

HONORABLE ELIZALDY S. CO
Chairperson
Committee on Appropriations
House of Representatives
Quezon City

Dear **Representative CO**,

The Department of Social Welfare and Development supports **House Bill No. 19** entitled ***"An Act to Reform the Budget Process by Enforcing Greater Accountability in Public Financial Management (PFM), Promoting Fiscal Sustainability, Upholding Congress' Power of the Purse, Instituting an Integrated PFM System, and Increasing Budget Transparency and Participation"*** or the ***"Budget Modernization Act"***, authored by Speaker Ferdinand Martin G. Romualdez and Representatives Yedda Marie K. Romualdez and Jude A. Acidre, which aims to establish an integrated system of planning, budgeting, accounting reporting and review of public finances to promote budget transparency and to ensure the efficient and effective delivery of public services. It is a guide in the management and utilization of government funds based on plan of work and activities, clarifies the processes and regulations for budget preparations, management and reporting, institutionalizing Budget Priorities Framework to ensure that the national budget is allocated towards clear national priorities.

However, we suggest to include a provision on Continuing Appropriations of funds from preceding Fiscal Year to succeeding Fiscal Year whenever necessary subject to enactment of a law authorizing the same. Moreover, we recommend to include provision authorizing the DBM to conduct capacity building orientations prior to the implementation of this Act including participatory budget process under Section 56 of this Act.

To enhance the Bill, we respectfully submit the following comments and recommendations:

1. On **Section 4. Definition of Terms**

1.1 Letter h. Development Budget Coordination Committee (DBCC), to recommend organizing a Technical Working Group represented by the Undersecretaries for Administration and Finance of national government agencies to take charge/ ensure the reporting and cascading of results of review/approval of macro-economic targets; and

1.2 Letter j. Extended Payment Period (EPP), to extend the EPP to six months.

2. On **Section 5. Unprogrammed Appropriations**, Letter b, the statement “identifying those requiring approval by Congress” is prone to judicial scrutiny, considering that after a bill becomes a law, any action from Congress is proscribed. Any action will result to encroachment on the functions of the Executive Department.
3. On **Section 6. Planning Programming Budgeting Linkage**, to include the provisions on the development of strategies to ensure alignment of budget proposals of all government agencies to the Philippine Development Plan and *Ambisyon 2040*, and mandate each government agency to install a dashboard of budget allocation, obligation and disbursement in their official websites available for viewing of the public.
4. On **Section 7. Statutory Shares of Local Government Units**, to delete “*other transfers*” from the phrase “*from national taxes and other transfers*” since national taxes is all encompassing as compared to “National Internal Revenue Taxes”.
5. On **Section 15. Unprogrammed Appropriations**, may it be noted that it is the policy of the State to formulate and implement a national budget that is within the framework of accountability and transparency. Further, any provision in the General Appropriations Bill must state with particularity its purpose. Nothing must be left for the Executive Department except to execute.

It is suggested to further review and analyze. The 3% of the total expenditure in the program component of the GAA may be used to other programs and/or debt payment of the government.

6. On **Section 18. Special Appropriations Bill**, to consider mentioning the timeline or deadline of submitting a Special Appropriations Bill to avoid possible delay of its approval nearing the last sessions of Congress for a said Fiscal Year.
7. On **Section 20. Cash Budgeting System**, incorporate if this provision applies to both NGAs involved or only to the receiving agency, and that on the part of the agency where the funds originated, they can declare the funds transferred already disbursed.
8. On **Section 21. Government Funding Commitment**, On the sentence “*CAF shall be issued by the Chief Accountant or the highest accounting officer in the agency*”, we suggest to specifically designate a person that is covered by the “*highest accounting officer*”
9. On **Section 22. Multi-Year Contracts**, Grants exemption on foreign-assisted projects (FAPs) funded by foreign loans from the issuance of Multi-Year Contract Authority (MYCA). Since MYCA authorizes agencies to enter multi-year projects for the full project cost and the same involves a wide range of

acquisitions, it is only proper to require these FAPs funded by foreign loans from securing MYCA. In addition, reportorial requirements must also be observed for those issued MYCA.

Also, may we recommend to include: provision requiring the agencies to submit monthly reports of the progress of these FAPs to be used as basis for determining the status of program or project implementation and expenditures incurred and provision to include the circumstances when Multi-Year Contracts may be entered into by the agencies: a) that the use of such contract will result in significant savings of the total estimated costs of carrying out the program through annual contracts; and b) that the technical risks associated with such programs are not excessive This is to ensure that the need for such local or foreign assisted services is reasonably firm and necessary.

10. On **Section 24. Timely Implementation of Activities or Projects**, the government agencies shall ensure that all activities and projects are fully delivered, inspected and accepted by the end of the Fiscal Year. Thus, we recommend to include a provision laying down the process on how these agencies would implement the measures that guarantee the timely implementation of activities or projects.
11. On **Section 27. Rules on Augmentation**, include the prohibition against transfer of appropriations from one branch of government to another consistent with the provisions under the Constitution.
12. On **Section 33. Waiver, Abatement, Refund and Compromise Agreements**, we suggest that the contract/agreement must be stated in case any agreement is reached without following the law: if it is void, voidable or unenforceable.

This is being submitted for the good Chairperson's consideration.

Thank you.

Very truly yours,


ERWIN T. TULFO

Secretary

Date: 25 AUG 2022