

FIFTEENTH CONGRESS OF THE PHILIPPINES)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

HOUSE OF REPRESENTATIVES

H. B. No. **4623**

Introduced by **Deputy Speaker LORENZO "ERIN" R. TAÑADA III**

AN ACT
MANDATING TRANSPARENCY IN FUND RELEASES, AND FOR OTHER
PURPOSES.

EXPLANATORY NOTE

The government budgetary process involves four major phases: (1) budget preparation, (2) legislative authorization, (3) budget execution, and (4) budget accountability.

The fourth stage makes it the right of every Filipino to know how the government utilizes its financial resources. However, with news of corruption and other anomalies, the most recent concerning a number of generals from the Armed Forces of the Philippines, there is an apparent lack of transparency in all four stages of the budget process.

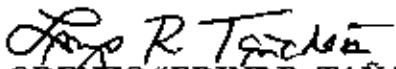
Subsequently, in this new age of communications and technology, advances like social networking sites have paved brand new and more accessible avenues for public discussions on the day-to-day affairs of the government. The Internet is now a crucial driving force for people's political participation. At the same time, government agencies have made themselves more available to the public through the world wide web. These virtual venues have made the public's clamor for transparency and accountability in governmental affairs louder now more than ever.

However, despite the government's efforts to be more accessible, it falls short in making its budgetary process available for public scrutiny. In the Department of Budget and Management (DBM), actual fund releases such as Special Allotment Release Order (SARO) and Notice of Cash Allocation (NCA) to departments and agencies chargeable against regular and special purpose funds are treated as "restricted" or "confidential" documents. Although, a budget execution information system which electronically captures all SARO and NCA releases of the DBM on a real-times basis is in place, these databases/records remain internal to said department. Consequentially, obtaining copies of said documents has been proven to be a tedious exercise. Noteworthy allegations have even surfaced citing that some people get away with selling copies of these documents to fixers and contractors who want to expedite the process.

As access to news and information is readily available with the click of a button, the public has become more aware and sensitive to the realities of anomalies and corruption in the government. It is very much apparent that Filipinos are strongly manifesting their need for access to concerns involving public funds. In this light, it is crucial to make the entire budget process transparent because the public deserves to know how their money is being spent by the government. A law mandating and operationalizing the transparency of fund releases will

ensure that the budget process is made open to external monitoring and scrutiny. This will similarly ensure and appease the information-seeking public that their money is well-accounted for and responsibly administered.

In view of the foregoing, the immediate enactment of this measure is earnestly sought.


LORENZO "ERIN" R. TAÑADA III
Representative
4th District of Quezon

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PURPOSES.

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

SECTION 1. *Short Title.* – This Act shall be known as the “Transparency in Fund Releases Act of 2010”.

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to formulate and implement a national budget that is within the framework of accountability, transparency, stability, performance and participation.

SEC. 3. *Definition of Terms.* – As used in this Act:

- (a) “Special Allotment Release Order (SARO)” shall mean a specific authority from the Department of Budget and Management (DBM) issued to one or more identified departments/agencies to incur obligations not exceeding a given amount during a specified period for the purpose indicated. It shall cover expenditures, the release of which is subject to compliance with specific laws or regulations, or is subject to separate approval or clearance by competent authority;
- (b) “Notice of Cash Allocation (NCA)” shall mean the cash authority issued by the DBM to central, regional and provincial offices and operating units to cover the cash requirements of the agencies;

- (c) "Fund Source" shall mean the authority or appropriation to which the fund release is charged. Major sources include: revenues from tax and non-tax sources, borrowings from domestic and foreign sources and withdrawals from available cash balances.

SEC. 4. Reportorial Duty of the Department of Budget and Management. –

The Department of Budget and Management shall submit a report on the total allotment and cash releases to all departments/agencies to the Committee on Finance of the Senate and the Committee on Appropriations of the House of Representatives ten (10) days after the end of every month.

SEC. 5. Contents of the Report. – The report shall include the following information: recipient department/agency, amount released, date of release, SARO or NCA number, fund source, expenditure class, and purpose of release.

SEC. 6. Online Publication of Reports. – The DBM shall post the monthly reports on their official website not later than one week after they have complied with their reportorial duty to Congress. To facilitate checks and balance as well as to ensure transparency, the Committee on Finance of the Senate and the Committee on Appropriations of the House of Representatives shall also post the submitted reports of DBM on their respective websites as soon as they received these documents from the DBM.

SEC. 7. Transparency Kiosks. – LGUs are directed to provide internet-ready computer unit/s in every municipal hall to be used for the sole purpose of granting citizens, especially those living in the countryside with no internet, access to information pertaining to the government's fund releases to be called "Transparency Kiosks."

SEC. 8. Penalties. – The failure of the head of DBM and/or the DBM officials and employees, as well as officials and members of LGUs, responsible to comply with the reportorial requirements, the subsequent duty to publish the report online and the provision of internet-ready computer/s shall be meted out with the following penalties:

- (a) First offense: Sixty days (60) days suspension without pay and submission of a written undertaking to comply with the provisions of the law.
- (b) Second offense: Ninety (90) days suspension without pay.
- (c) Third Offense: Dismissal and perpetual disqualification from public office

This shall be without prejudice to the filing of a criminal, civil or other related charges under existing laws, and after complying with substantive and procedural due process,

SEC. 9. *Administrative Jurisdiction.* – The administrative jurisdiction on any violation of the provisions of this Act shall be vested in the Civil Service Commission (CSC).

The CSC, in coordination with DBM, shall promulgate the necessary rules and regulations within ninety (90) days from the effectivity of the Act.

SEC. 10. *Separability.* – If, for any reason, any section or provision of this Act is held unconstitutional or invalid, no other section or provision shall be affected.

SEC. 11. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations, issuances or any part thereof inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

SEC. 12. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,