



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Twentieth Congress
First Regular Session

HOUSE BILL NO. 11



**Introduced by Representatives Ferdinand Martin G. Romualdez,
Andrew Julian K. Romualdez and Jude A. Acidre**

EXPLANATORY NOTE

The passing of the annual budget is a vital role performed by Congress which originates exclusively with the House of Representatives. It is the most important guiding document of the national socio-economic policy of the government for the year. The manner of its preparation and execution must conform to the reforms contained in this measure.

This bill seeks to enforce the power of Congress to authorize all appropriations and hold the government accountable in the use of public resources to ensure the responsibility of all government agencies to propose, execute and deliver committed results in the appropriations act in a timely, predictable and economical manner. The bill also strengthens the integration of planning, programming, budgeting, accounting, disbursement, reporting, and performance management and ensures ample safeguards in managing public finances.

The bill institutionalizes the cash-based estimates in the proposed general and special appropriations. It reforms the budget preparation process, to ensure that public resources are aligned with national priorities. It incorporates medium-term planning, particularly in infrastructure, to ensure the completion of the projects within the budget year.

The bill also set safeguards for multi-year contracts whereby only projects that fully met the requirements are commenced. Thus, this manages the availability of public resources and avoids contingent liabilities for government-initiated projects.

Another key reform of this bill is to improve upon the management of liabilities by reporting government exposures to liabilities. The minimization of unanticipated contingent liabilities is of utmost importance to keeping the power of the purse within the Congress as they are rarely approved, discussed, or explicitly authorized by Congress, but are obligations nonetheless charged against public resources.

There is also an urgent need for a budgetary framework clarifying the management of public resources in the aftermath of the COVID-19 pandemic.

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



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AN ACT

**TO REFORM THE BUDGET PROCESS BY ENFORCING GREATER
ACCOUNTABILITY IN PUBLIC FINANCIAL MANAGEMENT (PFM),
PROMOTING FISCAL SUSTAINABILITY, UPHOLDING CONGRESS'
POWER OF THE PURSE, INSTITUTING AN INTEGRATED PFM
SYSTEM, AND INCREASING BUDGET TRANSPARENCY AND
PARTICIPATION**

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

PART I

PRELIMINARY PROVISIONS

SECTION 1. *Short Title.* – This Act shall be known as the “Budget
Modernization Act.”

Sec. 2. *Declaration of Policy and Objectives.* – It is hereby declared the policy
of the State to ensure accountability and integrity in the use of public resources
by ensuring transparency, fiscal responsibility, results-orientation, efficiency, and
effectiveness. This shall be upheld through the establishment of an integrated
system of planning, programming, budgeting, management, accounting,
reporting and review of public finances, wherein internal controls are embedded
within these processes. In light of these requirements, the State shall pursue the
following specific objectives:

- 1
- 2 (a) To enforce the power of Congress to authorize all appropriations and hold
- 3 government accountable in the use of public resources, as well as to ensure
- 4 the responsibility of all government agencies to propose, execute and
- 5 deliver committed results in the appropriations act in a timely, predictable,
- 6 and economic manner;
- 7 (b) To promote people's involvement in the management of public resources
- 8 by enforcing their right to access information on, and to contribute to the
- 9 formulation and implementation of, the financial affairs of the government;
- 10 and
- 11 (c) To strengthen the integration of planning, programming, budgeting,
- 12 accounting, disbursement, reporting and performance management and
- 13 ensure ample safeguards in managing public finances through internal
- 14 controls and risk management.
- 15

16 **Sec. 3. *Scope and Coverage.*** – The provisions of this Act shall apply to the

17 management of revenues, expenditures, financing arrangements, and assets and

18 liabilities of national government agencies (NGAs), government-owned or -

19 controlled corporations (GOCCs), and local government units (LGUs) to the

20 extent provided herein.

21

22 **Sec. 4. *Definition of Terms.*** –The following terms when used in this Act and the

23 implementing rules and regulations (IRR) should be understood, as follows:

24

- 25 (a) ***Activity*** refers to a recurring work process that contributes to the
- 26 implementation of a program or sub-program;
- 27 (b) ***Allotment*** refers to the authorization issued to Government Agencies to
- 28 incur contractual commitments and disburse funds up to a certain amount,
- 29 for a specified public purpose, and within a specified period of time, in
- 30 accordance with the Appropriations Law;
- 31 (c) ***Allotment Class*** refers to the classification of expenditures under an item
- 32 of appropriation with the following categories: Personnel Services,
- 33 Maintenance and Other Operating Expenses, Financial Expenses, and
- 34 Capital Outlays;
- 35 (d) ***Appropriations*** refers to an authorization pursuant to laws directing the
- 36 disbursement of Public Funds under specified conditions or for specified
- 37 public purposes;
- 38 (e) ***Appropriations Law*** refers to either a general or special appropriations
- 39 law;

- 1 (f) **Cabinet** refers to the Executive Secretary and the Secretaries of the
2 Departments under the Executive Branch;
- 3 (g) **Cash Budgeting System** refers to the annual appropriations that limit
4 incurring obligations and disbursing payments to goods delivered and
5 services rendered, inspected and accepted within the current fiscal year.
6 Payments, of which, may be settled within the Extended Payment Period;
- 7 (h) **Development Budget Coordination Committee (DBCC)** refers to the
8 body primarily responsible for the review and approval of the
9 macroeconomic targets, revenue projections, borrowing level, aggregate
10 budget level and expenditure priorities and the recommendation to the
11 Cabinet and the President of the consolidated public sector financial
12 position and the National Government fiscal program. The Secretary of
13 Budget and Management leads the DBCC, with the Secretary of Finance,
14 the Director General of the National Economic and Development
15 Authority (NEDA) Secretariat and a representative from the Office of the
16 President as members, and the Governor of the Bangko Sentral ng
17 Pilipinas (BSP) as a resource person;
- 18 (i) **Disbursement** refers to settlement of government obligations either in the
19 currency, check or constructive cash such as the issuance of Tax
20 Remittance Advice for the remittance to BIR of taxes withheld from
21 employees and suppliers and Non-Cash Availment Authority for direct
22 payments made by international financial institutions to suppliers and
23 consultants of foreign assisted projects;
- 24 (j) **Extended Payment Period** refers to the first three (3)-month period in the
25 following fiscal year when payments, chargeable against the
26 Appropriations Law of the previous fiscal year, can be processed and
27 disbursed for goods delivered and services rendered, inspected and
28 accepted by the end of the previous fiscal year;
- 29 (k) **Fiscal Year** refers to a period of twelve (12) months commencing on
30 January 1 until December 31;
- 31 (l) **Government Agencies** collectively refer to all NGAs, GOCCs and LGUs
- 32 (m) **Government-Owned or -Controlled Corporations** refer to agencies with
33 corporate powers, organized as a stock or non-stock corporation, vested
34 with functions relating to public needs whether governmental or
35 proprietary in nature, and owned by the Government of the Republic of
36 the Philippines directly or through its instrumentalities either wholly or,
37 where applicable as in the case of stock corporations, to the extent of at
38 least a majority of its outstanding capital stock. This includes Government

1 Financial Institutions, government instrumentalities with corporate
2 powers, government corporate entities and related corporations;

