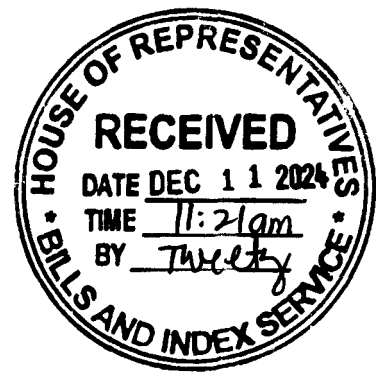


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
19TH CONGRESS
Third Regular Session



House Bill No. 11192

Introduced by REP. JOEL R. CHUA, REP. BIENVENIDO M. ABANTE, JR., REP. AURELIO "DONG" D. GONZALES, JR., REP. DAVID "JAY-JAY" C. SUAREZ, REP. FRANZ S. PUMAREN, REP. LORENZ R. DEFENSOR, REP. JULIENNE "JAM" BARONDA, REP. JUDE A. ACIDRE, REP. JOHNNY TY PIMENTEL, REP. ROMEO M. ACOP, REP. JANETTE L. GARIN, REP. CRISPIN DIEGO "PING" REMULLA, REP. JEFFERSON F. KHONGHUN, REP. ROBERTO T. UY, JR., REP. JONATHAN KEITH T. FLORES, REP. LORETO S. AMANTE, REP. HORACIO P. SUANSING, JR., REP. ROLANDO M. VALERIANO, REP. JOSEPH "JOJO" L. LARA, REP. ARNAN C. PANALIGAN, REP. FRANCISCO PAOLO C. ORTEGA V, REP. ERNESTO M. DIONISIO, JR., REP. CHARISSE ANNE C. HERNANDEZ, REP. ROBERT ACE S. BARBERS, REP. ZIA ALONTO ADIONG, REP. RAOUL DANNIEL A. MANUEL, REP. RAMON RODRIGO L. GUTIERREZ, REP. GERVILLE "JINKY BITRICS" R. LUISTRO, REP. JOSEPH STEPHEN "CARAPS" S. PADUANO, REP. DAN S. FERNANDEZ, REP. FRANCE L. CASTRO, REP. ARLENE D. BROSAS, REP. MARGARITA "ATTY. MIGS" B. NOGRALES-ALMARIO, REP. CHEENO MIGUEL D. ALMARIO, REP. MIKAELA ANGELA B. SUANSING, REP. AMPARO MARIA J. ZAMORA, REP. LORDAN G. SUAN, REP. RAUL ANGELO "JIL" D. BONGALON

Explanatory Note

Confidential and intelligence funds were historically subject to the approval of the President of the Republic or specifically identified and authorized in the General Appropriations Act (GAA).¹ The GAA is the governing law on confidential and intelligence funds. In Section 83 of the 2022 GAA, confidential funds "shall be released or disbursed only upon approval of the Department Secretary concerned". "Confidential expenses refer to those related to surveillance activities in civilian government agencies that are intended to support the mandate or operation of the agency."

However, confidential fund utilization has never been without issue – including its being subject to audit.² It was only through the COA-DBM-DILG-GCG-DND Joint Circular (JC) No. 2015-01 that established guidelines on the entitlement, release, utilization, reporting and auditing of confidential and/or intelligence funds.³

While Joint Circular No. 2015-01 provides a disappointingly lenient requirement for liquidation of cash advances sourced from confidential funds

¹ <https://www.dbm.gov.ph/wp-content/uploads/Archives/NEP/NEP2010/Part%20III/EXPENDITURES.pdf>

² http://legaev.senate.gov.ph/press_release/2011/0818_drilon3.asp
https://legaev.senate.gov.ph/press_release/2008/1026_roxas1.asp

³ <https://ecg.gov.ph/files/f9SK9rC6L4Kbl9o2Lflc.pdf>

compared to that of cash advances of regular funds. In addition, with the several hearings conducted by the Committee on Good Government and Public Accountability, the following were discovered, among others:

- Mismatch of the granting of confidential funds to agencies that are not involved in public order and safety nor national security;
- Irregular utilization of confidential expenses to programs, activities, and projects that are not the initiatives of an agency nor was there an actual utilization of confidential funds;
- Payment of rewards to individuals whose identities cannot be verified;
- Purchase of information without proof that utilization of the information led to a successful activity by the same agency from which the confidential funds were sourced;
- Absence of a requirement of a memorandum of agreement between agencies should there be a coordinating event for utilization of the information acquired through the purchase of reward of the agency incurring the confidential expense and the issuance of a Certification for the successful utilization of the information by the agency receiving and utilizing the information.

