

**[ BATAS PAMBANSA BLG. 640, September 14, 1983 ]**

**AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, NINETEEN HUNDRED AND EIGHTY-FOUR 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-four except where otherwise specifically provided herein:

*[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, Charges and Assessments.*—All fees, charges, assessments, and other receipts or revenues collected by ministries, bureaus, offices or agencies in the exercise of their functions, at such rates as are now or may be approved by the Minister concerned, shall be deposited with the National Treasury and shall accrue to the General Fund pursuant to Section 50 of P.D. No. 1177 and Section 3 of B.P. Blg. 325: *Provided*, That certain receipts may be recorded as income of a Special Fund, a Fiduciary or a Trust Fund, or a fund other than the General Fund, when authorized by law and following such rules and regulations as may be issued by the Permanent Committee created under Section 51 of P.D. No. 1177: *Provided, further*, That all revenues or income accruing to special accounts in the General Fund may be made available for expenditures subject to the Special Provisions in this Act for the agencies concerned and to Special Budgets required under Section 40 of P.D. No. 1177: and *Provided, finally*, That whenever practicable and taking into account the cost reduction program of the government when an agency arranges with another government office for fabrication of furniture or equipment, or for computer, printing or other services, the agency rendering such services may assess the requesting agency for the cost of production and services rendered and may utilize the said proceeds subject to SEC. 40 of P.D. No. 1177, except as otherwise provided in this Act.

SEC. 3. *Revolving Fund.*—Receipts derived from business-type activities of ministries, bureaus, offices or agencies which are authorized by law or by the Special Provisions in this Act to be constituted into a Revolving Fund shall be

separately recorded and deposited in an authorized government depository bank, except as may otherwise be determined by the Permanent Committee created under SEC. 51 of P.D. No. 1177, and may be made available for operational expenses of the said activity of the agency concerned, subject to the conditions prescribed under the Special Provisions of the agency concerned and the rules and regulations as may be prescribed by the aforementioned Permanent Committee. The Revolving Fund shall be considered self-perpetuating and self-liquidating and all obligations or expenditures incurred by virtue of said business-type activities shall be charged against the Revolving Fund: *Provided*, That interest earned shall accrue to and form part of the Revolving Fund to be used for the same purpose for which the fund is authorized.

The Agency concerned shall submit to the Office of Budget and Management a monthly report of the income from the Fund and a quarterly report of expenditure. In case of failure to submit said requirements, the Office of Budget and Management shall order the suspension of all transactions on this account until such time that said requirements are complied with.

SEC. 4. *Trust Receipts*.—Receipts from non-tax sources authorized by law for specific purposes which are collected/ received by a government office or agency acting as a trustee, agent or administrator, or which have been received as guaranty for the fulfillment of an obligation, and all other collections classified by law or regulations as trust receipts shall be treated as a trust liability of the agency concerned and deposited in an authorized government depository bank or in the National Treasury, as the case may be, subject to the conditions prescribed under the Special Provisions of the agency concerned and to the rules and regulations as determined by the Permanent Committee created under Section 51 of P.D. No. 1177: *Provided*, That deposits in authorized government depository banks shall be withdrawable on the joint signatures of the authorized representatives of the agency and the Commission on Audit without the need of Special Budget or the issuance of a Cash Disbursement Ceiling: *Provided, further*, That if the amount is deposited in a savings account, the interest shall accrue to the General Fund which shall be remitted to the National Treasury at the end of each quarter.

SEC. 5. *Seminar and Conference Fees*.—Ministries, bureaus, offices or agencies which conduct training programs approved jointly by the Office of Budget and Management and the Civil Service Commission 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. 565. The proceeds derived from such seminars or conferences 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, but not for entertainment or representation expenses, 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 thereof shall accrue to the General Fund and shall be remitted to the National Treasury at the end of each quarter: *Provided, further*, That no appropriations authorized in this Act shall be used to support or augment expenses of seminars or conferences for which fees are collected: and *Provided, finally*, That any income remaining in the bank account at the end of the fiscal year shall be withdrawn and deposited with the National Treasury as income of the General Fund.

The Office of Budget and Management 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 Office of Budget and Management a monthly report of collections and deposits and quarterly report of expenditures and financial status of its training operations, and in case of failure to submit said requirements, the Office of Budget and Management shall order the suspension of all withdrawals from the funds deposited until such time that said requirements are complied with.

SEC. 6. *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 with the National Treasury and accrue to the General Fund, pursuant to Section 50 of P.D. No. 1177, unless otherwise provided by law or authorized by Special Provision in this Act.

