

AMENDING REPUBLIC ACT NUMBERED NINE HUNDRED AND NINETY TWO, KNOWN AS THE REVISED BUDGET ACT

PRESIDENTIAL DECREE No. 999, September 16, 1976

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WHEREAS, the National Budget should Reflect the total national fiscal position, provide for the regionalization of expenditures, and in other respects be more, supportive of agency organization and activities; and

WHEREAS, there is a need to update budgetary law and procedure to enable the budget to more fully support governmental programs for economic and social advancement; and

WHEREAS, the budget reporting and monitoring process can be improved through the adoption and consistent application of a management information system;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree:

SECTION 1. Section 2 of Republic Act No. 992 is hereby amended to read as follows:

Sec. 2. Declaration of Policy. —It is hereby declared policy that the National Budget shall be formulated as an instrument of national development and that government budgeting shall be oriented towards the achievement of explicit objectives and expected results to ensure that funds are utilized and operations are conducted effectively, economically and efficiently. The budget shall reflect all revenues, expenditures, domestic or foreign borrowings and donations, of all levels of government, including those of government-owned or controlled corporations and local governments. The budget shall likewise provide for the regionalization of government operations."

SEC. 2. Section 3 of Republic Act No. 992 is hereby amended to read as follows:

Sec. 3. Definition of Terms. —When used in this Act:

a. The term "Budget" means the budget required by Section Sixteen (16), Article VIII of the Constitution, and which is referred to in Section Seven of this Act.

b. The term "Government" means the National Government, including government-owned or controlled corporations and their subsidiaries, and local governments.

c. The terms "department and agency" and "department or agency" mean any department, bureau, office, board, commission, court, tribunal, council, authority, administration, center, institution, state college or university, or any establishment and instrumentality of the National Government as defined in the preceding paragraph.

d. 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, and temporary construction used for promotional and research purposes.

c. The term "capital outlays" or "capital expenditures" refers to the purchase of goods and services of longer

life-expectancy extending beyond the fiscal year and which add to the assets of the Government, including investments and the capital of government-owned or controlled corporations and their subsidiaries.

f. The term "expected results" means services, products or benefits that will accrue to the public, together with the estimated unit cost of each type of service, product or benefit.

g. Government-owned or controlled corporations are corporations created by law as agencies of the State for narrow and limited purposes, either owned wholly by the State or wherein the government is a majority stockholder."

SEC. 3. Section 6 of Republic Act No. 992 is hereby a- mended to read as follows:

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

a. To prepare the Budget and other appropriation proposals under such policies as the President may adopt. To this end, the Commission shall have authority to assemble, correlate, revise, reduce or increase the requests for appropriations of the National 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 National Government.

b. To exercise functional supervision over financial and management staffs of agencies particularly budget officers and management analysts, and provide technical assistance and consultative services, in the fields of budgeting, organization design, management reporting and control, compensation and position classification, management evaluation and other related areas.

c. To study departments and agencies, including government-owned or controlled corporations and their subsidiaries, 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 agencies, (2) the appropriation therefor, (3) the assignment of particular activities to particular services, (4) the re-grouping of services, and (5) the evaluation of cost-benefit effectiveness of government agencies.

d. To develop a reporting system which will allow the monitoring of fund releases, including the design of report forms to be accomplished by agencies through their accounting, budgeting and other units, and to issue rules and regulations applicable to the accomplishment and submission of such forms.

e. To conduct training programs to be attended by personnel of national and local governments and the private sector, particularly for financial and management staffs of government agencies, in budgeting, organization design, management reporting and control, compensation and position classification, management evaluation and other topics related to the agencies' work, acting under guidelines as may be formulated by the Civil Service Commission."

SEC. 4. Section 8 of Republic Act No. 992 is hereby amended to read as follows:

Sec. 8. Form and Content —The Budget shall consist of two parts (1) current operating expenditures, and (2) capital outlays. Each part of the Budget shall comprise such Funds as may be necessary for the operation of the programs, projects and/or activities of the different departments and agencies.

The Budget shall embody as appendices the proposed General Appropriations Act, the Public Works Act, and other Appropriations Acts to cover the budget proposals. The Budget shall be presented in such form and content as may be approved by the President and may include the following: a. a budget message setting forth in brief the significance of the appropriations proposed; b. a brief summary of the functions and activities of the Government; and c. summary financial statements setting forth:

(1) estimated expenditures and proposed appropriations necessary for the support of the Government for the

ensuing fiscal year including those financed from revenues, domestic or foreign borrowings, and donations;

(2) 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;

(3) actual appropriations, expenditures, and receipts during the last completed fiscal year;

(4) estimated expenditures and receipts and actual or proposed appropriations during the fiscal year in progress;

(5) 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:

(6) all essential facts regarding the bonded and other long-term obligations and indebtedness of the Government, both domestic and foreign; and

(7) such other financial statements and data as are deemed necessary or desirable in order to make known in all practicable detail the financial condition of the government, including: (a) regional breakdowns of the government budget. (b) sectoral allocation of the same, (c) local government share of the total resources and (d) government corporations allocations."