3 (n) ***Government Financial Institutions*** refer to financial institutions or
4 corporations in which the government directly or indirectly owns the
5 majority of the capital stock and which are either: (i) registered with, or
6 directly supervised by, the *Bangko Sentral ng Pilipinas*; or (ii) authorized
7 to collect or transact funds or contributions from the public and place them
8 in financial instruments or assets such as deposits, loans, bonds and
9 equity;

10 (o) ***Head of Agency*** refers to the head of the department or agency in the case
11 of NGAs, the Board of Directors or Trustees or its duly authorized
12 officials in the case of GOCCs, State Universities and Colleges (SUCs)
13 and local water districts, and the local chief executive in the case of LGUs;

14 (p) ***Item of Appropriation*** refers to the amount of appropriations for an
15 activity or project in the Appropriations Law;

16 (q) ***Local Government Units*** refer to provinces, cities, municipalities, and
17 barangays, as well as autonomous regions created by law pursuant to the
18 Constitution;

19 (r) ***Multi-Year Contracting Authority (MYCA)*** refers to the authority issued
20 by DBM to agencies, covering the full contract cost, for the procurement
21 of multi-year projects;

22 (s) ***Multi-year Projects*** refer to projects undertaken by agencies covering a
23 period of more than one fiscal year and exceeding twelve months;

24 (t) ***National Government Agencies*** refer to units of the National
25 Government, as distinguished from GOCCs and LGUs, which include any
26 of the departments, bureaus, offices or instrumentalities of the Executive,
27 Judicial and Legislative branches of government, as well as the
28 Constitutional Commissions, Commission on Human Rights and the
29 Office of the Ombudsman;

30 (u) ***Program*** refers to a group of activities and projects that contribute to a
31 common particular outcome;

32 (v) ***Project*** refers to a special undertaking carried out within a definite time
33 frame and intended to result in some pre-determined measure of goods
34 and services;

- 1 (w) ***Proposed National Budget*** refers to a financial plan of annual revenue
2 and expenditures to be submitted by the President to Congress that reflect
3 national policies, pursuant to Section 22 of Article VII of the Constitution;
- 4 (x) ***Public Officials and Employees*** refer to elective and appointive officials
5 and employees, in a permanent or temporary capacity, whether in the
6 career or non-career service, including military and uniformed personnel,
7 regardless of the rank, form or amount of compensation;
- 8 (y) ***Public Funds*** refer to the monies of all Government Agencies received,
9 collected, receivable from taxes, fees, charges, penalties, income,
10 dividends, interest earnings, domestic loan proceeds, external loans and
11 grants, proceeds from the sale of assets, that the Government has a legal
12 right to retain and use;
- 13 (z) ***Spill-over Projects*** refer to contracts authorized and undertaken in the
14 immediately preceding General Appropriations Act (GAA) which were
15 not fully implemented;
- 16 (aa) ***Subsidiary*** refers to a corporation where at least a majority of the
17 outstanding capital stock is owned or controlled, directly or indirectly and
18 through one or more intermediaries, by a GOCC; and
- 19 (bb) ***Treasury Single Account (TSA)*** refers to the account maintained by the
20 Bureau of the Treasury (BTr) with the BSP or agent bank for a unified
21 structure of government bank accounts to enable consolidation and
22 optimum utilization of government cash resources.

23
24 In this Act, the singular may be read as the plural and the plural may be read
25 as the singular, as the context requires.

26
27 **PART II**
28 **BUDGET PREPARATION, EXECUTION, AND ADJUSTMENT**
29

30 **Sec. 5. Governing Principles in Budget Preparation.** – There is hereby
31 established a set of governing principles to be observed by the NGAs and GOCCs
32 in the preparation of their annual budget proposals, and by the DBM in the
33 preparation, and the presentation to Congress, of the Proposed Annual National
34 Budget:

- 35
36 (a) Cash-based estimates shall be adopted in the proposed general and special
37 appropriations bills to promote faster and more effective delivery of
38 services;

1 (b) The overall expenditure program of the government for a given Fiscal Year
2 shall be included, identifying those requiring approval by Congress and
3 those authorized under existing laws;
4

5 (c) All sources of funds and authorized uses available to the agency shall be
6 considered in the evaluation of agency proposals and determination of
7 agency budget levels, and shall likewise be disclosed in the Proposed
8 National Budget and reports;
9

10 (d) Evaluation of agency proposals may include the analysis of a development
11 plan, master plan or road map, agency capability as demonstrated by
12 previous years' performance, its contribution to projects and activities of
13 other agencies, utilization of funds appropriated or released, and such other
14 criteria as may be determined by the DBM. The performance shall be
15 evaluated based on the actual disbursements and contractual commitments
16 as compared to the appropriations;
17

18 (e) All appropriations in the GAA shall be valid for one Fiscal Year, reckoned
19 from the effectivity thereof until the end of the Fiscal Year concerned.
20 When necessary or appropriate, a three-month Extended Payment Period
21 in the following Fiscal Year may be availed of to allow agencies to settle
22 payments for goods and services delivered, inspected and accepted during
23 the previous Fiscal Year;
24

25 (f) For evaluating the performance of an agency, programs, activities and
26 projects shall be presented in such a way as to identify the entity
27 responsible for the expenditure and the intended results from the use of the
28 appropriations;
29

30 (g) Both the financial and non-financial performance of agencies shall be
31 presented in the Proposed National Budget to ensure a performance-
32 informed budget; and
33

34 (h) Programs, activities and projects shall be reflected by department,
35 agencies, bureaus, and offices, and shall be presented for information
36 purposes, by region and province, and eventually, by city or municipality.
37

38 **Sec. 6. Planning-Programming-Budgeting Linkage.** – Development strategies
39 identified in the PDP shall be the primary consideration in the formulation of the
40 Budget Priorities Framework. These shall also be the basis for drawing up
41 strategic and prioritized programs and projects in the multi-year Public
42 Investment Program (PIP), which in turn will be considered in the formulation of

1 the annual agency budgets that conform to the annual budget ceilings approved
2 by the President.

3
4 The PIP shall be reflective of the Regional Development Investment Programs
5 that, in turn, also take into consideration the intra-regional and inter-provincial
6 development plans and investment programs of the local government units within
7 each region.

8
9 The implementation of programs and projects funded under the annual agency
10 budgets shall be monitored to ensure economy, efficiency, and effectiveness in
11 the use of public funds. Monitoring and evaluation of these projects shall cover,
12 among others, the planned and actual performance of agencies, citing reasons for
13 deviation and/or poor absorptive capacities. The results of the project evaluation
14 shall inform the assessment of subsequent plans and budget proposals of
15 agencies.

16
17 **Sec. 7. Budget Priorities Framework.** –The DBCC shall submit to the President
18 and Cabinet, within April of each year, a Budget Priorities Framework to guide
19 the formulation of the Proposed National Budget for the following year. It shall
20 contain the targets underlying the budget; the priority areas for government
21 spending reflected in the PDP and PIP, estimated amount and planned allocation
22 of the fiscal space; and other requirements laid down in the IRR.

