


FIFTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

SENATE
OFFICE OF THE SECRETARY

10 JUL 28 1956

SENATE

S. B. No. 2183

RECEIVED BY: 

Introduced by Senator TEOFISTO "TG" GUINGONA III

EXPLANATORY NOTE

The government budgetary process consists of four major phases: (1) budget preparation, (2) legislative authorization, (3) budget execution and (4) budget accountability.

Although the people have a right to know how the government spends its money, there is an obvious lack of transparency in all stages of the budget process. This is especially true during the budget execution phase.

Actual fund release documents of the Department of Budget and Management (DBM), such as Special Allotment Release Order (SARO) and Notice of Cash Allocation (NCA), to departments and agencies chargeable against regular and special purpose funds are treated as "restricted or "confidential" documents. Although there is an existing budget execution information system that captures electronically all SARO and NCA releases of the DBM on a real-time basis, these database/records remain internal to DBM. Unsurprisingly, it is a grueling experience to obtain copies of SAROs and NCAs from the DBM. It has been alleged that some unscrupulous persons even get away with selling copies of these documents to fixers and contractors who want to expedite the process.

The entire budget process must be transparent because the public deserves to know how their money is being spent within a reasonable time. A law mandating and operationalizing the transparency of fund releases will ensure that at least this phase of the process is made open to external monitoring and scrutiny. This will also ensure that funds are well-accounted for, and responsibly administered.

In view of the foregoing, the immediate enactment of this measure is earnestly sought.


TEOFISTO "TG" GUINGONA III
Senator

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AN ACT
MANDATING TRANSPARENCY IN FUND RELEASES, AND FOR OTHER
PURPOSES.

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

1 SECTION 1. *Short Title.* – This Act shall be known as the "Transparency in Fund
2 Releases Act of 2010".

3 SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to
4 formulate and implement a national budget that is within the framework of
5 accountability, transparency, stability, performance and participation.

6 SEC. 3. *Definition of Terms.* – As used in this Act:

7 (a) "Special Allotment Release Order (SARO)" shall mean a specific authority
8 from the Department of Budget and Management (DBM) issued to one or
9 more identified departments/agencies to incur obligations not exceeding a
10 given amount during a specified period for the purpose indicated. It shall
11 cover expenditures, the release of which is subject to compliance with
12 specific laws or regulations, or is subject to separate approval or clearance
13 by competent authority;

1 (b) "Notice of Cash Allocation (NCA)" shall mean the cash authority issued
2 by the DBM to central, regional and provincial offices and operating units
3 to cover the cash requirements of the agencies;

4 (c) "Fund Source" shall mean the authority or appropriation to which the
5 fund release is charged. Major sources include: revenues from tax and
6 non-tax sources, borrowings from domestic and foreign sources and
7 withdrawals from available cash balances.

8 **SEC. 4. Reportorial Duty of the Department of Budget and Management.** – The
9 DBM shall submit a report on the total allotment and cash releases to all
10 departments/agencies to the Committee on Finance of the Senate and the Committee on
11 Appropriations of the House of Representatives ten (10) days after the end of every
12 month.

13 **SEC. 5. Contents of the Report.** – The report shall include the following
14 information: recipient department/agency, amount released, date of release, SARO or
15 NCA number, fund source, expenditure class, and purpose of release.

16 **SEC. 6. Online Publication of Reports.** – The DBM shall post the monthly reports
17 on their official website not later than one week after they have complied with their
18 reportorial duty to Congress. To facilitate checks and balance as well as to ensure
19 transparency, the Committee on Finance of the Senate and the Committee on
20 Appropriations of the House of Representatives shall also post the submitted reports of
21 DBM on their respective websites as soon as they received these documents from the
22 DBM.

23 **SEC. 7. Penalties.** – The failure of the head of the DBM and/or the DBM officials
24 and employees responsible to comply with the reportorial requirements and the

1 subsequent duty to publish the report online shall be meted out with the following
2 penalties:

3 (a) First offense: Sixty days (60) days suspension without pay and submission
4 of a written undertaking to comply with the provisions of the law.

5 (b) Second offense: Ninety (90) days suspension without pay.

6 (c) Third Offense: Dismissal and perpetual disqualification from public office

7 This shall be without prejudice to the filing of a criminal, civil or other related
8 charges under existing laws, and after complying with substantive and procedural due
9 process,

10 **SEC. 8. *Administrative Jurisdiction.*** – The administrative jurisdiction on any
11 violation of the provisions of this Act shall be vested in the Civil Service Commission
12 (CSC).

13 The CSC, in coordination with DBM, shall promulgate the necessary rules and
14 regulations within ninety (90) days from the effectivity of the Act.

15 **SEC. 9. *Separability.*** – If, for any reason, any section or provision of this Act is
16 held unconstitutional or invalid, no other section or provision shall be affected.

17 **SEC. 10. *Repealing Clause.*** – All laws, decrees, executive orders, rules and
18 regulations, issuances or any part thereof inconsistent with the provisions of this Act
19 are hereby repealed or amended accordingly.

20 **SEC. 11. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
21 publication in at least two (2) national newspapers of general circulation.

Approved,