

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Sixteenth Congress
First Regular Session



House Bill No. **3128**

Introduced by AKBAYAN Representatives
Ibarra "Barry" M. Gutierrez III and Walden F. Bello

EXPLANATORY NOTE

The budget process as provided in Book VI of Executive Order No. 292, or "*The Revised Administrative Code of 1987*," is the primary implementing law on the powers and limitations of both the executive and legislative branches in the preparation, authorization and implementation of a general appropriations law.

Unfortunately, the *Revised Administrative Code* borrows heavily from Presidential Decree No. 1177, or the "*Budget Reform Decree of 1977*," which was enacted during an era when the power of the executive was extremely dominant over the independence and prerogative of the legislative branch of the Government. Moreover, the *Revised Administrative Code of 1987*, which was issued before the enactment of the 1987 Philippine Constitution, further limited the role of the legislature in the budget process.

This bill is an updated version of House Bill No. 3074 introduced by AKBAYAN Representatives Kaka J. Bag-ao and Walden F. Bello in the Fifteenth Congress. It proposes to amend and/or repeal certain provisions of Book VI of the *Revised Administrative Code* which reflect the Martial Law predisposition to favor the executive at the expense of the legislative in the exercise of powers to determine the budget process. It seeks to reflect the spirit and noble intent of the Constitution to remove all vestiges of unmitigated executive might and restore balance among the three branches of Government by reverting Congress as a viable, reliable and independent institution.

Specifically, this legislation intends to achieve the following reforms in budget execution:

- Ensure that the executive branch of the Government implements the budget as specified in the General Appropriations Act, making the execution of the budget as approved by Congress mandatory and making it illegal and punishable by law to do otherwise without Congressional authorization.
- Ensure that permission for budget deferral, rescission or impoundment is secured from Congress in cases where a fiscal crisis or other contingencies that make it difficult for the executive to implement the budget as approved in the General Appropriations Act. Where fiscal difficulties are encountered, the executive will send Congress a special message from the President requesting: (a) authorization for new revenues or borrowings, if additional authority to borrow is required, and (b) authorization for the impoundment, rescission or deferral of low priority budget items.
- Ensure that savings generated from an unexpected reduction in the costs of achieving project and program objectives supported by the General Appropriations Act are properly accounted for and reported to Congress on a quarterly basis. Ensure further that unspent amounts from lump sum appropriations will be reverted to the general fund, and disbursed only following fresh Congressional authorization.
- Ensure that in case the budget is re-enacted, it is not treated as a lump sum that can be disbursed in its entirety without new authorization. The scope for disbursements is only in as far as there are still unexpended budgets, and that the lump sum amounts in the previous budgets can be allocated only based on duly authorized implementing rules and regulations, and other budgets whose expenditure is specifically authorized through other laws.
- Ensure that, in addition to receiving reports about savings generated from completed projects, programs and activities, Congress shall also be consulted and fully informed by the executive regarding the implementing rules and regulations and guidelines used by the departments and agencies in the allocation and disbursement of lump sum budgets. In this regard, no disbursement of lump sums shall be made until this process of consultation is deemed to have been completed through a joint resolution by the two Houses of Congress.

Hence, approval of this bill is earnestly sought.



IBARRA "BARRY" M. GUTIERREZ III



WALDEN F. BELLO

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AN ACT
PRESCRIBING REFORMS IN NATIONAL GOVERNMENT BUDGETING
TO CONFORM WITH ARTICLE VI, SECTIONS 24, 25 AND 29 OF THE 1987
CONSTITUTION, AMENDING FOR THIS PURPOSE PERTINENT
PROVISIONS OF BOOK VI OF EXECUTIVE ORDER NO. 292,
OTHERWISE KNOWN AS THE REVISED ADMINISTRATIVE CODE OF
1987, AND FOR OTHER PURPOSES

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

1 **PART I. PRELIMINARY PROVISIONS**

2

3 **SECTION 1. *Title.*** – This shall be known as the “*Budget Reform Act of 2013.*”

4

5 **SECTION 2. *Declaration of Policy.***—Pursuant to Article VI, Sections 24, 25 and 29(1)
6 of the *1987 Philippine Constitution* it is hereby declared the policy of the State to make the
7 strict implementation of the annual General Appropriations Act mandatory by
8 prohibiting any unauthorized suspension, transfer or use of appropriations, other than
9 that for which these are intended and made.