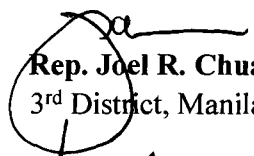
During the hearings of the House Committee on Good Government and Public Accountability on the Privilege Speech No. 379 of Rep. Rolando M. Valeriano entitled “Asserting the Power of the Purse” and the *motu proprio* inquiry on the manifestation of Rep. Gerville “Jinky Bitrics” R. Luistro during September 2, 2024 budget hearing of the Department of Education in the House Committee on Appropriations, it was evident that confidential funds allotted to civilian agencies were used to augment its operations and not for national security – contrary to the intent of granting it. Moreover, because of the loose requirements of Joint Circular No. 2015-01 on confidential and/or intelligence funds, acknowledgment receipts bearing only signatures and illegible handwriting belonging to individuals whose identities have not been verified were allowed to serve as proof of liquidation.⁴

The spirit of granting confidential funds for confidential expenses was for peace and order programs and public safety. This was not how the confidential funds were used by the civilian agencies as seen in the inquiries of the House Committee on Good Government and Public Accountability.

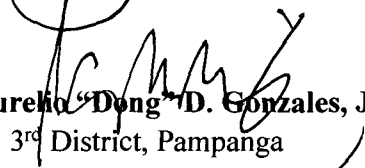
It is high time that stricter requirements and guidelines be issued in the utilization of confidential funds for confidential expenses. While the necessity of confidential funds for national security is recognized, it must be balanced with the duty of the government to safeguard utilization of public funds and introduce much needed statutory changes.

Hence, approval of this bill is earnestly sought.

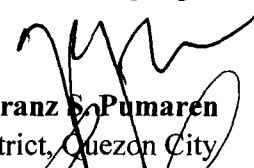
⁴ COA-DBM-DILG-GCG-DND Joint Circular No. 2015-01 dated January 8, 2015 on the ‘Guidelines on entitlement, release, use, reporting and audit of confidential and/or intelligence funds’.



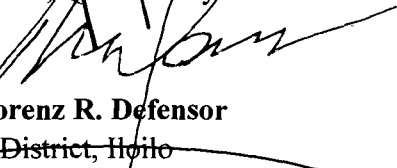
Rep. Joel R. Chua
3rd District, Manila



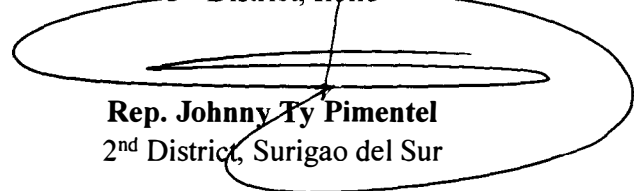
Rep. Aurelio "Dong" D. Gonzales, Jr.
3rd District, Pampanga



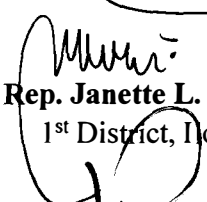
Rep. Franz S. Pumaren
3rd District, Quezon City



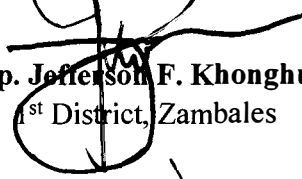
Rep. Lorenz R. Defensor
3rd District, Iloilo



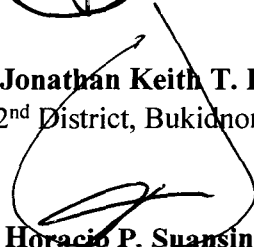
Rep. Johnny Ty Pimentel
2nd District, Surigao del Sur