SEC. 7. *Donations*.—Ministries, bureaus, offices, or agencies are authorized to accept donations, contributions, grants bequests or gifts, in cash or in kind from foreign governments, international agencies, private entities or individuals for purposes relevant to their functions. 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 specified beneficiaries, but which are perishable in nature and 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, and shall be used or expended for the same purpose, subject to the conditions imposed by the donor and Section 40 of P.D. No. 1177. All such receipts, including equipment and other fixed assets shall be recorded in the books of the government and shall be subject to pertinent accounting and auditing rules and regulations.

The agency concerned shall submit to the Office of Budget and Management and to the Commission on Audit quarterly/monthly report of the proceeds from such donations, contributions, grants, bequests or gifts, in cash or in kind, including a quarterly report of expenditures or disbursements thereof.

SEC. 8. *Performance Bonds and Deposits*.—Performance bonds and deposits filed or posted by private persons or entities with agencies of the government shall be deposited with an authorized government depository bank as trust liabilities and under the name of the agency concerned. 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, withdrawable on the joint signatures of the authorized representatives of the agency and the Commission on Audit without the need for Cash Disbursement Ceiling: *Provided*, That any interest accruing on deposit account and any forfeited amounts shall be recorded as income of the General Fund and shall be remitted to the National Treasury at the end of each quarter. This provision shall apply to 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 or quasi-judicial bodies and other refundable and judicial bonds, and all bonds

and deposits required by law, rules and regulations to be posted to ensure the faithful performance of an activity or undertaking.

#### Authorized Expenditures

SEC. 9. *Reorganization of the Executive Branch.*—The President may adjust, realign or modify key budgetary inclusions and appropriations authorized in this Act as may be necessary to implement the reorganization of ministries and agencies of the government as approved by law or pursuant to Presidential Decree No. 1416 granting continuing authority to the President of the Philippines to reorganize the administrative structure of the National Government: *Provided*, That the total amount as realigned does not exceed the grand total of all the appropriations of the ministries concerned.

SEC. 10. *Use of Savings.*—Ministries, bureaus, offices and agencies are hereby authorized, subject to LOImp. No. 29 and P.D. No. 1177, to use savings realized from appropriations actually released for the settlement of the following obligations and activities incurred during the current year:

- a. Payment of hazard duty pay and of retirement 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;
- b. 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;
- c. Provision for social and economic opportunities and such other activities intended for the welfare of the cultural minorities as may be undertaken by the Presidential Assistant on National Minorities;
- d. 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;
- e. Payment of obligations of the National Government or any of its ministries or agencies arising from perfected and valid contracts, or international agreements;
- f. Purchase or repair of equipment and furniture, including motor vehicles, to replace those lost or destroyed through, theft or robbery, accident, fire, typhoon and other natural calamities, and to replace unserviceable and condemned items;
- g. 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;
- h. Funding of foreign exchange and peso requirements of foreign-assisted projects; and
- i. Augmentation of operational expenses.

SEC. 11. *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 conditions, except as may be otherwise approved by the President, pursuant to P.D. No. 1177: *Provided*, That the amounts herein

appropriated and funded from loan proceeds or donations shall be released only to the extent of actual loan availments or receipts, as the case may be, and shall not be used for any purpose other than that specified in the loan agreement or in the deed of donation.

SEC. 12. *Expenditure Components*.—No change or modification shall be made in the expenditure items referred to in the General Appropriations Act and other appropriations laws except by the act of the Batasang Pambansa or of the President, as the case may be, upon recommendation of the Office of Budget and Management.

SEC. 13. *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 Office of Budget and Management and to applicable accounting and auditing regulations.

SEC. 14. *Foreign 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 borrowings or by Central Bank consolidated borrowing programs shall be subject to the requirement of certification of availability of appropriations released for the purpose, to the requirements of LOI No. 880 and to applicable laws, rules and regulations.

SEC. 15. *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 for foreign exchange requirements of duly approved activities, including payment of dues to international organizations, subject to the prior approval of the Office of Budget and Management.

SEC. 16. *Condition on the Use of Regular Budgetary Allocations for Importations*.— Funds appropriated for ministries, bureaus, offices or agencies, state universities and colleges and government-owned and controlled corporations may be used to finance the importation of any commodity or service, including payments for equipment, supplies and consultancy fees only upon prior approval of a Special Budget for the purpose under Section 40 of P.D. No. 1177.

SEC. 17. *Release and Disbursement of Funds for Foreign Mission*.—The maintenance and other operating expenses of foreign missions and attaches shall be released and/or disbursed only in accordance with a Special Budget specifically intended for foreign posts and approved under Section 40 of P.D. No. 1177.

For this purpose, no personnel of any ministry, bureau, office or agency who is not included in said Special Budget shall be assigned or attached to foreign missions except upon prior approval of the Office of Budget and Management.

SEC. 18. *Legal Assistance*.—With the approval of the President 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 and Employment, Ministry of Agrarian Reform, Ministry of Agriculture, and other agencies may be realigned so as to ensure a fully integrated legal assistance program.