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4 **PART II. MAIN PROVISIONS**

5 **SECTION 3. *Definition of Terms.***—Section 2, Chapter I, Book VI of Executive
6 Order No. 292, otherwise known as the “*Administrative Code of the 1987*,” is hereby
7 amended to read as follows:

8 “*Section 2. Definition of Terms.*—When used in this Book:

9

10 (1) ‘*Appropriation*’ refers to an authorization made by
11 law or other enactment, directing payment out of
12 government funds under specified conditions or for
13 specified purposes.

14

15 (2) ‘*Allotment*’ refers to an authorization issued by
16 the Department of Budget to an agency, which allows it
17 to incur obligations for specified amounts contained in a
18 legislative appropriation.

19

20 (3) ‘*Augment*’ is to transfer savings from one
21 appropriation to cover deficits in another as exercised
22 by the President, Senate President, Speaker of the
23 House, Chief Justice, and Heads of the Constitutional
24 Commissions within their respective branches and
25 agencies as provided in this Book.

26

27 (4) ‘*Budget*’ refers to a financial plan required to be
28 prepared pursuant to Section 16(1), Article VIII of the
29 Constitution, reflective of national objectives, strategies
30 and programs.

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(5) *'Current operating expenditures'* refers to appropriations for the purchase of goods and services for current consumption or for benefits expected to terminate within the fiscal year.

(6) *'Capital outlay'* or *'capital expenditures'* refers to appropriations for the purchase of goods and services, the benefits of which extend beyond the fiscal year and which add up to the assets of the Government, including investments in the capital of government-owned or controlled corporations and their subsidiaries.

(7) *'Continuing appropriation'* refers to an appropriation available to support obligations for a specified purpose or project, even when these obligations are incurred beyond the budget year.

(8) *'Deficit'* means an insufficiency in the appropriated amount for the completion of a particular program, project or activity, or for the fulfillment of current operating expenditures and capital outlays not arising from causes such as overpricing or other factors which could have been reasonably foreseen in order to complete the program, project or activity or fulfill current operating expenditures and capital outlays within the given appropriation specified in the General Appropriations Act for said program, project or activity, current operating expenditures and capital outlays.

- 1 (9) *'Expected result'* means service, product or benefit
2 that will accrue to public, estimated in terms of
3 performance measures or targets.
4
- 5 (10) *'Fiscal year'* refers to the period beginning with
6 the first day of January and ending with the thirty-first
7 day of December of each calendar year.
8
- 9 (11) The *'Government'* means the National
10 Government, including the Executive, the Legislative,
11 the Judicial Branches, and the Constitutional
12 Commissions.
13
- 14 (12) *'Department and agency'* and *'department or agency'*
15 include all departments, bureaus, offices, boards,
16 commissions, courts, tribunals, councils, authorities,
17 administrations, centers, institutes, state colleges and
18 universities, and all other establishments and
19 instrumentalities of the National Government as
20 defined in the preceding paragraph.
21
- 22 (13) *'Obligation'* refers to an amount committed to be
23 paid by the Government for any lawful act made by an
24 authorized officer for and in behalf of the Government.
25
- 26 (14) *'Program'* refers to the functions and activities
27 necessary for the performance of a major purpose for
28 which a government agency is established.
29

1 (15) *'Project'* means a component of a program
2 covering a homogenous group of activities that result to
3 the accomplishment of an identifiable output.
4

5 (16) *'Re-enacted budget'* refers to the previous year's
6 budget that takes effect in case Congress fails to pass a
7 new General Appropriations Act for the current year.
8 *Provided,* That for purposes of disbursement, only
9 unexpended items for unfinished projects, programs
10 and activities, lump sums and other expenditures that
11 are automatically appropriated or specifically authorized
12 by other legislation may be disbursed by the executive.
13 A re-enacted budget, therefore, is not a lump sum
14 amount of the entire budget of the previous whose
15 expenditure and allocation is the province of the
16 Executive.

