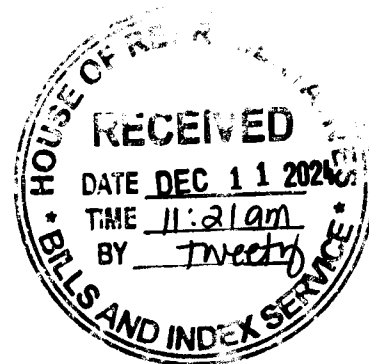


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
19TH CONGRESS
Third Regular Session

House Bill No. **11193**



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

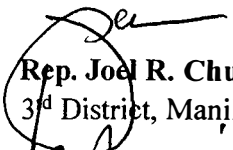
Special Disbursing Officers (SDOs) are appointed and are not initially accountable officers. Appointed by the Head of Agency (HoA), SDOs are usually selected based on trust and confidence. SDOs are then empowered to disburse funds through cash advances (CAs). While there are guidelines for cash advances provided in Commission on Audit (COA) Circular No. 97-002 for regular fund and COA-DILG-DBM-GCG-DND Joint Circular No. 2015-01 on confidential/intelligence fund, there were gaps in the guidelines.

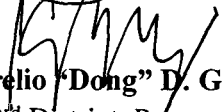
The gaps in the guidelines without a law to buttress protection of the taxpayer money made it susceptible for HoAs and SDOs to abuse fund disbursement by the millions and billions without proper liquidation with impunity. These abuses committed by SDOs and HoAs were evident in the course of the hearings of the Committee on Good Government and Public Accountability during its deliberations of 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.

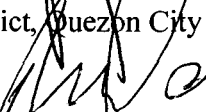
While the Committee on Good Government and Public Accountability sees the necessity of confidential and intelligence funds in national security and peace and order for the effective implementation of law enforcement mandates for the protection of the Philippine society, it is nigh time that standards be put in place to regulate SDOs not only disbursing confidential and intelligence funds, but regular funds as well, and imposing sanctions for improper disbursement of these funds be it intentionally or through negligence.

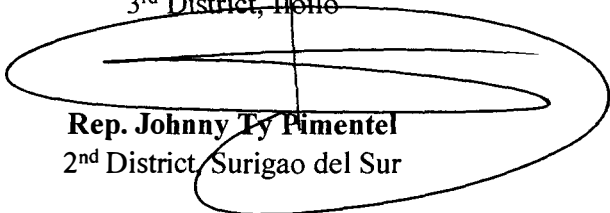
Hence, approval of this bill is earnestly sought.

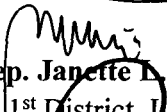

Rep. Joel R. Chua
3rd District, Manila

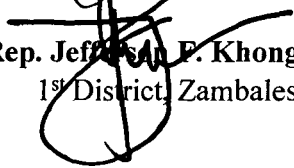

Rep. Aurelio "Dong" D. Gonzales, Jr.
3rd District, Pampanga

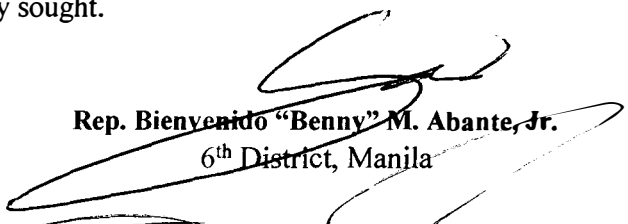

Rep. Franz S. Pumaren
3rd District, Quezon City

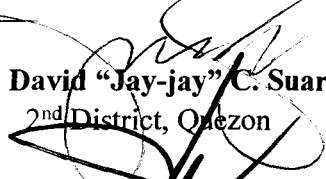

Rep. Lorenz R. Defensor
3rd District, Iloilo


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

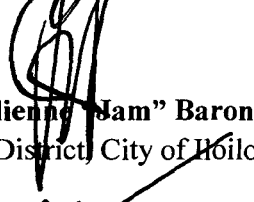

Rep. Janette L. Garin
1st District, Iloilo

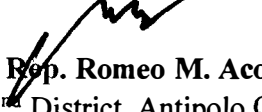

Rep. Jeffery F. Khonghun
1st District, Zambales

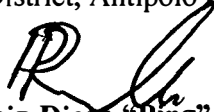

Rep. Bienvenido "Benny" M. Abante, Jr.
6th District, Manila

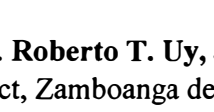

Rep. David "Jay-jay" C. Suarez
2nd District, Quezon

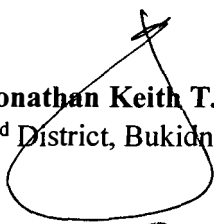

Rep. Jude A. Acidre
PLATINOGOG


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

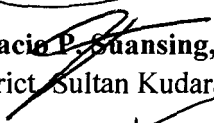

Rep. Romeo M. Acop
2nd District, Antipolo City


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

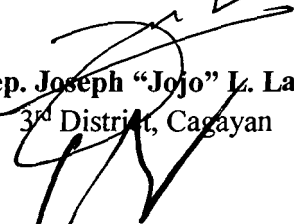

Rep. Roberto T. Uy, Jr.
1st District, Zamboanga del Norte



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



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



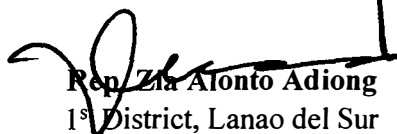
Rep. Joseph "Jojo" L. Lara
3rd District, Cagayan



