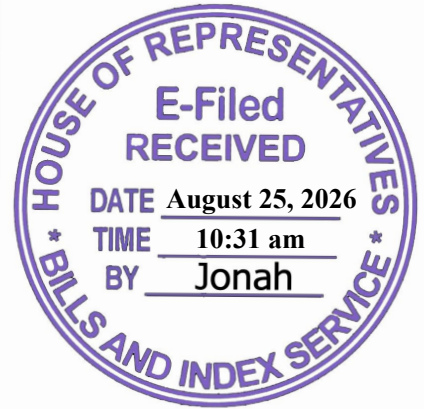


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
Second Regular Session

House Bill No. **10926**



INTRODUCED BY REPRESENTATIVES RALPH WENDEL P. TULFO,
JOCELYN P. TULFO, AND JEFFREY SORIANO

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

EXPLANATORY NOTE

The Legislative Department, in accordance with Article VI, Section 29 of the 1987 Constitution, is mandated that no money shall be paid out of the Treasury except in pursuance of an appropriation made by law. This provision underscores the central role of Congress in ensuring that public funds are allocated and used in accordance with the law and for the benefit of the Filipino people.

Public Financial Management (PFM) refers to the systems and processes through which resources are planned, spent, controlled, and accounted for. PFM enforces hard budget ceilings and fiscal rules, limiting discretionary and

unprogrammed appropriations, and strengthening collective decision-making in Congress.¹

This bill proposes the establishment of an integrated PFM system that will improve coordination among government agencies, enhance financial reporting, and enable more effective monitoring of government expenditures. Further, this proposed legislation intensifies the constitutional authority of Congress to control government spending as it aims to modernize the country's budget process, strengthen fiscal policy, and promote good governance in the management of public funds.

In view of the foregoing, the urgent passing of this bill is earnestly sought.



RALPH WENDEL P. TULFO
Representative
2nd District of Quezon City



JOCELYN P. TULFO
Representative
ACT-CIS Partylist



JEFFREY SORIANO
Representative
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¹ "CSP-64: Protecting Fiscal Integrity: Public Financial Management, Accountability, and Reform in the Philippines", CONGRESSIONAL POLICY AND BUDGET RESEARCH DEPARTMENT", Accessed on 13 Apr 2026, <https://cpbrd.congress.gov.ph/protecting-fiscal-integrity-public-financial-management-accountability-and-reform-in-the-philippines/>.

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INCREASING BUDGET TRANSPARENCY AND PARTICIPATION

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

1

2

PART I

3

PRELIMINARY PROVISIONS

4

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

7

8 **SEC. 2. *Declaration of Policy and Objectives.*** – It is hereby declared the policy
9 of the State to ensure accountability and integrity in the use of public resources by
10 ensuring transparency, fiscal responsibility, results-orientation, efficiency, and
11 effectiveness. This shall be upheld through the establishment of an integrated system
12 of planning, programming, budgeting, management, accounting, reporting, and

1 review of public finances, wherein internal controls are embedded within these
2 processes. In light of these requirements, the State shall pursue the following specific
3 objectives:

- 4
- 5 (a) To enforce the power of Congress to authorize all appropriations and
6 hold government accountable in the use of public resources, as well as to
7 ensure the responsibility of all government agencies to propose, execute,
8 and deliver committed results in the appropriations act in a timely,
9 predictable, and economic manner;
- 10 (b) To promote people's involvement in the management of public resources
11 by enforcing their right to access information on, and to contribute to the
12 formulation and implementation of, the financial affairs of the
13 government; and
- 14 (c) To strengthen the integration of planning, programming, budgeting,
15 accounting, disbursement, reporting, and performance management and
16 ensure ample safeguards in managing public finances through internal
17 controls and risk management.
- 18

19 **SEC. 3. *Scope and Coverage.*** – The provisions of this Act shall apply to the
20 management of revenues, expenditures, financing arrangements, and assets and
21 liabilities of national government agencies (NGAs), government-owned or - controlled
22 corporations (GOCCs), and local government units (LGUs) to the extent provided
23 herein.

24

25 **SEC. 4. *Definition of Terms.*** – The following terms when used in this Act and
26 the implementing rules and regulations (IRR) should be understood, as follows:

27

- 28 (a) *Activity* refers to a recurring work process that contributes to the
29 implementation of a program or sub-program;
- 30

- 1 (b) *Allotment* refers to the authorization issued to Government Agencies to
2 incur contractual commitments and disburse funds up to a certain
3 amount, for a specified public purpose, and within a specified period of
4 time, in accordance with the Appropriations Law;
- 5
6 (c) *Allotment Class* refers to the classification of expenditures under an item
7 of appropriation with the following categories: Personnel Services,
8 Maintenance and Other Operating Expenses, Financial Expenses, and
9 Capital Outlays;
- 10
11 (d) *Appropriations* refers to an authorization pursuant to laws directing the
12 disbursement of Public Funds under specified conditions or for specified
13 public purposes;
- 14
15 (e) *Appropriations Law* refers to either a general or special appropriations
16 law;
- 17
18 (f) *Cabinet* refers to the Executive Secretary and the Secretaries of the
19 Departments under the Executive Branch;
- 20
21 (g) *Cash Budgeting System* refers to the annual appropriations that limit
22 incurring obligations and disbursing payments to goods delivered and
23 services rendered, inspected, and accepted within the current fiscal year.
24 Payments, of which, may be settled within the Extended Payment
25 Period;
- 26
27 (h) *Development Budget Coordination Committee (DBCC)* refers to the body
28 primarily responsible for the review and approval of the macroeconomic
29 targets, revenue projections, borrowing level, aggregate budget level,
30 and expenditure priorities and the recommendation to the Cabinet and
31 the President of the consolidated public sector financial position and the
32 National Government fiscal program. The Secretary of Budget and