17
18 (17) *'Savings'* means any unexpended portion or
19 amount of money for an appropriation as specified in
20 the General Appropriations Act resulting from the
21 completion of a program, project or activity or
22 fulfillment of the purpose for which the appropriation
23 was specified at a cost below the amount appropriated
24 therefor due to lower than expected expenditures. This
25 shall not refer to unexpended amounts resulting from
26 the President's exercise of the power to impound under
27 Section 38 of this Book. In addition, this shall not refer
28 to unexpended items in a re-enacted budget as defined
29 herein.
30

1 (18) 'Special appropriation' is a law other than the
2 General Appropriations Act appropriating funds for a
3 particular program, project, or activity.'
4

5 **SECTION 4. *Budget Preparation.*—**
6

7 (a) Section 12, Chapter I, Book VI of Executive Order No. 292, otherwise known as the
8 *"Administrative Code of the 1987,"* is hereby amended to read as follows:
9

10 *"Section 12. Form and Content of the Budget.—*The budget
11 proposal of the President shall include current operating
12 expenditures and capital outlays. It ~~shall~~ may comprise
13 such funds as may be necessary for the operations of
14 the programs, projects and activities of the various
15 departments and agencies. All appropriations and
16 expenditures for a particular department, office, agency
17 and/or government-owned or –controlled corporations
18 shall be included and listed exclusively in the budget for
19 such specific department, office, agency and/or
20 government-owned or –controlled corporation having
21 control over such funds. All expenditures of the various
22 departments, offices, agencies and/or government-
23 owned or –controlled corporations should be uniformly
24 classified by common account titles. The presentation of
25 all project revenue and proposed expenditure items
26 must show the current year's corresponding revenue
27 and expenditure together with the last three (3) years'
28 corresponding actual revenue and expenditure. The
29 ~~proposed General Appropriations Act and other~~
30 ~~Appropriations Acts necessary to cover the budget~~

1 ~~proposals shall be submitted to the Congress to~~
2 ~~accompany the President's budget submission.~~

3
4 The budget shall be presented to the Congress in such
5 form and content as ~~may be approved by the President~~
6 prescribed in this Section and ~~may~~ shall include the
7 following:

8
9 (1) A budget message setting forth in brief the
10 government's budgetary thrusts for the budget year,
11 including their impact on development goals, monetary
12 and fiscal objectives, and generally on the implications
13 of the revenue, expenditure and debt-proposals; and
14

15 (2) Summary financial statements setting forth:

16
17 (a) Estimated expenditures and proposed
18 appropriations necessary for the support of the
19 Government for the ensuing fiscal year, including those
20 financed from operating revenues and from domestic
21 and foreign borrowings, together with a breakdown and
22 justification of all items in excess of one million pesos
23 (PhP1,000,000.00) as well as a listing of capital outlays
24 supported;
25

26 (b) Estimated receipts during the ensuing fiscal year
27 under laws existing at the time the budget is transmitted
28 and under the revenue proposals, if any, forming part of
29 the year's financing program, together with a breakdown

1 or receipt items and listing of assumptions and the
2 actual receipt for the last three (3) years;

3

4 (c) Actual appropriations, expenditures, and
5 receipts during the last completed fiscal year;

6

7 (d) Estimated expenditures and receipts and actual
8 or proposed appropriations during the fiscal year in
9 progress, together with a detailed explanation of the
10 variances, if any, between the estimated and actual
11 receipts, and between the proposed and actual
12 expenditures for the last three (3) years;

13

14 (e) Statements of the condition of the National
15 Treasury at the end of the last completed fiscal year, the
16 estimated condition of the Treasury at the end of the
17 fiscal year in progress and the estimated condition of the
18 Treasury at the end of the ensuing fiscal year, taking into
19 account the adoption of financial proposals contained in
20 the budget and showing, at the same time, the
21 unencumbered and unobligated cash resources;

22

23 (f) Essential facts regarding the bonded and other
24 long-term obligations and indebtedness of the
25 Government, both domestic and foreign, including
26 identification of recipients of loan proceeds, together
27 with an explanation of how the loan proceeds were used
28 and a listing of projects, programs and offices benefited
29 from such loans; and

30

1 (g) Such other financial statements and data deemed
2 necessary or desirable in order to make known in
3 reasonable detail the financial condition of the
4 government.”

