

[BATAS PAMBANSA BLG. 40, September 07, 1979]

AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES DURING THE PERIOD JANUARY ONE TO DECEMBER THIRTY-ONE, NINETEEN HUNDRED AND EIGHTY AND FOR OTHER PURPOSES.

Be it enacted by the Batasang Pambansa in session assembled:

SECTION 1. *Appropriation of funds.*—The following- sums, or so much thereof as may be necessary, are hereby appropriated out of any funds in the National Treasury of the Philippines not otherwise appropriated, for the operation of the Government of the Republic of the Philippines from January one to December thirty-one, nineteen hundred and eighty, except where otherwise specifically provided:

[For the sake of brevity, the itemization under this Section of the funds appropriated for the operation of the Government had been deleted. Please refer to the unabridged version of the pertinent General Appropriations Act for the details.]

GENERAL PROVISIONS

Receipts and Income

SEC. 2. *Fees and Charges.*—Ministries, bureaus, offices or agencies are authorized to collect fees for services rendered in the exercise of their functions at such rates as may be approved by the Minister concerned.

The income from such assessments, fees or charges shall be deposited with the National Treasury and shall accrue to the General Fund pursuant to P.D. No. 711: *Provided*, That receipts may be recorded as being held in trust or as trust receipts or income only with the approval of the Minister of Finance: *Provided, further*, That whenever practicable and taking into account the cost reduction program of government, when an agency arranges with another government office for the printing of publications and other information materials, production and fabrication of furniture or equipment or for computer services, in such event, the agency rendering such services shall assess the requesting agency for the, cost of production and services rendered and may utilize the said proceeds, subject to Section 40 of P.D. No. 1177, except as herein otherwise provided.

SEC. 3. *Seminar Fees.*—Ministries, bureaus, offices or agencies which conduct training programs are authorized to collect seminar and conference fees from government and private agency participants, the rates of which shall be determined in accordance with Letter of Instructions No. 560. The proceeds derived from seminars approved jointly by the Civil Service Commission and the Ministry of the Budget may be deposited in an authorized government depository bank as a trust liability and shall be made available for expenditure without the need for a Cash Disbursement Ceiling, to defray the costs incurred for handouts, meals and other incidental expenses, including speakers' honoraria at rates prescribed pursuant to P.D. No. 985, withdrawable on the joint signatures of the authorized representatives of the agency concerned and the Commission on Audit: *Provided*, That if the income

is deposited in a savings or time deposit account, the interest thereon shall accrue to the General Fund. The Ministry of the Budget and the Commission on Audit shall promulgate the necessary rules and regulations to implement this provision.

Ministries, bureaus, offices or agencies concerned shall submit to the Ministry of the Budget a monthly report of income and quarterly report of expenditures, and in case of failure to submit said requirements, the Commission on Audit, upon recommendation of the Minister of the Budget, shall suspend withdrawals from the funds deposited until such time that said requirements are complied with.

SEC. 4. *Sale of Products.*—Ministries, bureaus, offices or agencies are authorized to sell products of agricultural, industrial or other projects, including official publications, and the proceeds derived therefrom shall be deposited in the National Treasury and accrue to the General Fund, unless otherwise provided by law, pursuant to P.D. No. 711.

SEC. 5. *Donations.*—Ministries, bureaus, offices or agencies are authorized to accept donations, contributions, grants, bequests, or gifts, in cash or in kind. Cash proceeds shall be deposited with the National Treasury as a Special Account in the General Fund and shall be used or expended only in accordance with the wishes of, and purposes specified by the benefactor or donor, subject to Section 40 of P.D. No. 1177. Contributions or gifts in kind intended for beneficiaries, which are perishable in nature that would require storage or distribution expenditures of more than forty per cent of their current market value may be sold at public auction and the proceeds derived therefrom shall be deposited in like manner as if they were in cash, subject to the conditions imposed by the donor. All such receipts, including equipment and other fixed assets, shall be recorded in the books of government and subject to pertinent accounting and auditing rules and regulations.