1 Management leads the DBCC, with the Secretary of Finance, the Director
2 General of the National Economic and Development Authority (NEDA)
3 Secretariat and a representative from the Office of the President as
4 members, and the Governor of the Bangko Sentral ng Pilipinas (BSP) as
5 a resource person;

6
7 (i) *Disbursement* refers to settlement of government obligations either in the
8 currency, check or constructive cash such as the issuance of Tax
9 Remittance Advice for the remittance to the Bureau of Internal Revenue
10 (BIR) of taxes withheld from employees and suppliers and Non-Cash
11 Availment Authority for direct payments made by international
12 financial institutions to suppliers and consultants of foreign assisted
13 projects;

14
15 (j) *Extended Payment Period* refers to the first three (3)-month period in the
16 following fiscal year when payments, chargeable against the
17 Appropriations Law of the previous fiscal year, can be processed and
18 disbursed for goods delivered and services rendered, inspected, and
19 accepted by the end of the previous fiscal year;

20
21 (k) *Fiscal Year* refers to a period of twelve (12) months commencing on
22 January 1 until December 31;

23
24 (l) *Government Agencies* collectively refer to all NGAs, GOCCs and LGUs;

25
26 (m) *Government-Owned or -Controlled Corporations* refer to agencies with
27 corporate powers, organized as a stock or non-stock corporation, vested
28 with functions relating to public needs whether governmental or
29 proprietary in nature, and owned by the Government of the Republic of
30 the Philippines directly or through its instrumentalities either wholly or,
31 where applicable as in the case of stock corporations, to the extent of at
32 least a majority of its outstanding capital stock. This includes

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

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

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

16
17 (p) *Item of Appropriation* refers to the amount of appropriation/s for an
18 activity or project in the Appropriations Law;

19
20 (q) *Local Government Units* refer to provinces, cities, municipalities, and
21 barangays, as well as autonomous regions created by law pursuant to
22 the Constitution;

23
24 (r) *Multi-Year Contracting Authority (MYCA)* refers to the authority issued
25 by Department of Budget and Management (DBM) to agencies, covering
26 the full contract cost, for the procurement of multi-year projects;

27
28 (s) *Multi-Year Projects* refer to projects undertaken by agencies covering a
29 period of more than one (1) fiscal year and exceeding twelve (12) months;

30
31 (t) *National Government Agencies* refer to units of the National Government,
32 as distinguished from GOCCs and LGUs, which include any of the
33 departments, bureaus, offices, or instrumentalities of the Executive,

1 Judicial, and Legislative branches of government, as well as the
2 Constitutional Commissions, Commission on Human Rights, and the
3 Office of the Ombudsman;

4
5 (u) *Program* refers to a group of activities and projects that contribute to a
6 common particular outcome;

7
8 (v) *Project* refers to a special undertaking carried out within a definite time
9 frame and intended to result in some pre-determined measure of goods
10 and services;

11
12 (w) *Proposed National Budget* refers to a financial plan of annual revenue and
13 expenditures to be submitted by the President to Congress that reflect
14 national policies which shall serve as basis of an appropriations bill,
15 pursuant to Section 22 of Article VII of the Constitution;

16
17 (x) *Public Officials and Employees* refer to elective and appointive officials and
18 employees, in a permanent or temporary capacity, whether in the career
19 or non-career service, including military and uniformed personnel,
20 regardless of the rank, form, or amount of compensation;

21
22 (y) *Public Funds* refer to the monies of all Government Agencies received,
23 collected, receivable from taxes, fees, charges, penalties, income,
24 dividends, interest earnings, domestic loan proceeds, external loans and
25 grants, and proceeds from the sale of assets, that the Government has a
26 legal right to retain and use;

27
28 (z) *Spill-over Projects* refer to contracts authorized and undertaken in the
29 immediately preceding General Appropriations Act (GAA) which were
30 not fully implemented;

1 (aa) *Subsidiary* refers to a corporation where at least a majority of the
2 outstanding capital stock is owned or controlled, directly or indirectly,
3 and through one or more intermediaries, by a GOCC; and

4
5 (bb) *Treasury Single Account (TSA)* refers to the account maintained by
6 the Bureau of the Treasury (BTr) with the BSP or agent bank for a unified
7 structure of government bank accounts to enable consolidation and
8 optimum utilization of government cash resources.

9
10 In this Act, the singular may be read as the plural and the plural may be read as
11 the singular, as the context requires.