5

6 (b) Section 21, Chapter I, Book VI of Executive Order No. 292, otherwise known as the
7 “*Administrative Code of the 1987*,” is hereby amended to read as follows:

8

9 “*Section 21. Appropriations for Personal Services.*—
10 Appropriations for personal services shall be considered
11 as included in the amount specified for each budgetary
12 program and project of each department, bureau, office
13 or agency, and shall not be itemized. The itemization of
14 personal services shall be prepared by the Secretary ~~for~~
15 ~~consideration and approval of the President~~ as provided
16 in Section 23 hereof. ~~; Provided, that~~ Itemization of
17 personal services shall also be prepared for all agencies
18 of the Legislative, Executive and Judicial Branches and
19 the Constitutional bodies, except as may be otherwise
20 approved by the President for positions concerned with
21 national security matters.”

22

23 **SECTION 5. *Budget Authorization.*—**

24 (a) Section 23, Chapter I, Book VI of Executive Order No. 292, otherwise known as the
25 “*Administrative Code of the 1987*,” is hereby amended to read as follows:

26

27 “*Section 23. Content of the General Appropriations Act.*—The
28 General Appropriations Act shall be presented in the
29 form of budgetary programs and projects for each
30 agency of the government, with the corresponding

1 appropriations for each program and project, including
2 statutory provisions of specific agency or general
3 applicability. The General Appropriations Act shall ~~not~~
4 ~~contain any~~ include an itemization of all personal
5 services, which shall be prepared by the Secretary ~~after~~
6 ~~enactment of the General Appropriations Act, for~~
7 ~~consideration and approval of the~~ as part of the
8 proposed Budget submitted to Congress by the
9 President."

10
11 (b) Section 24, Chapter I, Book VI of Executive Order No. 292, otherwise known as the
12 "*Administrative Code of the 1987*," is hereby amended to read as follows:

13
14 "*Section 24. Prohibition Against the Increase of*
15 *Appropriation.*~~—The Congress shall in no case may not~~
16 increase the appropriations recommended by the
17 President for the operation of any project or program of
18 any department, bureau, agency or office of the
19 Government, over the amount submitted by the
20 President in his budget proposal as specified in the
21 Budget. In any case of reduction in the proposed
22 appropriation for a project or program, a corresponding
23 reduction shall be made in the total appropriation of the
24 department, office or agency concerned and in the total
25 of the General Appropriations Bill. However, it may
26 increase appropriation for the operation of a department,
27 agency or office with the corresponding adjustment in
28 the appropriations of another so as not to exceed the
29 total appropriations submitted by the President in his
30 budget proposal."

1 (c) Section 25, Chapter I, Book VI of Executive Order No. 292, otherwise known as the
2 “*Administrative Code of the 1987*,” is hereby amended to read as follows:

3

4 “*Section 25. ~~Prohibition Against Enactment of Additional~~*
5 *Special Provisions.*—~~The Congress shall not~~ may add
6 special provisions in the budget earmarking the use of
7 appropriations for specific programs or activities:
8 *Provided, That* ~~this not shall it~~ does not result in the
9 increase the amount specified in special provisions
10 beyond those proposed of the appropriations
11 recommended by the President for the operation of the
12 Government.”

