



EXECUTIVE ORDER No. 292

ADMINISTRATIVE CODE
OF 1987

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EXECUTIVE ORDER No. 292

ADMINISTRATIVE CODE OF 1987

WHEREAS, the Administrative Code currently in force was first forged in 1917 when the relationship between the people and the government was defined by the colonial order then prevailing;

WHEREAS, efforts to achieve an integrative and overall recodification of its provisions resulted in the Administrative Code of 1978 which, however, was never published and later expressly repealed;

WHEREAS, the effectiveness of the Government will be enhanced by a new Administrative Code which incorporates in a unified document the major structural, functional and procedural principles and rules of governance; and

WHEREAS, a new Administrative Code will of optimum benefit to the people and Government officers and employees as it embodies changes in administrative structures and procedures designed to serve the people;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by the powers vested in me by the Constitution, do hereby promulgate the Administrative Code of 1987, as follows:

INTRODUCTORY PROVISIONS

SECTION 1. *Title.*—This Act shall be known as the "Administrative Code of 1987."

SEC. 2. *General Terms Defined.*—Unless the specific words of the text, or the context as a whole, or a particular statute, shall require a different meaning:

(1) *Government of the Republic of the Philippines*—refers to the corporate governmental entity through which the functions of government are exercised throughout the Philippines, including, save as the contrary appears from the context, the various arms through which political

authority is made effective in the Philippines, whether pertaining to the autonomous regions, the provincial, city, municipal or barangay subdivisions or other forms of local government.

(2) *National Government*—refers to the entire machinery of the central government, as distinguished from the different forms of local governments.

(3) *Local Government*—refers to the political subdivisions established by or in accordance with the Constitution.

(4) *Agency of the Government*—refers to any of the various units of the Government, including a department, bureau, office, instrumentality, or government-owned or controlled corporation, or a local government or a distinct unit therein.

(5) *National agency*—refers to a unit of the National Government.

(6) *Local agency*—refers to a local government or a distinct unit therein.

(7) *Department*—refers to an executive department created by law. For purposes of Book IV, this shall include any instrumentality, as herein defined, having or assigned the rank of a department, regardless of its name or designation.

(8) *Bureau*—refers to any principal subdivision or unit of any department. For purposes of Book IV, this shall include any principal subdivision or unit of any instrumentality given or assigned the rank of a bureau, regardless of actual name or designation, as in the case of department-wide regional offices.

(9) *Office*—refers, within the framework of governmental organization, to any major functional unit of a department or bureau including regional offices. It may also refer to any position held or occupied by individual persons, whose functions are defined by law or regulation.

(10) *Instrumentality*—refers to any agency of the National Government, not integrated within the department framework, vested with special functions or jurisdiction by law, endowed with some if not all corporate powers, administering special funds, and enjoying operational

autonomy, usually through a charter. This term includes regulatory agencies, chartered institutions and government-owned or controlled corporations.

(11) *Regulatory agency*—refers to any agency expressly vested with jurisdiction to regulate, administer or adjudicate matters affecting substantial rights and interest of private persons, the principal powers of which are exercised by a collective body, such as a commission, board or council.

(12) *Chartered institution*—refers to any agency organized or operating under a special charter, and vested by law with functions relating to specific constitutional policies or objectives. This term includes the state universities and colleges, and the monetary authority of the State.

(13) *Government-owned or controlled corporation*—refers to any agency organized as a stock or non-stock corporation, vested with functions relating to public needs whether governmental or proprietary in nature, and owned by the Government directly or through its instrumentalities either wholly, or, where applicable as in the case of stock corporations, to the extent of at least fifty-one (51) per cent of its capital stock: *Provided*, That government-owned or controlled corporations may be further categorized by the Department of Budget, the Civil Service Commission, and the Commission on Audit for the purposes of the exercise and discharge of their respective powers, functions and responsibilities with respect to such corporations.

(14) *"Officer"*—as distinguished from "clerk" or "employee", refers to a person whose duties, not being of a clerical or manual nature, involves the exercise of discretion in the performance of the functions of the government. When used with reference to a person having authority to do a particular act or perform a particular function in the exercise of governmental power, "officer" includes any government employee, agent or body having authority to do the act or exercise that functions.

(15) *"Employee"*—when used in reference to a person in the public service, includes any person in the service of the government or any of its agencies, divisions, subdivisions or instrumentalities.

BOOK I

SOVEREIGNTY AND GENERAL ADMINISTRATION

CHAPTER 1—*The National Territory*

SEC. 3 *What comprises National Territory.*—The national territory comprises the Philippine archipelago, with all the islands and waters embraced therein, and all other territories over which the Philippines has sovereignty or jurisdiction, consisting of its terrestrial, fluvial and aerial domains, including its territorial sea, the seabed, the subsoil, the insular shelves, and other submarine areas. The waters around, between and connecting the islands of the archipelago, regardless of their breadth and dimensions, form part of the internal waters of the Philippines.

SEC. 4. *Territorial subdivisions of the Philippines.*—The territorial and political subdivisions of the Philippines are the autonomous regions, provinces, subprovinces, cities, municipalities and barangays.

CHAPTER 2—*The People*

SEC. 5. *Who are Citizens.*—The following are citizens of the Philippines:

- (1) Those who are citizens of the Philippines at the time of the adoption of the Constitution;
- (2) Those whose fathers or mothers are citizens of the Philippines;
- (3) Those born before January 17, 1973, of Filipino mothers, who elect Philippine citizenship upon reaching the age of majority;
- (4) Those who are naturalized in accordance with the law.

SEC. 6. *Effect of Marriage.*—Citizens of the Philippines who marry aliens shall retain their citizenship, unless by their act or omission they are deemed, under the law, to have renounced it.

SEC. 7. *Natural-born Citizen.*—Natural born citizens are those who are citizens of the Philippines from birth without having performed any act to acquire or perfect their Philippine citizenship. Those who elect Philippine citizenship in accordance with the Constitution shall be deemed natural-born citizens.

SEC. 8. *Loss or Reacquisition of Citizenship.*—Philippine citizenship may be lost or reacquired in the manner provided by law.

SEC. 9. *Dual Allegiance.*—Dual allegiance is inimical to the national interest and shall be dealt with by law.

CHAPTER 3—*State Immunity from Suit*

SEC. 10. *Non-suitability of the State.*—No suit shall lie against the State except with its consent as provided by law.

SEC. 11. *The State's Responsibility for Acts of Agents.*—
(1) The State shall be legally bound and responsible only through the acts performed in accordance with the Constitution and the laws by its duly authorized representatives.

(2) The State shall not be bound by the mistakes or errors of its officers or agents in the exercise of their functions.

CHAPTER 4—*National Symbols and Official Languages*

SEC. 12. *National Flag.*—(1) The flag of the Philippines shall be red, white and blue, with the sun and three stars, as consecrated and honored by the people and recognized by law.

(2) The custody, ceremonial use, occasion and manner of display, and proper care and disposition of the flag shall be governed by appropriate rules and regulations.

SEC. 13. *National Anthem.*—Until otherwise provided by law, the musical arrangement and composition of Julian Felipe is adopted as the national anthem. It shall be sung or played upon the opening or start of all state celebrations or gathering and on such other occasions as may be prescribed by appropriate rules and regulations.

SEC. 14. Arms and Great Seal of the Republic of the Philippines.—(1) The Arms shall have paleways of two (2) pieces, azure and gules; a chief argent studded with three mullets equidistant from each other; and, in point of honor, ovoid argent over all the sun rayonnant with eight minor and lesser rays. Beneath shall be a scroll with the words "Republic of the Philippines," or its equivalent in the national language, inscribed thereon.

(2) The Great Seal shall be circular in form, with the arms as described in the preceding paragraph but without the scroll and the inscription thereon, and surrounding the whole, a double marginal circle within which shall appear the words "Republic of the Philippines," or its equivalent in the national language. For the purpose of placing the Great Seal, the color of the arms shall not be deemed essential.

SEC. 15. Use and Custody of Great Seal.—the Great Seal shall be affixed to or placed upon all commission signed by the President and upon such other official documents and papers of the Republic of the Philippines as may be provided by law, or as may be required by custom and usage. The President shall have custody of the Great Seal.

SEC. 16. Arms, Seals and Banners of Government Offices.—The various offices of government may adopt appropriate coat-of-arms, seals and banners.

SEC. 17. Official Languages.—Until otherwise provided by law, Pilipino and English shall be the official languages.

CHAPTER 5—Operation and Effect of Laws

SEC. 18. When Laws Take Effect.—Laws shall take effect after fifteen (15) days following the completion of their publication in the *Official Gazette* or in a newspaper of general circulation, unless it is otherwise provided.

SEC. 19. Prospectivity.—Laws shall have prospective effect unless the contrary is expressly provided.

SEC. 20. Interpretation of Laws and Administrative Issuances.—In the interpretation of a law or administrative issuance promulgated in all the official languages, the English text shall control, unless otherwise specifically

provided. In case of ambiguity, omission or mistake, the other texts may be consulted.

SEC. 21. No Implied Revival of Repealed Law.—When a law which expressly repeals a prior law is itself repealed, the law first repealed shall not be thereby revived unless expressly so provided.

SEC. 22. Revival of Law Impliedly Repealed.—When a law which impliedly repeals a prior law is itself repealed, the prior law shall thereby be revived, unless the repealing law provides otherwise.

SEC. 23. Ignorance of the Law.—Ignorance of the law excuses no one from compliance therewith.

CHAPTER 6—Official Gazette

SEC. 24. Contents.—There shall be published in the *Official Gazette* all legislative acts and resolutions of a public nature; all executive and administrative issuances of general application; decisions or abstracts of decisions of the Supreme Court and the Court of Appeals, or other courts of similar rank, as may be deemed by the said courts of sufficient importance to be so published; such documents or classes of documents as may be required so to be published by law; and such documents or classes of documents as the President shall determine from time to time to have general application or which he may authorize so to be published.

The publication of any law, resolution or other official documents in the *Official Gazette* shall be *prima facie* evidence of its authority.

SEC. 25. Editing and Publications.—The *Official Gazette* shall be edited in the Office of the President and published weekly in Pilipino or in English language. It shall be sold and distributed by the National Printing Office which shall promptly mail copies thereof to the subscribers free of postage.