12 13 **PART II**

14 **BUDGET PREPARATION, EXECUTION, AND ADJUSTMENT**

15
16 **SEC. 5. *Governing Principles in Budget Preparation.*** - There is hereby
17 established a set of governing principles to be observed by the NGAs and GOCCs in
18 the preparation of their annual budget proposals, and by the DBM in the preparation,
19 and the presentation to Congress, of the Proposed Annual National Budget:

20
21 (a) Cash-based estimates shall be adopted in the proposed general and
22 special appropriations bills to promote faster and more effective delivery
23 of services;

24
25 (b) The overall expenditure program of the government for a given Fiscal
26 Year shall be included, identifying those requiring approval by Congress
27 and those authorized under existing laws;

28
29 (c) All sources of funds and authorized uses available to the agency shall be
30 considered in the evaluation of agency proposals and determination of

1 agency budget levels, and shall likewise be disclosed in the Proposed
2 National Budget and reports;

3
4 (d) Evaluation of agency proposals may include the analysis of a
5 development plan, master plan, or road map, agency capability as
6 demonstrated by previous years' performance, its contribution to
7 projects and activities of other agencies, utilization of funds
8 appropriated or released, and such other criteria as may be determined
9 by the DBM. The performance shall be evaluated based on the actual
10 disbursements and contractual commitments as compared to the
11 appropriations;

12
13 (e) All appropriations in the GAA shall be valid for one Fiscal Year,
14 reckoned from the effectivity thereof until the end of the Fiscal Year
15 concerned. When necessary or appropriate, a three-month Extended
16 Payment Period in the following Fiscal Year may be availed of to allow
17 agencies to settle payments for goods and services delivered, inspected,
18 and accepted during the previous Fiscal Year;

19
20 (f) For evaluating the performance of an agency, programs, activities, and
21 projects, it shall be presented in such a way as to identify the entity
22 responsible for the expenditure and the intended results from the use of
23 the appropriations;

24
25 (g) Both the financial and non-financial performance of agencies shall be
26 presented in the Proposed National Budget to ensure a performance
27 informed budget; and

28
29 (h) Programs, activities and projects shall be reflected by department,
30 agencies, bureaus, and offices, and shall be presented for information
31 purposes, by region and province, and eventually, by city or
32 municipality.

1
2 **SEC. 6. *Planning-Programming-Budgeting Linkage.*** – Development strategies
3 identified in the Philippine Development Plan (PDP) shall be the primary
4 consideration in the formulation of the Budget Priorities Framework. These shall also
5 be the basis for drawing up strategic and prioritized programs and projects in the
6 multi-year Public Investment Program (PIP), which in turn will be considered in the
7 formulation of the annual agency budgets that conform to the annual budget ceilings
8 approved by the President.

9
10 The PIP shall be reflective of the Regional Development Investment Programs
11 that, in turn, also take into consideration the intra-regional and inter-provincial
12 development plans and investment programs of the local government units within
13 each region.

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

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

28
29 **SEC. 8. *The Budget Preparation Process.*** – The DBM shall determine the budget
30 preparation process and calendar. The budget preparation process shall cover: (i)
31 NGAs; (ii) GOCCs with respect to their impact on revenue, expenditure, assets, and

1 liabilities and risks of the government; and (iii) LGUs as to their impact on revenue
2 and expenditure of the government.

3
4 **SEC. 9. *The Proposed National Budget.*** – The President shall submit to
5 Congress, not later than thirty (30) days from the fourth Monday of July of every year,
6 the Proposed National Budget, which shall be the basis of the General Appropriations
7 Bill (GAB).

8
9 The President shall determine the form and content of the Proposed National
10 Budget which shall include, but not limited to, the following:

- 11
12 (a) President's Budget Message – provides a preview of the Proposed
13 National Budget, explaining the principles, objectives, and policy
14 framework adopted and the spending priorities for the Fiscal Year;
15 (b) Budget of Expenditures and Sources of Financing (BESF) – contains the
16 macroeconomic parameters; dimensions of three-year (3-year)
17 expenditure program, revenue, financing, and outstanding debt;
18 overview of the financial positions of GOCCs, LGUS, and public-private
19 partnership projects, list of new multi-year projects, including the project
20 duration, the total project cost, and contractual authorities issued as well
21 as the other items listed in the IRR;
22 (c) National Expenditure Program (NEP) - includes the strategic objectives,
23 details of the three-year (3-year) expenditure program, performance
24 information, such as key strategies, outputs, and outcomes for agencies
25 in relation to their budgets, and staffing summary;

26
27 Congress may not increase the appropriations recommended by the President
28 for the operations of government as specified in the Proposed National Budget.

29
30 The President shall publish the Proposed National Budget on the Government
31 website on the same day it is presented to Congress.

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

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

6
7 The NDRRMF and QRF shall also be used for obligation and payment of Spill-
8 over Projects approved or funded from the NDRRMF or QRF of the immediately
9 preceding Fiscal Year.

10
11 Releases from the NDRRMF, except for QRF and Spill-over Projects, shall be
12 subject to the prior approval of the President, who may take into consideration the
13 recommendation of the National Disaster Risk Reduction and Management Council
14 for local disasters and calamities and the appropriate agency for international crises.

15
16 **SEC. 13. *Contingent Fund.*** – The Contingent Fund shall cover the funding
17 requirements of new or urgent projects or activities of NGAs, GOCCs, and LGUs that
18 need to be implemented or paid during the year, such as: (i) legal obligation of the
19 government arising from the final and executory decisions of competent authorities,
20 including arbitration awards, mediation settlement, or compromise agreements; (ii)
21 requirements of newly created offices; or (iii) deficiencies in the appropriations for
22 local and external travels of the President of the Philippines.