23
24 **Sec. 8. The Budget Preparation Process.** – The DBM shall determine the budget
25 preparation process and calendar. The budget preparation process shall cover: (i)
26 NGAs; (ii) GOCCs with respect to their impact on revenue, expenditure, assets,
27 and liabilities and risks of the government; and (iii) LGUs as to their impact on
28 revenue and expenditure of the government.

29
30 **Sec. 9. The Proposed National Budget.** – The President shall submit to Congress,
31 not later than thirty (30) days from the fourth Monday of July of every year, the
32 Proposed National Budget, which shall be the basis of the General Appropriations
33 Bill (GAB).

34
35 The President shall determine the form and content of the Proposed National
36 Budget which shall include, but not limited to, the following:

- 37
38 (a) President's Budget Message – provides a preview of the Proposed National
39 Budget, explaining the principles, objectives and policy framework
40 adopted and the spending priorities for the Fiscal Year;
41

(b) Budget of Expenditures and Sources of Financing (BESF) – contains the macroeconomic parameters; dimensions of three-year (3-year) expenditure program, revenue, financing, and outstanding debt; overview of the financial positions of GOCCs, LGUs, and public-private partnership projects, list of new multi-year projects, including the project duration, the total project cost and contractual authorities issued as well as the other items listed in the IRR;

(c) National Expenditure Program (NEP) – includes the strategic objectives, details of the three-year (3-year) expenditure program, performance information, such as key strategies, outputs and outcomes for agencies in relation to their budgets, and staffing summary;

Congress may not increase the appropriations recommended by the President for the operations of government as specified in the Proposed National Budget.

The President shall publish the Proposed National Budget on the Government website on the same day it is presented to Congress.

Sec. 10. *Program Classification.* – The Proposed National Budget shall adopt a structure based on a program classification that groups line items under the objectives or outcomes to which they contribute to. Performance information shall be provided for each program to facilitate the evaluation of its cost effectiveness and provide better information for analysis and feedback for planning and prioritization of expenditures.

In addition, the performance information and targets contained in the Proposed National Budget shall be updated after the passage of the GAA taking into consideration the amount appropriated for each program. For this purpose, NGAs and GOCCs shall propose adjustments in its outputs and outcomes for the consideration and approval of the DBM.

Sec. 11. *Special Purpose Funds.* – To promote the transparent and detailed disclosure of all proposed government spending, Special Purpose Funds (SPFs) in the Proposed National Budget shall be limited to the: (1) the NDRRMF; (2) the Contingent Fund; (3) Statutory Shares of LGUs; and (4) other SPFs not falling under any of the preceding purposes, the details of which could not be determined during the budget preparation stage, and based on the parameters to be set in the IRR.

Sec. 12. *National Disaster Risk Reduction and Management Fund.* – The NDRRMF shall be used for: (1) disaster risk reduction or mitigation, prevention

1 and preparedness activities, such as, but not limited to, training of personnel,
2 procurement of equipment, and capital expenditures; and (2) relief, recovery,
3 reconstruction and other work or services in connection with natural or human
4 induced calamities which may occur during the budget year or those that occurred
5 in the preceding two (2) years.

6
7 Of the amount appropriated for the NDRRMF, there shall be specific
8 allocation as Quick Response Fund (QRF), as may be provided under existing
9 law, which shall be used as a standby fund in order that the situation and living
10 conditions of people in communities or areas stricken by natural or human
11 induced calamities, epidemics, crises, and catastrophes may be normalized as
12 quickly as possible.

13
14 The NDRRMF and QRF shall also be used for obligation and payment of
15 Spill-over Projects approved or funded from the NDRRMF or QRF of the
16 immediately preceding Fiscal Year.

17
18 Releases from the NDRRMF, except for QRF and Spill-over Projects, shall be
19 subject to the prior approval of the President, who may take into consideration
20 the recommendation of the National Disaster Risk Reduction and Management
21 Council for local disasters and calamities and the appropriate agency for
22 international crises.

23
24 **Sec. 13. *Contingent Fund.*** – The Contingent Fund shall cover the funding
25 requirements of new or urgent projects or activities of NGAs, GOCCs, and LGUs
26 that need to be implemented or paid during the year, such as: (i) legal obligation
27 of the government arising from the final and executory decisions of competent
28 authorities, including arbitration awards, mediation settlement, or compromise
29 agreements; (ii) requirements of newly created offices; or (iii) deficiencies in the
30 appropriations for local and external travels of the President of the Philippines.

31
32 Releases from the Contingent Fund shall be subject to approval by the
33 President of the Philippines, other than payment resulting from final and
34 executory decisions of competent authorities, which shall be released by the
35 DBM subject to availability of funds.

36
37 The DBM shall inform Congress of all releases from the Contingent Fund in
38 the quarterly and annual fiscal reports including information on the date of
39 release, the amount covered, corresponding purpose/s and recipient agency.

1
2 **Sec. 14. *Statutory Shares of Local Government Units.*** – The shares of LGUs in
3 the proceeds from national taxes and other transfers to LGUs authorized by law
4 shall be released to the LGUs in accordance with the provisions on the use,
5 allocation, and release of the funds as may be provided in pertinent laws, rules
6 and regulations.

7
8 **Sec. 15. *Unprogrammed Appropriations.*** – Congress may authorize standby
9 appropriations to cover the funding requirements of other priority projects and
10 activities or contingencies, as well as provide appropriations cover for foreign-
11 assisted projects (FAPs) not specifically included in the programmed component
12 of the GAA that requires implementation during the year. The Unprogrammed
13 Appropriations shall indicate the purposes from which the amount authorized
14 therein may be used. The Unprogrammed Appropriations shall not exceed three
15 percent 3% of the total proposed expenditure, net of contractual, statutory and
16 other legal obligations in the programmed component of the GAA.

17
18 Expenditures to be funded under the Unprogrammed Appropriations may be
19 authorized only when supported by: (i) excess revenue collections in any one of
20 the particular non-tax revenue sources from its corresponding revenue collections
21 target in the BESF as certified by the BTr; (ii) new revenue collections or those
22 arising from new tax or non-tax revenues which are not part of the original
23 revenue sources in the BESF; or (iii) when there are approved loan proceeds for
24 new and ongoing FAPs.

25
26 In no case shall the Unprogrammed Appropriations be activated or released
27 when the DBCC determines that there is a risk of breaching the fiscal objectives
28 set forth in the Statement of Fiscal Policy.

29
30 Releases from the Unprogrammed Appropriations shall be subject to the prior
31 approval of the President of the Philippines, other than the final and executory
32 decisions of competent authorities, including arbitration awards, mediation
33 settlement, or compromise agreements.

34
35 The DBM shall include information on releases from releases from the
36 Unprogrammed Appropriations in the quarterly and annual reports submitted to
37 Congress.

38
39 **Sec. 16. *Budget with Accounts Codes.*** – All items of appropriations in the
40 Appropriations Law shall be given accounts codes by the DBM pursuant to the
41 Unified Accounts Code Structure that applies to all the assets, liabilities, equities,
42 income, and expenses of the government.

1
2 **Sec. 17. *Re-enacted Budget.*** – If, by the end of any Fiscal Year, Congress has
3 failed to enact a GAA for the ensuing Fiscal Year, the GAA of the preceding Fiscal
4 Year shall be deemed re-enacted and shall remain in force and effect until a GAA
5 for the ensuing Fiscal Year is passed by the Congress.

