of an activity or project without changing its nature and within the same operating unit; and (ii) change in the object of expenditure (travelling expenses or investment outlays) within an allotment class (MOOE or Capital Outlays);
- (b) The DBM, in the following modifications: (i) from one allotment class to another; and (ii) from one operating unit to another; and
- (c) The President of the Philippines, for the payment of intelligence funds within the Executive branch.

All modification in the allotment shall not entail any increase in the total amount appropriated for an activity or project.

**Sec. 84. Use of Appropriations within Special Purpose Funds.** As a general rule, the amounts appropriated for Special Purpose Funds shall be utilized in accordance with the purposes specified in this Act: *Provided*, That in exceptional cases, any available amount in one purpose may be used to cover a deficiency in another purpose within the same Special Purpose Fund, subject to the approval of the DBM.

**Sec. 85. 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 use of MOOE for the payment of CNA Incentive shall be subject to approval by the agency head 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. 86. 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 83 hereof.

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 civil and criminal actions under existing laws.

**Sec. 87. 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 civil and criminal actions under existing laws.

**Sec. 88. Intelligence Funds.** No appropriations authorized in this Act as intelligence fund shall be released or disbursed for intelligence activities, including amounts sourced from savings, unless approved by the President of the Philippines.

The use of savings to augment intelligence funds is subject to prior approval of the President of the Philippines, upon joint recommendation by the Secretary of National Defense and the Secretary of Budget and Management.

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

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

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

**Sec. 89. Confidential Funds.** Confidential funds authorized in this Act shall be released or disbursed only upon approval of the Department Secretary concerned.

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

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

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

**Sec. 90. 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 House Committee on Appropriations and Senate Committee on Finance, either in printed form or by way of electronic document, the Annual Report on Cash Advances indicating the names of the recipients, the items of expenditures for which said cash advances were disbursed, and the dates of liquidation as reflected in the Agency Books of Accounts.

**Sec. 91. 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 rules and regulations prescribed under DBM-COA-DOF J.C. No. 2-97 dated March 21, 1997, N.B.C. No. 581 dated December 27, 2020, and such other guidelines that may be issued thereon.

**Sec. 92. Disbursement of Funds.** Public funds for obligations incurred with proper authorization shall be disbursed only through the BTr or authorized government servicing banks under the Modified Disbursement System, subject to guidelines issued thereon.

**Sec. 93. Incurrence or Payment of Unauthorized or Unlawful Obligation or Expenditure.** Disbursements or expenditures incurred in violation of existing laws, rules, and regulations shall be rendered void. 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.

## **ADMINISTRATIVE PROCEDURES**

**Sec. 94. 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, programs, activities, and projects, and corresponding human resource system; *Provided*, That they shall prioritize the filling up of existing and relevant vacant plantilla positions prior to requesting the creation of new positions; and (ii) identify areas where improvements are necessary and more resources need to be rechanneled.

In pursuit of said institutional strengthening efforts, the DBM, in consultation with the agencies, shall determine the functions, programs, activities, and projects that could be strengthened, scaled down, phased out or abolished and recommend the corresponding structural, functional, and operational

adjustments to streamline the organization and operations of the agency and improve its performance and productivity.

Accordingly, the DBM may recommend the: (i) creation, abolition, renaming, consolidation, or merger of bureaus, offices, and units; or (ii) creation, abolition, reclassification, conversion, or transfer of existing positions, from one unit to another.

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 95 hereof.

**Sec. 95. 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. It may likewise determine the organizational structure and provide positions in the organizational units of agencies or offices created or reorganized pursuant to law.

**Sec. 96. Foreign Travel of Government Officials.** In order to ensure that the delivery of services and the operations of the agency is not hampered, all personal and official foreign travels of Department Secretaries or those of equivalent in rank in the Executive Department, Chairpersons and Members of Governing Boards and Chief Executive Officers of GOCCs and GFIs under or attached to the Office of the President, as well as the heads of national government agencies under or attached thereto, shall require clearance from the Office of the President prior to foreign travel, pursuant to Section 10 of E.O. No. 77, s. 2019, and such other guidelines that may be issued for the purpose.

**Sec. 97. Allocation for Reorganized Departments, Bureaus, and Offices of the National Government, including Constitutional Offices Enjoying Fiscal Autonomy and State Universities and Colleges.** The amount appropriated in this Act for departments, bureaus, and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs, which were reorganized during the immediately preceding fiscal year and the current year, shall be released to the successor agency subject to any transitory provision in the issuance authorizing its reorganization, and budgeting, accounting, and auditing rules and regulations.