SEC. 6. *Performance Bonds wad Deposits.*—Performance bonds and deposits filed or posted by private persons or entities with offices or agencies of the government shall be deposited with authorized government depository banks as trust liabilities of the office or agency concerned, withdrawable upon the joint signatures of the authorized representatives of the agency and the Commission on Audit. Upon faithful performance of the undertaking or termination of the obligation for which the bond or deposit was required, any amount due shall be returned to the. filing party and the office or agency concerned is authorized to withdraw said amount without the need for Cash Disbursement Ceiling: *Provided*, That if the amount is deposited in a savings account, the interest accruing thereto, including any forfeited amount shall be recorded as income of the General Fund. This provision shall apply to all other bonds posted in cash, such as bidder's bond, guaranty bonds, bail bonds, judicial deposits for the benefit of clients, cash under litigation deposited in court, and other refundable deposits and judicial bonds, and all bonds and deposits required by law, rules or regulations to be posted to insure the faithful performance of an activity or undertaking.

Savings

SEC. 7. *Compulsory Savings.*—All Ministries, bureaus, offices or agencies, including state universities and colleges, shall institute a cost reduction program for the purpose of reducing cost of operations. The Heads of Ministry shall submit a report to the President (Prime Minister), covering agencies within their jurisdiction. The Ministry of the . Budget shall provide technical and other necessary assistance.

SEC. 8. *Transfer of Salary Savings Prohibited.*—The provisions of Section 7(c) of C. A. No. 186, as amended, to the contrary notwithstanding, no savings from personal services shall be transferred to the Government Service Insurance System for payment of benefits.

SEC. 9. *Conditions for Reprogramming of Savings in Appropriations.*—Any provision in this Act to the contrary notwithstanding, the authority granted in the special budgetary provisions of the different Ministries, bureaus, offices or agencies under Executive Branch to utilize, by way of transfer, savings in appropriations to augment other items of appropriation in the same Ministry, bureau, office or agency, shall be subject to the approval of, or upon authority by, the President (Prime Minister), pursuant to Section 45, P.D. No. 1177 and Letter of Implementation No. 29.

SEC. 10. *Use of Savings.*—The President (Prime Minister) of the Philippines is authorized to use savings in the current appropriations for the Ministries provided in this Act for the settlement of the following obligations incurred during the budget year:

- a. Energy research, exploration, development, and implementation activities;
- b. Payment of hazard duty pay and of gratuity or separation pay of employees who are entitled thereto under existing law or are laid off as a result of the elimination of their positions under authorized procedures;
- c. Payment of the share of the National Government in the salaries of officials and employees in newly created and/or reclassified local government units where no appropriation has been provided in this Act or where the authorized appropriation is not sufficient to cover the salaries of the said officials and employees;
- d. Provision for social and economic opportunities and such other activities intended for the welfare of the minorities as may be undertaken by the Presidential Assistant on National Minorities;
- e. Rural improvement and community development projects such as feeder roads, artesian wells, spring development, river and flood control, sea walls, communal irrigation, schoolhouses, bridges, environmental sanitation, and health projects to promote the economic well-being of the rural areas, including support for the solution of energy, agricultural, health, and agrarian problems;
- f. Organization, activation, training and operation of military units for the purpose of implementing agency development projects in areas adversely affected by peace and order problems, including salaries and allowances of all military personnel assigned thereto;
- g. Payment of obligations of the National Government or any of its Ministries or agencies arising from perfected and valid contracts or international agreements;
- h. Payment to the Government Service Insurance System of annual life insurance premiums of barangay officials and Kabataang Barangay Chairmen as authorized by law;
- i. Purchase of equipment, including motor vehicles, to replace those lost through theft or robbery, accident, fire or typhoon and other natural calamities, and to replace unserviceable and condemned items;
- j. Expansion of essential facilities and services, including the opening of additional classes in elementary, secondary and vocational schools, as may be approved by the President (Prime Minister);

- k. Funding of foreign exchange and peso requirements of foreign-assisted projects; and
- l. Implementation of the provisions of Proclamation No. 1081, dated September 21, 1972 and all Presidential Orders, Decrees and Instructions issued as a consequence of said Proclamation.

Authorized Expenditures

SEC. 11. *Expenditure Components*.—Any provision of law to the contrary notwithstanding, any change or modification in the definition of items and objects of expenditure referred to in the General Appropriations Act and other Appropriation Laws or Executive issuances promulgated pursuant thereto shall require the concurrence of the Minister of the Budget: *Provided, however,* That no change or modification shall be allowed which shall alter the program or project thrusts included in this Act.

SEC. 12. *Expenditures and Disbursement of Special Funds or Income*.—Except as otherwise provided in this Act, no portion of any special fund and/or special income of an agency which are automatically appropriated shall be disbursed or released which will exceed at any one time the amount actually deposited in the same fiscal year in the National Treasury from the same funds or income, except when in the opinion of the President (Prime Minister) such expenditure or disbursement is required by the exigency of the service and sufficient receipts are expected to accrue to such funds or income within the same fiscal year to cover said expenditure or disbursement, in which case the necessary amount may be advanced from the General Fund.