13

14 (d) Section 27, Chapter I, Book VI of Executive Order No. 292, otherwise known as the
15 “*Administrative Code of the 1987*,” is hereby amended to read as follows:

16

17 “*Section 27. Supplemental Appropriations.*—All appropriation
18 proposals shall be included and considered in the budget
19 preparation process. However, after the President shall
20 have submitted the budget, ~~no~~ supplemental
21 appropriation measures may be passed by Congress
22 provided these are supported from existing revenue
23 measures shall be passed by the Congress. ~~However,~~
24 ~~supplemental or deficiency appropriations involving the~~
25 ~~creation of new offices, programs or activities may be~~
26 ~~enacted if accompanied and supported by new revenue~~
27 ~~sources~~ funds actually available as certified by the
28 National Treasurer, or to be raised by corresponding
29 revenue proposal therein.

30

1 The budget and the General Appropriations Act may
2 provide for lump sums in order to support bills for later
3 action by Congress: *Provided*, That the Treasury
4 Certification requirement shall be deemed complied with
5 in case of bills (a) which are funded from lump sums in
6 the General Appropriations Act approved by Congress
7 for the purposes of supporting programs, projects, or
8 activities which require specific legislative authorization,
9 and (b) whose expenditures estimates are included in the
10 budget submission of the President pursuant to Section
11 12 of this Book: *Provided, further*, That Congress will be
12 consulted before the issuance of implementing rules for
13 the disbursement of lump sum budgets: *Provided, finally*,
14 That a joint resolution from Congress is issued stating
15 that such consultations by the Executive with Congress
16 have been achieved are deemed completed.

17
18 Unexpected amount of lump sum appropriations under
19 this Section shall not, under any circumstance, be
20 considered and used as savings but shall automatically
21 revert back to the General Fund at the end of the fiscal
22 year pursuant to Section 28 of this Book. Any act to the
23 contrary shall be considered misuse of government funds
24 and illegal expenditures as provided in Sections 80 and
25 43 of this Book.”

26
27 (e) Section 28, Chapter I, Book VI of Executive Order No. 292, otherwise known as the
28 *“Administrative Code of the 1987,”* is hereby amended to read as follows:

29
30 *“Section 28. Reversion of Unexpected Balances of Appropriations,*
31 *Continuing Appropriations.—Unexpended balances of*

1 appropriations authorized in the General Appropriations
2 Act shall revert to the unappropriated surplus of the
3 General Fund at the end of the fiscal year and shall not
4 thereafter be available for expenditure except by
5 subsequent legislative enactment: *Provided*, That
6 appropriations for capital outlays shall remain valid until
7 fully spent or reverted: *Provided, further*, That continuing
8 appropriations for current operating expenditures may be
9 specifically recommended and approved as such in
10 support of projects whose effective implementation calls
11 for multi-year expenditure commitments: *Provided, finally*,
12 That the President may authorize the use of savings
13 realized by an agency during a given year to meet non-
14 recurring expenditures in a subsequent year under
15 guidelines, conditions and limits to be prescribed by
16 Congress in the General Appropriations Act and subject
17 to its review and disallowance if the use of savings does
18 not conform with said prescribed guidelines, conditions
19 and limits.

20
21 Appropriations for capital outlay shall in no case be
22 realigned for personal services and current operating
23 procedures. The balances of continuing appropriations
24 shall be reviewed as part of the annual budget
25 preparation process and the President may approve upon
26 recommendation of the Secretary, the reversion of funds
27 no longer needed in connection with the activities
28 funded by said continuing appropriations.”

29
30 **SECTION 6. *Budget Execution.*—**

31

1 (a) Section 33(6), Chapter 5, Book VI of Executive Order No. 292, otherwise known as
2 the “*Administrative Code of 1987*,” is hereby amended to read as follows:

3

4 “*Section 33. Allotment of Appropriations.*—Authorized
5 appropriations shall be allotted in accordance with the
6 procedure outlined hereunder:

7

8 x x x

9

10 (6) Pursuant to Section 38 of this Book, the Secretary
11 shall have no authority to modify or amend any
12 allotment previously issued. In case he shall find at any
13 time that the probable receipts from taxes or other
14 sources of any fund will be less than anticipated and that
15 as a consequence the amount available for the remainder
16 of the term of the appropriations or for any allotment
17 period will be less than the amount estimated or allotted
18 therefor, he shall recommend to ~~with the approval of the~~
19 ~~President and after notice to the department or agency~~
20 ~~concerned, reduce the~~ reduction of the amount or
21 amounts allotted as he deems necessary so as to conform
22 to the targeted budgetary goals. The President, in turn,
23 shall follow the procedure prescribed in Section 38 of
24 this Book for the approval of requests for authority for
25 the suspension of expenditures of appropriations.