23
24 Releases from the Contingent Fund shall be subject to approval by the President
25 of the Philippines, other than payment resulting from final and executory decisions of
26 competent authorities, which shall be released by the DBM subject to availability of
27 funds.

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

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

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

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

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

1 Releases from the Unprogrammed Appropriations shall be subject to the prior
2 approval of the President of the Philippines, other than the final and executory
3 decisions of competent authorities, including arbitration awards, mediation
4 settlement, or compromise agreements.

5
6 The DBM shall include information on releases from releases from the
7 Unprogrammed Appropriations in the quarterly and annual reports submitted to
8 Congress.

9
10 **SEC. 16. *Budget with Accounts Codes.*** – All items of appropriations in the
11 Appropriations Law shall be given accounts codes by the DBM pursuant to the Unified
12 Accounts Code Structure that applies to all the assets, liabilities, equities, income, and
13 expenses of the government.

14
15 **SEC. 17. *Re-enacted Budget.*** – If, by the end of any Fiscal Year, Congress has
16 failed to enact a GAA for the ensuing Fiscal Year, the GAA of the preceding Fiscal Year
17 shall be deemed re-enacted and shall remain in force and effect until a GAA for the
18 ensuing Fiscal Year is passed by the Congress.

19
20 Consistent with the Fiscal Responsibility Principles, the re-enacted budget shall
21 be enforced as follows:

22
23 (a) The aggregate level of the re-enacted budget shall be limited to the total
24 amount appropriated in the preceding year's GAA, but shall in no case
25 exceed the level of the sources of financing under the BESF of the
26 Proposed National Budget for the year:

27
28 (b) The appropriations for the following shall be limited to the amount
29 authorized under the re-enacted budget, but in no case exceed the
30 amount in the Proposed National Budget:

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

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

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

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

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

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

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

7
8 Cash-based estimates shall be adopted in the proposed special appropriations
9 bills to promote faster and more effective delivery of services.

10
11 A Special Appropriations Bill shall be supported by funds available as certified
12 by the National Treasurer, or to be raised by a corresponding revenue measure
13 proposed therein.

14
15 No Special Appropriations Bill shall be passed during a re-enacted budget,
16 except for the following: (1) disaster-related purposes; (2) urgent projects and/or
17 activities; and (3) unforeseen requirements of the government.

18
19 **SEC. 19. *Release of Public Funds.*** – The government shall commence releases
20 of Public Funds covered by an Appropriations Law as soon as it comes into force to
21 ensure timely and efficient disbursement by the appropriate implementing agencies,
22 subject to pertinent budgeting, accounting and auditing rules and regulations. Upon
23 the implementation of the cash budgeting system, the Appropriations Law shall be
24 considered the authority of the agencies to contract out and disburse funds, except for
25 the following instances: (i) when provided in the Appropriations Law; and (ii) when
26 the appropriations have requirements before release, such as work and financial plan,
27 feasibility study, pre-feasibility study, and preliminary and detailed engineering.

28
29 **SEC. 20. *Cash Budgeting System.*** – Appropriations authorized in the GAA for
30 NGAs, budgetary support to GOCCs, national projects implemented by LGUs, and

1 SPFs, shall be available for obligation only until the end of each Fiscal Year. Obligations
2 incurred by the National Government within each Fiscal Year shall be implemented
3 during the same Fiscal Year. Goods and services corresponding to said obligations
4 shall be delivered or rendered, inspected, and accepted by the end of each Fiscal Year.
5 Payments for obligations incurred shall be made until the end of the Extended
6 Payment Period. Payments during the Extended Payment Period shall be chargeable
7 against the GAA of the preceding Fiscal Year.

8
9 Appropriations covering financial subsidy to LGUs shall be available for
10 obligation and disbursement until the end of the succeeding Fiscal Year. On the other
11 hand, appropriations for the statutory shares of LGUs shall be available for obligation
12 and disbursement until fully expended.

13
14 All funds transferred between or among Government Agencies shall not be
15 considered disbursed until the transferred amounts have been actually utilized to pay
16 for goods delivered and services rendered, inspected, and accepted.

17
18 Any unreleased appropriations at the end of the Fiscal Year shall lapse, while
19 unobligated allotments and unexpended or undisbursed funds at the end of the
20 Extended Payment Period shall revert to the unappropriated surplus of the General
21 Fund in accordance with Section 28, Chapter 4, Book VI of Executive Order (E.O.) No.
22 292 (Administrative Code of 1987) and shall not thereafter be available for expenditure
23 except by subsequent legislative enactment. For financial subsidies to LGUs, reversion
24 shall be made to the National Treasury after the end of the succeeding Fiscal Year.

25
26 **SEC. 21. Government Funding Commitment.** – In accordance with the
27 Constitution, no money shall be paid out of the Treasury except in pursuance of an
28 appropriation made by law.

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

4
5 For Multi-year Projects, the CAF shall be issued annually based on the annual
6 budget for the year. In case of Multi-year Projects with no funding requirement on any
7 given year, the CAF shall be the certification of the chief accountant that no fund is
8 needed for the year as indicated in the approved MYCA.

9
10 The CAF shall be stamped or appended to the contract and shall become an
11 integral part thereof.

