

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session

HB NO. 1428

Introduced by **Rep. Roseller L. Barinaga**

EXPLANATORY NOTE

This bill seeks to institute a more effective system of financial management to improve the system of operations in the procurement, accounting and auditing of S&T activities, flexible and responsive to the needs of science and technology.

Under the bill, appropriations pertaining to research and development (R&D) in the natural, agricultural, technological and engineering sciences for various departments, bureaus, offices, or agencies shall not be released without the recommendation of the DOST Secretary to ensure alignment with national S&T priorities.

The bill empowers the DOST Secretary to realign funds, regardless of source, intended for scientific and technological activities to meet the requirements for personal services, maintenance and operating expenses, and capital outlay upon approval by the head of agency or donor whenever appropriate.

The DOST is also authorized to use income from the sale of developed technologies, fabricated equipment and publications, licensing fees, and fees from technical services.

The accounting system for STA shall be implemented by all agencies accredited by DOST or its Science And Technology councils as parts of the S&T financial management system.

It also provides exemption from payment of customs duties or other taxes for all kinds of equipment, supplies and materials and vehicles for research and development and related activities imported by DOST or its agencies, or by local or international science agencies/organizations.

Urgent passage of this bill is earnestly sought.

ROSELLER L. BARINAGA
Representative
2nd District, Zamboanga del Norte

Congress of the Philippines)
Thirteenth Congress)
First Regular Session)

HOUSE OF REPRESENTATIVES

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Introduced by **Rep. Roseller L. Barinaga**

AN ACT
PROVIDING FOR FINANCIAL MANAGEMENT REFORMS TO PROMOTE THE EFFICIENCY AND PRODUCTIVITY OF SCIENTIFIC AND TECHNOLOGICAL ACTIVITIES (STA)

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. *Title.* This Act shall be known as the "Financial Management Reform Act for Scientific and Technological Activities".

SEC. 2. *Declaration of Policy.* It shall be the policy of the State to give priority to research and development, invention, innovation and their utilization, and to science and technology education, training and technical services. For this purpose, a system tailored to the fast pace of developments and dynamism of S & T activities, shall be pursued to attain maximum benefit of returns. Financial management reforms to improve the system of operations in the procurement, accounting and auditing of S & T activities shall be pursued. This aims to provide a more efficient and effective system flexible to the needs of S & T activities.

SEC. 3. *Objective.* This Act shall provide a financial management system that is relevant and flexible to the peculiar concerns and fiscal requirements of S & T activities.

SEC. 4. *Scientific and Technological Research and Development Activities.* The appropriations pertaining to research and development (R&D) in the natural, agricultural, technological and engineering sciences for various departments, bureaus, offices or agencies within the National Science and Technology Priorities shall be released upon recommendation of the Secretary of the DOST. For this purpose, the DOST shall issue the necessary guidelines for the implementation of this provision.

SEC. 5. *Sources of Funds.* Grantees may directly receive funds from foreign and local donors. The use of these grants, if covered by a Memorandum of Agreement (MOA) between the grantor and the grantee, shall be governed by the provisions of the agreement signed by the parties. An accomplishment report of the project activity shall be submitted to the head of office who may require review or audit of the transaction.

SEC. 6. *Disbursement of Funds.* Local funds such as the Grants-in-Aid, shall be disbursed by the source agency as outright expense. The same shall be released directly to the implementing units who shall deposit such in a government depository bank.

SEC. 7. *Realignment of Funds.* Funds, regardless of its source, intended for STA may be realigned to meet the projects requirements for personal services, maintenance and operating expenses, and capital outlay upon approval by the head of agency or donor, whenever appropriate, or as stipulated in the agreement.

SEC. 8. *Non-reversion of Funds.* Unexplained fund balances of completed projects shall be used to fund priority S & T activities within three (3) years, otherwise it shall revert to the National Treasury if no longer needed, provided there shall be proper recording and reporting.

SEC. 9. *Income.* All income collected from the sale of developed technologies, fabricated equipment and publications, licensing fees and fees from technical services rendered by the DOST, including the Office of the Secretary, attached agencies and regional offices can be used to defray expenses of the fabrication, repair, maintenance and upgrading of equipment and facilities, testing and calibration of facilities, printing of publication, purchase of specialized equipment, technical books, supplies and materials, and for other purposes that may be deemed necessary by the Secretary: *Provided*, That proper accounting procedures as prescribed by the Commission on Audit (COA) is followed by the concerned agencies.

Income earned shall be constituted as a Trust Fund to be deposited in a government depository bank and shall be made immediately available upon approval of the head of agency to cover the expenses indicated herein.

SEC. 10. *Use of Trust Accounts.* Funds for S & T related activities shall be released and deposited as trust accounts. The provisions of E.O. No. 338 on the prohibition in the establishment of trust funds are hereby revoked.

SEC. 11. *Financial Management Reforms.* The DOST, in consultation with the COA and the Department of Budget and Management (DBM), is directed to formulate rules, regulations and procedures to improve the accounting and budgeting systems for Scientific and Technological institutions. They shall be embodied in a manual for the use of S & T institutions which shall be updated regularly to meet their requirements.

SEC. 12. *Uniformity of R & D Accounting Procedures.* The accounting system for S & T funds and all rules, regulations and procedures prescribed for S & T activities shall be implemented by all agencies accredited by DOST or its Science and Technology Councils as part of the S & T Financial Management System.

SEC. 13. *Exemption from Customs Duties and Other Taxes.* All items of equipment, supplies and materials and vehicles for research and development and related activities imported by DOST or its agencies, or by local or international agencies/organizations in consultation with DOST shall be exempt from payment of customs duties or other taxes.

SEC. 14. *Automatic Appropriation for R. A. No. 8439.* Funds for the implementation of Republic Act No. 8439, otherwise known as the "Magna Carta for S & T Personnel in Government," shall be automatically appropriated.

SEC. 15. *Use of savings for the implementation of R. A. No. 8439.* In case of deficiency in the funds needed to implement the provisions of R. A. No. 8439 (otherwise known as the Magna Carta for Scientists, Engineers, Researchers and Other S & T Personnel in the Government), the requirement shall be charged against savings in the appropriation authorized for each department, bureau, office or agency concerned, subject to the provisions of the implementing rules and regulations issued by the Secretary of DOST, or the guidelines jointly prescribed by the DOST, DBM and CSC with respect to the new salary scale.

Pursuant to Section 8 of R. A. No. 8439, the salary scale to be developed shall be the basis for computing the gratuity and terminal leave benefits of all S & Technology personnel in the government who will retire after the effectivity of this Act.

SEC. 16. *Implementing rules.* The DOST shall promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 17. *Repealing clause.* Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to, or inconsistent with, the provisions of this Act is hereby repealed, modified, or amended accordingly.

SEC. 18. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved.