

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**THIRTEENTH CONGRESS**

First Regular Session

House Bill No. **2948**



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Introduced by **Rep. EDUARDO K. VELOSO**

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**EXPLANATORY NOTE**

The State has always endeavored to improve the conduct of affairs of the government by continually evaluating the institutions tasked with the advancing of the welfare of the Filipinos. As such, the legislature occasionally restructures the bureaucracy. Likewise, the Chief Executive has the power to create and abolish the auxiliary units under the Office of the President to be certain that the office would perform as expected by the people.

In the recent weeks, the attention of the entire Filipino nation has been directed to the issue of our dwindling financial condition. Undeniably, this situation calls for an extensive action. The critical move is then to assess the existing government organizations and agencies which are primarily tasked to manage our finances. It is high time that the Department of Finance and the Department of Budget and Management undergo structural and functional overhaul. This could be a huge step in rectifying the lapses in financial management done in the past. This bill thus seeks to merge the DOF and the DBM.

More so, the government has often been criticized for its 'bloated' bureaucracy where different departments commonly have overlapping powers and functions. At this point where austerity on the part of government is being demanded by the present administration, it is sensible to streamline the bureaucracy by fusing the task of fiscal management and generation into a single department. With the merging of the DOF and the DBM, it is expected that the task of administering our country's finances would be more efficient and effective.

In view of the foregoing, the approval of this legislative measure is highly recommended taking into account the thrust of the present administration.

  
Rep. **EDUARDO K. VELOSO**  
*Third District of Leyte*

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**AN ACT PROVIDING FOR THE MERGING OF  
THE DEPARTMENT OF FINANCE AND  
THE DEPARTMENT OF BUDGET AND MANAGEMENT  
THEREBY CREATING THE DEPARTMENT OF BUDGET AND FINANCE,  
DEFINING ITS POWERS AND FUNCTIONS  
AND APPROPRIATING FUNDS THEREFOR**

*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 "Fiscal and Budget Management Reform Act of 2004".

**SEC. 2. *Declaration of Principles and Policy.*** -- The State recognizes its vital role in enhancing the national economy in its aim to raise the quality of life for all. To attain such goal, it is thereby declared the policy of the State to provide a strong fiscal position, to formulate sound monetary programs, to ensure effective revenue generation and to guarantee a prudent financial resource spending and allocation.

**SEC. 3. *Merger of the Department of Finance and the Department of Budget and Management.*** -- The Department of Budget and Management is hereby merged with the Department of Finance to be known as the Department of Budget and Finance (DBF).

**SEC. 4. *Powers and Functions.*** -- The Department shall have the following powers and functions:

a. To formulate an overall resource utilization strategy that will correspond to the macroeconomic policy of the government;



- b. To prepare the annual national budget to guarantee the suitable prioritization of the allocation of funds to sustain the annual government program;
- c. To conceptualize and administer matters pertaining to the utilization of the government organization resources and support development of performance measures;
- d. To formulate, institutionalize and administer fiscal and tax policies in coordination with other concerned subdivisions, agencies, and instrumentalities of the government;
- e. To supervise, direct and control the collection of government revenues;
- f. To review, approve and manage all public debts, both domestic and foreign; and
- g. To formulate goals and devise action plans and strategies for resource mobilization of the government

**SEC. 6. *The Secretary.*** -- The authority and responsibility for the exercise of the mandate of the Department and for the discharge of its power and functions shall be vested in the Secretary of the Department of Budget and Finance, hereinafter referred to as Secretary, who shall have supervision and control of the Department and shall be appointed by the President.

**SEC. 7. *Dissolution of the Department of Budget and Management and the Department of Finance.*** -- Subject to the provisions of the existing laws, the DBM and DOF are hereby dissolved. All functions, assets, liabilities, records, appropriation, properties, facilities and equipment of the DBM and the DOF are hereby transferred to the DBF.

**SEC. 8. *Organization of the DBF.*** -- The respective organizational and administrative structure and functions and staffing pattern, including the duties and responsibilities of the personnel and the appropriate compensation package shall be submitted by the Secretary to Congress, for review and approval, within six (6) months from the effectivity of this Act. Thereafter, the proposed organizational structure, staffing pattern, and number of positions, which shall not exceed the total number of permanent positions of the agencies that have been merged, shall be submitted to the President for final approval and shall be fully implemented within a period of three (3) months after such approval.



**SEC. 9. *Transfer of Personnel.*** -- To ensure a smooth transition, all incumbent personnel of the DBM and the DOF shall continue to perform their present duties and functions as interim personnel of the DBF until such time, being not later than twelve (12) months from the effectivity of this Act, that the regular staff of the DBF, based on the new staffing pattern, shall have been appointed: *Provided*, That the regular personnel shall be appointed by the Secretary, or his/her duly authorized representative, on the basis of merit, previous permanent appointment, fitness, and seniority.

**SEC. 10. *Impact Mitigation and Separation Measures.*** -- Employees whose positions have become redundant or unnecessary as a result of the merging of the DBM and the DOF shall be given retirement benefits if already eligible for retirement under existing laws, or separation benefits equivalent to one month basic salary for every year of government service, pursuant to the provisions of R.A. 6656.

**SEC. 11. *Appropriations.*** -- The unexpended appropriations of the DBM and the DOF under the current General Appropriations Act shall be transferred to the DBF for its operations. Thereafter, such amount as may be necessary for the continued operation of the DBF shall be included in the annual appropriations of the government.

**SEC. 12. *Repealing Clause.*** -- All laws, executive orders, rules and regulations or any part thereof inconsistent herewith are deemed repealed, modified or amended accordingly.

**SEC. 13. *Separability Clause.*** -- If for any reason any section or provision of this Act is declared unconstitutional or invalid, other sections or provisions hereof which are not affected thereby shall be in full force or effect.

**SEC. 14. *Effectivity.*** -- This Act shall take effect fifteen (15) days after its publication in two (2) newspapers of general circulation.