CHAPTER 7—Regular Holidays and Nationwide Special Days

SEC. 26. Regular Holidays and Nationwide Special Days.—Unless otherwise modified by law, order or

proclamation, the following regular holidays and special days shall be observed in this country:

(A) *Regular Holidays*

New Year's Day	— January 1
Maundy Thursday	— Movable date
Good Friday	— Movable date
Araw ng Kagitingan (Bataan and Corregidor Day)	— April 9
Labor Day	— May 1
Independence Day	— June 12
National Heroes Day	— Last Sunday of August
Bonifacio Day	— November 30
Christmas Day	— December 25
Rizal Day	— December 30

(B) *Nationwide Special Days*

All Saints Day	— November 1
Last Day of the Year	— December 31

(2) The terms "legal or regular holidays" and "special holiday", as used in laws, orders, rules and regulations or other issuances shall be referred to as "regular holiday" and "special day", respectively.

SEC. 27. *Local Special Days*.—The President may proclaim any local special day for a particular date, group or place.

SEC. 28. *Pretermission of Holiday*.—Where the day, or the last day, for doing any act required or permitted by law falls on a regular holiday or special day, the act may be done in the next succeeding business day.

CHAPTER 8—*Legal Weights, Measures and Period*

SEC. 29. *Official Use of Metric System*.—The metric system of weights and measures shall be used in the Philippines for all products, articles, goods, commodities, materials, merchandise, utilities, services as well as for commercial transactions like contracts, agreements, deeds and other legal instruments publicly and official attested, and for all official documents. Only weights and measures of the metric system shall be officially sealed and licensed.

SEC. 30. *Mandatory Nation-wide Use*.—The metric system shall be fully adopted in all agricultural, commercial, industrial, scientific and other sectors. Persons or entities allowed under existing laws to use the English system or other standards and weights are given until the date to be fixed by the Metric System Board to adopt the metric system.

SEC. 31. *Legal Periods*.—"Year" shall be understood to be twelve calendar months; "month" of thirty days, unless it refers to a specific calendar month in which case it shall be computed according to the number of days the specific month contains; "day" to a day of twenty four hours; and night from sunset to sunrise.

CHAPTER 9—*General Principles Governing Public Officers*

SEC. 32. *Nature of Public Office*.—Public office is a public trust. Public officers and employees must at all times be accountable to the people, serve them with the utmost responsibility, integrity, loyalty and efficiency, act with patriotism and justice, and lead modest lives.

SEC. 33. *Policy on Change of Citizenship*.—Public officers and employees owe the State and the Constitution allegiance at all times, and any public officer or employee who seeks to change his citizenship or acquire the status of an immigrant of another country during his tenure shall be dealt with by law.

SEC. 34. *Declaration of Assets, Liabilities and Networth*.—A public officer or employee shall, upon assumption of office and as often thereafter as may be required by law, submit a declaration under oath of his assets, liabilities, and networth.

SEC. 35. *Ethics in Government*.—All public officers and employees shall be bound by a Code of Ethics to be promulgated by the Civil Service Commission.

SEC. 36. *Inhibition Against Purchase of Property at Tax Sale*.—No officer or employee of the government shall purchase directly or indirectly any property sold by the government for the non-payment of any tax, fee or other public charge. Any such purchase by an officer or employee shall be void.

SEC. 37. Powers Incidental to Taking of Testimony.—When authority to take testimony or received evidence is conferred upon any administrative officer or any non-judicial person, committee or other body, such authority shall include the power to administer oaths, summon witnesses, and require the production of documents by a *subpoena duces tecum*.

SEC. 38. Liability of Superior Officers.—(1) A public officer shall not be civilly liable for acts done in the performance of his official duties, unless there is a clear showing of bad faith, malice or gross negligence.

(2) Any public officer who, without just cause, neglects to perform a duty within a period fixed by law or regulation, or within a reasonable period if none is fixed, shall be liable for damages to the private party concerned without prejudice to such other liability as may be prescribed by law.

(3) A head of a department or a superior officer shall not be civilly liable for the wrongful acts, omissions of duty, negligence, or misfeasance of his subordinates, unless he has actually authorized by written order the specific act or misconduct complained of.

SEC. 39. Liability of Subordinate Officers.—No subordinate officer or employee shall be civilly liable for acts done by him in good faith in the performance of his duties. However, he shall be liable for willful or negligent acts done by him which contrary to law, morals, public policy and good customs even if he acted under orders or instructions of his superiors.

CHAPTER 10—Official Oaths

SEC. 40. Oaths of Office of Public Officers and Employees.—All public officers and employees of the government including every member of the armed forces shall, before entering upon the discharge of his duties, take an oath or affirmation to uphold and defend the Constitution; that he will bear true faith and allegiance to it; obey the laws, legal orders and decrees promulgated by the duly constituted authorities; will well and faithfully discharge to the best of his ability the duties of the office or

position upon which he is about to enter; and that he voluntarily assumes the obligation imposed by his oath of office, without mental reservation or purpose of evasion. Copies of the oath shall be deposited with the Civil Service Commission and the National Archives.

SEC. 41. Officers Authorized to Administer Oath.—(1) The following officers have general authority to administer oath: Notaries Public, members of the judiciary, clerks of courts, the Secretary of either the House of the Congress of the Philippines, of departments, bureau directors, registers of deeds, provincial governors and lieutenant-governments, city mayors, municipal mayors and any other officer in the service of the government of the Philippines whose appointment is vested in the President.

(2) Oaths may also administered by any officers whose duties, as defined by law or regulation, require presentation to him of any statement under oath.

SEC. 42. Duty to Administer Oath.—Officers authorized to administer oaths, with the exception of notaries public, municipal judges and clerks of court, are not obliged to administer oaths or execute certificates save in matters of official business; and with the exception of notaries public, the officer performing the service in those matters shall charge no fee, unless specially authorized by law.

CHAPTER 11—Official Reports

SEC. 43. Annual Reports.—The head of the several branches, subdivisions, departments and agencies or instrumentalities of the Government shall prepare and submit annual reports to the President on or before the first day of July of each year.

SEC. 44. Contents of Reports.—The contents of the annual report shall be prescribed by law or, in the absence thereof, by executive order.

SEC. 45. Special Reports.—Each chief of Bureau or other officer of the government shall make such special reports concerning the work of his Bureau or Office as may from time to time be required of him by the President of the Philippines or Head of Department.

SEC. 46. Deposit with Archives.—Official copies of annual reports shall be deposited with the National Archives and shall be open to public inspection.

CHAPTER 12—Public Contracts and Conveyances

SEC. 47. Contracts and Conveyances.—Contracts or conveyances may be executed for and in behalf of the Government or of any of its branches, subdivisions, agencies or instrumentalities, including government-owned or controlled corporations, whenever demanded by the exigency or exigencies of the service and as long as the same are not prohibited by law.

SEC. 48. Official Authorized to Convey Real Property.—Whenever real property of the Government is authorized by law to be conveyed, the deed of conveyance shall be executed in behalf of the government by the following:

(1) For property belonging to and titled in the name of the Republic of the Philippines, by the President, unless the authority therefor is expressly vested by law in another officer.

(2) For property belonging to the Republic of The Philippines but titled in the name of any political subdivision or of any corporate agency or instrumentality, by the executive head of the agency or instrumentality.

SEC. 49. Authority to Convey other Property.—Whenever property other than real is authorized to be conveyed, the contract or deed shall be executed by the head of the agency with the approval of the department head. Where the operations of the agency regularly involve the sale or other disposition of personal property, the deed shall be executed by any other officer or employee expressly authorized for that purpose.

SEC. 50. Conveyance of National Government Property to Local Governments.—When the real property belonging to the National Government is needed for school purposes, or other official use by any local government, the President shall authorize its transfer, and the department head or other authority concerned shall execute in favor of the local government the necessary deed of conveyance by way of gift, sale, exchange, or otherwise, and upon such terms as shall be for the interest of the parties concerned. Nothing herein

provided shall be deemed to authorize the conveyance of unreserved public land, friar land or any real property held by the Government in trust or for a special purpose defined by law.

SEC. 51. Execution of Contracts.—(1) Contracts in behalf of the Republic of the Philippines shall be executed by the President unless authority therefor is expressly vested by law or by him in any other public officer.

(2) Contracts in behalf of the political subdivisions and corporate agencies or instrumentalities shall be approved by their respective governing boards or councils and executed by their respective executive heads.

BOOK II

DISTRIBUTION OF POWERS OF GOVERNMENT

CHAPTER 1—Basic Principles and Policies

SECTION 1. Guiding Principles and Policies in Government.—Government power shall be exercised in accordance with the following basic principles and policies:

(1) The Philippines is a democratic and republican State. Sovereignty resides in the people and all government authority emanated from them.

(2) The State values the dignity of every human person and guarantees full respect for human rights.

(3) Civilian authority is, at all times, supreme over the military.

(4) The state shall ensure the autonomy of local governments.

(5) The territorial and political subdivisions of the Republic of the Philippines are the provinces, cities and municipalities, and barangays. There shall be autonomous regions, in accordance with the Constitution, in Muslim Mindanao and the Cordilleras as may be provided by law.

(6) The separation of Church and State shall be inviolable.

(7) The right of the people and their organizations to effective and reasonable participation at all levels of social,

political, and economic decision-making shall not be abridged. The State shall, by law, facilitate the establishment of adequate consultation mechanisms.

(8) The powers expressly vested in any branch of the Government shall not be exercised by, nor delegated to, any other branch of the Government, except to the extent authorized by the Constitution.

CHAPTER 2—Legislative Power

SEC. 2. *Seat of Legislative Power.*—The legislative power shall be vested in the Congress of the Philippines which shall consist of a Senate and a House of Representatives, except to the extent reserved to the people by the Constitutional provision on initiative and referendum.

SEC. 3. *Inhibitions Against Members of Congress.*—(1) No Senator or Member of the House of Representatives may hold any other office or employment in the government, or any subdivision, agency, or instrumentality thereof, including government-owned or controlled corporations or their subsidiaries, during his term without forfeiting his seat. Neither shall he be appointed to any office which may have been created or the emoluments thereof increased during the term for which he was elected.

(2) No Senator or Member of the House of Representatives may personally appear as counsel before any court of justice or before the Electoral Tribunals, or quasi-judicial and other administrative bodies. Neither shall he, directly or indirectly, be interested financially in any contract, with, or in any franchised or special privilege granted by the Government, or any subdivision, agency or instrumentality thereof including any government-owned or controlled corporation, or its subsidiary, during his term of office. He shall not intervene in any matter before any office of the Government for his pecuniary benefit or where he may be called upon to act on account of his office.