**Sec. 98. National Tax Allotment of Local Government Units.** The national tax allotment which is automatically appropriated in accordance with Section 4 of R.A. No. 9358 shall be apportioned among LGUs, including those created, approved, and ratified in FY 2025 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 latest 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 Chief Minister of the BARMM to DBM on or before December 31, 2025; and
- (b) The population shall be based on the FY 2020 Census of Population by Province, City, Municipality, and Barangay, as approved under Presidential Proclamation No. 1179 dated July 6, 2021.

All valid adjustments, changes, modifications, or alterations in any of the factors affecting the computation of national tax allotment that occurred or happened, including final and executory court decisions, and new certifications relative to the aforementioned items (a) and (b), which were 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 national tax allotment, based on the allocation by the DBM, and receipts from borrowings, which shall be approved by their respective *sanggunian*.

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) pay the CNA incentives of their employees upon compliance with the rules and regulations issued by the DBM; (iii) pay the retirement and terminal leave benefits, including the monetization of leave credits of their employees; (iv) 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; (v) pay the salaries and benefits of health/medical personnel that may be hired to perform functions related to emergency situations; (vi) pay the special benefits that may be authorized to be granted to LGU personnel during emergency situations; (vii) pay the salary differentials of LGU-hired public health workers to fully implement the provisions of R.A. No. 7305; and (viii) pay the salaries and other benefits of additional personnel that may be hired by the LGUs to implement the full devolution of certain functions of the Executive branch to LGUs, subject to the guidelines to be issued by the DBM. The waiver of the enforcement of the Personnel Services limitation shall be implemented in accordance with the guidelines to be issued by the DBM.

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

**Sec. 99. Implementation of Nationally Funded Projects.** Pursuant to Section 17(c) of R.A. No. 7160, the national government agencies, such as DPWH, DA, NIA, DOH, DSWD, DepEd, DENR, DILG, and DOTr, 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 amounts appropriated for the nationally funded projects to be implemented by LGUs shall be released during the fiscal year to be deposited in a trust fund and shall be made available for disbursement for the purpose specified until December 31, 2027.

After the end of validity period, all unreleased appropriations, unobligated allotments, and obligated allotments for goods/services/projects not yet delivered, rendered, or completed, and accepted shall revert to the unappropriated surplus of the General Fund in accordance with Section 28, Chapter 4, Book VI of E.O. No. 292, and shall not thereafter be available for expenditure except by subsequent legislative enactment.

The LGU shall submit quarterly reports on fund utilization and accomplishments through electronic means and post the required reports on the LGU's website.

The LGU shall send written notice when said reports have been submitted and posted on its website to the DBM, House of Representatives, Senate of the Philippines, House Committee on Appropriations, Senate Committee on Finance, and other offices where the submission of reports is required under existing laws, rules, and regulations. The date of notice to said agencies shall be considered the date of compliance with this requirement.

**Sec. 100. Digital Payments for Government Financial Transactions.** All national government agencies, SUCs, GOCCs, and LGUs shall utilize secure and efficient digital disbursements in the payment of goods, services and other disbursements, such as government purchase cards (GPC), and offer a digital mode of collecting payments for taxes, fees, tolls, and other charges and impositions, in accordance with E.O. No. 170, s. 2022. The agencies may use facilities of government servicing banks and engage the services of established Financial Service Providers registered with the BSP: *Provided, That only interoperable digital payment solutions which are compliant with the National Retail*

Payment System Framework shall be availed, subject to the existing procurement laws, rules, and regulations.

**Sec. 101. Government Purchase Card Program.** All national government agencies shall adopt the GPC as an additional mode of payment for the purchase of eligible goods and services used for official functions and purposes.

Implementation of the GPC Program shall be in accordance with DBM B.C. No. 2025-1 dated March 12, 2025, and such other guidelines as may be issued thereon.

**Sec. 102. 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 or use income and deposit the same outside of the National Treasury shall submit their respective audited financial statements, annual reports, and narrative report stating therein a detailed description of the utilization of funds through the following:

- (a) URS or other electronic means for reports not covered by the URS until such time that all agencies have fully migrated to the BTMS; and
- (b) Agency's website.

The statement and report shall include the beginning balance, income collected and its sources, expenditures, and ending balance for the preceding fiscal year.

The agency shall send written notice when said reports have been submitted or posted on its website to the DBM, House of Representatives, Senate of the Philippines, House Committee on Appropriations, Senate Committee on Finance, and other offices where the submission of reports is required under existing laws, rules, and regulations. The date of notice to said agencies shall be considered the date of compliance with this requirement.

