

FIFTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
FIRST REGULAR SESSION)

HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 4992

Introduced by Representative Lorenzo R. Tañada III

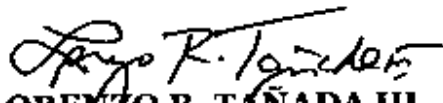
EXPLANATORY NOTE

Savings brought about from the national budget should, as a general rule, be reverted to the General Fund, which can only be spent through subsequent legislation. On the other hand, Section 25 (5), Article VI of the Constitution states that "...the President, the President of the Senate, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court, and the heads of Constitutional Commissions may, by law, be authorized to augment any item in the general appropriations law for their respective offices from savings in other items of their respective appropriations."

Through the years, the abovementioned provision and the lacking definition of 'savings' have given way to various abuses by various public officials, as well as a deficit in the annual national budget and the undermining of the will of the legislative branch. These also give rise to the curtailment of accountability and transparency in government on how it expends public funds. Some agencies even practice "saving" by not fully utilizing their allocated budget, thereby falling short in their mandate to deliver projects for the people. This allows for unspent money to be abused by some elements within the government.

At this juncture, it is high time to lay down guidelines that shall limit the discretion of the aforementioned public officials who are given the privilege to use such funds in order to prevent abuse. Such acts that place public funds into dubious transactions must be ceased.

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


LORENZO R. TAÑADA III
Representative
4th District, Quezon

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AN ACT

**DEFINING THE TERM "SAVINGS" AS USED IN THE NATIONAL BUDGET
AND PROVIDING GUIDELINES FOR ITS USE AND EXPENDITURE, AND
FOR OTHER 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 "Budget Savings Act of
2010".

SECTION 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 and which is an
instrument of national development, reflective of national objectives, strategies and
plans.

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

- (a) "Savings" shall mean the unexpended balances of an appropriation authorized in
the General Appropriations Act (GAA) or unobligated amount of allotment
released by the Department of Budget and Management (DBM), as determined
by the agency budget officers and certified by the Departments/Agencies,
including the Senate and the House of Representatives, as well as the
constitutional bodies and offices enjoying fiscal autonomy, resulting from the
completion or final discontinuance or abandonment of the work, activity or
purpose for which the appropriation is authorized; from appropriation/allotment
balances arising from unpaid compensation and related costs pertaining to
vacant positions and leaves of absence without pay; and from appropriations
balances realized from the 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 the GAA at a

lesser cost. The term however shall not include unexpended portion of any re-enacted national budget;

(b) "*Augment*" shall mean the authority of the President, the Senate President, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court, and the heads of the Constitutional Commissions to transfer funds to cover deficits in any item of the regular appropriations specified in the GAA for their respective offices.

(c) "*Deficit*" shall mean the insufficiency of an appropriation for a particular item in the GAA, as determined by the Departments/Agencies, including the Senate and the House of Representatives, as well as the constitutional bodies and offices enjoying fiscal autonomy, at the end of the fiscal year, resulting from unexpected necessary to increase the funds to be expended over and above the amount appropriated for a particular item.

SECTION 4. Reportorial Procedures. – For purposes of transparency and accountability, all Departments/Agencies, including the Senate and the House of Representatives, as well as the constitutional bodies and offices enjoying fiscal autonomy, shall submit a report to the DBM at the end of every quarter as to the current financial status of its appropriations, the cumulative allotments, obligations incurred or liquidated, total disbursements, unliquidated obligations and unexpended balances for both appropriations and allotments. The Departments/Agencies, including the Senate and the House of Representatives, as well as the constitutional bodies and offices enjoying fiscal autonomy, shall indicate therein if there are deficits in their budget that need to be augmented or if there are savings in their particular office. The DBM shall consolidate these reports and transmit such to the Committee on Finance of the Senate and the Committee on Appropriations of the House of Representatives, fifteen (15) days after the end of every quarter.

SECTION 5. Use of Savings to Augment Items in the GAA. – The report of the heads of the Departments/Agencies, including the Senate and the House of Representatives, as well as the constitutional bodies and offices enjoying fiscal autonomy, shall form the basis for the President, the Senate President, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court and the heads of the Constitutional Commissions to declare the existence of savings and to exercise their discretion, as may be authorized by law, to augment any items in the appropriations law pertaining to their respective offices: *Provided*, That in the absence of such reportorial requirements, the savings of each Departments/Agencies, including that of the Senate and the House of Representatives, except for the constitutional bodies and offices enjoying fiscal autonomy, shall revert to the General Fund at the end of the fiscal year and shall not thereafter be available for expenditure except by subsequent legislation.

SECTION 6. *Documentation.* – The sources of savings and where it is transferred shall be part of the regular reporting of the DBM. These reports shall be made readily available to the public on the websites of the DBM, the Senate and the House of Representatives.

SECTION 7. *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.

SECTION 8. *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.

SECTION 9. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,