SEC. 4. *Electoral Tribunal.*—The Senate and the House of Representatives shall each have an Electoral Tribunal which shall be the sole judge of all contests relating to the election, returns, and qualifications of their respective Members. Each Electoral Tribunal shall be composed of nine (9) Members three (3) of whom shall be Justices of the

Supreme Court to be designated by the Chief Justice, and the remaining six (6) shall be Members of the Senate or the House of Representatives, as the case may be, who shall be chosen on the basis of proportional representation from the political parties and the parties or organizations registered under the party-list system represented therein. The senior Justice in the Electoral Tribunal shall be its Chairman.

SEC. 5. *Commission on Appointments.*—There shall be a Commission on appointments consisting of the President of the Senate, as *ex officio* Chairman, and twelve (12) Senators and twelve (12) Members of the House of Representatives, elected by each House on the basis of proportional representation from the political parties and parties or organizations registered under the party-list system represented therein. The Chairman of the Commission shall not vote, except in case of tie. The Commission shall act on all appointments submitted to it within thirty (30) session days of the Congress from their submission. The Commission shall rule by a majority vote of all its members.

SEC. 6. *Legislative Investigation.*—The Senate or the House of Representatives or any of its respective committees may conduct inquiries in aid of legislation in accordance with its duly published rules of procedure. The rights of persons appearing in or affected by such inquiries shall be respected.

SEC. 7. *Appearance of Heads of Departments.*—The heads of departments may upon their own initiative, with the consent of the President, or upon the request of either House, as the rules by each House shall provide, appear before and be heard by such House on any matter pertaining to their departments. Written questions shall be submitted to the President of the Senate or the Speaker of the House of Representatives at least three (3) days before their scheduled appearance. Interpellations shall not be limited to written questions, but may cover matters related thereto. When the security of the State or the public interest so requires and the President so states in writing, the appearance shall be conducted in executive session.

SEC. 8. *Initiative and Referendum.*—The Congress shall, as early as possible, provide for a system of initiative and

referendum and the exceptions therefrom, whereby the people can directly propose and enact laws or approve or reject any act or law or part thereof passed by the Congress or local legislative body after the registration of a petition therefor signed by at least ten (10) *per centum* of the total number of registered voters, of which every legislative district must be represented by at least three (3) *per centum* of the registered voters thereof.

SEC. 9. Power to Propose Constitutional Amendments.—

(1) Any amendment to, or revision of the Constitution may be proposed by: (a) the Congress, upon a vote of three-fourths (3/4) of all its Members; or (b) a constitutional convention. The Congress may, by a vote of two-thirds (2/3) of all its Members, call a constitutional convention, or by a majority vote of all its Members, submit to the electorate the question of calling such a convention.

(2) Amendments to the Constitution may likewise be directly proposed by the people through initiative upon a petition of at least twelve (12) *per centum* of the total petition of registered voters, of which every legislative district must be represented by at least three (3) *per centum* of the registered voters therein. No amendments under this paragraph shall be authorized within five years following the ratification of the 1987 Constitution nor oftener than once every five years thereafter. The Congress shall provide for the implementation of the exercise of this right.

SEC. 10. Validity of Constitutional Amendments.—

(1) Any amendment to or revision of the Constitution proposed by Congress or a constitutional convention shall be valid when ratified by a majority of the votes cast in a plebiscite which shall be held not earlier than sixty days (60) nor later than ninety days (90) after the approval of such amendment or revision.

(2) Any amendment to or revision of the Constitution directly proposed by the people through initiative shall be valid when ratified by a majority of the votes cast in a plebiscite which shall be held not earlier than sixty days (60) nor later than ninety days (90) after the certification by the Commission on Elections of the sufficiency of the petition.

CHAPTER 3—Executive Power

SEC. 11. Exercise of Executive Power.—The Executive power shall be vested in the President.

SEC. 12. The Vice-President.—There shall be a Vice-President who shall have the same qualifications and term of office and be elected with and in the same manner as the President. He may be removed from office in the same manner as the President.

The Vice-President may be appointed as a Member of the Cabinet. Such appointment requires no confirmation.

SEC. 13. Vacancy in Office of the President.—In case of death, permanent disability, removal from office, or resignation of the President, the Vice-President shall become the President to serve the unexpired term. In case of death, permanent disability, removal from office, or resignation of both the President and Vice-President, the President of the Senate or, in case of his inability, the Speaker of the House of Representatives, shall then act as President until the President or Vice-President shall have been elected and qualified.

The Congress shall, by law, provide who shall serve as President in case of death, permanent disability, or resignation of the Acting President. He shall serve until the President or Vice-President shall have been elected and qualified, and be subject to the same restrictions of powers and disqualifications as the Acting President.

SEC. 14. Vacancy in Office of the Vice-President.—Whenever there is a vacancy in the Office of the Vice-President during the term for which he was elected, the President shall nominate a Vice-President from among the Members of the Senate and the House of Representatives who shall assume office upon confirmation by a majority vote of all the Members of both House of the Congress, voting separately.

SEC. 15. Inhibitions Against Executive Officials.—The President, Vice-President, the Members of the Cabinet, and their deputies or assistants shall not, unless otherwise provided in this Constitution, hold any other office or

employment during their tenure. They shall not, during said tenure, directly or indirectly practice any other profession, participate in any business, or be financially interested in any contract with, or in any franchise, or special privilege granted by the Government or any subdivision, agency, or instrumentality thereof, including government-owned or controlled corporations or their subsidiaries. They shall strictly avoid conflicts of interest in the conduct of their office.

The spouse and relatives by consanguinity or affinity within the fourth civil degree of the President shall not during his tenure be appointed as Members of the Constitutional Commissions, or the Office of the Ombudsman, or as Secretaries, Undersecretaries, chairmen or heads of bureaus or offices, including government-owned or controlled corporations and their subsidiaries.

CHAPTER 4—Judicial Power

SEC. 16. Judicial Power.—The judicial power shall be vested in one (1) Supreme Court, and in such lower courts as may be established by law. Such lower courts include the Court of Appeals, Sandiganbayan, Court of Tax Appeals, Regional Trial Courts, Shari'a District Courts, Metropolitan Trial Courts, Municipal Trial Courts and Municipal Circuit Trial Courts, and Shari'a Circuit Courts and they shall continue to exercise their respective jurisdictions until otherwise provided by law.

Judicial power includes the duty of the courts of justice to settle actual controversies involving rights which are legally demandable and enforceable, and, in cases prescribed by law, to determine whether or not there has been a grave abuse of discretion amounting to lack or excess of jurisdiction on the part of any branch or instrumentality of the Government.

SEC. 17. Composition of the Supreme Court.—The Supreme Court shall be composed of a Chief Justice and fourteen Associate Justices. It may sit *en banc* or in its discretion, in divisions of three, five or seven Members.

SEC. 18. Jurisdiction and Powers of Supreme Court.—The Supreme Court shall have the following powers:

(1) Exercise original jurisdiction over cases affecting ambassadors, other public ministers and consuls, and over petitions for *certiorari*, prohibition, *mandamus*, *quo warranto*, and *habeas corpus*.

(2) Review, revise, reverse, modify, or affirm on appeal or *certiorari* as the law or the Rules of Court may provide, final judgements and orders of lower courts in:

(a) All cases in which the constitutionality or validity of any treaty, international or executive agreement, law, presidential decree, proclamation, order, instruction, ordinance or regulation is in question.

(b) All cases involving the legality of any tax, impost, assessment, or toll, or any penalty imposed in relation thereto.

(c) All cases in which the jurisdiction of any lower court is in issue.

(d) All criminal cases in which the penalty imposed is *reclusion perpetua* or higher.

(e) All cases in which only an error or question of law is involved.

(3) Assign temporarily judges of lower courts other stations as public interest may require. Such temporary assignment shall not exceed six (6) months without the consent of the judge concerned.

(4) Order a change of venue or a place of trial to avoid miscarriage of justice.

(5) Promulgate rules concerning the protection and enforcement of constitutional rights, pleading, practice, and procedure in all courts, the admission to the practice of law, the Integrated Bar, and legal assistance to the under privileged. Such rules shall provide a simplified and inexpensive procedure for the speedy disposition of cases, shall be uniform for all courts of the same grade; and shall not diminish, increase, or modify substantive rights. Rules of procedure of special courts and quasi-judicial bodies shall remain effective unless disapproved by the Supreme Court.

(6) Appoint all officials and employees of the Judicial in accordance with the Civil Service Law.

SEC. 19. *Apportionment of Jurisdiction.*—Congress shall define, prescribe and apportion the jurisdiction of the various courts but may not be deprive the Supreme Court of its jurisdiction enumerated in the immediately preceding section. Neither shall a law be passed increasing its appellate jurisdiction as therein specified without its advice and concurrence.

No law shall be passed reorganizing the Judiciary when it undermines the security of its Members.

SEC. 20. *Administrative Supervision.*—The Supreme Court shall have administrative supervision over all courts and the personnel thereof.

SEC. 21. *Judicial and Bar Council.*—(1) A Judicial and Bar Council is hereby created under the supervision of the Supreme Court composed of the Chief Justice as *ex officio* Chairman, the Secretary of Justice, and a representative of the Congress as *ex officio* Member, a representative of the Integrated Bar, a professor of law, a retired member of the Supreme Court, and a representative from the private sector.

(2) The regular members of the Council shall be appointed by the President for a term of four (4) years with the consent of the Commission on Appointments. Of the Members first appointed, the representative of the Integrated Bar shall serve for four (4) years, the professor of law for three (3) years, the retired Justice for two (2) years, and the representative of the private sector for one (1) year.

(3) The Clerk of Supreme Court shall be the Secretary *ex officio* of the Council and shall keep a record of its proceedings.

(4) The regular Members of the Council shall receive such emoluments as may be determined by the Supreme Court. The Supreme Court shall provide in its annual budget the appropriations for the Council.

(5) The Council shall have the principal function of recommending appointees to the Judiciary. It may exercise such other functions and duties as the Supreme Court may assign to it.

SEC. 22. *Appointments of Members of Judiciary.*—The Members of the Supreme Court and judges of lower courts shall be appointed by the President from a list of at least three (3) nominees prepared by the Judicial and Bar Council for every vacancy. Such appointments need no confirmation.

For the lower courts, the President shall issue the appointments within ninety (90) days from the submission of the list.

SEC. 23. *Prohibition Against Performing Quasi-Judicial or Administrative Functions.*—The Members of the Supreme Court and of other courts established by law shall not be designated to any agency performing quasi-judicial or administrative functions.

