

REVERTING ALL DORMANT ACCOUNTS, UNNECESSARY SPECIAL AND TRUST FUNDS TO THE GENERAL FUND AND FOR OTHER PURPOSES

EXECUTIVE ORDER NO. 431, May 30, 2005

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WHEREAS, the Commission on Audit, in its Annual Audit Report, confirm the existence of huge cash balances maintained by government agencies with authorized government depository banks;

WHEREAS, there is a need to look into the status of the aforementioned cash balances and the legal basis for maintaining the same outside the control of the Bureau of Treasury;

WHEREAS, Section 29(3), Article VI of the Constitution provides that once the purpose for which a special fund was created has been fulfilled or abandoned, the balance, if any, shall be transferred to the general funds of the government;

WHEREAS, Section 45, Chapter 5, Book VI of EO No. 292, otherwise known as the Administrative Code of 1987, mandates the Permanent Committee composed of the Secretary of Finance, the Secretary of Budget and Management and the Chairman of the Commission on Audit to monitor and evaluate the activities and balances of all Funds outside the General Fund and recommend to the President its reversion to the General Funds;

WHEREAS, Section 44, Chapter 5, Book VI of EO No. 292 and Section 65 of PD 1445 mandate all income accruing to the departments, offices and agencies to be deposited in the National Treasury or in any authorized depository of the government and shall accrue to the unappropriated surplus of the General Fund of the Government;

WHEREAS, EO No. 338, s. 1996, requires all government offices and agencies, unless otherwise specifically provided by law, to immediately transfer all public monies deposited with depository banks and other institutions to the Bureau of Treasury, regardless of income source;

WHEREAS, the transfer of these funds to the National Treasury would augment depleting funds of the National Government, which otherwise would be borrowed/loaned from outside sources, and greatly ease current fiscal pressures and facilitate the implementation of programs and projects enunciated under the 10 Point Agenda.

NOW, THEREFORE, I GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. The Permanent Committee (PC), created pursuant to Sec. 45 Chapter 5, Book VI of the Administrative Code of 1987, consisting of the Secretary of Finance as Chairman, Secretary of Budget and Management, and the Chairman of the Commission of Audit as members, is hereby mandated to examine, look into and evaluate all existing cash deposits of whatever nature, whether foreign or local currency, maintained outside of the Bureau of Treasury with authorized government depository banks and other institutions by departments, bureaus and all other agencies of the National Government.

SECTION 2. The PC shall review and determine the legal basis for the maintenance of said funds with authorized

government depository banks or other institutions where the funds are deposited. The PC shall prepare an inventory of the cash accounts of each and every department, bureau and agency of the National Government and shall recommend to the President the transfer thereof to the National Treasury where no legal impediment exists pursuant to the provisions of Sections 44 and 45 Chapter 5, Book VI of the Administrative Code of 1987.

SECTION 3. All departments, bureaus and agencies of the National Government are hereby to cooperate, open their books of account and assist the PC and its authorized representatives in the conduct of inspection and review and ensure the smooth and efficient transfer to the Bureau of Treasury of cash funds stated in the preceding sections.

SECTION 4. The PC is hereby directed to issue the necessary rules and regulations for the proper and efficient implementation of this Order.

SECTION 5. Heads of departments, bureaus and all other agencies of the National Government along with the PC shall ensure strict implementation of this Order. Any violation hereof shall be sternly dealt with in accordance with law.

SECTION 6. All orders, rules, regulations and issuances, or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SECTION 7. This Executive Order shall take effect immediately.

Done in the City of Manila, this 30th day of May, in the year of Our Lord, Two Thousand and Five.

(SGD.) GLORIA MACAPAGAL-ARROYO

President of the Philippines

By the President:

(SGD.) EDUARDO R. ERMITA

Executive Secretary

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