6
7 Consistent with the Fiscal Responsibility Principles, the re-enacted budget
8 shall be enforced as follows:

9
10 (a) The aggregate level of the re-enacted budget shall be limited to the total
11 amount appropriated in the preceding year's GAA, but shall in no case
12 exceed the level of the sources of financing under the BESF of the
13 Proposed National Budget for the year;

14
15 (b) The appropriations for the following shall be limited to the amount
16 authorized under the re-enacted budget, but in no case exceed the amount
17 in the Proposed National Budget:

- 18
19 1. Ongoing programs, projects and activities;
20 2. Personnel benefits, including retirement gratuities, pensions,
21 terminal leave pays and related expenses;
22 3. NDRRMF, Contingent Fund, Statutory Shares of LGUs, and other
23 SPFs;
24 4. Budgetary support to GOCCs for their operational requirements and
25 ongoing programs, activities or projects; and
26 5. Newly-approved FAPs.

27
28 (c) In no case shall the following items of the re-enacted budget be considered
29 for release, disbursement, and utilization:

- 30
31 1. Completed programs, projects and activities funded in the GAA of
32 the preceding Fiscal Year; and
33 2. Equity contribution of the National Government to GOCCs.

34
35 The DBM shall issue guidelines on the aggregate and agency levels of
36 appropriations authorized under the re-enacted budget in accordance with the
37 foregoing, supporting requirements to determine actual needs, and other pertinent
38 rules in the implementation of the re-enacted budget.

39
40 Upon enactment of the GAA anytime during the current Fiscal Year, all
41 releases under a re-enacted budget consistent with this Section shall be considered
42 valid obligations and deemed to have been implemented pursuant to and charged
43 against, for account recording purposes, the GAA for the current Fiscal Year.

1
2 The enacted GAA shall be valid from its effectivity until the end of the current
3 Fiscal Year.

4
5 **Sec. 18. *Special Appropriations Bill.*** – A Special Appropriations Bill is a
6 proposal submitted by the President, as recommended by the DBM, before
7 Congress to provide authorization for expenditure for a specific purpose not
8 included or not covered under the annual appropriations laws. It shall specify the
9 purpose/s for which it is intended and the validity period which shall not exceed
10 one (1) year from its enactment.

11
12 Cash-based estimates shall be adopted in the proposed special appropriations
13 bills to promote faster and more effective delivery of services.

14
15 A Special Appropriations Bill shall be supported by funds available as
16 certified by the National Treasurer, or to be raised by a corresponding revenue
17 measure proposed therein.

18
19 No Special Appropriations Bill shall be passed during a re-enacted budget,
20 except for the following: (1) disaster-related purposes; (2) urgent projects and/or
21 activities; and (3) unforeseen requirements of the government.

22
23 **Sec. 19. *Release of Public Funds.*** – The government shall commence releases of
24 Public Funds covered by an Appropriations Law as soon as it comes into force to
25 ensure timely and efficient disbursement by the appropriate implementing
26 agencies, subject to pertinent budgeting, accounting and auditing rules and
27 regulations. Upon the implementation of the cash budgeting system, the
28 Appropriations Law shall be considered the authority of the agencies to contract
29 out and disburse funds, except for the following instances: (i) when provided in
30 the Appropriations Law; and (ii) when the appropriations have requirements
31 before release, such as work and financial plan, feasibility study, pre-feasibility
32 study, and preliminary and detailed engineering.

33
34 **Sec. 20. *Cash Budgeting System.*** – Appropriations authorized in the GAA for
35 NGAs, budgetary support to GOCCs, national projects implemented by LGUs,
36 and SPFs, shall be available for obligation only until the end of each Fiscal Year.
37 Obligations incurred by the National Government within each Fiscal Year shall
38 be implemented during the same Fiscal Year. Goods and services corresponding
39 to said obligations shall be delivered or rendered, inspected and accepted by the
40 end of each Fiscal Year. Payments for obligations incurred shall be made until
41 the end of the Extended Payment Period. Payments during the Extended Payment
42 Period shall be chargeable against the GAA of the preceding Fiscal Year.

1
2 Appropriations covering financial subsidy to LGUs shall be available for
3 obligation and disbursement until the end of the succeeding Fiscal Year. On the
4 other hand, appropriations for the statutory shares of LGUs shall be available for
5 obligation and disbursement until fully expended.

6
7 All funds transferred between or among Government Agencies shall not be
8 considered disbursed until the transferred amounts have been actually utilized to
9 pay for goods delivered and services rendered, inspected and accepted.

10
11 Any unreleased appropriations at the end of the Fiscal Year shall lapse, while
12 unobligated allotments and unexpended or undisbursed funds at the end of the
13 Extended Payment Period shall revert to the unappropriated surplus of the
14 General Fund in accordance with Section 28, Chapter 4, Book VI of E.O. No. 292
15 and shall not thereafter be available for expenditure except by subsequent
16 legislative enactment. For financial subsidies to LGUs, reversion shall be made
17 to the National Treasury after the end of the succeeding Fiscal Year.

18
19 **Sec. 21. *Government Funding Commitment.*** In accordance with the
20 Constitution, no money shall be paid out of the Treasury except in pursuance of
21 an appropriation made by law.

22
23 Accordingly, a Certification of Availability of Funds (CAF) shall be required
24 prior to entering into contract. The CAF shall be issued by the Chief Accountant
25 or the highest accounting officer in the agency.

26
27 For Multi-year Projects, the CAF shall be issued annually based on the annual
28 budget for the year. In case of Multi-year Projects with no funding requirement
29 on any given year, the CAF shall be the certification of the chief accountant that
30 no fund is needed for the year as indicated in the approved MYCA.

31
32 The CAF shall be stamped or appended to the contract and shall become an
33 integral part thereof.

34
35 **Sec. 22. *Multi-Year Contracts.*** The issuance of a MYCA or any similar
36 document shall be required before agencies may enter into multi-year contracts,
37 subject to the requirements and guidelines prescribed by the DBM. Provided,
38 that for foreign-assisted projects funded by foreign loans, the issuance of a
39 MYCA shall no longer be necessary.

40
41 In the procurement of multi-year projects, the MYCA or any similar
42 document shall be required prior to commencement of any procurement activity.