CHAPTER 5—Constitutional Commissions

SEC. 24. *Constitutional Commissions.*—The Constitutional Commissions, which shall be independent, are the Civil Service Commission, the Commission on Elections, and the Commission on Audit.

SEC. 25. *Inhibitions Against Constitutional Commissioners.*—No member of a Constitutional Commission shall, during his tenure hold any other office or employment. Neither shall he engage in the practice of any profession or in the active management or control of any business which in anyway may be affected by the functions of his office, nor shall he be financially interested, directly or indirectly, in any contract with, or in any franchise or privilege granted by the Government, any of its subdivisions, agencies, or instrumentalities, including government-owned or controlled corporations or their subsidiaries.

SEC. 26. *Fiscal Autonomy.*—The Constitutional Commissions shall enjoy fiscal autonomy. The approved annual appropriations shall be automatically and regularly released.

SEC. 27. *Promulgation of Rules.*—Each Commission *en banc* may promulgate its own rules concerning pleadings and practice before it or before any of its offices. Such rules however shall not diminish, increase, or modify substantive rights.

SEC. 28. *Decisions by the Constitutional Commissions.*—Each Commission shall decide, by a majority vote of all its Members, any case or matter brought before it within sixty (60) days from the date of its submission for decision or resolution. A case or matter is deemed submitted for decision or resolution upon the filing of the last pleading, brief, or memorandum required by the rules of the Commission or by the Commission itself. Unless otherwise provided by the Constitution or by law, any decision, order, or ruling of each Commission may be brought to the Supreme Court on *certiorari* by the aggrieved party within thirty (30) days from receipt of a copy thereof.

CHAPTER 6—Other Bodies

SEC. 29. *Other Bodies.*—There shall be in accordance with the Constitution, an Office of the Ombudsman, a Commission on Human Rights, an independent central monetary authority, and a national police commission. Likewise, as provided in the Constitution, Congress may establish an independent economic and planning agency.

BOOK III

OFFICE OF THE PRESIDENT

TITLE I—POWERS OF THE PRESIDENT

CHAPTER 1—Power of Control

SECTION 1. *Power of Control.*—The President shall have control of all the executive departments, bureaus, and offices. He shall ensure that the laws be faithfully executed.

CHAPTER 2—Ordinance Power

SEC. 2. *Executive Orders.*—Acts of President providing the rules of a general or permanent character in implementation or execution of constitutional or statutory powers shall be promulgated in *executive orders*.

SEC. 3. *Administrative Orders.*—Acts of the President which relate to particular aspects of governmental operations in pursuance of his duties as administrative head shall be promulgated in *administrative orders*.

SEC. 4. *Proclamations.*—Acts of a President fixing a date or declaring a status or condition of public moment or interest, upon the existence of which the operation of a specific law or regulation is made to depend, shall be promulgated in *proclamations* which shall have the force of an executive order.

SEC. 5. *Memorandum Orders.*—Acts of the President on matters of administrative detail or of subordinate or temporary interest which only concern a particular officer or office of the Government shall be embodied in *memorandum orders*.

SEC. 6. *Memorandum Circulars.*—Acts of the President on matters relating to internal administration, which the President desires to bring to the attention of all or some of the departments, agencies, bureaus, or offices of the Government, for information or compliance, shall be embodied in *memorandum circulars*.

SEC. 7. *General or Special Orders.*—Acts and commands of the President in his capacity as Commander-in-Chief of the Armed Forces of the Philippines shall be issued as *general or special orders*.

CHAPTER 3—Power Over Aliens

SEC. 8. *Power to Deport.*—The President shall have the power to deport aliens subject to the requirements of due process.

SEC. 9. *Power to Change Non-Immigrant Status of Aliens.*—The President, subject to the provision of law, shall have the power to change the status of non-immigrants by allowing them to acquire permanent residence status without necessity of visa.

SEC. 10. *Power to Countermand Decisions of the Board of Commissioners of the Bureau of Immigration.*—The decision of the Board of Commissioners which has jurisdiction over

all deportation cases shall become final and executory after thirty (30) days from promulgation, unless within such periods the President shall order the contrary.

SEC. 11. *Power over Aliens under the General Principles of International Law.*—The President shall exercise with respect to aliens in the Philippines such powers as are recognized by the generally accepted principles of international law.

CHAPTER 4—*Powers of Eminent Domain, Escheat, Land Reservation and Recovery of Ill Gotten Wealth*

SEC. 12. *Power of Eminent Domain.*—The President shall determine when it is necessary or advantageous to exercise the power of eminent domain in behalf of the National Government, and direct the Solicitor General, whenever he deems the action advisable, to institute expropriations proceedings in the proper court.

SEC. 13. *Power to Direct Escheat or Reversion Proceedings.*—The President shall direct the Solicitor General to institute escheat or reversion proceedings over all lands transferred or assigned to persons disqualified under the Constitution to acquire land.

SEC. 14. *Power to Reserve Lands of the Public and Private Domain of the Government.*—(1) The President shall have the power to reserve for settlement or public use, and for specific public purposes, any of the lands of the public domain, the use of which is not otherwise directed by law. The reserved land shall thereafter remain subject to the specific public purpose indicated until otherwise provided by law or proclamation.

(2) He shall also have the power to reserve from sale or other disposition and for specific public uses or purposes, any land belonging to the private domain of the Government, or any of the Friar lands, the use of which is not otherwise directed by law, and thereafter such land shall be used for the purposes specified by such proclamation until otherwise provided by law.

SEC. 15. *Power over Ill-Gotten Wealth.*—The President shall direct the Solicitor General to institute proceedings to recover properties unlawfully acquired by public officials or employees, from them or from their nominees or transferees.

Within the period fixed in, or any extension thereof authorized by, the Constitution, the President shall have the authority to recover ill gotten properties amassed by the leaders and supporters of the previous regime and protect the interest of the people through orders of sequestration or freezing of assets or accounts.

CHAPTER 5—*Power of Appointment*

SEC. 16. *Power of Appointment.*—The President shall exercise the power to appoint such officials as provided for in the Constitution and laws.

SEC. 17. *Power to Issue Temporary Designation.*—(1) The President may temporarily designate an officer already in the government service or any other competent person to perform the functions of an office in the executive branch, appointment to which is vested in him by law, when: (a) the officer regularly appointed to the office is unable to perform his duties by reason of illness, absence or any other cause; or (b) there exists a vacancy;

(2) The person designated shall receive the compensation attached to the position, unless he is already in the government service in which case he shall receive only such additional compensation as, with his existing salary, shall not exceed the salary authorized by law for the position filled. The compensation hereby authorized shall be paid out of the funds appropriated for the office or agency concerned.

(3) In no case shall a temporary designation exceed one (1) year.

CHAPTER 6—*General Supervision over Local Governments*

SEC. 18. *General Supervision over Local Governments.*—The President shall exercise general supervision over local governments.

CHAPTER 7—Other Powers

SEC. 19. *Powers Under the Constitution.*—The President shall exercise such other powers as are provided for in the Constitution.

SEC. 20. *Residual Powers.*—Unless Congress provides otherwise, the President shall exercise such other powers and functions vested in the President which are provided for under the laws and which are not specially enumerated above, or which are not delegated by the President in accordance with law.

TITLE II—ORGANIZATION

CHAPTER 8—Organization of the Office of the President

SEC. 21. *Organization.*—The Office of the President shall consist of the Office of the President Proper and the agencies under it.

SEC. 22. *Office of the President Proper.*—(1) The Office of the President Proper shall consist of the Private Office, the Executive Office, the Common Staff Support System, and the Presidential Special Assistants/Advisers System;

(2) The Executive Office refers to the Office of the Executive Secretary, Deputy Executive Secretaries and Assistant Executive Secretaries;

(3) The Common Staff Support System embraces the offices and units under the general categories of development and management, general government administration and internal administration; and

(4) The Presidential Special Assistants/Advisers System includes such special assistants or advisers as may be needed by the President.

SEC. 23. *The Agencies under the Office of the President.*—The agencies under the Office of the President refer to those offices placed under the chairmanship of the President, those under the supervision and control of the President,

those under the administrative supervision of the Office of the President, those attached to it for policy and program coordination, and those that are not placed by law or order creating them under any special department.

TITLE III—FUNCTIONS

CHAPTER 9—Functions of the Different Offices in the Office of the President Proper

A—PRIVATE OFFICE

SEC. 24. *Functions of the Private Office.*—The Private Office shall provide direct services to the President and shall for this purpose attend to functions and matters that are personal or which pertain to the First Family.

B—THE EXECUTIVE OFFICE

SEC. 25. *Declaration of Policy.*—The Executive Office shall be fully responsive to the specific needs and requirements of the President to achieve the purposes and objectives of the Office.

SEC. 26. *The Executive Secretary, the Deputy Executive Secretaries, and the Assistant Executive Secretaries.*—The Executive Office shall be headed by the Executive Secretary who shall be assisted by one (1) or more Deputy Executive Secretaries and one (1) or more Assistant Executive Secretaries.

SEC. 27. *Functions of the Executive Secretary.*—The Executive Secretary shall, subject to the control and supervision of the President, carry out the functions assigned by law to the Executive Office and shall perform such other duties as may be delegated to him. He shall:

(1) Directly assist the President in the management of the affairs pertaining to the Government of the Republic of the Philippines;

(2) Implement presidential directives, orders and decisions;

(3) Decide, for and in behalf of the President, matters not requiring personal presidential attention;

(4) Exercise supervision and control over the various units in the Office of the President Proper including their internal administrative requirements;

(5) Exercise supervision, in behalf of the President, over the various agencies under the Office of the President;

(6) Appoint officials and employees of the Office of the President whose appointment are not vested in the President;

(7) Provide overall coordination in the operation of the Executive Office;

(8) Determine and assign matters to the appropriate units in the Office of the President;

(9) Have administrative responsibility for matters in the Office of the President coming from the various departments and agencies of the government;

(10) Exercise primary authority to sign papers "By authority of the President", attest executive orders and other presidential issuances unless attestation is specifically delegated to other officials by him or by the President;

(11) Determine with the President's approval, the appropriate assignment of offices and agencies not placed by law under any specific executive department;

(12) Provide consultative, research, fact-finding and advisory service to the President;

(13) Assist the President in the performance of functions pertaining to legislation;

(14) Assist the President in the administration of special projects;

(15) Take charge of matters pertaining to protocol in State and ceremonial functions;

(16) Provide secretarial and clerical services for the President, the Cabinet, the Council of State, and other advisory bodies to the President;

(17) Promulgate such rules and regulations necessary to carry out the objectives, policies and functions of the Office of the President Proper;

(18) Perform such other functions as the President may direct,

C—COMMON STAFF SUPPORT SYSTEM

SEC. 28. Functions of the Common Staff Support System.—The various staff units in the Office of the President Proper shall form a common staff support system and shall be organized along the various tasks of the Office namely:

(1) The Cabinet Secretariat which shall assist the President in the establishment of agenda topics for the Cabinet deliberations, or facilitate the discussion of cabinet meetings. It shall have such organization, powers and functions as are prescribed by law;

(2) The Presidential Management Staff (PMS) which shall be the primary governmental agency directly responsible to the Office of the President for providing staff assistance in the Presidential exercise of overall management of the development process. It shall have such organization, powers and functions as are prescribed by law;

(3) General Government Administration Staff which shall provide the President with staff support on matters concerning general government administration relative to the operations of the national government including the provision of legal services, administrative services, staff work on political and legislative matters, information and assistance to the general public, measures toward resolution of complaints against public officials and employees brought to the attention of the Office of the President and such other matters as the President may assign;

(4) Internal Administrative Staff which shall render auxiliary and support services for the internal administration of the Office of the President.

