

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Thirteenth Congress
First Regular Session

House Bill No. 3135



Introduced by Representative **Imee R. Marcos**

EXPLANATORY NOTE

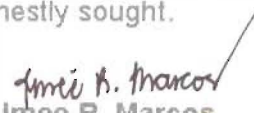
This proposed legislation seeks to address on of the concerns of the Commission on Audit, that is, the practice of government officials and employees of disregarding the requirement of laws and regulations of liquidating promptly cash advances granted to them in the pursuit of their business, presumably official.

The Commission on Audit has been looking into possible ways of effecting corrective measures to enjoin government officials and employees to settle their outstanding cash advances which have bloated the books of government agencies and made the financial reports thereon unrealistic. In the Commission's report, the Office of the President has P481.6 Million in unliquidated cash advances as of the end of the year 2002. The Armed Forces of the Philippines, on the other hand, has yet to settle P178.39 million in cash advances it incurred at the end of 2002.

There are existing laws and regulations pertaining to cash advances and the liquidation/settlement thereof as well as the penalties for non-compliance therewith, however, the settlement of these cash advances leaves so much to be desired.

In order to prevent the apparent laxity on the part of those concerned regarding this matter, this representation recommends the criminalization of non-settlement or non-payment of unliquidated cash advances. At the same time, a limited write-off after after compliance with COA requirements. The criminalization of non-settlement of cash advances will preclude further delay or failure to liquidate cash advances. In a way, it could thwart possible corruption in the public sector. The limited write-off of unliquidated cash advances will update the public of the true financial condition of the government. Moreover, it will give the Commission opportunity to devote time to more important and sensitive matters.

In view hereof, immediate passage of this bill is earnestly sought.


Imee R. Marcos
Representative
2nd District, Ilocos Norte

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AN ACT
PENALIZING NON-SETTLEMENT OF UNLIQUIDATED CASH ADVANCE OF
GOVERNMENT AGENCIES AND ALLOWING LIMITED WRITE-OFF THEREOF,
INCLUDING DORMANT AND UNCOLLECTIBLE ACCOUNTS

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

SECTION 1. Declaration of State Policy. - It is the policy of the State to maintain honesty and integrity in the public service and take positive effective measures against graft and corruption. Further, public officers and employees must, at all times, be accountable to the people, serve them with utmost responsibility, integrity, loyalty, and efficiency; act with patriotism and justice, and lead modest lives.

SECTION 2. Criminalization of Non-Settlement of Unliquidated Cash Advances.
- (a) Any public official or employee, regardless of whether or not he holds office or employment in a casual, temporary, holdover, permanent or regular capacity, who failed to settle unliquidated cash advances within two (2) months after audit and demand for settlement by the Commission on Audit shall be punished with imprisonment not exceeding six (6) months and/or a fine ranging from 200 to 6,000 pesos, depending on the gravity of the offense, and, on the discretion of the court of competent jurisdiction, disqualification to hold public office.

(b) Even if no criminal prosecution is instituted against the public official or employee, he or she shall held administratively liable and shall be removed or dismissed from office, after observance of the requisite due notice and hearing.

SECTION 3. Suspension and Loss of Benefits. - Any public officer against whom any criminal prosecution under a valid information under this Act in whatever stage of execution and mode of participation, is pending in court, shall be suspended from office. Should he be convicted by final judgment, he shall lose all retirement or gratuity benefits under any law, but if he is acquitted he shall be entitled to reinstated and to the salaries and other benefits which he failed to receive during suspension, unless in the meantime, administrative proceedings have been filed against him.

SECTION 4. Prescription of Crime. - The crime punishable under this Act shall prescribe in five (5) years.

SECTION 5. *Authority to File Information.* - The Commission on Audit, through its Chairman, upon recommendation of its legal and adjudication office, is hereby authorized to file the appropriate information before the Office of the Ombudsman, in accordance with pertinent laws, rules and regulations.

SECTION 6. *Limited Write-Off of Unliquidated Cash Advances and Outstanding/Dormant/Uncollectible Accounts Receivables.* - Unliquidated Cash Advances and Outstanding/Dormant/Uncollectible Accounts receivables may be written off when:

- 1) The Official and/or employee concerned is already dead;
- 2) The address of the official and/or employee concerned could no longer be traced;
- 3) The unliquidated cash advance and outstanding/dormant/uncollectible accounts receivables have remained unsettled for six (6) years without action from the Commission on Audit;
- 4) And such other reasons or causes as may be determined by the Commission on Audit.

Provided: That, the amount of unliquidated cash advances and dormant outstanding accounts receivable whose collectibility has been rendered nil shall not exceed One Million Pesos (P1,000,000.00).

Provided, further: That, all the requirements set by the Commission on Audit have been complied with.

SECTION 7. *Adjudication and Settlement Board.* - An Adjudication and Settlement Board shall be created to resolve requests for write-off, which shall be composed of the following officers:

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|-------------|---|
| Chairperson | - Assistant Commissioner, Legal And Adjudication Office |
| Members | - Assistant Commissioner, National Government Sector |
| | Assistant Commissioner, Corporate Government Sector |
| | Assistant Commissioner, Local Government Sector |
| | Assistant Commissioner, Government Accounting and FMIS |

SECTION 8. *Appeal.* - Appeals from the decision of the Board shall be brought before the Commission Proper in the same manner as other cases under the Commission's existing rules and regulations.

SECTION 9. *Implementing Rules and Regulations.* - Within thirty (30) days from promulgation of this Act, the Commission on Audit (COA) shall issue the necessary rules and regulations to make this Act operative.

SECTION 10. *Repealing Clause.* - Any law, presidential decree or issuance, executive order, rule or regulation contrary to, or inconsistent with the provisions of this Act is hereby repealed, modified, or amended accordingly.

SECTION 11. *Separability Clause.* - If any provision or section of this Act or the application thereof to any person or circumstance is held to be invalid, the other

provisions or sections of this Act, and the application of such provision or section to other persons or circumstances, shall not be affected thereby.

SECTION 12. *Effectivity.* - This Act shall take effect fifteen (15) days following its complete publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,