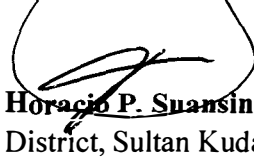
Rep. Janette L. Garin
1st District, Iloilo



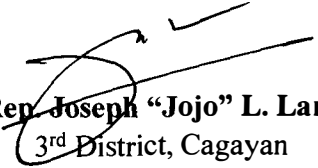
Rep. Jefferson F. Khonghun
1st District, Zambales



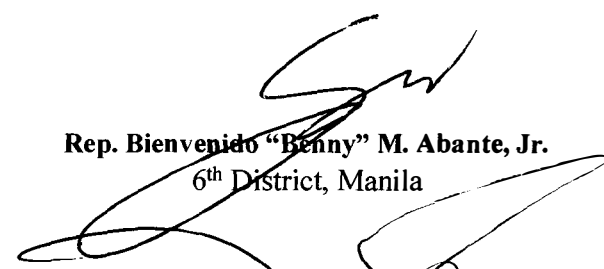
Rep. Jonathan Keith T. Flores
2nd District, Bukidnon



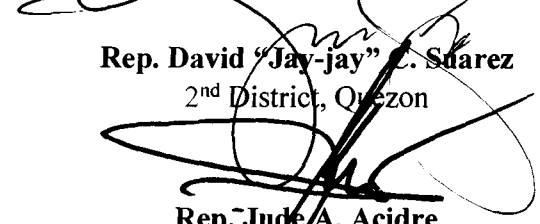
Rep. Horacio P. Suansing, Jr.
2nd District, Sultan Kudarat



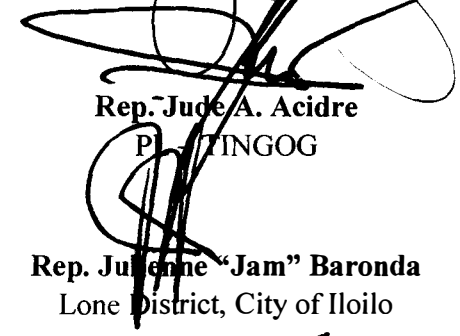
Rep. Joseph "Jojo" L. Lara
3rd District, Cagayan



Rep. Bienvenido "Benny" M. Abante, Jr.
6th District, Manila

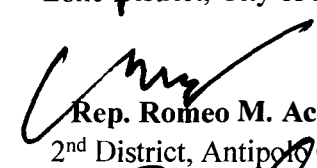


Rep. David "Jay-jay" C. Suarez
2nd District, Quezon

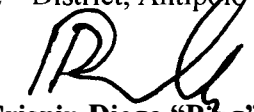


Rep. Jude A. Acidre
P. TINGOG

Rep. Julianne "Jam" Baronda
Lone District, City of Iloilo

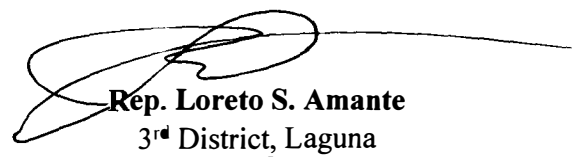


Rep. Romeo M. Acop
2nd District, Antipolo City



Rep. Crispin Diego "Ping" Remulla
7th District, Cavite

Rep. Roberto T. Uy, Jr.
1st District, Zamboanga del Norte



Rep. Loreto S. Amante
3rd District, Laguna



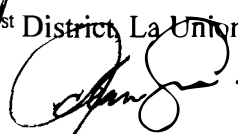
Rep. Rolando M. Valeriano
2nd District, Manila



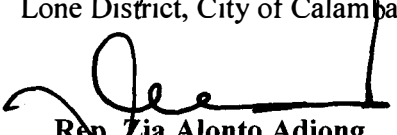
Rep. Arnan C. Panaligan
1st District, Oriental Mindoro



