

AN ACT TO PROVIDE FOR A BUDGET SYSTEM FOR THE NATIONAL GOVERNMENT.

REPUBLIC ACT No. 992, June 04, 1954

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

SECTION 1. Title of this Act.—This Act shall be known as "The Revised Budget Act."

SEC. 2. Declaration of policy.—It is hereby declared the policy of Congress that the whole budgetary concept of the Government be based on functions, activities, and projects, in terms of expected results.

SEC. 3. Definition of terms.—When used in this Act:

- The term "Budget" means the budget required by section nineteen (1), Article VI, of the Constitution, to be submitted by the President to Congress, and which is referred to in section seven of this Act.
- The term "Government" means the National Government as distinguished from the different forms of local governments.
- The terms "department and agency" and "department or agency" means any department, bureau, office, board, or any establishment of the Executive Branch of the National Government.
- The term "current operating expenditures" refers to appropriations spent for the purchase of goods and services for current consumption or within the fiscal year, including the acquisition of furniture and equipment usually used in the conduct of normal government operations.
- The term "capital outlays" or "capital expenditures" refers to the purchase of goods and services of a longer life-expectancy extending beyond the fiscal year and which add to the assets of the Government, except furniture and equipment usually used in the conduct of normal government operations.
- The term "expected results" means a delineation of the services, and products, or benefits that will accrue to the public, together with the estimated unit cost of each type of service, and product, or benefit.

THE BUDGET COMMISSION

SEC. 4. The Budget Commission.—There is hereby created an office to be known as the Budget Commission under the executive control and supervision of the President. There shall be in the Commission a Budget Commissioner and a Deputy Budget Commissioner who shall be appointed by the President with the consent of the Commission on Appointments. The Deputy Budget Commissioner shall perform such duties as the Commissioner may designate, and during the absence or incapacity of the latter, shall act as Commissioner.

SEC. 5. Salaries.—The Budget Commissioner shall receive a compensation of twelve thousand pesos per annum, and the Deputy Budget Commissioner, nine thousand pesos per annum.

SEC. 6. Functions and powers of the Commission.—The functions and powers of the Commission shall be as follows:

- To prepare the Budget and other appropriation proposals under such policies as the President may adopt. To

this end, the Commissioner shall have authority to assemble, correlate, revise, reduce or increase the requests for appropriations of the different departments and agencies of the Government, and to see how their respective programs are related to each other and how they may be shaped into a harmonious program and fiscal policy for the executive branch as a whole.

- The Budget Commission, when directed by the President shall make a detailed study of the departments and establishments for the purpose of enabling the President to determine what changes, with a view to securing greater economy and efficiency in the conduct of the public service, should be made in (1) the existing organization, activities, and methods of business of such departments or establishments, (2) the appropriations therefor, (3) the assignment of particular activities to particular services, or (4) the regrouping of services. The results of such study shall be embodied in a report or reports to the President, who may transmit to Congress such report or reports or any part thereof with his recommendations on the matters covered thereby.

- Under such regulations as the President may prescribe, (1) every department or agency shall furnish the Budget Commission such necessary information as the Commission may from time to time require and (2) the Commissioner and Deputy Commissioner, or any employee of the Commission when duly authorized, shall, for the purpose of securing such information, have access to, and the right to examine, any books, documents, papers, or records of any such department or agency.

- To develop programs and to issue regulations and orders for the improved gathering, compiling, analysis, publication, and dissemination of relevant and necessary statistical information for any purpose by the departments and agencies. Such regulations and orders shall be adhered to by said departments and agencies.

- To furnish, at the request of any committee, of either House of Congress having jurisdiction over revenue or appropriations, such assistance and information as such committee may require.

THE BUDGET

SEC. 7. Submission.—The President shall, in accordance with section nineteen (1), Article VI, of the Constitution, submit within fifteen days of the opening of each regular session of Congress a budget of receipts and expenditures which shall be the basis of the general and other appropriation bills.

He may also, from time to time, transmit to Congress such proposed supplemental or deficiency appropriations as, in his judgment, (1) are necessary on account of laws enacted after the transmission of the Budget, or (2) are otherwise in the public interest. He shall accompany such proposals with a statement of the reasons therefor, including the reasons for their omission from the Budget. Whenever such proposed supplemental or deficiency appropriations reach an aggregate which, if they had been contained in the Budget, would have required the President to make a recommendation as provided in section thirteen of this Act, he shall thereupon make such recommendation.