D—PRESIDENTIAL ASSISTANTS/ADVISERS SYSTEM

SEC. 29. *Functions of Presidential Assistants/Advisers System.*—The Special Assistants/Advisers System shall provide advisory or consultative services to the President in such fields and under such conditions as the President may determine.

CHAPTER 10—*Functions of the Agencies Under the Office of the President*

SEC. 30. *Functions of Agencies Under the Office of the President.*—Agencies under the Office of the President shall continue to operate and function in accordance with their respective charters or laws creating them, except as otherwise provided in this Code or by law.

SEC. 31. *Continuing Authority of the President to Reorganize his Office.*—The President, subject to the policy in the Executive Office and in order to achieve simplicity, economy and efficiency, shall have continuing authority to reorganize the administrative structure of the Office of the President. For this purpose, he may take any of the following actions:

(1) Restructure the internal organization of the Office of the President Proper, including the immediate Offices, the Presidential Special Assistants/Advisers System and the Common Staff Support System, by abolishing, consolidating or merging units thereof or transferring functions from one unit to another.

(2) Transfer any function under the Office of the President to any other Department or Agency as well as transfer functions to the Office of the President from other Department and Agencies; and

(3) Transfer any agency under the Office of the President to any other department or agency as well as transfer agencies to the Office of the President from other departments and agencies.

BOOK IV

THE EXECUTIVE BRANCH

CHAPTER 1—*The Departments*

SECTION 1. *Purpose and Number of Departments.*—The Executive Branch shall have such Departments as are necessary for any functional distribution of the work of the President and for the performance of their functions.

SEC. 2. *Declaration of Policy.*—(1) The Departments shall be organized and maintained to insure their capacity to plan and implement programs in accordance with established national policies;

(2) Bureaus and offices shall be grouped primarily on the basis of major functions to achieve simplicity, economy and efficiency in government operations and minimize duplication and overlapping of activities; and

(3) The functions of the different Departments shall be decentralized in order to reduce red tape, free central officials from administrative details concerning field operations, and relieve them from unnecessary involvement in routine and local matters. Adequate authority shall be delegated to subordinate officials. Administrative decisions and actions shall, as much as feasible, be at the level closest to the public.

SEC. 3. *Department Proper.*—(1) Unless otherwise provided in this Code or by law, the Department proper shall include the Office of the Secretary and the staff units directly under it. The Office of the Secretary shall consist of the Secretary and the Undersecretary or Undersecretaries, together with the personnel in their immediate offices;

(2) Every Secretary shall be assisted by such number of Undersecretaries as may be provided for by this Code or by law;

The Undersecretary shall perform the functions as provided in Chapter 2 of this Book.

(3) Whenever necessary, Assistant Secretary position or positions may be created to form part of the Department proper; and

(4) In the absence of special provisions, the major staff units of each department shall be the services which shall include: the Planning Service, the Financial and Management Service, the Administrative Service, and when necessary, the Technical and the Legal Services.

SEC. 4. Jurisdiction over Bureaus, Offices, Regulatory Agencies and Government Corporations.—Each Department shall have jurisdiction over bureaus, offices, regulatory agencies, and government-owned or controlled corporations assigned to it by law, in accordance with the applicable relationships as defined in Chapters 7, 8, and 9 of this Book.

SEC. 5. Assignment of Offices and Agencies.—The President shall, by executive order, assign offices and agencies not otherwise assigned by law to any department, or indicate to which department a government corporation or board may be attached.

CHAPTER 2—Secretaries, Undersecretaries, and Assistant Secretaries

SEC. 6. Authority and Responsibility of the Secretary.—The authority and responsibility for the exercise of the mandate of the Department and for the discharge of its powers and functions shall be vested in the Secretary, who shall have the supervision and control of the Department.

SEC. 7. Powers and Functions of the Secretary.—The Secretary shall:

- (1) Advise the President in issuing executive orders, regulations, proclamations and other issuances, the promulgation of which is expressly vested by law in the President relative to matters under the jurisdiction of the Department;
- (2) Establish the policies and standards for the operation of the Department pursuant to the approved programs of government;
- (3) Promulgate rules and regulations necessary to carry out department objectives, policies, functions, plans, programs and projects;
- (4) Promulgate administrative issuances necessary for the efficient administration of the offices under the Secretary

and for proper execution of the laws relative thereto. These issuances shall not prescribe penalties for their violation, except when expressly authorized by law;

(5) Exercise disciplinary powers over officers and employees under the Secretary in accordance with law, including their investigation and the designation of a committee or officer to conduct such investigation;

(6) Appoint all officers and employees of the Department except those whose appointments are vested in the President or in some other appointing authority; *Provided, However,* that where the Department is regionalized on a department-wide basis, the Secretary shall appoint employees to positions in the second level in the regional offices as defined in this Code.

(7) Exercise jurisdiction over all bureaus, offices, agencies and corporations under the Department as are provided by law and in accordance with the applicable relationships as specified in Chapter 7, 8, and 9 of this book;

(8) Delegate authority to officers and employees under the Secretary's direction in accordance with this Code; and

(9) Perform such other functions as may be provided by law.

SEC. 8. Submission of Performance Evaluation Reports.—The Secretary shall formulate and enforce a system of measuring and evaluating periodically and objectively the performance of the Department and submit the same annually to the President.

SEC. 9. Submission of Budget Estimates.—The Secretary shall prepare and submit to the President through the Department of Budget and Management an estimate of the necessary expenditures of the department during the next fiscal year, on the basis of the reports and estimates submitted by bureaus and officers under him.

SEC. 10. Powers and Duties of the Undersecretary.—The Undersecretary shall:

- (1) Advise and assist the Secretary in the formulation and implementation of department objectives and policies;

(2) Oversee all the operational activities of the department for which he shall be responsible to the Secretary;

(3) Coordinate the programs and projects of the department and be responsible for its economical, efficient and effective administration;

(4) Serve as deputy to the Secretary in all matters relating to the operations of the department;

(5) Temporarily discharge the duties of the Secretary in the latter's absence or inability to discharge his duties for any cause or in case of vacancy of the said office, unless otherwise provided by law. Where there are more than one Undersecretary, the Secretary shall allocate the foregoing powers and duties among them. The President shall likewise make the temporary designation of Acting Secretary from among them; and

(6) Perform such other functions and duties as may be provided by law.

SEC. 11. Duties and Functions of the Assistant Secretary.—The Assistant Secretary shall perform such duties and functions as may be provided by law or assigned to him by the Secretary.

CHAPTER 3—Department Services

SEC. 12. Department Services.—Except as otherwise provided by law, each Department shall have Department Services which shall include the Planning Service, the Financial and Management Service, the Administrative Service, and whenever necessary the Technical and Legal Services.

SEC. 13. Planning Service.—The Planning Service shall provide the department with economical, efficient and effective services relating to planning, programming, and project development, and discharge such other functions as may be provided by law. Where the work of the department does not call for substantial planning and programming, the Planning Service shall be constituted as a single unit

without subdivisions. Where substantial primary data-gathering is essential to the operations of the department, a statistical unit may be constituted as part of a technical service.

SEC. 14. Financial and Management Services.—The Financial and Management Services shall advise and assist the Secretary on budgetary, financial and management matters and shall perform such other functions as may be provided by law.

SEC. 15. Administrative Service.—The Administrative Service shall provide the Department with economical, efficient and effective services relating to personnel, legal assistance, information, records, delivery and receipt of correspondence, supplies, equipment, collections, disbursement, security and custodial work. It shall also perform such other functions as may be provided by law.

SEC. 16. Technical Service.—Whenever necessary, one or more technical services shall be established to take charge of technical staff activities essential to a department and which cannot be allocated to the three other services or to the bureaus.

SEC. 17. Legal Service.—A Legal Service shall be provided where the operations of the department involve substantial legal work, in which case the Administrative Service shall not have a Legal Division. The Legal Service shall provide legal advice to the department; interpret laws and rules affecting the operation of the department; prepare contracts and instruments to which the department is a party, and interpret provisions of contracts covering work performed for the Department by private entities; assist in the promulgation of rules governing the activities of the department; prepare comments on proposed legislation concerning the department; answer legal queries from the public; assist the Solicitor General in suits involving the Department or its officers, or employees or act as their principal counsel in all actions taken in their official capacity before judicial or administrative bodies; and perform such other functions as may be provided by law.

Where the workload of the department does not warrant a Legal Service or a Legal Division, there shall be one or more legal assistants in the Office of the Secretary.

CHAPTER 4—Bureaus

SEC. 18. Bureaus in General.—(1) A Bureau is any principal subdivision of the department performing a single major function or closely related functions. Bureaus are either staff or line.

(2) Each bureau shall be headed by a Director who may have one or more Assistant Directors as provided by law; and

(3) Each bureau may have as many divisions as are provided by law for the economical, efficient and effective performance of its functions.

SEC. 19. Staff Bureau.—(1) A staff bureau shall primarily perform policy, program development and advisory functions.

(2) The Director of a staff bureau shall:

(a) Advise and assist the Office of the Secretary on matters pertaining to the Bureau's area of specialization;

(b) Provide consultative and advisory services to the regional offices of the department;

(c) Develop plans, programs, operating standards, and administrative techniques for the attainment of the objectives and functions of the bureau; and

(d) Perform such other duties as may be provided by law.