Rep. Francisco Paolo P. Ortega V
1st District, La Union



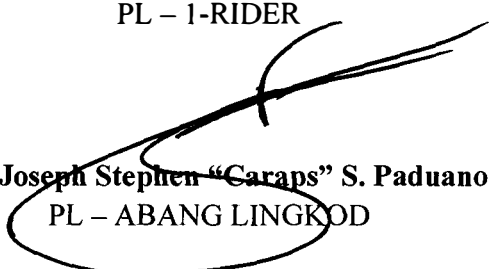
Rep. Charisse Anne C. Hernandez
Lone District, City of Calamba



Rep. Zia Alonto Adiong
1st District, Lanao del Sur



Rep. Ramon Rodrigo L. Gutierrez
PL – 1-RIDER



Rep. Joseph Stephen "Caraps" S. Paduano
PL – ABANG LINGKOD

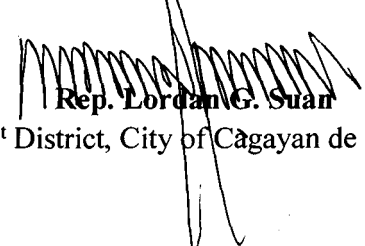
Rep. France L. Castro
PL – ACT TEACHERS



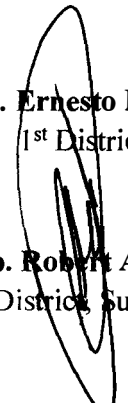
Rep. Margarita "Atty. Migs" B. Nograles-Almario
PL – PBA



Rep. Mikaela Angela B. Suansing
1st District, Nueva Ecija



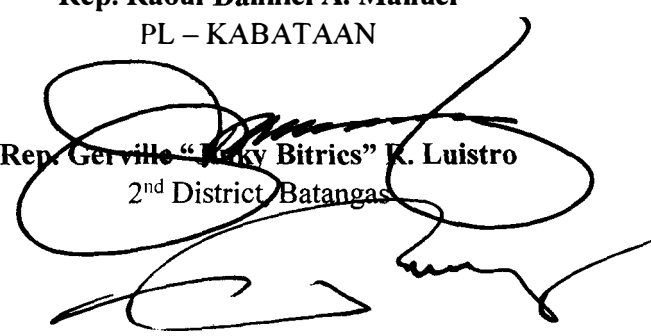
Rep. Lordan G. Suan
1st District, City of Cagayan de Oro



Rep. Ernesto M. Dionisio Jr.
1st District, Manila

Rep. Robert Ace S. Barbers
2nd District, Surigao del Norte

Rep. Raoul Dannel A. Manuel
PL – KABATAAN



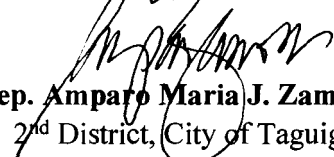
Rep. Gervillo "Jinky Bitrics" K. Luistro
2nd District, Batangas

Rep. Dan S. Fernandez
Lone District, City of Sta. Rosa

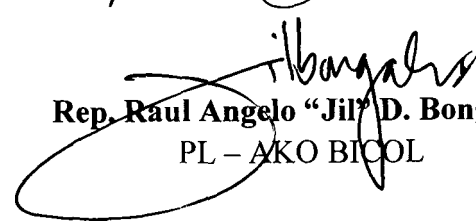
Rep. Arlene D. Brosas
PL – GABRIELA



Rep. Cheeno Miguel D. Almario
2nd District, Davao Oriental



Rep. Amparo Maria J. Zamora
2nd District, City of Taguig



Rep. Raul Angelo "Jil" D. Bongalon
PL – AKO BICOL

Republic of the Philippines
HOUSE OF REPRESENTATIVES
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19TH CONGRESS
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House Bill No. **11192**