26

27 x x x”

28

29 (b) Section 35, Chapter 5, Book VI of Executive Order No. 292, otherwise known as the
30 “*Administrative Code of 1987*,” is hereby amended to read as follows:

1
2 *“Section 35. Special Budgets for Lump Sum Appropriations.—*

3 Expenditures from lump sum appropriations for any
4 purpose or for any department, office or agency in any
5 annual General Appropriations Act or other Act and
6 from any fund of the National Government, shall be
7 made in accordance with a special budget to be approved
8 by the President, which shall include, but shall not be
9 limited to, the number of each kind of position, the
10 designations, and the annual salary proposed for which
11 an appropriation is intended. This provision shall be
12 applicable to all revolving funds, receipts which are
13 automatically made available for expenditure for certain
14 specific purposes, aids and donations for carrying out
15 certain activities, and deposits made to cover the cost of
16 special services to be rendered to private parties. Unless
17 otherwise expressly provided by law, when any Board,
18 head of department, chief of bureau or office, or any
19 other official, is authorized to appropriate, allot,
20 distribute or spend any lump sum appropriation or
21 special bond, trust, and other funds, such authority shall
22 be subject to the provision of this Section.

23
24 In any case, ~~of~~ any lump sum appropriation for salaries
25 and wages of temporary and emergency laborers and
26 employees, including contractual personnel, provided in
27 any General Appropriation Act or other Acts, the
28 expenditure of such appropriation shall be limited to the
29 employment of persons paid by the month, by the day,
30 or by the hour.

1 In no case shall savings from lump sum appropriation
2 under this Section be used pursuant to Section 39 of this
3 Book or for any other purpose. Any savings from lump
4 sum appropriations shall revert back to the
5 unappropriated surplus of the General Fund at the end
6 of the fiscal year and shall not thereafter be available for
7 expenditures except by subsequent legislative enactment
8 pursuant to Section 28 of this Book: *Provided, That*
9 Congress may authorize the use of savings from lump
10 sum appropriations pursuant to Section 39 of this Book
11 under specific guidelines, conditions and limits it shall
12 provide in the General Appropriations Act, further
13 subject to its review and disallowance if Congress so
14 finds such use of saving from lump sum appropriations
15 not to be in accordance with its prescribed guidelines,
16 conditions and limits.”

17
18 (c) Section 37, Chapter 5, Book VI of Executive Order No. 292, otherwise known as the
19 “*Administrative Code of 1987*,” is hereby amended to read as follows:
20

21 “*Section 37. Prohibition Against the Creation of Appropriation*
22 *Reserves.*—The Secretary may establish reserves against
23 appropriations to provide for contingencies and
24 emergencies which may arise later in the calendar year
25 and which would otherwise require deficiency
26 appropriations: *Provided, That* such established reserves
27 shall be subject to special appropriation measures,
28 including a proposal and certification as urgent by the
29 President to Congress: *Provided, however, That* the
30 establishment of reserves shall strictly follow the
31 guidelines set forth on Congressional regulation of the
32 power of the President to defer, rescind, or reserve

1 expenditure of appropriations previously authorized by
2 Congress.

3
4 The establishment of appropriation reserves shall not
5 necessarily mean that such portion of the appropriation
6 will not be made available for expenditure. Such
7 conditions change during the fiscal year justifying the use
8 of the reserve, necessary adjustments may be made by
9 the Secretary when requested by the department, official
10 or agency concerned.”

