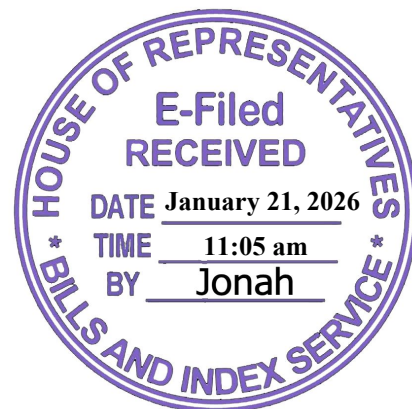




Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Twentieth Congress
First Regular Session

HOUSE BILL NO. 7233



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

AN ACT
REGULATING SPECIAL DISBURSING OFFICERS AND IMPOSING
PENALTIES FOR MISUSE AND MISAPPROPRIATION OF FUNDS

EXPLANATORY NOTE

Transparency and accountability are fundamental principles of good governance, particularly in the management of public funds. When disbursements lack adequate safeguards, especially in the handling of confidential and intelligence funds, the door is left open to misuse, misappropriation, and impunity. In recent years, various investigations and legislative hearings have brought to light alarming gaps in how public funds, amounting to millions or even billions, have been disbursed and spent without proper documentation or timely liquidation.

Special Disbursing Officers (SDOs) are appointed by the Heads of Agencies (HoAs) based primarily on trust and confidence. While not initially considered accountable officers, SDOs are granted authority to manage and disburse public funds through cash advances. Existing guidelines, such as those under Commission on Audit (COA) Circular No. 97-002 for regular funds and COA-DILG-DBM-GCG-DND Joint Circular No. 2015-01 for confidential and intelligence funds, provide some regulatory framework, but these are limited and lack the force of law. The absence of clear statutory standards has made it easier for appointed SDOs and HoAs to bypass accountability mechanisms, sometimes resulting in serious financial irregularities.

This concern was underscored during the legislative deliberations of the House Committee on Good Government and Public Accountability on Privilege Speech No. 379, entitled "Asserting the Power of the Purse", delivered by Rep. Rolando M. Valeriano, as well as in the *motu proprio* inquiry triggered by the manifestation of Rep. Gerville “Jinky Bitrics” R. Luistro during the Department of Education’s 2024 budget hearing. These proceedings revealed widespread gaps in fund disbursement practices, inadequate liquidation, and ineffective oversight, particularly in the use of confidential and intelligence funds.

While the need for such funds is acknowledged in the context of national security and law enforcement, it is imperative that safeguards be put in place to ensure that all public expenditures, whether confidential or regular, are properly accounted for and not left vulnerable to abuse. Public trust depends on the assurance that taxpayer money is spent with integrity and accountability.

This bill seeks to establish clear legal standards governing the appointment, responsibilities, and liabilities of Special Disbursing Officers. It provides mechanisms for proper reporting, liquidation, and accountability, and imposes sanctions for mismanagement or misuse of funds, whether by intentional acts or negligence. By institutionalizing transparency in fund disbursement, the measure aims to restore public confidence, strengthen fiscal discipline, and reinforce Congress' constitutional power of the purse.

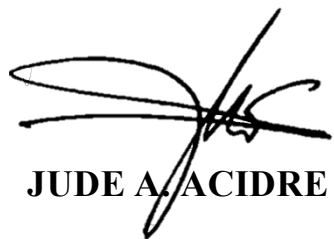
A similar bill was previously filed during the 19th Congress.

In view of the foregoing, approval of this bill is earnestly requested.


FERDINAND MARTIN G. ROMUALDEZ


YEDDA MARIE K. ROMUALDEZ


ANDREW JULIAN K. ROMUALDEZ


JUDE A. ACIDRE



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

SECTION 1. *Short Title.* – This Act shall be known as the “*Special Disbursing Officers Accountability Act.*”

SECTION 2. *Declaration of Policy.* – The State recognizes the need for the allocation and use of confidential/intelligence funds in certain government agencies with mandates that are directly related to national security, law enforcement, and intelligence operations, and other related critical functions requiring discretion, as well as use of regular funds in government operations through cash advances of special disbursing officers. It is the policy of the state that the use of such funds must be subject to stringent oversight, accountability, and transparency to ensure that they are not misused, misappropriated, or diverted for unauthorized purposes.

Further, it is the policy of the State to prevent intentional and negligent dissipation of funds disbursed to special disbursing officers appointed by and acting under the direction of Heads of Agencies.

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

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

SECTION 5. *Qualifications of an SDO.* – The SDO shall be a permanent official or employee of the agency with at least Salary Grade 24, possess an educational background related to accounting, auditing, or finance, with an approved fidelity bond equivalent to the SDO's accountability.

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

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

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

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

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

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

- (a) There is disbursement of funds allocated to a government agency, unit or instrumentality whose mandate is not directly related to national security or peace and order;
- (b) The SDO fails to fully liquidate the funds at the end of each year;
- (c) The SDO disburses the funds to another person who shall make further disbursement of funds;

- (d) There is disbursement of funds for activities not directly related to national security, peace and order, or intelligence gathering for effective implementation of its law enforcement mandate; or
- (e) Failure to personally comply with the documentary requirements of liquidation.

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

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

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

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

SECTION 13. *Separability Clause.* – If any provisions of this Act or the application thereof to any person or circumstance is held invalid, the remaining provisions of this Act and the application of such provisions to other persons or circumstances not affected thereby shall continue to be in full force and effect.

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

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

Approved,