1
2 In the case of GOCCs, they shall secure prior authority from their
3 respective governing boards before entering into multi-year contracts.
4

5 For LGUs, they shall secure any equivalent document issued by their
6 respective *Sanggunian* authorizing them to enter into multi-year contracts.
7

8 For the multi-year Public-Private Partnership projects with government
9 undertakings authorized under R.A. No. 6957, as amended by R.A. No. 7718, the
10 same shall be covered by a letter of commitment issued in accordance with the
11 guidelines issued by the DBM.
12

13 The implementing agency shall ensure that the annual funding
14 requirements for the multi-year projects shall be included in its budget proposals
15 for the covered years, consistent with the funding schedule in the MYCA and
16 equivalent authorities, and letter of commitment. In the case of NGAs and
17 qualified GOCCs, the DBM shall ensure that the funding requirement for the
18 multi-year projects are included in the National Expenditure Program to be
19 submitted to Congress who shall give due consideration of the said proposal. In
20 the case of GOCCs and LGUs, due consideration shall be given by the governing
21 board of GOCCs and the *Sanggunian* of the LGUs, respectively.
22

23 In all instances, the disbursements to be incurred for multi-year contracts
24 shall in no case exceed the cash appropriations for the purpose during the year.
25 Procurement of multi-year projects shall be subject to the provisions of R.A. No.
26 9184 and its IRR and GPPB guidelines.
27

28 **Sec. 23. Early Procurement Activities.** – To ensure full budget utilization, timely
29 contract implementation and efficient delivery of services, agencies are
30 authorized to undertake procurement activities from pre-procurement conference
31 until recommendation to the head of the procuring entity as to the award of
32 contract, based on their proposed budget in the NEP, COBs or Appropriations
33 Ordinance, in accordance with the guidelines issued by the Government
34 Procurement Policy Board.
35

36 In exceptional circumstances where the early procurement activity was
37 delayed, agencies shall undertake only the procurement of goods, infrastructure
38 and consulting services to the extent that may be delivered or rendered, inspected,
39 and accepted during the Fiscal Year consistent with the cash budgeting system.
40

1 For FAPs, agencies may undertake early procurement activities based on the
2 amount proposed by the agency in the NEP including those under the
3 Unprogrammed Appropriations and shall be awarded only upon approval of the
4 loan agreement.

5
6 For multi-year projects, the issuance of a MYCA by the DBM is required prior
7 to commencement of any procurement activity. All existing Multi-Year
8 Obligational Authority shall be understood to refer to MYCA.

9
10 Notwithstanding the mandatory procurement timelines, agencies may only
11 proceed with the issuance of the notice of award of contract upon approval or
12 enactment of their respective appropriations or budget authorization document,
13 as the case may be, and based on the amount authorized therein.

14
15 **Sec. 24. *Timely Implementation of Activities or Projects.*** – Government
16 Agencies shall ensure that all activities or projects are fully delivered, inspected,
17 and accepted by the end of the Fiscal Year.

18
19 In exceptional circumstances where the implementation of an activity, or a
20 project has been delayed due to force majeure or other justifiable reasons as
21 determined by the agency or decided by a competent authority, and in both
22 instances without the fault of the contractor, the funding requirements for its
23 completion shall be chargeable against any available fund in the succeeding
24 Fiscal Year.

25 **Sec. 25. *Authority to Declare and Use Savings.*** – The President of the
26 Philippines, the President of the Senate of the Philippines, the Speaker of the
27 House of Representatives, the Chief Justice of the Supreme Court, the Heads of
28 the CSC, the Commission on Elections, and the COA are hereby authorized to
29 declare and use savings in their respective appropriations in the current year to
30 augment actual deficiencies incurred for the current year in any item of their
31 respective appropriations.

32
33 **Sec. 26. *Meaning of Savings.*** – Savings refer to portions or balances of any
34 released appropriations in the Appropriations Law which have not been obligated
35 as a result of any of the following:

- 36
37 (a) Completion, final discontinuance, or abandonment of an activity or project
38 for which the appropriation is authorized; or
39
40 (b) Implementation of measures resulting in improved systems and
41 efficiencies and thus enabled an agency to meet and deliver the required or
42 planned targets at a lesser cost.

1
2 In case final discontinuance or abandonment is used as basis in the
3 declaration of savings, such discontinued or abandoned activity or project shall
4 no longer be proposed for funding in the next two (2) Fiscal Years.

5
6 Allotments that were not obligated due to the fault or negligence of the
7 agency concerned shall not be considered savings.

8
9 **Sec. 27. Rules on Augmentation.** – Augmentation is the act of the constitutional
10 officers authorized to use savings in their respective appropriations to cover a
11 deficiency in any existing item of appropriation for their respective offices.

12
13 The particulars of the expenditure to be funded from savings should be within
14 the scope of, or be covered by, an existing item of appropriation. The existence
15 of an item of appropriation regardless of the availability of allotment class/es is
16 sufficient for the purpose of augmentation.

17
18 In no case shall a non-existent item of appropriation be funded by
19 augmentation from savings.

20
21 **Sec. 28. Rules on Modification in the Allotment.** – Limited flexibility shall be
22 given to NGAs to modify or change the allotment within an existing item of
23 appropriation. Such modification shall not entail any augmentation of the amount
24 appropriated for the said item of appropriation during budget execution.

25
26 The DBM shall issue rules and procedure to govern modification in the
27 allotment, specifying the cases or circumstances when such modifications maybe
28 undertaken to ensure the uniform implementation among the various branches of
29 government, the proper recording of modifications, and the timely submission of
30 reports by all the offices concerned.

31 **PART III** 32 **FINANCIAL MANAGEMENT** 33

34 **Sec. 29. General Fund.** – All monies received by NGAs, whether coming from
35 taxes, fees, charges, penalties, income, dividends, interest earnings, loan
36 proceeds, grants, donations, asset sale proceeds and such other receivables, shall
37 accrue to the General Fund and be remitted to the National Treasury, unless
38 otherwise provided by law or stipulated by covering loan or grant agreements.
39 Monies under the General Fund shall be made available to support the
40 requirements of the National Government authorized in an Appropriations Law.

1
2 A Special Account in the General Fund (SAGF) shall be established by law
3 only under exceptional circumstances to recognize taxes, fees, charges, penalties,
4 income, dividend, interest earnings, grants, and donations collected, earned or
5 received by NGAs for specified purposes. All laws authorizing the establishment
6 of SAGFs shall specify the period of use thereof, or if no period is specified, it
7 shall be deemed to be until the fulfilment of the purpose for which the SAGF was
8 authorized. All interests earned by SAGFs shall accrue to the General Fund. The
9 balance of SAGFs upon their termination shall form part of the General Fund.

10
11 All earmarked revenues with significant inflows, a large portion of which are
12 not or not expected to be programmed for disbursement during the Fiscal Year,
13 shall be treated as Trust Funds and recorded as trust receipts. Proceeds from these
14 Trust Funds shall be recognized only as revenue inflow in the General Fund when
15 programmed to be spent for the year.

16
17 The Permanent Committee created under Executive Order (EO) No. 292, s.
18 1987, composed of the Secretary of Finance as Chairperson, the Secretary of
19 Budget and Management and the Chairperson of the COA as members, shall
20 identify SAGFs that shall be converted into Trust Funds. The recognition of
21 revenue inflows from these SAGFs converted into Trust Funds shall be governed
22 by the guidelines to be issued by the Permanent Committee. In all cases, the
23 authorized uses or purposes shall continue to be those specified in the law creating
24 the SAGFs.