12
13 **SEC. 22. Multi-Year Contracts.** - The issuance of a MYCA or any similar
14 document shall be required before agencies may enter into multi-year contracts,
15 subject to the requirements and guidelines prescribed by the DBM. Provided, that for
16 foreign-assisted projects funded by foreign loans, the issuance of a MYCA shall no
17 longer be necessary.

18
19 In the procurement of multi-year projects, the MYCA or any similar document
20 shall be required prior to commencement of any procurement activity.

21
22 In the case of GOCCs, they shall secure prior authority from their respective
23 governing boards before entering into multi-year contracts.

24
25 For LGUs, they shall secure any equivalent document issued by their respective
26 *Sanggunian* authorizing them to enter into multi-year contracts.

27
28 For the multi-year Public-Private Partnership projects with government
29 undertakings authorized under Republic Act No. 6957 (Build-Operate-and-Transfer

1 Law), as amended by Republic Act No. 7718, the same shall be covered by a letter of
2 commitment issued in accordance with the guidelines issued by the DBM.

3
4 The implementing agency shall ensure that the annual funding requirements
5 for the multi-year projects shall be included in its budget proposals for the covered
6 years, consistent with the funding schedule in the MYCA and equivalent authorities,
7 and letter of commitment. In the case of NGAs and qualified GOCCs, the DBM shall
8 ensure that the funding requirement for the multi-year projects are included in the
9 National Expenditure Program to be submitted to Congress who shall give due
10 consideration of the said proposal. In the case of GOCCs and LGUs, due consideration
11 shall be given by the governing board of GOCCs and the *Sanggunian* of the LGUs,
12 respectively.

13
14 In all instances, the disbursements to be incurred for multi-year contracts shall
15 in no case exceed the cash appropriations for the purpose during the year.
16 Procurement of multi-year projects shall be subject to the provisions of Republic Act
17 No. 9184 (Government Procurement and Reform Act) and its IRR and Government
18 Procurement Policy Board (GPPB) guidelines.

19
20 **SEC. 23. *Early Procurement Activities.*** – To ensure full budget utilization,
21 timely contract implementation, and efficient delivery of services, agencies are
22 authorized to undertake procurement activities from pre-procurement conference
23 until recommendation to the head of the procuring entity as to the award of contract,
24 based on their proposed budget in the NEP, Corporate Operating Budget (COB), or
25 Appropriations Ordinance, in accordance with the guidelines issued by the GPPB.

26
27 In exceptional circumstances where the early procurement activity was delayed,
28 agencies shall undertake only the procurement of goods, infrastructure, and
29 consulting services to the extent that may be delivered or rendered, inspected, and
30 accepted during the Fiscal Year consistent with the cash budgeting system.

1
2 For FAPs, agencies may undertake early procurement activities based on the
3 amount proposed by the agency in the NEP including those under the Unprogrammed
4 Appropriations and shall be awarded only upon approval of the 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 Obligational
8 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, as the
13 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, and
17 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 instances
22 without the fault of the contractor, the funding requirements for its completion shall
23 be chargeable against any available fund in the succeeding Fiscal Year.
24

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 House of
27 Representatives, the Chief Justice of the Supreme Court, and the Heads of the
28 Constitutional Commissions, are hereby authorized to declare and use savings in their
29 respective appropriations in the current year to augment actual deficiencies incurred
30 for the current year in any item of their respective appropriations.

1
2 **SEC. 26. *Meaning of Savings.*** – Savings refer to portions or balances of any
3 released appropriations in the Appropriations Law which have not been used,
4 disposed, nor obligated, as a result of any of the following:

5
6 (a) Completion, final discontinuance, or abandonment of an activity or project
7 for which the appropriation is authorized; or

8 (b) Implementation of measures resulting in improved systems and efficiencies
9 and thus enabled an agency to meet and deliver the required or planned
10 targets at a lesser cost.

11
12 In case final discontinuance or abandonment is used as basis in the declaration
13 of savings, such discontinued or abandonment activity or project shall no longer be
14 proposed for funding in the next two (2) Fiscal Years.

15
16 Allotments that were not obligated due to the fault or negligence of the agency
17 concerned shall not be considered savings.

18
19 **SEC. 27. *Rules on Augmentation.*** – Augmentation is the act of the constitutional
20 officers authorized to use savings in their respective appropriations to cover a
21 deficiency in any existing item of appropriation for their respective offices.

22
23 The particulars of the expenditure to be funded from savings should be within
24 the scope of, or be covered by, an existing item of appropriation. The existence of an
25 item of appropriation regardless of the availability of allotment class/es is sufficient
26 for the purpose of augmentation.

27
28 In no case shall a non-existent item of appropriation be funded by augmentation
29 from savings.

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

The DBM shall issue rules and procedure to govern modification in the allotment, specifying the cases or circumstances when such modifications may be undertaken to ensure the uniform implementation among the various branches of government, the proper recording of modifications, and the timely submissions of reports by all the offices concerned.

PART III

FINANCIAL MANAGEMENT

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

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

1

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

7

8 The Permanent Committee created under Executive Order No. 292, s. 1987,
9 composed of the Secretary of Finance as Chairperson, the Secretary of Budget and
10 Management and the Chairperson of the Commission on Audit (COA) as members,
11 shall identify SAGFs that shall be converted into Trust Funds. The recognition of
12 revenue inflows from these SAGFs converted into Trust Funds shall be governed by
13 the guidelines to be issued by the Permanent Committee. In all cases, the authorized
14 uses or purposes shall continue to be those specified in the law creating the SAGFs.

