

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

SIXTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 4787



Introduced by **ATTY. MAGTANGGOL T. GUNIGUNDO I**

EXPLANATORY NOTE

The main goal of the **Expenditure and Savings Incentive Act of 2014** which is originally HB 5171 that we filed in the 14th Congress is to authorize heads of various local government units (*LGUs*) and national government agencies to retain savings from their Maintenance and other Operating Expenses (*MOOE*) and Capital Outlay (*CO*) for purposes of providing services and equipment beyond the fiscal year such savings accrued. Said bill was referred then to the Committee on Local Government that posited to stakeholders, including DBM for comments.

It was then referred primarily to the Committee on Appropriations and secondarily to the Committee on Local Government. The two committees then asked all stakeholders for comment and was referred to the Department of Budget and Management (*DBM*) for its position paper but it was not submitted because no succeeding deliberations were scheduled for said bill.

Presently, there is no incentive and motivation for *LGUs* and government agencies to implement belt-tightening measures since they have to return their savings to the National Treasury or to the local treasury at the end of the fiscal year. This proposed measure authorizes these *LGUs*, agencies, departments, bureaus, and commissions of the national government to retain their savings, and use them for other unprogrammed capital outlay projects such as acquisition at bargain prices of equipment that would not be available all year round. This law encourages austerity and provides budget flexibility for government units, thereby cutting down red tape and corruption in the procurement process.

This is an effective measure to reduce the budget deficit of the national government and likewise a good alternative for the national government to accelerate the disbursements for its intended programs.

Proper post-audit shall be conducted to prevent abuse of this authority.

Immediate approval of this bill is earnestly sought.

ATTY. MAGTANGGOL T. GUNIGUNDO I

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Introduced by **HON. MAGTANGGOL T. GUNIGUNDO I**

AN ACT
AUTHORIZING HEADS OF VARIOUS LOCAL GOVERNMENT UNITS
(LGUs) AND NATIONAL GOVERNMENT DEPARTMENTS, BUREAUS,
COMMISSIONS AND OTHER AGENCIES TO RETAIN SAVINGS FROM
THEIR MAINTENANCE AND OTHER OPERATING EXPENSES
(MOOE) AND CAPITAL OUTLAY (CO) FOR PURPOSES OF FUNDING
UNPROGRAMMED CAPITAL OUTLAY PROJECTS

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

Section 1. **Short Title.** – This Act shall be known as “*The Expenditure and Savings Incentive Act of 2014.*”

Section 2. **Definition of Terms.** – For purposes of this Act, the following terms shall mean as follows:

- a) **Savings**- refer to the excess amount in the financial account of an agency for the appropriation year after spending for the intended and programmed projects (*services have been rendered/ goods have been delivered or projects have been completed and accepted*).
- b) **Maintenance and Other Operating Expenses (MOOE)** - refer to expenditures to support the operations of government agencies such as expenses for supplies and materials; transportation and travel; utilities (water, power, etc.) and the repairs, etc.
- c) **Capital Outlay (CO)** - refers to the appropriations for the purchase of goods and services, the benefits of which extend beyond the fiscal year and which add to the assets of the Government, including investments in the capital stock of government-owned and controlled corporations and their subsidies.
- d) **Unprogrammed Capital Outlay Projects**- refer to projects of the government for the purchase of goods and services earmarked for capital outlay that are available only when there is savings by the agency.

Section 3. **Retention and Use of the Savings..** – All heads of various local government units and national government departments, bureaus, commissions and other agencies are hereby allowed to retain savings from their Maintenance and other Operating Expenses (MOOE) and Capital Outlay (CO) beyond the fiscal year such savings accrued.

These savings may be used by the said government unit in funding unprogrammed capital outlay projects, subject to post-audit.

Section 4. **Implementing Rules and Regulations.** The Secretary of Budget and Management (DBM), in coordination with the Department of the Interior and Local Government

(DILG) shall promulgate the necessary rules and regulations for the effective implementation of this Act within thirty (30) days from its effectivity.

Section 5. ***Separability Clause.*** – The provisions of this Act are hereby deemed separable. If any provision thereof is declared invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the other provisions which shall remain in effect.

Section 6. ***Repealing Clause.*** – All laws, decrees, executive orders, rules and regulations, or parts thereof, inconsistent with the provisions of this Act are hereby repealed.

Section 7. ***Effectivity.*** – This Act shall take effect fifteen (15) days following its publication in the Official Gazette or in a newspaper of general circulation.

Approved,