25
26 **Sec. 30. *Special Funds.*** – In exceptional cases when an SAGF is not suitable for
27 the operations of a fund, Special Funds shall be authorized by law and limited to
28 the following:

- 29
30 (a) Trust Fund – constituted from identified revenue sources and other receipts
31 by NGAs or Public Officials or Employees acting as trustees, agents, or
32 administrators for the fulfilment of commitments or accomplishment of
33 specified purposes. Trust Funds shall be deposited in the TSA;
34
35 (b) Revolving Fund – constituted from receipts derived from business-type
36 activities of NGAs to be used for the operating requirements of said
37 business-type activities and are considered self-perpetuating and self-
38 liquidating. Revolving Funds shall be deposited in the TSA or in an
39 Authorized Government Depository Bank (AGDB) upon authority of the
40 National Treasurer; and
41
42 (c) Retained Fund – constituted from taxes, fees, charges, penalties, income,
43 dividends, or interest earnings collected, earned or received by NGAs

1 which are expressly authorized by law to be retained by NGAs and utilized
2 for specified purposes. Retained Funds shall be deposited in the TSA or in
3 an AGDB upon authority of the National Treasurer.
4

5 Any interest earned by Special Funds shall accrue to the General Fund unless
6 otherwise authorized by law.
7

8 **Sec. 31. Review by the Permanent Committee.** – Upon the effectivity of this Act
9 and every three years thereafter, the Permanent Committee shall review all
10 existing SAGFs and Special Funds to validate their compliance with the
11 requirements under Sections 45 and 46 and to determine whether these Funds
12 should be modified, terminated, or continued. The Permanent Committee shall
13 recommend for the approval of the President, the modification or termination of
14 any of the said funds based on any of the following grounds: (i) when there is no
15 legal basis for its creation;(ii) when its terms have expired; (iii) when the purpose
16 for its creation has been attained or no longer exist, (iv) when it is no longer
17 necessary for the attainment of the purposes for which said Funds were
18 established; (v) when needed by the General Fund in times of calamities and
19 emergencies; (vi) when it is used in violation of the rules and regulations issued
20 by the Committee; or (vii) when they have remained dormant for an unreasonable
21 length of time.
22

23 The Permanent Committee shall issue guidelines for the establishment, review
24 and evaluation, accounting and reporting, and termination of SAGFs and Special
25 Funds.
26

27 **Sec. 32. Escrow Fund.** – Escrow Funds are constituted from funds for which the
28 government’s legal right to use is contingent upon a future event which may or
29 may not occur. Escrow Funds shall be deposited in the TSA or an AGDB upon
30 authority of the National Treasurer. Any interest earned by an Escrow Fund shall
31 accrue to the said Fund. The amounts under escrow, including interest earned
32 shall form part of the General Fund upon the occurrence of the future contingent
33 event.
34

35 **Sec. 33. Waiver, Abatement, Refund and Compromise Agreements.** – No public
36 official shall waive, abate, refund, or enter into a compromise agreement on a tax
37 liability or the payment of fees or charges except in accordance with law. All
38 waivers, abatements, refunds or compromise agreements made by an NGA shall
39 be properly accounted for and reported. Refund of taxes and other revenues shall
40 be treated as a reduction in current year’s revenue collections for budgeting and
41 fiscal reporting purposes.
42

1 **Sec. 34. *Grants.*** – NGAs may accept, upon prior coordination with the DOF and
2 the Department of Foreign Affairs, grants, in cash or in kind, from domestic or
3 foreign sources, for purposes relevant to their functions. In the case of grants, in
4 cash or in kind, from governments of foreign countries, their agencies and
5 instrumentalities and international or multilateral institutions or organizations,
6 acceptance thereof shall be subject to the prior clearance and approval by the
7 President or the President’s authorized representative, based on the
8 recommendation of the Secretary of Finance and the Secretary of Foreign Affairs.
9

10 The provisions of this Section shall not apply to: (1) any grant received by
11 LGUs or GOCCs, except where the grant is received by them on behalf of the
12 National Government (NG); or (2) any grant authorized or covered in accordance
13 with existing law.
14

15 Grants received shall be valued, in the case of grants received in kind, and
16 recognized on the books of the recipient agency of the National Government.
17

18 **Sec. 35. *Treasury Single Account.*** – The TSA refers to the banking arrangement
19 managed by the BTr wherein the government transacts all monies collected,
20 received or paid by NGAs in one bank account or a set of linked bank accounts
21 and gets a consolidated view of its cash position on at least, a daily basis.
22

23 The TSA shall cover remittances, releases or disbursements from the General
24 Fund, SAGFs, Special Funds, Escrow Funds, Letters of Credit and any other fund
25 managed by the BTr, except in any of the following instances:
26

- 27 (a) When monies under the General Fund are placed under investments;
28
29 (b) When the BTr is required to hold foreign currency accounts; or
30
31 (c) When authorized by the Secretary of Finance.
32

33 The BTr, in coordination with NGAs authorized by law to undertake revenue
34 collection and administration, shall make the necessary arrangements with
35 authorized agent banks (AABs) to facilitate the collection and transfer of said
36 revenues to the TSA. AABs shall deposit said collections to TSA within the
37 period and in the manner prescribed by laws, rules and regulations.
38

39 **Sec. 36. *Oversight on Government Bank Accounts.*** – Notwithstanding any
40 provision of law to the contrary, the BTr shall undertake any of the following in
41 case of violation of a provision in this Act and guidelines issued on the
42 implementation of the TSA:
43

1 (a) Transfer balances of bank accounts to the TSA;

2
3 (b) Close any bank account; and/or

4
5 (c) Revoke the authority to open any bank account.

6
7 The government agency which has opened a bank account, as well as the bank
8 concerned shall promptly disclose information regarding such account to the BTr.

9
10 **Sec. 37. Treasury Cash Management.** – The BTr shall issue orders for the
11 conduct of cash management including the requirement to provide projections on
12 the timing of future transactions of NGAs taking into consideration that the
13 appropriations law is considered the authority of the agencies to contract out and
14 disburse funds, except for those instances stated in Section 35 of this Act.

15
16 **Sec. 38. Investments.** – The BTr may invest portions of the funds held in the TSA
17 for such periods as the BTr may deem prudent considering cash management
18 requirements. Investments are authorized to be made in any of the following:

19
20 (a) Bank deposit with any highly reputable bank following a selection criterion
21 to be issued by the BTr and money market instruments with well
22 recognized and established financial institution;

23
24 (b) Sovereign-issued securities with an investment grade rating; or

25
26 (c) Other fixed income securities with an AAA credit rating issued by at least
27 two (2) reputable international credit rating agencies.

28
29 The BTr may appoint a fund manager as an agent of the National Government
30 to undertake the investment of the funds. Fund Manager refers to person
31 responsible for implementing a fund's investing strategy and managing its
32 portfolio trading activities.

33
34 Interest earned and other income from investments shall accrue to the General
35 Fund, unless otherwise provided by law.

36 **Sec. 39. Management of National Government Borrowings.** – Borrowings by
37 the National Government shall be for purposes provided by law including any of
38 the following:

- (1) Financing budget deficits and liquidity shortfalls;
- (2) Refinancing and pre-financing maturing debts;
- (3) Undertaking liability and risk management transactions;
- (4) Supporting the BSP in maintaining external and monetary stability;
- (5) On-lending to an approved entity;
- (6) Financing all sums of money paid to fulfil guarantees;
- (7) Increasing liquidity and promoting stability of the government securities market;
- (8) Financing developmental activities and projects of the National Government;
- (9) Providing financing to address or remedy the effects or impacts of natural or human-induced disasters; or
- (10) Defraying expenditures covered by appropriations.