SEC. 8. Form and content.—The Budget shall consist of two parts—(1) the current operating expenditures and (2) the capital outlays.—Each part of the Budget shall comprise the general fund and all classes of special, operating trust funds, and bond funds under the care and control of the different departments and agencies. The Budget shall embody as appendices the proposed General Appropriation Act, the Public Works Act, and other appropriation Acts to cover the budget proposals.

The Budget shall also contain:

- a budgetary message setting forth in brief the significance of the appropriations proposed;
- a brief summary of the functions and activities of the Government; and
- summary financial statements setting forth:
- the estimated expenditures and proposed appropriations necessary for the support of the Government for the

ensuing fiscal year;

- the estimated receipts during the ensuing fiscal year under laws existing at the time the Budget is transmitted, and under the revenue proposals, if any, contained in the Budget;
- the actual appropriations, expenditures, and receipts during the last completed fiscal year;
- the estimated expenditures and receipts and actual or proposed appropriations during the fiscal year in progress;
- balanced statements of the condition of the National Treasury at the end of the last completed fiscal year, the estimated condition of the Treasury at the end of the fiscal year in progress, and the estimated condition of the Treasury at the end of the ensuing fiscal year, if the financial proposals contained in the Budget are adopted, showing, at the same time, the unencumbered and unobligated cash resources;
- all essential facts regarding the bonded and other long-term obligations and indebtedness of the Government; and
- such other financial statements and data as are deemed necessary or desirable in order to make known in all practicable detail the financial conditions of the Government.

SEC. 9. Change in the form of the Budget.—Whenever any change is made by law in the form of the Budget, the President, in addition to the Budget, shall transmit to Congress such explanatory notes and tables as may be necessary to show where the various items embraced in the Budget of the prior fiscal year are contained in the new Budget.

SEC. 10. Submission of budget estimates by departments and agencies.—Each head of department or agency shall submit his request for appropriations to the Budget Commissioner on or before a date he shall determine and in accordance with such regulations as he may issue in conformity with the general requirements of this Act.

Budget estimates for all operating departments and agencies shall be divided into two primary categories— the current operating expenditures and the capital outlays —prescribed on the basis of major functions, activities, and projects, so arranged as to show the general character and relative importance of the work to be accomplished or the services to be rendered, and the principal elements of costs involved. To this end, budget estimates shall be supported by:

- Personnel schedules showing in summary form the proposed employment of personnel grouped by salary grades, without regard to job-title or designations, except for key positions.
- Brief narrative description of the nature of the work to be performed and explanation of the significance and scope of each program by activity, service, end-product or benefit, the unit cost involved, and whatever changes in emphasis there may be over previous years, together with a comparable progress report of the work accomplished and under way.

SEC. 11. Departmental approval of proposed appropriations.—No legislative proposal which, if enacted, would authorize subsequent appropriations shall be transmitted by any department or agency to the Budget Commissioner, or to the President, without the prior approval of the Secretary of the Department concerned. Nor shall any such legislative proposal be transmitted to Congress without the approval of the President.

SEC. 12. Designation of Budget Officers.—The head of each department or agency shall designate an official thereof as Budget Officer who shall prepare the estimates for all appropriations needed by such department or agency and perform such other work as the head may assign to him to implement the provisions of this Act relating to the control and execution of authorized appropriations.

SEC. 13. Balanced Budget.—The ordinary income shall be used primarily to provide for the current operation of the Government. Except in case of a national emergency or serious financial stress, the existence of which has been duly proclaimed by the President, the total authorized appropriations for the current operations shall not exceed the ordinary income; and, unless extraordinary circumstances justify it, the total estimated ordinary income shall not only cover the total estimated appropriations for current operations and capital outlays but it shall leave a reasonable surplus besides.

No appropriations for the current operations and capital outlays of the Government shall be proposed, unless the amount involved is covered by the ordinary income, or unless it be supported by a proposal creating an additional source of funds or revenue, sufficient to cover the same. Likewise, no appropriation for any other expenditures, the amount of which is not covered by the estimated income from the existing sources of revenues or available current surplus, may be proposed unless it be supported by a proposal creating an additional source of fund sufficient to cover the same.

The proposals creating additional sources of funds shall be prepared in the form of revenue bills which shall be appended to the Budget.

The provisions of this section shall not be construed as impairing in any way the power of Congress to enact revenue and appropriation bills, nor the authority of the President to propose special revenue and appropriation bills after the submission of the budget.