15

16 SEC. 30. *Special Funds*. - In exceptional cases when an SAGF is not suitable for
17 the operations of a fund, Special Funds shall be authorized by law and limited to the
18 following:

19

20 (a) Trust Fund - constituted from identified revenue sources and other
21 receipts by NGAs or Public Officials or Employees acting as trustees,
22 agents, or administrators for the fulfilment of commitments or
23 accomplishment of specified purposes. Trust Funds shall be deposited
24 in the TSA;

25 (b) Revolving Fund - constituted from receipts derived from business-type
26 activities of NGAs to be used for the operating requirements of said
27 business-type activities and are considered self-perpetuating and self-
28 liquidating. Revolving Funds shall be deposited in the TSA or in
29 Authorized Government Depository Bank (AGDB) upon authority of
30 the National Treasurer; and

1 (c) Retained Fund – constituted from taxes, fees, charges, penalties, income,
2 dividends, or interest earnings collected, earned, or received by NGAs
3 which are expressly authorized by law to be retained by NGAs and
4 utilized for specified purposes. Retained Funds shall be deposited in the
5 TSA or in an AGDB upon authority of the National Treasurer.

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

9
10 **SEC. 31. *Review by the Permanent Committee.*** – Upon the effectivity of this Act
11 and every three (3) years thereafter, the Permanent Committee shall review all existing
12 SAGFs and Special Funds to validate their compliance with the requirements under
13 Sections 45 and 46 and to determine whether these Funds should be modified,
14 terminated, or continued. The Permanent Committee shall recommend for the
15 approval of the President, the modification or termination of any of the said funds
16 based on any of the following grounds: (i) when there is no legal basis for its creation;
17 (ii) when its terms have expired; (iii) when the purpose for its creation has been
18 attained or no longer exist; (iv) when it is no longer necessary for the attainment of
19 the purposes for which said Funds were established; (v) when needed by the General
20 Fund in times of calamities and emergencies; (vi) when it is used in violation of the
21 rules and regulations issued by the Committee; or (vii) when they have remained
22 dormant for an unreasonable length of time.

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

27
28 **SEC. 32. *Escrow Fund.*** – Escrow Funds are constituted from funds for which the
29 government's legal right to use is contingent upon a future event which may or may
30 not occur. Escrow Funds shall be deposited in the TSA or an AGDB upon authority of
31 the National Treasurer. Any interest earned by an Escrow Fund shall accrue to the said

1 Fund. The amounts under escrow, including interest earned shall form part of the
2 General Fund upon the occurrence of the future contingent event.

3
4 **SEC. 33. Waiver, Abatement, Refund, and Compromise Agreements.** – No public
5 official or employee shall waive, abate, refund, or enter into a compromise agreement
6 on a tax liability or the payment of fees or charges except in accordance with law. All
7 waivers, abatements, refunds, or compromise agreements made by an NGA shall be
8 properly accounted for and reported. Refund of taxes and other revenues shall be
9 treated as a reduction in current year's revenue collections for budgeting and fiscal
10 reporting purposes.

11
12 **SEC. 34. Grants.** – NGAs may accept, upon prior coordination with the
13 Department of Finance (DOF) and the Department of Foreign Affairs, grants, in cash
14 or in kind, from domestic or foreign sources, for purposes relevant to their functions.
15 In the case of grants, either in cash or in kind, from governments of foreign countries,
16 their agencies, instrumentalities, and international or multilateral institutions or
17 organizations, acceptance thereof shall be subject to the prior clearance and approval
18 of the President or the President's duly authorized representative, based on the
19 recommendation of the Secretary of Finance and the Secretary of Foreign Affairs.

20
21 The provisions of this Section shall not apply to: (1) any grant received by LGUs
22 or GOCCs, except where the grant is received by them on behalf of the National
23 Government (NG); or (2) any grant authorized or covered in accordance with existing
24 law.

25
26 Grants received shall be valued, in the case of grants received in kind, and
27 recognized on the books of the recipient agency of the National Government.

28
29 **SEC. 35. Treasury Single Account.** – The TSA refers to the banking arrangement
30 managed by the BTr wherein the government transacts all monies collected, received,

1 or paid by NGAs in one bank account or a set of linked bank accounts and gets a
2 consolidated view of its cash position on at least, a daily basis.

3
4 The TSA shall cover remittances, releases, or disbursements from the General
5 Fund, SAGFs, Special Funds, Escrow Funds, Letters of Credit, and any other fund
6 managed by the BTr, except in any of the following instances:

- 7
8 (a) When monies under the General Fund are placed under investments;
9 (b) When the BTr is required to hold foreign currency accounts; or
10 (c) When authorized by the Secretary of Finance.

11
12 The BTr, in coordination with NGAs authorized by law to undertake revenue
13 collection and administration, shall make the necessary arrangements with authorized
14 agent banks (AABs) to facilitate the collection and transfer of said revenues to the TSA.
15 AABs shall deposit said collections to TSA within the period and in the manner
16 prescribed by laws, rules, and regulations.