SEC. 5. Section 10 of Republic Act No. 992 is hereby amended to read as follows:

Sec. 10. Budget Estimates. —Each head of department or agency of the National Government shall submit his request for appropriations to the Budget Commission in accordance with budget calendar and such rules and regulations as may be issued in accordance with this Act.

The budget estimates shall include the following:

a. Major functions, activities, programs and projects showing 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.

b. Current operating expenditures and capital outlays.

c. Identification by region, pursuant to existing policies on regionalization of government operations.

d. Financing sources reflecting all revenues, foreign and domestic borrowings, and donations.

e. Contingent liabilities, including national government guarantees of obligations of government-owned or controlled corporations.

f. Brief description of the nature of work to be performed and the significance and scope of each program by activity, service, end-product or benefit, and major thrusts for the ensuing fiscal year."

SEC. 6. A new Section 15-A is added after Section 15 of Republic Act No. 992 to read as follows:

"Sec. 15-A. Cash Budget System — To ensure the availability of cash resources for priority development projects and to establish a better rationale for recommending the level; type and timing of public borrowing, an operational cash budget shall be followed in accordance with the procedure as approved by the President upon recommendation of the Secretary of Finance, the Commissioner of the Budget and Commission on Audit."

SEC. 7. Section 23 of Republic Act No. 992 is hereby amended to read as follows:

"Sec. 23. Reversion of Unexpended Balances of Appropriations. —

(a) The unexpended balances of annual appropriations authorized in the General Appropriations 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 there after be available for expenditure except by subsequent legislative enactment.

(b) The balances of continuing appropriations shall be reviewed as part of the annual budget preparation process, and the Commissioner of the Budget may recommend for the President's approval the reversion of funds no longer necessary to complete the activities funded by said appropriations."

SEC. 8. Sections 24 and 25 of Republic Act No. 992 are hereby renumbered Section 26 and 27, respectively, and new Sections 24 and 25 are hereby added to read as follows:

"Sec. 24. Budget Monitoring and Information System. — The Commission shall identify accounting and other items of information, financial or otherwise, needed to monitor budget performance and to assess effectiveness of agencies' operations and shall prescribe the forms, timing of submission, and other components of the reporting system, including the maintenance of subsidiary and other records which will enable agencies to accomplish and submit said information requirements; provided that the Commission on Audit shall, in coordination with the Budget Commission, issue rules and regulations that, may be applicable when the reporting requirements affect accounting functions of agencies; provided further that the applicable rules and regulations shall be thus issued by the Commission on Audit within a period of thirty (30) days after the Budget Commission prescribes the reporting requirements."

"Sec. 25. Miscellaneous Provisions:

"Sec. 25-A. Restrictions on Salary Increases. — No portion of the appropriations provided in the General Appropriations Act shall be used for payment of salary adjustment unless specifically authorized by law or appropriate budget circular, nor shall any appropriation for salaries authorized in the General Appropriations Act, save as otherwise provided by the Compensation and Position Classification Plans, be paid unless the positions have been classified by the Office of Compensation and Position Classification.

"Sec. 25-B. Authority to Use Savings for Certain Purposes. — Savings in the appropriations provided in the General Appropriations Act for the Executive Department may be used for the settlement of the following obligations incurred during a current fiscal year or previous fiscal years as approved by the Commissioner of the Budget in accordance with rules and procedures as may be issued by the President:

a. Personal Service—

(1) Claims of officers, employees and laborers who died or were injured in line of duty, including burial benefits provided under existing law;

(2) Commutation of terminal leaves of employees due to retirement, resignation or separation from the service through no fault of their own in accordance with the provisions of existing law including unpaid claims for commutation of maternity leave of absence;

(3) Payment of retirement gratuities or separation pay of employees separated from the service due to government reorganization;

(4) Payment of salaries of employees who have been suspended or dismissed as a result of an administrative case or disciplinary action, or separated from the service through no fault of their own and who have been subsequently exonerated and/or reinstated by virtue of decisions of competent authorities;

(5) Cash awards to deserving officers and employees in accordance with Civil Service Law; and

(6) Salary adjustment of officers and employees as a result of classification action under the Compensation and Position Classification Plans.

b. Authorized Projects and Activities.—

- (1) Peso support to any undertaking that may be received by the government from foreign entities and organizations, including administrative and other incidental expenses;
- (2) Covering any deficiency in counterpart fund commitments for foreign-assisted projects as may be approved by the President;
- (3) Priority activities that will promote the economic well-being of the people such as food production, energy development, and disaster relief and rehabilitations;
- (4) Repair, improvement and renovation of government buildings and infrastructures and other capital assets that have been damaged by natural calamities; and
- (5) Expenses in connection with official trade fairs, civic parades, celebrations, and cultural activities, and payment of expenses for the celebration of official or special holidays which may be declared.

c. Legal Obligations—

- (1) Payment of obligations of the Government or any of its departments or agencies as a result of final judgment of the Courts; and
- (2) Payment of valid prior years'- obligations of government agencies with any other government office.