BUDGET EXECUTION AND CONTROL

SEC. 14. Use of appropriated funds.—All moneys appropriated for the various functions, activities and projects in terms of expected results, shall be available solely for the specific purposes for which appropriated, and for no other.

SEC. 15. Allotment of appropriations.—To prevent the incurrence of deficits, authorized appropriations shall be allotted in accordance with the procedure outlined here-under:

- No appropriation authorized for any department and agency of the Government shall be available for expenditure until the head of each department or agency shall have submitted to the Budget Commissioner a request for allotment of funds showing the estimated amounts needed for each function, activity, or purpose for which the funds are to be expended during the applicable allotment period and until the request shall have been approved by the Commissioner as hereinafter provided. The form of the request for allotment shall be prescribed by the Commissioner and shall be submitted to him at least twenty-five days prior to the beginning of the fiscal year showing the proposed quarterly allotments of the whole authorized appropriation for the department or agency.
- For purposes of the administration of the allotment system herein provided, each fiscal year shall be divided into four quarterly allotment periods beginning, respectively, on the first day of July, October, January, and April: Provided, That in any case where the quarterly allotment period is found to be impracticable, the Commissioner may prescribe a different period suited to the circumstances but not extending beyond the end of the fiscal year.
- Each request for allotment shall be reviewed by the Budget Commissioner and the respective amounts therein shall be allotted for expenditures, provided the estimate therein is within the terms of the appropriations as to amount and purpose, having due regard for the probable future needs of the bureau, office or agency for the remainder of the fiscal year or other term for which the appropriation was made, and provided the bureau, office or agency contemplates expenditure of the allotment during the period. Otherwise, the said Budget Commissioner shall modify the estimate so as to conform with the terms of the appropriation and the

prospective needs of the bureau, office or agency, and shall reduce the amount to be allotted accordingly. The Budget Commissioner shall act promptly upon all requests for allotment and shall notify every bureau, office or agency of its allotments at least five days before the beginning of each allotment period. The total amount allotted to any bureau, office or agency for the fiscal year or other term for which the appropriation was made shall not exceed the amount appropriated for said year or term. The notification, which will be sufficient authority for the Chief Accountant to enter the allotment in the books, shall include an explanation for any decrease or increase in the request of the head of the department or agency.

- At the end of each quarter, each department or agency must report to the Commissioner the current status of its appropriations, the cumulative allotments, obligations, expenditures, and unliquidated obligations and unobligated and unexpended balances; and the results of expended appropriations. Such department or agency may, at any time, initiate or request for a change in allotments order to adopt its functions or activities to altered conditions.

- The Commissioner shall have authority also at any time to modify or amend any allotment previously made by him. In case he shall find at any time that the probable receipts from taxes or other sources for any fund will be less than were anticipated and that as a consequence the amount available for the remainder of the term of the appropriations, or for any allotment period will be less than the amount estimated or allotted therefor, he shall, with the approval of the President, and after notice to the department or agency concerned, reduce the amount or amounts to be allotted so as to prevent deficits.

- The Commissioner shall promptly transmit records and modifications thereof to the Auditor General, the Chairman of the Committee on Finance of the Senate and the Chairman of the Committee on Appropriations and Chairman of the Committee on Ways and Means of the House of Representatives and the Secretary of Finance.

- The Commissioner shall maintain control records showing quarterly by funds, accounts, and other pertinent classifications, the amounts appropriated, the estimated revenues, the actual revenues or receipts, the amounts allotted and available for expenditures, the unliquidated obligations, actual balances on hand, and the unencumbered balances of the allotments for each agency of the Government.

SEC. 16. Creation of appropriation reserves.—The Budget Commissioner shall in consultation with the head of the department or agency, establish reserves against appropriations to provide for contingencies and emergencies which may arise later in the fiscal year and which would otherwise require a deficiency appropriation.

The establishment of appropriation reserves should not necessarily mean that such portion of the appropriation will not be made available for expenditure. All or a portion of an appropriation may be reserved by the Budget Commissioner when he has determined that the amounts Evolved may not be needed. Should conditions change during the fiscal year which would justify the use of the reserve, the necessary adjustment may be made by the Budget Commissioner when requested by the Department or agency affected.

SEC. 17. Certification of availability of funds.—No funds shall be disbursed, and no expenditures or obligation chargeable against any authorized allotments shall be incurred or authorized by any head of department or agency without first securing the certification of the corresponding Chief Accountant as to the availability of funds and allotment against which the expenditure or obligation may properly be charged.