17
18 **SEC. 36. Oversight on Government Bank Accounts.** – Notwithstanding any
19 provision of law to the contrary, the BTr shall undertake any of the following in case
20 of violation of a provision in this Act and guidelines issued on the implementation of
21 the TSA:

- 22
23 (a) Transfer balances of bank accounts to the TSA;
24 (b) Close any bank account; and/or
25 (c) Revoke the authority to open any bank account.

26
27 The government agency which has opened a bank account, as well as the bank
28 concerned shall promptly disclose information regarding such account to the BTr.

29
30 **SEC. 37. Treasury Cash Management.** – The BTr shall issue orders for the
31 conduct of cash management including the requirement to provide projections on the

1 timing of future transactions of NGAs taking into consideration that the
2 appropriations law is considered the authority of the agencies to contract out and
3 disburse funds, except for those instances stated in Section 35 of this Act.

4
5 **SEC. 38. *Investments.*** – The BTr may invest portions of the funds held in the
6 TSA for such periods as the BTr may deem prudent considering cash management
7 requirements. Investments are authorized to be made in any of the following:

- 8
9 (a) Bank deposit with any highly reputable bank following a selection
10 criterion to be issued by the BTr and money market instruments with
11 well recognized and established financial institution;
12 (b) Sovereign-issued securities with an investment grade rating; or
13 (c) Other fixed income securities with an AAA credit rating issued by at
14 least two (2) reputable international credit rating agencies.

15
16 The BTr may appoint a fund manager as an agent of the National Government
17 to undertake the investment of the funds. Fund Manager refers to person responsible
18 for implementing a fund's investing strategy and managing its portfolio trading
19 activities.

20
21 Interest earned and other income from investments shall accrue to the General
22 Fund, unless otherwise provided by law.

23
24 **SEC. 39. *Management of National Government Borrowings.*** – Borrowings by
25 the National Government shall be for purposes provided by law, which include, but
26 not limited to any of the following:

- 27
28 (1) Financing budget deficits and liquidity shortfalls;
29 (2) Refinancing and pre-financing maturing debts;
30 (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.

1

2 **SEC. 41. *Local Government Borrowings.*** – A LGU may borrow funds from
3 domestic sources in accordance with Republic Act No. 7160 (Local Government Code
4 of 1991) and other applicable laws. LGUs may also be allowed to access foreign sources
5 for major infrastructure projects, through multilateral financial institutions, subject to
6 the guidelines to be issued by the DOF.

7

8 LGUs shall develop their borrowing programs, as part of their comprehensive
9 development and annual investment plans, which shall be published in its respective
10 website.

11

12 **SEC. 42. *Debt Reporting.*** – The DOF, through the BTr, shall ensure that the
13 records include information on the principal, terms of repayment, amounts drawn,
14 interests, penalties and service charges accrued, principal and interests paid, and the
15 balance outstanding, and shall make the records available in a timely way to the
16 President, Congress, and COA and in accordance with the reporting requirements in
17 this Act.

18

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

21

22 **SEC. 43. *Debt Audit.*** – Upon the effectivity of this Act, the COA shall conduct a
23 debt audit of all loans contracted or guaranteed by the National Government. For those
24 loans contracted or guaranteed after the passage of this Act, the COA shall review the
25 said loans within five (5) years from the date of its consummation or guarantee.

26

27 **SEC. 44. *Guarantees.*** – Guarantee, indemnity, or security shall be provided to a
28 NGA or a GOCC as provided by law, and shall be subject to the annual guarantee
29 ceiling prescribed in the GAA, and upon such terms and conditions as the Secretary of
30 Finance may recommend in accordance with relevant laws, rules, and regulations. The

1 overall level of guarantee, indemnity, or security, shall adhere to the Fiscal
2 Responsibility Principles laid down in this Act and the fiscal objectives in the
3 Statement of Fiscal Policy.

4

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

7

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

10

11 **SEC. 45. *Limitation on the Liability of the National Government for Debts of***
12 ***Other Entities.*** – The National Government shall not be liable for any implied
13 guarantee asserted by any person or entity, but only for explicit guarantees extended
14 in accordance with existing laws and guarantees in favor of the Government Service
15 Insurance System, Home Development Mutual Fund, Philippine Health Insurance
16 Corporation, and the Social Security System in their respective charters.

17

18 **SEC. 46. *Payments Made for Contingent Liabilities.*** – Any money paid by the
19 DOF pursuant to any guarantee, indemnity, or security authorized by law and the
20 expenses associated with the same shall constitute a debt due the National
21 Government from the entity for whose benefit the payment on the guarantee,
22 indemnity, or security was made.

23

24 **SEC. 47. *Information on Contingent Liabilities.*** – The DOF shall keep a
25 complete and updated registry of all contingent liabilities of the National Government
26 and provide the DBM and Congress with a report on contingent liabilities. Subject to
27 existing laws, rules, and regulations, the DOF shall have the power to compel any
28 national government agency and instrumentality, including GOCCs, to submit
29 documents and other pertinent information necessary for the completion of such
30 registry.

PART IV

ACCOUNTABILITY AND REPORTING

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

SEC. 49. *Integrated Financial Management Information System.* – There shall be an Integrated Financial Management Information System (IFMIS), which shall be the single portal of all financial transactions and reports to be used by NGAs, GOCCs, and LGUs to integrate budgeting, cash management, and accounting processes.