Introduced by REP. JOEL R. CHUA, REP. BIENVENIDO M. ABANTE, JR., REP. AURELIO "DONG" D. GONZALES, JR., REP. DAVID "JAY-JAY" C. SUAREZ, REP. FRANZ S. PUMAREN, REP. LORENZ R. DEFENSOR, REP. JULIENNE "JAM" BARONDA, REP. JUDE A. ACIDRE, REP. JOHNNY TY PIMENTEL, REP. ROMEO M. ACOP, REP. JANETTE L. GARIN, REP. CRISPIN DIEGO "PING" REMULLA, REP. JEFFERSON F. KHONGHUN, REP. ROBERTO T. UY, JR., REP. JONATHAN KEITH T. FLORES, REP. LORETO S. AMANTE, REP. HORACIO P. SUANSING, JR., REP. ROLANDO M. VALERIANO, REP. JOSEPH "JOJO" L. LARA, REP. ARNAN C. PANALIGAN, REP. FRANCISCO PAOLO C. ORTEGA V, REP. ERNESTO M. DIONISIO, JR., REP. CHARISSE ANNE C. HERNANDEZ, REP. ROBERT ACE S. BARBERS, REP. ZIA ALONTO ADIONG, REP. RAOUL DANNIEL A. MANUEL, REP. RAMON RODRIGO L. GUTIERREZ, REP. GERVILLE "JINKY BITRICS" R. LUISTRO, REP. JOSEPH STEPHEN "CARAPS" S. PADUANO, REP. DAN S. FERNANDEZ, REP. FRANCE L. CASTRO, REP. ARLENE D. BROSAS, REP. MARGARITA "ATTY. MIGS" B. NOGRALES-ALMARIO, REP. CHEENO MIGUEL D. ALMARIO, REP. MIKAELA ANGELA B. SUANSING, REP. AMPARO MARIA J. ZAMORA, REP. LORDAN G. SUAN, REP. RAUL ANGELO "JIL" D. BONGALON

AN ACT
REGULATING THE ALLOCATION AND UTILIZATION OF
CONFIDENTIAL AND INTELLIGENCE FUNDS IMPOSING PENALTIES
FOR MISUSE AND MISAPPROPRIATION

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

1 **SECTION 1. *Short Title.*** This Act shall be known as the "*Confidential &*
2 *Intelligence Funds (CIF) Utilization and Accountability Act*".

3 **SECTION 2. *Declaration of State Policies.*** The state recognizes the need for
4 the allocation and use of confidential and intelligence funds in government agencies
5 with mandates that are directly related to national security, law enforcement, and
6 intelligence operations, and other related critical functions requiring discretion. It is
7 the policy of the state that the use of such funds must be subject to stringent oversight,
8 accountability, and transparency to ensure that they are not misused, misappropriated,
9 or diverted for unauthorized purposes. Further, it is the policy of the state to maintain

1 public trust in the use of public funds, protect the integrity of government operations,
2 and prevent corruption in the management of confidential funds.

3 **SECTION 3. *Entitlement to Confidential and Intelligence Funds.***
4 Confidential/intelligence fund shall be allocated to agencies as indicated under the
5 General Appropriations Act and to all other agencies, department, units with mandates
6 related to national security, peace and order, and intelligence gathering.

7 **SECTION 4. *Limits on Confidential/Intelligence Fund Allocation.*** The total
8 allocation for confidential funds for any single agency, considering the population
9 serviced, shall not exceed ten percent [10%] of the total annual budget of the agency,
10 unless otherwise explicitly authorized by law.

11 **SECTION 5. *Definition of Terms.***

12 a. **Accountable Officer (AO)** – refers to every officer of the government
13 whose duties permit or require the possession or custody of government
14 funds and property and who shall be accountable therefore and for the
15 safekeeping thereof in conformity with laws and regulations.

16 b. **Audit and Oversight Authorities** – the Commission on Audit (COA),
17 Philippines Congress composed of the House of Representatives and
18 Senate, or any other relevant body empowered by law to audit government
19 agencies and ensure proper use of public funds.

20 c. **Confidential Fund (CF)** - refers to the lump-sum amount released or
21 disbursed to civilian government agencies that are intended to support its
22 mandate or operations directly related to Confidential Expenses in
23 Confidential Programs for national security and peace and order.

24 d. **Confidential Expenses (CE)** - refer to those expenses directly related to
25 national security and peace and order, including but not limited to
26 surveillance activities and information gathering, in civilian government
27 agencies with mandates directly related to peace and order and intelligence
28 gathering.