SEC. 13. *Key Budgetary Inclusions*.—The Key Budgetary Inclusions (KBI) of Ministries, bureaus, offices or agencies shall be released and used only for the indicated purposes and condition, except as may be otherwise approved by the President (Prime Minister), pursuant to P.D. No. 1177: *Provided,* That the amounts herein appropriated, with funding from loan proceeds or donations, shall be released only to the extent of actual drawdowns or receipts, as the case may be, and shall not be used for any purpose other than that specified.

SEC. 14. *Proceeds from Economic Assistance*.—Proceeds from economic aid derived from the Military Bases Agreement shall accrue to the General Fund and shall be made available to finance the Bagong Lipunan Improvement of Sites and Services (BLISS) Program, [school building program, and for other priority projects that may be approved by the President (Prime Minister).

SEC. 15. *Cash Advances for Foreign-Assisted Projects*.— Any provision of law to the contrary notwithstanding, cash advances may be authorized to meet the expenditure requirements of foreign-assisted projects in cases where the approved project/loan agreement provides specifically for a reimbursement mechanism for expenses incurred, subject to the approval of the Minister of the Budget and to applicable accounting and auditing regulations.

SEC. 16. *Foreign Military Purchases and Other Importations*.—Purchases under foreign military sales agreements, heavy equipment imports for infrastructure projects and other importations of agencies which are financed by foreign borrowing or by Central Bank consolidated borrowing programs shall be subject to the requirement of certification to the availability of appropriations released for the purpose and to applicable rules and regulations.

SEC. 17. *Foreign Exchange Requirements.*—Except as otherwise provided in this Act, the appropriations for Ministries, bureaus, offices or agencies allotted for maintenance and other operating expenses may be used to pay for foreign exchange requirements of duly approved activities.

SEC. 18. *Legal Assistance.*—With the approval of the President (Prime Minister) and upon recommendation of the Minister of Justice and the Presidential Commission on Reorganization, the funds herein appropriated for legal assistance activities, including those in the Ministry of Justice, Ministry of Labor, Ministry of Agrarian Reform, Ministry of Agriculture, the assistance to the Integrated Bar of the Philippines provided in the Judiciary, and other agencies, may be realigned so as to ensure a fully integrated legal assistance program.

SEC. 19. *Dues to International Organizations.*—Except as otherwise provided in this Act, specific appropriations covered by key budgetary inclusions and allotted for maintenance and other operating expenses may be used for the payment of dues to international organizations, membership in which is duly approved by competent authority.

SEC. 20. *Seminar Expenses.*—Ministries, bureaus, offices or agencies are authorized to conduct seminars, workshops, conferences, and in service training courses for their respective staff members, including employees of other government agencies and the private sector. The expenses incurred shall be chargeable to the appropriations of their respective offices and to the proceeds from fees collected under Section 3 hereof. Per diems and allowances of employees attending such courses may be withheld to the extent of the amount paid by the agency for board, lodging and/or transportation from its appropriations.

SEC. 21. *Repair of Buildings.*—Ministries, bureaus, offices or agencies, including public schools, Courts of justice and hospitals, are authorized to use their appropriations allotted for maintenance and other operating expenses for minor repairs of their offices and buildings.

SEC. 22. *Limitation on Purchase of Supplies, Materials and Equipment Spare Parts.*—The stock on hand of supplies, materials and equipment spare parts, to be acquired thru ordinary purchase out of appropriations herein provided shall at no time exceed normal three month requirements, subject to pertinent rules and regulations issued by competent authority: *Provided*, That heads of Ministries, bureaus, offices or agencies or other instrumentalities of the government may approve the build-up of stocks on hand of critical supplies and materials, in anticipation of cost increases, of requirements of a national emergency, or of an impending shortage in the items concerned, specifying maximum quantities of individual items, but in no case shall these stocks exceed more than one year's need, unless otherwise approved by the President (Prime Minister) upon the recommendation of the Ministry of the Budget and the Commission on Audit.

SEC. 23. *Purchase of Locally Manufactured Products.*— All appropriations for the purchase of equipment, supplies and materials authorized in this Act shall be available preferably for locally manufactured equipment, parts, accessories, medicines and drugs, supplies and materials, except when none is available in the market or when the price of the locally manufactured article exceeds those determined by the Flag Law.