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



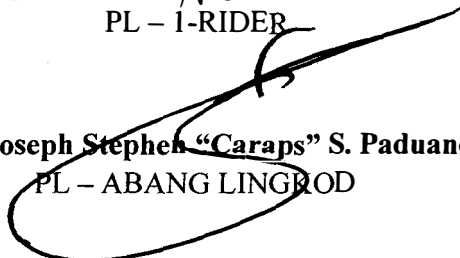
Rep. Charisse Anne C. Hernandez
Lone District, City of Calamba



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

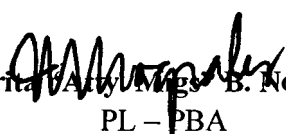


Rep. Ramon Rodrigo L. Gutierrez
PL – 1-RIDER

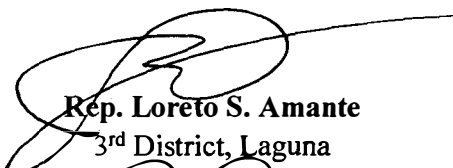


Rep. Joseph Stephen "Caraps" S. Paduano
PL – ABANG LINGROD

Rep. France L. Castro
PL – ACT TEACHERS



Rep. Margarita Almario B. Nograles-Almario
PL – PBA



Rep. Loreto S. Amante
3rd District, Laguna



Rep. Rolando M. Valeriano
2nd District, Manila



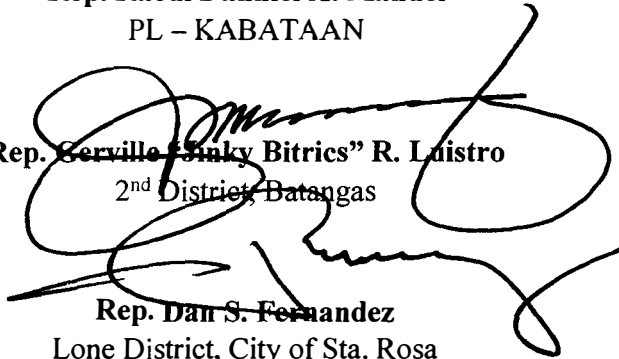
Rep. Arnan C. Panaligan
1st District, Oriental Mindoro



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



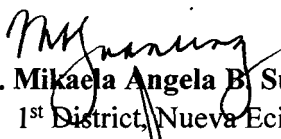
Rep. Gervillo "Sinky Bitrics" R. Luistro
2nd District, Batangas

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

Rep. Arlene D. Brosas
PL – GABRIELA



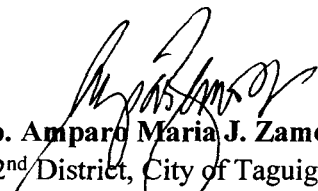
Rep. Cheeno Miguel D. Almario
2nd District, Davao Oriental



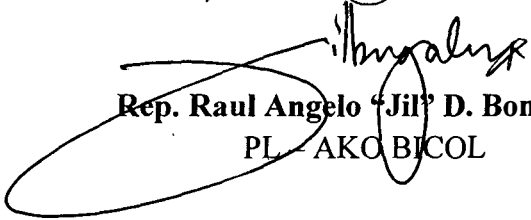
Rep. Mikaela Angela B. Suansing
1st District, Nueva Ecija



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



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



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

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House Bill No. **11193**

Introduced by REP. JOEL R. CHUA, REP. BIENVENIDO M. ABANTE, JR.,
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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 SPECIAL DISBURSING OFFICERS AND IMPOSING
PENALTIES FOR MISUSE AND MISAPPROPRIATION OF FUNDS

*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 “*Special Disbursing*
2 *Officers Accountability Act*”.

3 **SECTION 2. *Declaration of State Policies.*** The state recognizes the need for the
4 allocation and use of confidential/intelligence funds in certain 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, as well
7 as use of regular funds in government operations through cash advances of special
8 disbursing officers. It is the policy of the state that the use of such funds must be subject
9 to stringent oversight, accountability, and transparency to ensure that they are not
10 misused, misappropriated, or diverted for unauthorized purposes. Further, it is the

1 policy of the state to prevent intentional and negligent dissipation of funds disbursed to
2 special disbursing officers appointed by and acting under the direction of Heads of
3 Agencies.