29 e. **Government-Owned or-Controlled Corporation (GOCC)** - refers to
30 any entity organized as a stock or non-stock corporation, vested with
31 functions relating to public needs whether governmental or proprietary in
32 nature, and owned by the Government of the Republic of the Philippines
33 directly or through its instrumentalities either wholly or, where applicable
34 as in the case of stock corporations, to the extent of at least a majority of
35 its outstanding capital stock. The term "GOCC" shall include Government
36 Instrumentalities with Corporate Powers/Government Corporate Entities
37 and Government Financial Institutions, and Subsidiaries as defined under
38 Republic Act (R.A.) No. 10149 or the GOCC Governance Act of 2011.

- 1 f. **Governance Commission for GOCCs (GCG)** - refers to the central
2 advisory, monitoring, and oversight body, with authority to formulate,
3 implement and coordinate policies involving GOCCs, created under R.A.
4 No. 10149.
- 5 g. **Head of Agency (HoA)** - refers to the highest official of the NGA and
6 LGU. In the case of GOCCs, the HoA refers to the President and/or Chief
7 Executive Officer, who is in-charge of the day-to-day operations of the
8 corporation.
- 9 h. **Intelligence and Confidential Fund Audit Unit (ICFAU)** - refers to the
10 unit created under the Office of the Chairperson of the COA in charge of
11 the audit of CF and IF.
- 12 i. **Intelligence Fund (IF)** - refers to the lump-sum amount released or
13 disbursed to military agencies or agencies engaged in intelligence
14 activities, including funds sourced from savings.
- 15 j. **Intelligence Expenses (IE)** - refer to those related to intelligence
16 information gathering activities of uniformed and military personnel, and
17 Intelligence Practitioners that have direct impact to national security;
- 18 k. **Local Government Unit (LGU)** – refers to a province, city or,
19 Municipality;
- 20 l. **Misuse and Misappropriation of CF and/or IF** – the unauthorized use,
21 misappropriation, diversion, or expenditure of confidential/intelligence
22 funds for purposes other than those specifically approved in the budget or
23 law, or in violation of established rules and regulations, including
24 disbursement of confidential/intelligence funds of an agency allocated with
25 such budget in the GAA but the mandate is not directly related to national
26 security or peace and order;
- 27 m. **National Government Agency (NGA)** - refers to any department, bureau
28 or office of the national government, or any of its branches and
29 instrumentalities, other than GOCCs and LGUs;
- 30 n. **Notice of Disallowance (ND)** - refers to a written notification to the HoA
31 and/or accountant informing and requiring the person/s liable to restitute
32 the amount of CE and/or IE disapproved/disallowed in audit, either in
33 whole or in part, as a result of illegal, irregular, or improper
34 disbursement/expenditure of such funds;
- 35 o. **Special Disbursing Officer (SDO)** - refers to the HoA or a regular
36 employee designated by the HoA to be in charge of making disbursements
37 of CF and/or IF so received and accountable therefor;

1 **SECTION 4. *General Guidelines.*** Confidential funds shall be allocated to
2 government agencies with a mandate directly related to national security and peace
3 and order, or intelligence gathering for specific and essential purposes, including,
4 national defense and security operations, law enforcement, prevention and response to
5 terrorism and organized crime, emergency responses to national crises where the
6 immediate release of information could jeopardize public safety or national interests.

7 **SECTION 5. *Limitations on Use.*** – Confidential/intelligence funds shall not be
8 used for agency operations not directly related to peace and order or intelligence
9 gathering, political activities, personal or private expenditure of government officials
10 or employees, and public relations or other non-security-related purposes.

11 **SECTION 6. *Reporting and Transparency.*** All NGAs, LGUs, and GOCCs
12 releasing CF and IF shall submit reports on the use thereof to the COA-ICFAU for its
13 audit of the CF and IF utilization, and other audit and oversight authorities, without
14 compromising confidentiality.

15 **SECTION 7. *Public Disclosure.*** – While maintaining the necessary
16 confidentiality, a summary of the allocation and purpose of the confidential funds
17 should be disclosed to the public, in a manner that does not endanger national security
18 or law enforcement operations.

19 **SECTION 8. *Confidentiality and Loss of Confidentiality Status.*** – With due
20 regard for the protection from unauthorized disclosure of classified information
21 relating to sensitive, confidential and intelligence matters, all information and
22 documents related to CF and IF are to be treated as confidential.