**Sec. 103. Report on Commission on Audit Observations and Recommendation.** 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 observations and recommendations using the form prescribed by the COA. The COA shall likewise furnish a copy of said reports, either in printed form or electronic document, to the following offices:

- (a) President of the Philippines;
- (b) President of the Senate;
- (c) Speaker of the House of Representatives;
- (d) Chairperson, Senate Committee on Finance;
- (e) Chairperson, House Committee on Appropriations;
- (f) Secretary of the DBM; and
- (g) GCG.

Further, the Chairperson of COA and the Commission's web administrator or his/her equivalent shall ensure that the status report on actions taken by agencies on audit observations are included in the posting of the annual audit reports.

**Sec. 104. Financial and Physical Accountability Reports.** Departments, bureaus, offices, and instrumentalities of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs, shall submit reports on its financial and physical accomplishments, on a monthly, quarterly, or yearly basis, as required under existing guidelines through the following:

- (a) URS or other electronic means for reports not covered by the URS until such time that all agencies have fully migrated to the BTMS; and

(b) Agency's website.

The agency shall send written notice when said reports have been submitted or posted on its website to the DBM, House of Representatives, Senate of the Philippines, House Committee on Appropriations, Senate Committee on Finance, COA, and other offices where the submission of reports is required under existing laws, rules, and regulations. The date of notice to said agencies shall be considered the date of compliance with this requirement.

The DBM shall likewise submit to the Speaker of the House of Representatives, President of the Senate of the Philippines, House Committee on Appropriations, and Senate Committee on Finance, either in printed form or by way of electronic document, quarterly reports on releases from, obligations incurred, liquidated, and unliquidated obligations, total disbursements and balances of, regular agency fund including 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 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. 105. Submission of Post FY 2026 Budget Status.** The DBM shall submit to the Speaker of the House of Representatives, President of the Senate of the Philippines, House Committee on Appropriations, and Senate Committee on Finance a post FY 2026 budget status report not later than May 31, 2027. The report shall indicate a brief accomplishment on all programs, activities, and projects of agencies of the government as reflected in this Act and including specific activities or projects funded from lump-sum appropriations and special purpose funds.

The DBM shall post the said report on its website. The heads of the agencies and the agencies' web administrators or their equivalent shall be responsible for ensuring that the portion of the status report pertinent to them are likewise posted on their respective websites.

**Sec. 106. 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.

Further, all agencies shall post updates on the financial and physical status of infrastructure projects in the Project Digital Information for Monitoring and Evaluation (DIME) transparency website, subject to the guidelines that may be issued by the DBM.

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

**Sec. 107. Transparency Seal.** To enhance transparency, enforce accountability, and promote systematized access to government information, all agencies of the government shall maintain a Transparency Seal to be posted on their websites. The Transparency Seal shall contain the following:

- (a) the agency's mandates and functions, names of its officials with their position and designation, and contact information;
- (b) approved budgets and corresponding targets, immediately upon approval of this Act;

- (c) modifications made pursuant to the general and special provisions in this Act;
- (d) annual procurement plan/s and contracts awarded with the winning supplier, contractor, or consultant;
- (e) major programs, activities, or projects and their target beneficiaries;
- (f) status of implementation, evaluation, or assessment reports of said programs, activities, or projects;
- (g) all subsidy and assistance programs of the government, including details on the manner of the execution, the amounts allocated, and relevant data of the target beneficiaries, subject to R.A. No. 10173 or the Data Privacy Act;
- (h) Budget and Financial Accountability Reports;
- (i) Updated People's Freedom of Information (FOI) Manual signed by head of agency, Updated One-Page FOI Manual, and Agency FOI Reports;
- (j) annual reports on the status of income authorized by law to be retained or used and be deposited outside of the National Treasury, which shall include the legal basis for its retention or use, the beginning balance, income collected and its sources, expenditures, and ending balance for the preceding fiscal year;
- (k) particulars of concessions, permits, or authorizations granted by the agency, subject to R.A. No. 10173 or the Data Privacy Act; and
- (l) current news and updated events conducted by agencies.

Agencies shall ensure that the content posted under the Transparency Seal is regularly reviewed, updated, and maintained using internal systems and procedures that support accountability, data integrity, and operational efficiency.

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. The agencies are responsible in ensuring that the contents and data of their posts in their respective official websites and communication channels are searchable for the public's easy access to information regarding matters on public funds.

**Sec. 108. 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 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 or modification, fund releases, and other activities beyond its congressional oversight functions as defined under applicable laws or jurisprudence.

**Sec. 109. Exemption from Garnishment, Levy, and Execution.** Any court, agency, or office is hereby cautioned from garnishing or subjecting to levy and execution all public funds, especially the amounts appropriated under this Act.



**Sec. 110. 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. 111. Effectivity.** The provisions of this Act, detailed in Volume Nos. I to III shall take effect on January One, Two Thousand and Twenty Six, unless otherwise provided herein.