"Sec. 25-C. Authority to Use Savings in Appropriations to Cover Deficits. —Except as otherwise provided in the General Appropriations Act, any savings in the regular appropriations authorized in the General Appropriations Act of each approved program and project of any Department of the Executive Branch of the Government and those of the bureaus and offices under the same Department, may, with the approval of the President be used to cover a deficit in any other item of the regular appropriations except for the creation of new positions or increase of salaries under the same Department: Provided, however, That whenever authorized positions are transferred from one program or project to another within the same Department, the corresponding amounts appropriated for personal services are also deemed transferred, without increasing the total outlay for personal services of the Department concerned.

"Sec. 25-D. Suspension of Expenditures of Appropriations and Transfer Thereof.—Except otherwise provided in the General Appropriations Act and whenever in his judgment the public interest so requires, the President, upon notice to the head of office concerned, is authorized to suspend or otherwise stop the expenditures or any other expenditures authorized in the General Appropriations Act as the President may determine, except for personal services: Provided, however, That whenever authorized positions are transferred from one program to another, the corresponding amounts appropriated for personal services are also deemed transferred, without increasing the total outlay for personal services of the office concerned.

"Sec. 25-E. Substitutionary Service.—Any provision of law to the contrary notwithstanding and subject to the approval of the Commissioner of the Budget, savings in the appropriations of a department, bureau or office, when authorized by the department head concerned and upon issuance of a duly approved temporary appointment, may be used for the payment of the salary differential of a substitute officer or employee who takes the place and performs the duties of another who is temporarily absent from his post with pay.

"Sec. 25-F. Adjustment of Appropriations for Reorganized Agencies and Salaries of Personnel Thereof. —The appropriations provided in the General Appropriations Act for agencies to be reorganized in accordance with the approved reorganization plans as well as those to be reorganized pursuant to later law issued but not yet implemented are deemed appropriated and shall be available for the agencies as reorganized and approved by the

President, The Commissioner of the Budget is hereby authorized to make necessary adjustments in the appropriations to carry out the provisions of this Section. Furthermore, the department head concerned, with the approval of the Commissioner of the Budget, is hereby authorized to make necessary salary adjustment resulting from final selection of personnel to fill the positions in the staffing patterns of reorganized agencies, to make necessary salary adjustments resulting from new appointments, promotions or salary increases made in the interim and make necessary adjustments resulting from changes in the staffing patterns authorized by the Commissioner of the Budget, to correct mistakes, discriminations or injustices that may in his opinion, have been committed in the preparation thereof: Provided, however, That any such adjustments in the staffing patterns of reorganized agencies which have been or may be authorized but not yet reflected in the General Appropriations Act shall be given due course by adjusting the corresponding appropriations herein authorized.

"Sec. 25-G. Cost Reduction. —Subject to the approval of the respective department heads, every head of bureau, office or agency shall institute a cost reduction program for his bureau, office or agency for the purpose of reducing cost of operations and shall submit to the Commissioner of the Budget reports on the results of the implementation thereof. An incentive award not exceeding one month's salary may be granted to any official or employee whose suggestion for cost reduction has been adopted and shall have actually resulted in cost reduction, payable from the savings resulting therefrom.

"Sec. 25-H. Failure to Submit Reports. —Failure on the part of agency heads, chief accountants, budget officers, cashiers, disbursing officers, administrative and/or personnel officers, and other responsible officers of departments, bureaus, and offices to submit trial balances, work and financial plans, special budgets, reports of operation and income, current agency plantilla of personnel, and such other reports as may be necessary and required by the Commissioner of the Budget and/or the chairman, Commission on Audit shall automatically cause the suspension of payment of the., salaries until they shall have complied with the (requirements of the Budget Commission and the Commission on Audit. No appropriation authorized in the General Appropriations Act shall be available to pay the salary of any official or employee who violates the provisions of this section, in addition to any disciplinary action that may be instituted against such officer or employee.

"Sec. 25-I. Motor Vehicles. — Officials entitled to government motor transportation and the purchase, use, operation and main-tenance of government motor transport equipment shall be governed by such rules and regulations as may be issued by the President.

"Sec. 25-J. Service Fees. —The Budget Commission is hereby authorized to charge fees, including honoraria and other reasonable allowances, against agencies requesting consultative or technical services beyond the normal scope of such services.

SEC. 9. Repealing Clause.—All laws, rules and regulations which are inconsistent with the provisions of this Decree are hereby repealed.

SEC. 10. Effectivity — This Decree shall take effect immediately.

Done in the City of Manila, this 16th day of September, in the year of Our Lord, nineteen hundred and seventy-six.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

By the President:

(Sgd.) JUAN C. TUVERA
Presidential Assistant

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