(3) The staff bureau shall avail itself of the planning, financial and administrative services in the department proper. The bureau may have a separate administrative division, if circumstances so warrant.

SEC. 20. Line Bureau.—(1) A Line bureau shall directly implement programs adopted pursuant to department policies and plans.

(2) The Director of a line bureau shall:

(a) Exercise supervision and control over all divisions and other units, including regional offices, under the bureau;

(b) Establish policies and standards for the operations of the bureau pursuant to the plans and programs of the department;

(c) Promulgate rules and regulations necessary to carry out bureau objectives, policies, and functions; and

(d) Perform such other duties as may be provided by law.

(3) The line bureau may have staff units, as may be necessary, corresponding to the services of the department proper. If the bureau is small, only a single unit performing combined staff functions may be provided.

CHAPTER 5—Field Offices

SEC. 21. Regional Offices.—Regional Offices shall be established according to law defining field service areas. The administrative regions shall be composed of a National Capital Region and Regions I to XII. Provincial and district offices may be established only by law whenever necessary.

SEC. 22. Integration of Field Service.—Except as otherwise provided by law and when the needs of the service so require, the department or agency shall organize an integrated regional office on a department or agency-wide basis.

SEC. 23. Administration of Regional Office.—The regional office shall be headed by a Regional Director who may be assisted by one (1) Assistant Regional Director, except as may otherwise be provided by law. The Regional Director shall be responsible for department or agency functions performed in the region under his jurisdiction.

SEC. 24. Supervision of Regional Offices.—(1) Whenever the function or activity of a department or agency requires central or interregional action, the function may be performed by the regional offices under the supervision and control of the department proper or line bureau concerned.

(2) The staff bureau or division shall perform primarily advisory or auxiliary functions and exercise in behalf of the department or agency functional supervision over the regional offices. This shall include authority to develop and set down standards, policies and procedures to be implemented by operating units, and to evaluate continuously such implementation for the purpose of recommending or when authorized, taking corrective measures.

SEC. 25. Organization of Regional Offices.—Regional offices organized on a department-wide basis shall have units or personnel in which the functional areas of the staff bureaus and services in the department shall be represented. Regional offices of a line bureau may have units or personnel in which the functional areas of the primary units of the bureau are represented. Related functions of regional units shall be consolidated.

SEC. 26. Functions of a Regional Office.—(1) A regional office shall:

(a) Implement laws, policies, plans, programs, rules and regulations of the department or agency in the regional area;

(b) Provide economical, efficient and effective service to the people in the area;

(c) Coordinate with regional offices of other departments, bureaus and agencies in the area;

(d) Coordinate with local government units in the area; and

(e) Perform such other functions as may be provided by law.

(2) District offices may be established only in cases of clear necessity.

SEC. 27. Duties of a Regional Director.—The Regional Director shall:

(1) Implement laws, policies, rules and regulations within the responsibility of the agency;

(2) Implement agency programs in the region;

(3) Exercise the management functions of planning, organizing, directing and controlling;

(4) Appoint personnel to positions in the first level and casual and seasonal employees; and exercise disciplinary actions over them in accordance with the Civil Service law;

(5) Approve sick, vacation and maternity leaves of absence with or without pay, for a period not beyond one year;

(6) Prepare and submit budget proposals for the region to the central office, administer the budget of the regional office, authorize disbursement of funds pursuant to approved financial and work programs, and administer the budget control machinery in the region;

(7) Approve requisition for supplies, materials and equipment, as well as books and periodicals, and other items for the region, in accordance with the approved supply procurement program;

(8) Negotiate and enter into contracts for services or furnishing supplies, materials and equipment to the regional office involving an amount not exceeding fifty thousand pesos (P50,000.00) within a given quarter, provided that authority in excess of fifty thousand pesos (P50,000.00) may be further authorized by the proper department or agency head;

(9) Approve claims for benefits under existing laws;

(10) Approve requests for overtime services;

(11) Promote coordination among the regional offices, and between his regional office and local government units in the region;

(12) Provide housekeeping services for the regional office;

(13) Approve application of personnel for permission to teach, exercise a profession, or engage in business outside of office hours in accordance with standards and guidelines of the Civil Service Commission;

(14) Issue travel vouchers authorizing employees to travel on official business within the region for a period not exceeding thirty days;

(15) Approve attendance of personnel in conferences, seminars, and non-degree training programs within the region;

(16) Authorize the allocation of funds to provincial/district offices; and

(17) Perform such other duties and functions as may be provided by law or further delegated by the head of agency or other proper authorities concerned.

SEC. 28. Review of Acts of Regional Director.—Nothing in the preceding Section shall be construed as a limitation on the power of the Secretary to review and modify, alter or reverse any action of the Regional Director, or to initiate promotions and transfers of personnel from one region to another.

CHAPTER 6—Powers and Duties of Heads of Bureaus or Offices

SEC. 29. Powers and Duties in General.—The head of bureau or office shall be its chief executive officer. He shall exercise overall authority in matters within the jurisdiction of the bureau, office or agency, including those relating to its operations, and enforce all laws and regulations pertaining to it.

SEC. 30. Authority to Appoint and Discipline.—The head of bureau or office shall appoint personnel to all positions in his bureau or office, in accordance with law. In the case of the line bureau or office, the head shall also appoint the second level personnel of the regional offices, unless such power has been delegated. He shall have the authority to discipline employees in accordance with the Civil Service Law.

SEC. 31. Duties of Assistant Heads and Subordinates.—
(1) Assistant heads and other subordinates in every bureau of office shall perform such duties as may be required by law or regulations, or as may be specified by their superiors not otherwise inconsistent with law;

(2) The head of bureau or office may, in the interest of economy, designate the assistant head to act as chief of any division or unit within the organization, in addition to his duties, without additional compensation; and

(3) In the absence of special restriction prescribed by law, nothing shall prevent a subordinate officer or employee from

being assigned additional duties by proper authority, when not inconsistent with the performance of the duties imposed by law.

SEC. 32. Acting Head of Bureau or Office.—In case of the absence or disability of the head of a bureau or office, his duties shall be performed by the assistant head. When there are two or more assistant heads, the Secretary shall make the designation. In the absence of an assistant head, the Secretary may designate any officer or employee of the bureau or office as acting head without additional compensation.

SEC. 33. Performance of Duties of Subordinate Officers Temporarily Absent.—In case of the temporary absence or disability of any subordinate officer or employee in any bureau or office, its head may, subject to existing laws, rules and regulations, designate any other subordinate officer or employee within the organization to perform temporarily the duties of the absent or disabled person.

SEC. 34. Filling of Vacancies.—Vacancies caused by death, resignation or removal of any officer or subordinate may be temporarily filled in the same manner as in the case of temporary absence or disability. The vacancies shall not be filled by permanent appointment until the expiration of any leave allowable to the predecessor, unless the exigencies of the service require that the appointment be made immediately.

SEC. 35. Power to Require Bonds.—(1) The head of each bureau or office shall, consistent with law, rules and regulations, prescribe the form and fix the amount of all bonds executed by private parties to the government under the laws pertaining to his bureau or office. He shall pass on the sufficiency of the security and retain possession of the bond.

(2) When it appears that any such bond is insufficient, the head may require additional security. He may withdraw the privilege secured by the bond upon failure of the party to give additional security within the period fixed in the notice, but such an action shall be without prejudice to the liability of any person or property already obligated.

SEC. 36. Authority to Prescribe Forms and Issue Regulations.—(1) The head of a bureau or office shall prescribe forms and issue circulars or orders to secure the harmonious and efficient administration of his bureau or office and to carry into full effect the laws relating to matters within his jurisdiction. Penalties shall not be prescribed in any circular or order for its violation, except as expressly allowed by law;

(2) Heads of bureaus or offices are authorized to issue orders regarding the administration of their internal affairs for the guidance of or compliance by their officers and employees;

(3) Regional directors are authorized to issue circulars of purely informational or implementing nature and orders relating to the administration of the internal affairs of regional offices and units within their supervision; and

(4) Issuances under paragraphs (2) and (3) hereof shall not require, for their effectivity, approval by the Secretary or other authority.

SEC. 37. Annual Reports.—(1) All heads of bureaus or offices of the national government shall render annual reports to their respective Secretaries on or before the last day of February of each year.

(2) The reports shall contain concise statements of accomplishments and assessment of the progress attained in terms of approved programs and projects, including pertinent financial statements on expenditures incurred in their implementation during the calendar year. Broad recommendations and plans for undertaking work during the ensuing period shall be included together with matters specifically required by law or regulation to be incorporated therein.

CHAPTER 7—Administrative Relationships

SEC. 38. Definition of Administrative Relationships.—Unless otherwise expressly stated in the Code or in other laws defining the special relationships of particular agencies, administrative relationships shall be categorized and defined as follows:

(1) **Supervision and Control.**—Supervision and control shall include authority to act directly whenever a specific function is entrusted by law or regulation to a subordinate; direct the performance of duty; restrain the commission of acts; review, approve, reverse or modify acts and decisions of subordinate officials or units; determine priorities in the execution of plans and programs; and prescribe standards, guidelines, plans and programs. Unless a different meaning is explicitly provided in the specific law governing the relationship of particular agencies, the word "control" shall encompass supervision and control as defined in this paragraph.

(2) **Administrative Supervision.**—(a) Administrative supervision which shall govern the administration relationship between a department or its equivalent and regulatory agencies or other agencies as may be provided by law, shall be limited to the authority of the department or its equivalent to generally oversee the operations of such agencies and to insure that they are managed effectively, efficiently and economically but without interference with day-to-day activities; of require the submission of reports and cause the conduct of management audit, performance evaluation and inspection to determine compliance with policies, standards and guidelines of the department; to take such action as may be necessary for the proper performance of official functions, including rectification of violations, abuses and other forms of maladministration; and to review and pass upon budget proposals of such agencies but may not increase or add to them;

(b) Such authority, shall not, however, extend to: (1) appointments and other personnel actions in accordance with the decentralization of personnel functions under the Code, except when appeal is made from an action of the appointing authority, in which case the appeal shall be initially sent to the department or its equivalent, subject to appeal in accordance with law; (2) contracts entered into by the agency in the pursuit of its objectives, the review of which and other procedures related thereto shall be governed by appropriate laws, rules and regulations; and (3) the power to review, reverse, revise, or modify the decisions of regulatory agencies in the exercise of their regulatory or quasi-judicial functions; and

(c) Unless a different meaning is explicitly provided in the specific law governing the relationship of particular agencies, the word "supervision" shall encompass administrative supervision as defined in this paragraph.