4 **SECTION 3. *Scope.*** This Act covers all special disbursing officers, handling both
5 regular and confidential/intelligence funds, as defined in this bill.

6 **SECTION 4. *Special Disbursing Officer.*** The Special Disbursing Officer (SDO)
7 refers to the Head of Agency (HoA) or a regular employee designated as such by the
8 HoA, to be in-charge of making disbursement of the amount received. The SDO shall
9 be accountable to the amount received for disbursement.

10 **SECTION 5. *Qualifications of an SDO.*** The SDO, designated as such by the
11 HoA, shall be a permanent official or employee of the agency of at least SG 24, possess
12 an educational background related to accounting, auditing or finance, with an approved
13 fidelity bond equivalent to the SDO's accountability.

14 **SECTION 6. *Limit on Accountability.*** The SDO shall have an approved fidelity
15 bond in an amount equivalent to their cash accountability and whose net worth can
16 cover at least fifty per centum (50%) to one hundred per centum (100%) of their cash
17 accountability.

18 The SDO shall comply with the rules and regulations on the entitlement, release,
19 use, reporting and audit of regular and confidential/intelligence funds, provided the
20 same are not contrary to the provisions of this Act.

21 **SECTION 7. *Non-delegability.*** The SDO designated as such by the HoA shall
22 not make further delegation of disbursing the funds to which the SDO is accountable.
23 The funds disbursed to the SDO must be liquidated by the same SDO accountable
24 therefor. The SDO shall ensure proper liquidation of the funds and that the purpose for
25 which the fund was originally intended had been attained.

26 In the case of confidential/intelligence funds, the SDO shall ensure and certify
27 that the funds have been used in relation to the mandate of the agency directly related
28 to national security, peace and order, or intelligence gathering for the effective
29 implementation of its law enforcement mandate.

30 Activities related to national security and peace and order includes purchase of
31 information necessary for the formulation and implementation of program, activities
32 and projects relevant to the national security and peace and order, payment of rewards,
33 aid and/or capability development for personnel of law enforcement agencies, and
34 volunteers/partners and other activities, crime prevention and law enforcement
35 activities, and programs for anti-illegal drug, illegal gambling, counter-insurgency
36 and/or counter-terrorism, illegal logging, illegal mining, illegal fishing, smuggling and
37 human trafficking.

38 **SECTION 8. *Prima facie evidence of misappropriation.*** There shall be *prima*
39 *facie* evidence of misuse and misappropriation of the funds if:

- 1 (i) There is disbursement of funds allocated to a government agency, unit
2 or instrumentality the mandate of which is not directly related to national
3 security or peace and order;
4 (ii) The SDO fails to fully liquidate the funds at the end of each year;
5 (iii) The SDO disburses the funds to another person who shall make further
6 disbursement of funds;
7 (iv) There is disbursement of funds for activities not directly related to
8 national security, peace and order, or intelligence gathering for effective
9 implementation of its law enforcement mandate; or
10 (v) Failure to personally comply with the documentary requirements of
11 liquidation.

12 **SECTION 9. *Liability of the SDO.*** The SDO and the HoA shall be jointly and
13 severally liable in case of failure to render accounts, misappropriation, or misuse of the
14 funds whether through negligence or intentionally.

15 **SECTION 10. *Penalties.*** Without prejudice to the filing of criminal, civil and
16 administrative cases, the penalty of perpetual disqualification from office shall be
17 imposed upon the SDO for violation of any of the provisions of this act, including loss
18 of benefits.

19 **SECTION 11. *Prescription of Crimes.*** The offenses punishable under this Act
20 shall prescribe in twenty (20) years. However, the right of the State to recover properties
21 unlawfully misappropriated by the SDO and HoA shall not be barred by prescription,
22 laches, or estoppel.

23 **SECTION 12. *Implementing rules and regulations.*** The Commission on Audit,
24 Bureau of Treasury, Department of Interior and Local Government, Governance
25 Commission for Government-owned or -controlled Corporations, Department of
26 Budget and Management, and the Department of National Defense shall review and
27 revise their existing circulars and joint circulars in accordance with this Act and shall
28 produce Implementing Rules and Regulations within 90 calendar days from publication
29 of this Act.

30 **SECTION 13. *Separability of Provisions.*** If any provisions of this Act or the
31 application thereof to any person or circumstance is held invalid, the remaining
32 provisions of this Act and the application of such provisions to other persons or
33 circumstances shall not be affected thereby.

34 **SECTION 14. *Repealing Clause.*** All laws, decrees, orders, rules, and regulations
35 inconsistent with the provisions of this Act are hereby repealed or modified
36 accordingly.

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

40 *Approved,*