Borrowing under this Act should adhere to the Fiscal Responsibility Principles and measurable fiscal objectives in the Statement of Fiscal Policy.

Sec. 40. Borrowings by Government -Owned or -Controlled Corporations. – Before the end of each Fiscal Year, the Head of a GOCC shall prepare a borrowing program for the following Fiscal Year which shall support the COB and for the medium term. Both borrowing programs shall include a full financial plan with the details of the loans, refinancing and repayment that the GOCC intends to take. Said borrowing program, including changes thereon, shall be subject to the approval of the Head of the NGA overseeing the GOCC, shall be submitted to DOF for information, and published in the concerned GOCC website.

GOCCs shall seek DOF approval and monetary board concurrence for foreign borrowings or the latter's opinion for domestic borrowing activities as provided in the IRR.

Nothing in this Section shall be construed as creating a government guarantee on any borrowing, loans or refinancing and repayment that the GOCC intends to take.

Sec. 41. Local Government Borrowings. – An LGU may borrow funds from domestic sources in accordance with the Local Government Code of 1991 and other applicable laws. LGUs may also be allowed to access foreign sources for major infrastructure projects, through multilateral financial institutions, subject to the guidelines to be issued by the DOF.

1 LGUs shall develop their borrowing programs, as part of their comprehensive
2 development and annual investment plans, which shall be published in the LGU
3 website.

4
5 **Sec. 42. *Debt Reporting.*** – The DOF, through the BTr, shall ensure that the
6 records include information on the principal, terms of repayment, amounts drawn,
7 interests, penalties and service charges accrued, principal and interests paid, and
8 the balance outstanding, and shall make the records available in a timely way to
9 the President, Congress, and COA and in accordance with the reporting
10 requirements in this Act.

11
12 Each LGU and GOCC shall maintain records and provide reports to the DOF
13 on loans as required by relevant laws, rules and regulations.

14
15 **Sec. 43. *Debt Audit.*** – Upon the effectivity of this Act, the COA shall conduct a
16 debt audit of all loans contracted or guaranteed by the National Government. For
17 those loans contracted or guaranteed after the passage of this Act, the COA shall
18 review the said loans five (5) years from the date of consummation or guarantee.

19 **Sec. 44. *Guarantees.*** – Guarantee, indemnity or security shall be provided to an
20 NGA or a GOCC as provided by law, and subject to the annual guarantee ceiling
21 prescribed in the GAA, and upon such terms and conditions as the Secretary of
22 Finance may recommend consistent with relevant laws, rules and regulations. The
23 overall level of guarantee, indemnity or security shall adhere to the Fiscal
24 Responsibility Principles laid down in this Act and the fiscal objectives in the
25 Statement of Fiscal Policy.

26
27 The DOF shall charge a risk-based fee for any guarantee, indemnity, security,
28 relending or similar financial accommodation it may extend to a GOCC.

29
30 In no case shall the National Government be liable for any borrowing by any
31 agency of the government except for explicit guarantees as provided by law.

32
33 **Sec. 45. *Limitation on the Liability of the National Government for Debts of***
34 ***Other Entities.*** – The National Government shall not be liable for any implied
35 guarantee asserted by any person or entity, but only for explicit guarantees
36 extended in accordance with existing laws and guarantees in favor of the
37 Government Service Insurance System, Home Development Mutual Fund,
38 Philippine Health Insurance Corporation, and the Social Security System in their
39 respective charters.

1 **Sec. 46. *Payments Made for Contingent Liabilities.*** – Any money paid by the
2 DOF pursuant to any guarantee, indemnity, or security authorized by law and the
3 expenses associated with the same shall constitute a debt due the National
4 Government from the entity for whose benefit the payment on the guarantee,
5 indemnity, or security was made.

6
7 **Sec. 47. *Information on Contingent Liabilities.*** – The DOF shall keep a complete
8 and updated registry of all contingent liabilities of the National Government and
9 provide the DBM and Congress with a report on contingent liabilities. Subject to
10 existing laws, rules, and regulations, the DOF shall have the power to compel any
11 national government agency and instrumentality, including GOCCs, to submit
12 documents and other pertinent information necessary for the completion of such
13 registry.

14
15 **PART IV**
16 **ACCOUNTABILITY AND REPORTING**
17

18 **Sec. 48. *Financial Management and Internal Control.*** – The Head of Agency
19 shall be responsible and accountable for the financial management of the agency
20 which shall include meeting performance targets, controlling costs, mitigating
21 adverse risks to agency operations, and ensuring that budgets are managed with
22 integrity and in compliance with applicable laws. Adequate internal controls shall
23 be ensured, while an internal audit function shall be maintained, as may be
24 applicable.

25
26 **Sec. 49. *Integrated Financial Management Information System.*** – There shall
27 be an integrated financial management information system (IFMIS), which shall
28 be the single portal of all financial transactions and reports to be used by NGAs,
29 GOCCs and LGUs to integrate budgeting, cash management and accounting
30 processes.

31
32 The IFMIS shall be managed by the National Accounting and Finance
33 Office under the DBM, which was established under EO No. 292, s. 1987, to take
34 charge of the maintenance of the data bank of financial information and to provide
35 the necessary data required by the President, fiscal agencies and international
36 financial institutions, analyze and evaluate the accounts and overall financial
37 performance of the government, and supervise the management of the accounts
38 of government agencies and instrumentalities.

39
40 The development and implementation of IFMIS shall be in coordination
41 with other key oversight agencies, that is, DOF and COA, and in accordance with
42 EO No. 55, s. 2011, directing the integration and automation of government
43 financial management systems.

1
2 Electronic and digital authorizations within the IFMIS including, but not
3 limited to, certification on availability of fund as well as general and application
4 information technology (IT) controls done through, and resulting in, the
5 implementation of IT systems shall be valid for all legal intents, as well as for
6 auditing purposes.

7
8 **Sec. 50. *NGA Annual Plans and Proposed Budgets.*** – The Head of each NGA
9 shall produce an Annual Plan which shall have a medium term scope, with details
10 for the following Fiscal Year, and shall include information on the strategic
11 priorities for the medium-term, both the national and regional level, consistent
12 with the Philippine Development Plan; performance information; summary
13 proposed budget including financial forecast assumptions and highlighting
14 significant capital projects; and other information as required in the IRR, as well
15 as the Budget Call and other related issuances from the DBM. The Annual Plan
16 shall be submitted to DBM during the budget preparation process consistent with
17 the timetable and other guidelines in the Budget Call.

18
19 The Annual Plan of a Department shall incorporate the Annual Plans of its
20 attached NGAs and GOCCs subject to guidelines prescribed in the IRR.

21
22 **Sec. 51. *Submission of Post Fiscal Year Budget Status.*** The DBM shall submit
23 to the Speaker of the House of Representatives, the President of the Senate of the
24 Philippines, the House Committee on Appropriations and the Senate Committee
25 on Finance a post Fiscal Year budget status report not later than May 31 of the
26 current year.

27
28 **Sec. 52. *Internal Audit Standards.*** – The DBM shall formulate and issue the
29 guidelines and standards for internal audit in the NGAs, GOCCs and LGUs.