11
12 (d) Section 38, Chapter 5, Book VI of Executive Order No. 292, otherwise known as the
13 “*Administrative Code of 1987*,” is hereby amended to read as follows:

14
15 “*Section 38. Suspension of Expenditure of Appropriations.—*
16 *The implementation of* ~~Except as otherwise provided in~~
17 *the General Appropriations Act is mandatory, and failure*
18 *to release allotments for appropriated items as provided*
19 *for in said Act shall constitute misuse of government*
20 *funds and illegal expenditures as provided in Sections 80*
21 *and 43 of this Book and whatever in his judgment the*
22 *public interest so requires.*

23
24 Fund releases for appropriations authorized in the
25 General Appropriations Act shall be transmitted intact.
26 The Commission on Audit shall ensure compliance with
27 this provision to the extent that sub-allotment by
28 departments and/or control agencies to their subordinate
29 offices are in conformity with allocation in budgetary
30 advice of allotments or treasury warrants issued by the
31 Department of Budget and Management.”

1
2 However, except as otherwise provided in the General
3 Appropriations Act, the President, subject to review and
4 approval of Congress, may be ~~upon notice to the head of~~
5 office concerned, is authorized to suspend or otherwise
6 stop further expenditure of funds allotted for any agency,
7 or any other expenditure authorized in the General
8 Appropriations Act, except those for personal services
9 appropriations used for permanent officials and
10 employees.

11
12 Congress shall transmit its approval or denial to the
13 President sixty (60) days after its receipt of the
14 President's request for authority. Inaction on the part of
15 Congress within said sixty (60) day period shall mean a
16 denial of the request for authority to suspend
17 expenditure of appropriations.

18
19 Any provision of law to the contrary notwithstanding,
20 the appropriations authorized for the Judiciary, Congress,
21 the Commission on Human Rights, the Office of the
22 Ombudsman, the Civil Service Commission, the
23 Commission on Audit and the Commission on Elections
24 in the annual appropriations act shall be automatically
25 and regularly released in accordance with their respective
26 work and financial plans."

27
28 (e) Section 39, Chapter 5, Book VI of Executive Order No. 292, otherwise known as the
29 "*Administrative Code of 1987*," is hereby amended to read as follows:
30

1 *“Section 39. Authority to Use Savings in Appropriations to Cover*
2 *Deficits.—*Except as otherwise provided in the General
3 Appropriations Act, any savings in the regular
4 appropriations authorized in the General Appropriations
5 Act for programs and projects of any department, office
6 or agency, may, with the approval of the President, be
7 used to cover deficit in any other item of the regular
8 appropriations: *Provided,* That the creation of new
9 positions or increase of salaries shall not be allowed to be
10 funded from budgetary savings except when specifically
11 authorized by law: *Provided, further,* that whenever
12 authorized positions are transferred from one program
13 or project to another within the same department, office
14 or agency, the corresponding amounts appropriated for
15 personal services are also deemed transferred, without,
16 however increasing the total outlay for personal services
17 of the department, office or agency concerned.

18
19 Under no circumstance shall savings be used for
20 programs, projects and activities, or any other purpose
21 not appropriated for in the General Appropriations Act
22 pursuant to Section 29(1), Article VI of the 1987
23 Philippine Constitution. Any action to the contrary shall
24 constitute misuse of government funds and illegal
25 expenditures as provided in Sections 80 and 43 of this
26 Book, including use of savings for unprogrammed
27 expenditures beyond the limits prescribed in the General
28 Appropriations Act. In addition, any use of savings for
29 expenditures subject to limitations provided in the
30 General Appropriations Act shall be reviewed and may
31 be disallowed by Congress for being made in violation of
32 said limitations.

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A re-enacted budget shall not be treated as a lump sum budget in its entirety. All items in a re-enacted budget, as defined in this Act, shall revert to the General Fund in accordance with Section 28 of this Book: *Provided, That* the following items may not be reverted to the General Fund:

- (a) Lump sum items whose implementing rules were drafted in the previous year in consultation with Congress, as evidenced by a joint congressional resolution stating such;
- (b) Appropriations for recurring expenditures;
- (c) Expenditures for budgets deemed automatically appropriated under the law; and
- (d) Expenditures for which separate legislative authorization exists.