23 However, CF loses confidentiality status and shall be declassified immediately
24 once COA issues an ND. The CF, including all the information and documents related
25 thereto shall then be subject to inquiries and investigations, with documents and
26 related information to be made public, without need of compulsory processes.

27 **SECTION 9. *Oversight and Audit.*** The Commission on Audit (COA) shall have
28 the authority to audit the use of confidential funds in all government agencies. COA
29 shall (i) review whether the funds were used strictly for the intended purpose, (ii)
30 examine the documentation and receipts to ensure proper use, and (iii) conduct
31 random and special audits whenever deemed necessary. The COA and other relevant
32 oversight authorities shall conduct special audits or investigations if there are
33 reasonable grounds to suspect misuse, fraud, or corruption involving confidential
34 funds. Civil society organizations shall be encouraged to monitor the use of
35 confidential funds, provided that they respect the confidentiality of sensitive
36 operations.

37 **SECTION 10. *Prima facie evidence of misuse and misappropriation.*** There
38 shall be *prima facie* evidence of misuse and misappropriation of the funds if:

- 39 (i) There is failure to comply with the documentary requirements
40 evidencing proper disbursement and liquidation of the CF and/or IF;

- 1 (ii) Failure to comply with Section 6 of this Act on the submission of reports
2 to Audit and other Oversight Authorities, including the Commission on
3 Audit, House of Representatives, Senate and the Office of the President;
4 (iii) Disbursement of funds allocated to a government agency, unit or
5 instrumentality the mandate of which is not directly related to national
6 security or peace and order;
7 (iv) Disbursement of funds to another person who shall make further
8 disbursement of funds; or
9 (v) Disbursement of funds for activities not directly related to national
10 security, peace and order, or intelligence gathering for effective
11 implementation of its law enforcement mandate.

12 **SECTION 11. *Penalties for Misuse and Misappropriation of Confidential***
13 ***Funds.*** The SDO and the HoA shall be jointly and severally liable in case of failure to
14 render accounts, misappropriation, or misuse of the funds whether through negligence
15 or intentionally and shall include perpetual disqualification from office shall be
16 imposed upon the SDO, including loss of benefits.

17 **SECTION 12. *Implementing Rules and Regulations.*** The Department of
18 Budget and Management (DBM), in consultation with the Commission on Audit
19 (COA), the National Security Council (NSC), and other relevant agencies, shall issue
20 the necessary rules and regulations to implement the provisions of this Act and shall
21 produce Implementing Rules and Regulations within 90 calendar days from publication
22 of this Act. These rules shall include detailed procedures for the justification, approval,
23 reporting, and auditing of confidential funds.

24 The Commission on Audit, Bureau of Treasury, Department of Interior and
25 Local Government, Governance Commission for Government-owned or -controlled
26 Corporations, Department of Budget and Management, and the Department of National
27 Defense shall review and revise their existing circulars and joint circulars in accordance
28 with this Act.

29 **SECTION 13. *Supplementary Application of the Government Auditing Code and***
30 ***Government Accounting Manual.*** The entitlement, release, use, reporting, and audit of
31 confidential and intelligence funds shall not be contrary to the requirements of the
32 Government Accounting Manual and must be audited solely by the COA-ICFAU under
33 the Government Auditing Code.

34 **SECTION 14. *Prescription of Crimes.*** The offenses punishable under this Act
35 shall prescribe in twenty (20) years.

36 **SECTION 15. *Separability of Provisions.*** If any provisions of this Act or the
37 application thereof to any person or circumstance is held invalid, the remaining
38 provisions of this Act and the application of such provisions to other persons or
39 circumstances shall not be affected thereby.

1 **SECTION 16. *Repealing Clause.*** All laws, decrees, orders, rules, and regulations
2 inconsistent with the provisions of this Act are hereby repealed or modified
3 accordingly.

4 **SECTION 17. *Effectivity.*** This Act shall take effect fifteen (15) days after its
5 publication in the Official Gazette or in at least two (2) newspapers of general
6 circulation.

7 *Approved,*