SEC. 18. Adjustment of appropriations for reorganization.—When, under authority of law, a function or an activity is transferred or assigned from one agency to another agency, the balances of the appropriations which are determined by the head of such department to be available and necessary to finance or discharge the function or activity so transferred or assigned may, with the approval of the President, be transferred to and be available for use by, the agency to which said function or activity is transferred or assigned for any purpose for which said

funds were originally available. Balances so transferred shall be credited to any applicable existing appropriation account or accounts or to any new appropriation account or accounts which are hereby authorized to be established, and shall be merged with funds in the applicable existing or newly established appropriation account or accounts and thereafter accounted for as one fund.

SEC. 19. Prohibition against use of appropriations for the payment of salaries and wages of officers or employees engaged in a strike against the Government.—Subject to existing civil service rules and regulations and the proper administrative proceedings, no part of the funds of, or available for expenditures by, any department or agency of the Government shall be used to pay the salaries or wages of any officer or employee who engages in a strike against the Government of the Republic of the Philippines or who is a member of an organization of government employees that in the opinion of the Secretary of Justice asserts the right to strike against the Government of the Republic of the Philippines or who in the opinion of said secretary of Justice advocates the overthrow of the Government of the Republic of the Philippines by force or violence: Provided, That for the purposes hereof an affidavit shall be considered sufficient evidence that the person making the affidavit has not contrary to the provisions of this section engaged in a strike against the Government of the Republic of the Philippines, is not a member of any organization of government employees that asserts the right to strike against the Government of the Republic of the Philippines, or that such person does not advocate and is not a member of an organization that advocates the overthrow of the Government of the Republic of the Philippines by force or violence.

SEC. 20. Prohibition against the incurrence of overdrafts.—All heads of departments and agencies shall not incur or authorize the incurrence of expenditures or obligations in excess of the amounts appropriated by law for their respective departments and agencies. Parties responsible for the incurrence of overdrafts shall be held personally liable therefor.

SEC. 21. Liability for illegal expenditures.—Every expenditure or obligation authorized or incurred in violation of the provisions of this Act or of the general and special provisions contained in the annual general or any other Appropriation Acts shall be void. Every payment made in violation of said provisions shall be illegal and every officer or employee authorizing or making such payment, or taking part therein, and every person receiving such payment shall be jointly and severally liable to the Government for the full amount so paid or received.

If any officer or employee of the Government shall knowingly incur any obligation or shall authorize or make any expenditure in violation of the provisions herein referred to or take part therein, it shall be ground for his removal by the officer appointing him, and if the appointing officer be other than the President and shall fail to remove such officer or employee, the President shall exercise such power of removal after giving notice of the charges and opportunity for hearing thereon to the accused officer or employee and to the officer appointing him.

SEC. 22. Accrual of income to unappropriated general fund.—Unless otherwise specifically provided by law, all income accruing to the departments and agencies by virtue of the provisions of existing laws, orders, and regulations shall be deposited in the National Treasury or in any duly authorized depository of the Government by the officers or employees receiving them, and, except receipts pertaining to special and trust funds shall accrue to the unappropriated general fund of the Government.

SEC. 23. Reversion of unexpended balances of appropriations.—The unexpended balances of appropriations authorized in any annual General Appropriation Act shall revert to the unappropriated general fund in the National Treasury at the end of the fiscal year for which such appropriations are authorized, and shall not thereafter be available for expenditure except by subsequent legislative enactment.

The Auditor General may transfer at any time from moneys appropriated for a specific purpose to the unappropriated general fund any surplus balances standing to the credit of any appropriation or fund when the

officer having administrative control thereof shall certify to the Auditor General that there is a surplus in excess of the requirements, or that the work or purpose for which the appropriation was made has been completed or indefinitely postponed, and that there are no outstanding obligations to be paid therefrom.

SEC. 24. Saving Provision.—The provisions of Commonwealth Act Numbered Two hundred forty-six, otherwise known as the Budget Act, and other existing laws, policies, procedures, and directives pertaining to functions covered by, or otherwise inconsistent with the provisions of this Act, are hereby repealed.

SEC. 25. This Act shall take effect and be fully operative beginning with the fiscal year nineteen hundred and fifty-six to nineteen hundred and fifty-seven: Provided, That as far as practicable a partial implementation may be made in the budget for fiscal year nineteen hundred and fifty-five to nineteen hundred and fifty-six.

Approved, June 4, 1954.

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