Under no circumstances shall other unexpended amounts be used for items and expenditures not appropriated for in the re-enacted budget.”

- (f) Section 49, Chapter 5, Book VI of Executive Order No. 292, otherwise known as the “*Administrative Code of 1987*,” is hereby amended to read as follows:

“Section 49. Authority to Use Savings for Certain Purposes.—
Savings in the appropriations provided in the General Appropriations Act may be used for the settlement of the following obligations incurred during a current fiscal year or previous fiscal years as may be approved by

1 Secretary in accordance with rules and procedures as may
2 be approved by the President in accordance with specific
3 guidelines, conditions and limitations that shall be
4 prescribed in the General Appropriations Act, and
5 subject to review and disallowance by Congress if the
6 same are found to be made in violation of its prescribed
7 guidelines, conditions and limitations:

8
9 (1) Claims of officials, employees and laborers who
10 died or were injured in line of duty, including burial
11 expenses as authorized under existing law;

12
13 (2) Commutation of terminal leaves of employees
14 due to retirement, resignation or separation from the
15 service through no fault of their own in accordance with
16 the provisions of existing law, including unpaid claims
17 for communication of maternity leave or absence;

18
19 (3) Payment of retirement gratuities or separation
20 pay of employees separated from the service due to
21 government reorganization;

22
23 (4) Payment of salaries of employees who have been
24 suspended or dismissed as a result of administrative or
25 disciplinary action, or separated from the service through
26 no fault of their own and who have been subsequently
27 exonerated and reinstated by virtue of decisions of
28 competent authority;

- 1 (5) Cash awards to deserving officials and employees
2 in accordance with civil service law;
3
- 4 (6) Salary adjustments of officials and employees as a
5 result of classification action under, and implementation
6 of, the provisions of the Compensation and Position
7 Classification Act, including positions embraced under
8 the Career Executive Service;
9
- 10 (7) Peso support to any undertaking that may be
11 entered into by the government with international
12 organizations, including administrative and other
13 incidental expenses;
14
- 15 (8) Covering any deficiency in peso counterpart fund
16 commitments for foreign-assisted projects, as may be
17 approved by the President;
18
- 19 (9) Priority activities that will promote the economic
20 well-being of the nation, including food production,
21 agrarian reform, energy development, disaster relief, and
22 rehabilitation;
23
- 24 (10) Repair, improvement and renovation of
25 government buildings and infrastructure and other
26 capital assets damaged by natural calamities;
27
- 28 (11) Expenses in connection with official participation
29 in trade fairs, civic parades, celebrations, athletic

1 competitions and cultural activities, and payment of
2 expenses for the celebration of regular or special official
3 holiday;

4
5 (12) Payment of obligations of the government or any
6 of its departments or agencies as a result of final
7 judgment of the Courts; and

8
9 (13) Payment of valid prior year's obligations of
10 government agencies with any other government office
11 or agency, including government-owned or –controlled
12 corporations.”

13
14 **SECTION 7. *Congressional Oversight Committee.***—Congress shall create an
15 Oversight Committee for the implementation and faithful execution of the provisions of
16 this Act, specifically, from lump-sum appropriations, as provided in this Act, the use of
17 unexpended appropriations in a re-enacted budget, the prohibition against retention or
18 detention of allotments, the automatic release of appropriations to the Legislative,
19 Executive, and Judicial Branches, the Constitutional Commissions, the Commission on
20 Human Rights, and the Office of the Ombudsman, and other specific provisions in this
21 Act amending Book VI of Executive Order No. 292 or the *Revised Administrative Code of*
22 *1987.*

23
24 The Congressional Oversight Committee shall also implement Sections 28, 35, 38, 39
25 and 49, Book VI of the *Revised Administrative Code of 1987*, as amended in this Act,
26 providing the exercise of its power to review, approve or disallow executive action on the
27 use or transfer of appropriations and determine, after legislative inquiry, the commission
28 of misuse of government funds and illegal expenditures as provided in Sections 80 and
29 43 of Book VI of the *Revised Administrative Code of 1987.*

30