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

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

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

6
7 **SEC. 50. *NGA Annual Plans and Proposed Budgets.*** – The Head of each NGA
8 shall produce an Annual Plan which shall have a medium term scope, with details for
9 the following Fiscal Year, and shall include information on the strategic priorities for
10 the medium-term, both the national and regional level, consistent with the Philippine
11 Development Plan; performance information; summary proposed budget including
12 financial forecast assumptions and highlighting significant capital projects; and other
13 information as required in the IRR, as well as the Budget Call and other related
14 issuances from the DBM. The Annual Plan shall be submitted to DBM during the
15 budget preparation process consistent with the timetable and other guidelines in the
16 Budget Call.

17
18 The Annual Plan of a Department shall incorporate the Annual Plans of its
19 attached NGAs and GOCCs subject to guidelines prescribed in the IRR.

20
21 **SEC. 51. *Submission of Post Fiscal Year Budget Status.*** – The DBM shall submit
22 to the Speaker of the House of Representatives, the President of the Senate of the
23 Philippines, the House Committee on Appropriations, and the Senate Committee on
24 Finance a post Fiscal Year budget status report not later than May 31 of the current
25 year.

26
27 **SEC. 52. *Internal Audit Standards.*** – The DBM shall formulate and issue the
28 guidelines and standards for internal audit in the NGAs, GOCCs, and LGUS.

PART V
TRANSPARENCY AND PARTICIPATION

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

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

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

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

1 **SEC. 55. *The People's Budget.*** – The DBM shall, for every Fiscal Year, publish
2 citizen-friendly summaries of the following, subject to guidelines and other
3 specifications in the IRR:
4

5 (a) The Statement of Fiscal Policy in the year of the President's election and any
6 updates thereafter within thirty (30) days from submission to Congress;

7 (b) The Proposed National Budget, to be published in electronic format within
8 thirty (30) days from submission to Congress of the Proposed National
9 Budget;

10 (c) The annual GAA and special appropriations laws, to be published in
11 electronic format in the government website within thirty (30) days from its
12 effectivity; and

13 (d) The Annual Fiscal Report of the preceding fiscal year, to be published in
14 electronic format in the government website on the last working day of the
15 current year.

16
17 **SEC. 56. *Participatory Budget Process.*** – The government shall establish and
18 implement suitable participatory budget mechanisms to facilitate the open, inclusive,
19 and meaningful engagement of citizens throughout the budget process. The DBM and
20 DILG, together with other relevant agencies, shall formulate policies and programs,
21 activities, and projects to enhance participation in the planning, budgeting, and
22 accountability processes.
23

24 Such participatory mechanisms may include: (i) consultations with the Local
25 Development Councils in the formulation of the national and local government
26 budgets; and (ii) partnerships with civil society organizations (CSOs), academic
27 institutions, and experts on programs that monitor and help improve agency or local
28 government preparation, execution, and monitoring of the budget. Capacity
29 development of CSOs to participate under the principles of constructive engagement
30 with government may also be conducted.
31

PART VI
ENFORCEMENT

SEC. 57. *Sanctions and Penalties.* –

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

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

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

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

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

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

(a) Every contractual commitment, expenditure or payment authorized or incurred in violation of the provisions of this Act shall be void and

1 shall render the Public Official or Employee authorizing or making
2 such payment and every person in collusion with said official or
3 employee shall jointly and severally be held liable to the government
4 for the full amount so paid or received. The Public Official or
5 Employee who knowingly delays the implementation of any
6 contractual agreement shall be liable and imposed the appropriate
7 administrative sanctions based on existing laws and civil service
8 rules. A Public Official or Employee who knowingly incurs any
9 contractual commitment or authorizes any expenditure in violation
10 of the provisions of this Act or takes part therein shall likewise be
11 removed or dismissed from office, after due notice and hearing, even
12 if no criminal charge is instituted against such Public Official or
13 Employee;

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

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

28 (d) Private individuals who shall conspire with the erring Public
29 Officials or Employees, whether as co-principals, accomplices or
30 accessories, in the commission of any violation of this Act shall be

1 subject to the same penalties as the Public Officials or Employees and
2 shall be tried jointly with them.

3
4 **PART VII**
5 **FINAL PROVISIONS**
6

7 **SEC. 58. *Implementing Rules and Regulations.*** – The DBM, in consultation with
8 the DOF, BTr, NEDA, and COA, and in coordination with agencies concerned, shall
9 issue the rules and regulations necessary for the proper implementation of this Act
10 within ninety (90) days from the effectivity of this Act. The IRR may be amended by
11 the DBM, in consultation with the DOF, BTr, NEDA, and COA and in coordination
12 with the agencies concerned, as the need arises.
13

14 **SEC. 59. *Repealing Clause.*** – Any law, presidential decree or issuance, executive
15 order, letter of instruction, administrative order, proclamation, charter, rule, or
16 regulation and/or parts thereof contrary to or inconsistent with the provisions of this
17 Act is hereby repealed, modified, or amended accordingly.
18

19 **SEC. 60. *Separability Clause.*** – If for any reason, any section or provision of this
20 Act is declared unconstitutional or invalid, other sections or provisions which are not
21 affected thereby shall continue to be in full force and effect.
22

23 **SEC. 61. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days
24 following its publication in the Official Gazette or in two (2) newspapers of general
25 circulation.
26

27 Approved,