(3) *Attachment.*—This refers to the lateral relationship between the department or its equivalent and the attached agency or corporation for purposes of policy and program coordination. The coordination may be accomplished by having the department represented in the governing board of the attached agency or corporation, either as chairman or as a member, with or without voting rights, if this is permitted by the charter; having the attached corporation or agency comply with a system of periodic reporting which shall reflect the progress of programs and projects; and having the department or its equivalent provide general policies through its representative in the board, which shall serve as the framework for the internal policies of the attached corporation or agency;

(b) Matters of day-to-day administration or all those pertaining to internal operations shall be left to the discretion or judgment of the executive officer of the agency or corporation. In the event that the Secretary and the head of the board or the attached agency or corporation strongly disagree on the interpretation and application of policies, and the Secretary is unable to resolve the disagreement, he shall bring the matter to the President for resolution and direction;

(c) Government-owned or controlled corporations attached to a department shall submit to the Secretary concerned their audited financial statements within sixty (60) days after the close of the fiscal year; and

(d) Pending submission of the required financial statements, the corporation shall continue to operate on the basis of the preceding year's budget until the financial statements shall have been submitted. Should any government-owned or controlled corporation incur an operating deficit at the close of its fiscal year, it shall be subject to administrative supervision of the department; and the corporation's operating and capital budget shall be subject to the department's examination, review, modification and approval.

CHAPTER 8—Supervision and Control

SEC. 39. Secretary's Authority.—(1) The Secretary shall have supervision and control over the bureaus, offices and agencies under him, subject to the following guidelines:

(a) Initiative and freedom of action on the part of subordinate units shall be encouraged and promoted, rather than curtailed, and reasonable opportunity to act shall be afforded those units before control is exercised;

(b) With respect to functions involving discretion, experienced judgment or expertise vested by law upon a subordinate agency, control shall be exercised in accordance with said law; and

(c) With respect to any regulatory function of an agency subject to department control, the authority of the department shall be governed by the provisions of Chapter 9 of this Book.

(2) This Chapter shall not apply chartered institutions or government-owned or controlled corporations attached to the department.

SEC. 40. Delegation of Authority.—The Secretary or the head of an agency shall have authority over and responsibility for its operation. He shall delegate such authority to the bureau and regional directors as may be necessary for them to implement plans and programs adequately. Delegated authority shall be to the extent necessary for economical, efficient and effective implementation of national and local programs in accordance with policies and standards developed by each department or agency with the participation of the regional directors. The delegation shall be in writing; shall indicate to which officer or class of officers or employees the delegation is made; and shall vest sufficient authority to enable the delegate to discharge his assigned responsibility.

SEC. 41. Line Bureau Authority.—(1) Line bureaus of a department shall exercise supervision and control over their regional and field offices. They shall be directly responsible for the development and implementation of plans and programs within their respective functional specializations; and

(2) The regional and other field offices shall constitute the operating arms of the bureau concerned for the direct implementation of the plans of the programs drawn up in accordance with approved policies and standards. As counterparts of the bureau in the region, they shall undertake bureau operations within their respective jurisdictions, and be directly responsible to their bureau director.

CHAPTER 9—*Relationships of Government-Owned or Controlled Corporations and Regulatory Agencies to the Department*

SEC. 42. *Government-Owned or Controlled Corporations.*—Government-owned or controlled corporations shall be attached to the appropriate department with which they have allied functions, as hereinafter provided, or as may be provided by executive order, for policy and program coordination and for general supervision provided in pertinent provisions of this Code.

In order to fully protect the interests of the government in government-owned or controlled corporations, at least one-third (1/3) of the members of the Boards of such corporations, should either be a Secretary, or Undersecretary, or Assistant Secretary.

SEC. 43. *Regulatory Agencies.*—(1) A regulatory agency shall be subject to the administrative supervision of the department under which they are placed, except when they are government corporations in which case they shall be governed by the provisions of the preceding section;

(2) The heads of regulatory agencies shall submit annually, for the approval of the Secretary concerned, their budgets and work plans which shall be the basis of their day-to-day operations; and

(3) The regulatory agencies may avail themselves of the common auxiliary and management services of the department as may be convenient and economical for their operations.

CHAPTER 10—*Appointments and Qualifications*

SEC. 44. *Appointment of Secretaries.*—The Secretaries of Departments shall be appointed by the President with the consent of the Commission on Appointments, at the beginning of his term of office, and shall hold office, unless sooner removed, until the expiration of his term of office, or until their successors shall have been appointed and qualified.

SEC. 45. *Qualifications of Secretaries.*—The Secretaries shall be citizens of the Philippines and not less than twenty-five years of age.

SEC. 46. *Appointment of Undersecretaries and Assistant Secretaries.*—The Undersecretaries and Assistant Secretaries of Department shall, upon the nomination of the Department concerned, be appointed by the President.

SEC. 47. *Appointment to other Senior Positions and their Equivalents.*—Directors and Assistant Directors of Bureaus, Regional and Assistant Regional Directors, Department Service Chiefs, and their Equivalents shall be appointed by the President in accordance with law, rules and regulations.

SEC. 48. *Disqualification of the spouse and relatives of the President.*—The spouse and relatives by consanguinity or affinity within the fourth civil degree of the President shall not during his tenure be appointed as Secretaries, Undersecretaries, Chairmen or heads of bureaus or offices including government-owned or controlled corporations and their subsidiaries.

SEC. 49. *Inhibitions Against Holding More than Two Positions.*—Even if allowed by law or by the primary functions of his position, a member of the Cabinet, undersecretary, assistant secretary or other appointive official of the Executive Department may, in addition to his primary position, hold not more than two positions in the government and government corporations and receive the corresponding compensation therefore: *Provided*, that this limitation shall not apply to *ad hoc* bodies or committees, or to boards, councils or bodies of which the President is the Chairman.

If a Secretary, Undersecretary, Assistant Secretary or other appointive official of the Executive Department holds more positions than what is allowed in the preceding paragraph, he must relinquish the excess positions in favor of a subordinate official who is next in rank, but in no case shall any official hold more than two positions other than his primary position.

CHAPTER 11—Administrative Issuances

SEC. 50. *General Classification of Issuances.*—The administrative issuances of Secretaries and heads of bureaus, offices or agencies shall be in the form of circulars or orders.

(1) *Circulars* shall refer to issuances prescribing policies, rules and regulations, and procedures promulgated pursuant to law, applicable to individuals and organizations outside the Government and designed to supplement provisions of the law or to provide means for carrying them out, including information relating thereto; and

(2) *Orders* shall refer to issuances directed to particular offices, officials, or employees, concerning specific matters including assignments, detail and transfer of personnel, for observance or compliance by all concerned.

SEC. 51. *Numbering System of Issuances.*—Every circular or order issued pursuant to the preceding section shall properly be identified as such and chronologically numbered. Each class of issuance shall begin with number 1 for each calendar year.

SEC. 52. *Official Logbook.*—Each department, bureau, office of agency shall keep and preserve a logbook in which shall be recorded in chronological order, all final official acts, decisions, transactions or contracts, pertaining to the department, bureau, office of agency. Whenever the performance of an official act is in issue, the date and the time record in the logbook shall be controlling. The logbook shall be in the custody of the chief Administrative Officer concerned and shall be open to the public for inspection.

SEC. 53. *Government-wide Application of the Classification of Issuances.*—(1) The Records Management and Archives Office in the General Services Administration shall

provide such assistance as may be necessary to effect general adherence to the foregoing classification of issuances, including the conduct of studies for developing sub-classifications and guidelines to meet peculiar needs; and

(2) All administrative issuances of a general or permanent character shall be compiled, indexed and published pursuant to the provisions of this Code.

CHAPTER 12—Miscellaneous Receipts

SEC. 54. *Charges for Property Sold or Services Rendered; Refunds.*—(1) For services required by law to be rendered for a fee, for supplies furnished, or articles of any kind sold to other divisions of the government or to any person, the head of bureau, office or agency may, upon approval of the Secretary charge and collect the cost of the service, supplies, or articles or other rate in excess of cost prescribed by law or approved by the same authority. For local governments, the rate except where otherwise prescribed by law, shall be fixed at cost or at such other reasonable rate in excess of cost by the boards or councils concerned;

(2) The officer authorized to fix the amount to be paid for service rendered and supplies or articles furnished or sold may recommend that the whole or part of any sum so paid be refunded, upon approval of the Commission on Audit.

SEC. 55. *Disposition of Miscellaneous Bureau Receipts.*—In the absence of special provision, money collected for property sold or service rendered, and all other receipts or earnings of bureaus, offices, and agencies not derived from taxation, shall accrue to the general unappropriated funds of the National Government.

SEC. 56. *Printing of Studies and Researches.*—With the approval of the Secretary, a bureau, office, or agency may print its studies, researches and similar materials for distribution at cost to the public. The Secretary may authorize the printing or reprinting of the said materials by private persons for sale to the public upon payment of such royalties as may be fixed by him, which shall accrue to the general fund.

CHAPTER 13—Contracts

SEC. 57. Conveyances and Contracts to which the Government is a Party.—Any deed, instrument or contract conveying the title to real estate or to any other property the value of which does not exceed fifty million pesos (P50,000,000) awarded through public bidding, and five million pesos (P5,000,000) awarded through negotiation, shall be executed and signed by the respective Secretary on behalf of the Government of the Philippines. Where the value of the property exceeds the aforesaid ceilings, such deed, instrument or contract shall be executed and signed by the President of the Philippines on behalf of the Government.

SEC. 58. Ceiling for Infrastructure Contracts.—The following shall be the ceilings for all civil works, construction and other contracts for infrastructure projects, including supply contracts for said projects, awarded through public bidding or through negotiation, which may be approved by the Secretaries of Public Works and Highways, Transportation and Communications, Local Government with respect to Rural Road Improvement Project, and governing boards of government-owned or controlled corporations:

	Awarded through Public Bidding	Awarded through Negotiation
a. Secretary of Public Works and Highways	P100 Mil.	P10 Mil.
b. Secretary of Transportation and Communications	100 Mil.	10 Mil.
c. Secretary of Local Government with respect to the Rural Road Improvement Project	100 Mil.	2 Mil.
d. Governing Boards of Infrastructure Corporations (National Power Corporation, National Irrigation Administration, Metropolitan Waterworks and Sewerage System, National Housing Authority, Philippine Port Authority, National Electrification Administration, Export Processing Zone Authority, Philippine National Railways, Local Water Utilities Administration, Light Rail Transit Authority and Philippine National Oil Company)...	50 Mil.	5 Mil.
e. Governing Boards of Non-Infrastructure Corporations	7.5 Mil.	1 Mil.