30
31
32 **PART V**
33 **TRANSPARENCY AND PARTICIPATION**
34

35 **Sec. 53. *Shared Fiscal Discipline.*** –All proposed revenue eroding and
36 expenditure bills shall include a Financial and Budgetary Information Sheet upon
37 filing of the bill. The said information sheet shall contain an estimate of the
38 financial and budgetary implications of said proposal for the initial year of
39 implementation. Expenditure bills refer to those which increase National
40 Government expenditures, including those mandating the creation of recurring
41 expenditures; while revenue eroding bills refer to those which will result in a
42 reduction of revenue collections.

1
2 Each House of Congress shall provide guidelines prescribing the form, content
3 of the Financial and Budgetary Information Sheet, as well as the appropriate
4 offices from which such information shall be acquired, and the implications of
5 non-compliance with said submission.
6

7 **Sec. 54. *People's Access to Public Financial Information.*** – Before the start of
8 each Fiscal Year, the DBM shall promulgate a Calendar of Disclosures, and shall
9 publish this on the government website. Such calendar shall contain the schedule
10 of release of all budget documents and information required by this Act and its
11 IRR. The DBM shall monitor and periodically report to Congress and the public
12 on the compliance of agencies with the Calendar of Disclosures and other fiscal
13 transparency requirements under this Act and its IRR.
14

15 All documents and reports required to be published by this Act and its IRR
16 shall automatically be made available electronically in the government website.
17 Current and historical data on government revenues, expenditures, and
18 borrowings, shall be made available electronically, in open data format, on the
19 government website, subject to guidelines established in the IRR.
20

21 **Sec. 55. *The People's Budget.*** – The DBM shall, for every Fiscal Year, publish
22 citizen-friendly summaries of the following, subject to guidelines and other
23 specifications in the IRR:
24

- 25 (a) The Statement of Fiscal Policy in the year of the President's election and
26 any updates thereafter within thirty (30) days from submission to Congress;
27
- 28 (b) The Proposed National Budget, to be published in electronic format within
29 thirty (30) days from submission to Congress of the Proposed National
30 Budget;
31
- 32 (c) The annual GAA and special appropriations laws, to be published in
33 electronic format in the government website within thirty (30) days from
34 its effectivity; and
35
- 36 (d) The Annual Fiscal Report of the preceding fiscal year, to be published in
37 electronic format in the government website on the last working day of the
38 current year.
39

40 **Sec. 56. *Participatory Budget Process.*** – The government shall establish and
41 implement suitable participatory budget mechanisms to facilitate the open,
42 inclusive, and meaningful engagement of citizens throughout the budget process.
43 The DBM and DILG, together with other relevant agencies, shall formulate

1 policies and programs, activities, and projects to enhance participation in the
2 planning, budgeting and accountability processes.

3
4 Such participatory mechanisms may include (i) consultations with the Local
5 Development Councils in the formulation of the national and local government
6 budgets; and (ii) partnerships with civil society organizations (CSOs), academic
7 institutions and experts on programs that monitor and help improve agency or
8 local government preparation, execution, and monitoring of the budget.
9 Capacity development of CSOs to participate under the principles of constructive
10 engagement with government may also be conducted.

11 12 **PART VI** 13 **ENFORCEMENT** 14

15 **Sec. 57. Sanctions and Penalties. –** 16

17 (i) Without prejudice to the provisions of other laws, the following sanctions and
18 liabilities in case of failure to comply with the reporting and posting requirements
19 under this Act, shall be imposed:
20

21 (a) The DBM shall not approve any request for release of allotments or any
22 modification in the allotment nor recommend the use of savings by the
23 President until such time as the non-compliant agency has submitted the
24 report/s required under this Act;

25 (b) The COA may suspend or disallow any expenditure due to modification
26 in the allotment, which were made within the period succeeding the
27 reporting period when the agency failed to comply with the reporting
28 requirements under this Act;

29 (c) Failure of the responsible officer to report on the income and/or funds
30 retained at the end of a reporting period shall be considered a neglect of
31 duty, subject to the penalty provided under existing laws; and

32 (d) The Congress may *motu proprio*, through its appropriate oversight
33 committee compel the head of the non-compliant agency, under pain of
34 contempt, to produce the required report/s and to explain reasons for
35 failure to submit and disclose said report/s.
36

37 (ii) Without prejudice to the provisions of other laws:
38

39 (a) Every contractual commitment, expenditure or payment authorized or
40 incurred in violation of the provisions of this Act shall be void and shall
41 render the Public Official or Employee authorizing or making such
42 payment and every person in collusion with said official or employee
43 shall jointly and severally be held liable to the government for the full

1 amount so paid or received. The Public Official or Employee who
2 knowingly delays the implementation of any contractual agreement
3 shall be liable and imposed the appropriate administrative sanctions
4 based on existing laws and civil service rules. A Public Official or
5 Employee who knowingly incurs any contractual commitment or
6 authorizes any expenditure in violation of the provisions of this Act or
7 takes part therein shall likewise be removed or dismissed from office,
8 after due notice and hearing, even if no criminal charge is instituted
9 against such Public Official or Employee;

10 (b) Any Public Official or Employee, holding office or employment in a
11 casual, temporary, holdover, permanent or regular capacity, who shall
12 cause the inclusion of fraudulent information in any accountability
13 report, shall be penalized with imprisonment not exceeding five (5)
14 years, or a fine not exceeding One Million Pesos (P1,000,000.00), or
15 both, without prejudice to disallowances by the COA against
16 expenditures related to such fraudulent information, provided, that this
17 fine is reviewed and adjusted periodically to be reasonable;

18 (c) A conviction under this Act shall carry with it civil liability, which may
19 either consist of restitution for the damage done or forfeiture in favor
20 of the government of any unwarranted benefit derived from the act or
21 acts in question, or both, at the discretion of the courts, in addition to
22 possible administrative liability; and

23 (d) Private individuals who shall conspire with the erring Public Officials
24 or Employees, whether as co-principals, accomplices or accessories, in
25 the commission of any violation of this Act shall be subject to the same
26 penalties as the Public Officials or Employees and shall be tried jointly
27 with them.

28 29 **PART VII** 30 **FINAL PROVISIONS**

31
32 **Sec. 58. *Implementing Rules and Regulations.*** – The DBM, in consultation with
33 the DOF, BTr, NEDA and COA, and in coordination with agencies concerned,
34 shall issue the rules and regulations necessary for the proper implementation of
35 this Act within ninety (90) days from the effectivity of this Act. The IRR may be
36 amended by the DBM, in consultation with the DOF, BTr, NEDA and COA and
37 in coordination with the agencies concerned, as the need arises.
38

1 **Sec. 59. *Repealing Clause.*** – Any law, presidential decree or issuance, executive
2 order, letter of instruction, administrative order, proclamation, charter, rule or
3 regulation and/or parts thereof contrary to or inconsistent with the provisions of
4 this Act is hereby repealed, modified or amended accordingly.

5
6 **Sec. 60. *Separability Clause.*** – If for any reason, any section or provision of this
7 Act is declared unconstitutional or invalid, other sections or provisions which are
8 not affected thereby shall continue to be in full force and effect.

9
10 **Sec. 61. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days following
11 its publication in the Official Gazette or in two (2) newspapers of general
12 circulation.

Approved,