Save as provided for above, the approval ceilings assigned to the departments/agencies involved in national infrastructure and construction projects shall remain at the levels provided in existing laws, rules and regulations.

SEC. 59. Contracts for Approval by the President.—Contracts for infrastructure projects, including contracts for the supply of materials and equipment to be used in said projects, which involve amounts above the ceilings provided in the preceding section shall be approved by the President: *Provided*, That the President may, when conditions so warrant, and upon recommendation of the National Economic and Development Authority, revise the aforesaid ceilings of approving authority.

SEC. 60. Approval of Consultancy Contracts.—All purely consultancy contracts relating to infrastructure projects, regardless of amount, shall be approved by the Secretaries concerned, in accordance with the Guidelines on the Hiring of Consultants to be promulgated by the National Economic and Development Authority: *Provided*, That the National Economic and Development Authority shall be furnished by the departments, agencies or government corporations concerned, copies of all consultancy contracts entered into by them involving an amount in excess of P1 million for monitoring purposes.

SEC. 61. Delegation of Authority to Governing Boards of Government Corporations.—The Secretaries are authorized to delegate to the governing boards of government-owned or controlled corporations which are attached to or are under the administrative supervision of their respective departments, the authority to approve contracts for infrastructure projects entered into by said corporations involving amounts which are beyond the ceilings provided for government corporations under Section 57 hereof but which are within the approving authority of the Secretaries under the said Section. In the case of government corporations which are attached to or under the Office of the President, the delegation shall be made by the Executive Secretary.

SEC. 62. Public Bidding of Contracts; Exceptions.—As a general rule, contracts for infrastructure projects shall be awarded after open public bidding to bidders who submit the lowest responsive/evaluated bids. Open Public Bidding shall be conducted among prequalified contractors in

accordance with laws, rules and regulations not inconsistent with the provisions of this Chapter. The award of such contracts through negotiation shall only be allowed by the Secretary or Governing Board of the Corporation concerned within the limits as stated in Section 57 hereof in the following cases:

- a. In times of emergencies arising from natural calamities where immediate action is necessary to prevent imminent loss of life or property, in which case, direct negotiation or simplified bidding may be undertaken;
- b. Failure to award the contract after competitive public bidding for valid cause or causes, in which case, simplified bidding may be undertaken; and
- c. Where the construction project covered by the contract is adjacent or contiguous to an on-going project and it could be economically prosecuted by the same contractor, in which case, direct negotiation may be undertaken with the said contractor at the same unit prices and contract conditions, less mobilization costs, provided that he has no negative slippage and has demonstrated a satisfactory performance. Otherwise, the contract shall be awarded through public bidding.

SEC. 63. Contracts for Community Employment and Development Program Projects.—Contracts covering projects under the Community Employment and Development Program of the government shall be awarded through open public bidding: *Provided*, That the invitation to bid for the said projects shall be advertised at least once within one week in a newspaper of local circulation within the province where the project is situated, through posting of notices in the premises of the municipal/ provincial office, and through other forms of media, such as radio and television: *Provided, further*, That the deadline for submission of bids for projects costing not more than P1 million each may be shortened to one week after the date of such invitation, posting of notices or advertisement through other forms of media.

SEC. 64. Constitution of the Prequalification, Bids and Awards Committee.—Each department, office or agency shall have in its head office or in its implementing offices a Prequalification, Bids and Awards Committee which shall

be responsible for the conduct of prequalification of contractors, biddings, evaluation of bids and recommending awards of contracts. Each Prequalification, Bids and Awards Committee shall be composed of the following:

- a. A Chairman (regular) who should at least be a third ranking official of the department/agency/ implementing Office;
- b. An Executive Officer and Secretary (regular) who is a Legal Officer of the department/office/agency/ implementing office;
- c. A Technical Member (regular) to be designated by the Secretary or the head of the office/agency/ implementing office;
- d. Two members (provisional) with experience in the type of project to be bidded and in project management, duly designated by the Secretary or the head of the office/ implementing office on a project-to-project basis; and
- e. A representative from at least one of the following organizations who shall be a non-voting member:
 1. Philippine Institute of Civil Engineers
 2. Philippine Contractors Association
 3. National Confederation of Contractors Associations of the Philippines, Inc.
 4. Philippine Institute of Certified Public Accountants

The representation in the Prequalification, Bids and Awards Committee of the above-mentioned private organizations shall be made as follows:

1. During the prequalification stage, the representative to be invited shall come from the Philippine Institute of Certified Public Accountants; and
2. In the bidding, bid evaluation and award stages, a representative each from the Philippine Institute of Certified Public Accountants and from the Philippine Contractors Association or the National Confederation of Contractors Associations of the Philippines, Inc. shall be invited as non-voting members of the Prequalification, Bids and Awards Committee without prejudice to inviting another representative/s from any of the other organizations mentioned above.

SEC. 65. Approval of other types of Government Contracts.—All other types of government contracts which are not within the coverage of this Chapter shall, in the absence of a special provision, be executed with the approval of the Secretary or by the head of the bureau or office having control of the appropriation against which the contract would create a charge. Such contracts shall be processed and approved in accordance with existing laws, rules and regulations.

CHAPTER 14—*Controversies among Government Offices and Corporations*

SEC. 66. How Settled.—All disputes, claims and controversies, solely between or among the departments, bureaus, offices, agencies and instrumentalities of the National Government, including government-owned or controlled corporations, such as those arising from the interpretation and application of statutes, contracts or agreements, shall be administratively settled or adjudicated in the manner provided in this Chapter. This Chapter shall, however, not apply to disputes involving the Congress, the Supreme Court, the Constitutional Commissions, and local governments.

SEC. 67. Disputes Involving Questions of Law.—All cases involving only questions of law shall be submitted to and settled or adjudicated by the Secretary of Justice as Attorney-General of the National Government and as *ex officio* legal adviser of all government-owned or controlled corporations. His ruling or decision thereon shall be conclusive and binding on all parties concerned.

SEC. 68. Disputes Involving Questions of Fact and Law.—Cases involving mixed questions of law and of fact or only factual issues shall be submitted to and settled or adjudicated by:

- (1) The Solicitor General, if the dispute, claim or controversy involves only departments, bureaus, offices and other agencies of the National Government as well as government-owned or controlled corporations or entities of whom he is the principal law officer or general counsel; and
- (2) The Secretary of Justice, in all other cases not falling under paragraph (1).

SEC. 69. Arbitration.—The determination of factual issues may be referred to an arbitration panel composed of one representative each of the parties involved and presided over by a representative of the Secretary of Justice or the Solicitor General, as the case may be.

SEC. 70. Appeals.—The decision of the Secretary of Justice as well as that of the Solicitor General, when approved by the Secretary of Justice, shall be final and binding upon the parties involved. Appeals may, however, be taken to the President where the amount of the claim or the value of the property exceeds one million pesos. The decision of the President shall be final.

SEC. 71. Rules and Regulations.—The Secretary of Justice shall promulgate the rules and regulations necessary to carry out the provisions of this Chapter.

TITLE I—FOREIGN AFFAIRS

CHAPTER 1—*General Provisions*

SECTION 1. Declaration of Policy.—The State shall pursue an independent foreign policy. In its relations with other states the paramount consideration shall be national sovereignty, territorial integrity, national interest, and the right to self-determination.

SEC. 2. Mandate.—The Department shall be the lead agency that shall advise and assist the President in planning, organizing, directing, coordinating and evaluating the total national effort in the field of foreign relations.

SEC. 3. Powers and Functions.—To carry out its mandate and accomplish its mission, the Department shall:

- (1) Conduct the country's foreign relations;
- (2) Maintain and develop the country's representation with foreign government;
- (3) Conduct Philippine representation in the United Nations, the Association of Southeast Asian Nations (ASEAN), and other international and regional organizations;
- (4) Serve as the channel for matters involving foreign relations, including official communications to and from the Republic of the Philippines;

(5) Negotiate treaties and other agreements pursuant to instructions of the President, and in coordination with other government agencies;

(6) Promote trade, investments, tourism and other economic relations with other countries in cooperation with other government agencies and the private sector;

(7) Foster cultural relations with other countries and protect and enhance the Philippines' image abroad;

(8) Undertake efforts to inform the international community about the Philippines in cooperation with other government agencies;

(9) Protect and assist Philippine nationals abroad;

(10) Carry out legal documentation functions as provided for by law and regulations;

(11) Monitor and analyze events in other countries and report them, as appropriate, to the President and other government agencies;

(12) Initiate, formulate, integrate and submit to the President short, medium, and long-range foreign policy plans and programs in cooperation with other government agencies;

(13) Supervise and direct officials and employees assigned by the Department and other government agencies to Foreign Service establishments abroad in accordance with the pertinent laws, rules and inter-agency agreements;

(14) Recruit, maintain and develop a professional career foreign service based on merit; and

(15) Perform such other functions as may be provided by law.

SEC. 4. Organizational Structure.—The Department shall have the following units:

(1) The Department Proper which shall be composed of the Office of the Secretary, the Offices of the Undersecretaries, the Offices of the Assistant Secretaries, and the Home Offices;

(2) The Foreign Service Establishments which are the Philippine Embassies, Consulates, Legations and Permanent Missions.

CHAPTER 2—Department Proper

Sec. 5. Offices Under the Direct Supervision of the Secretary.—The Secretary shall exercise direct supervision over the following:

(1) *Foreign Service Institute.*—The Foreign Service Institute shall continue to operate under its charter, and shall have the following main objectives and responsibilities:

(a) Program, implement, and manage the Career Foreign Service Development Program (CFSDP) in all of its main components for the purpose of upgrading the professional Career Foreign Service Corps;

(b) Program, implement and manage complementary organizational development programs for the Department as well as other training and educational programs for both its career and non-career personnel, and personnel of other government agencies assigned to foreign missions;

(c) Program, implement and manage the necessary supportive plans and operating systems for the Career Foreign Service Development Program and complementary programs;

(d) Develop its own policies, and rules, program of activities, core staff and consultants, administrative structure, operating systems and resources, in order to enable it to accomplish competently its activities.

It shall be revitalized as the training, research, and career development arm of the Department, in accordance with such rules as may be prescribed by the Secretary. The Institute shall be an integral participant in the planning review process in the Department.

(2) *UNESCO National Commission of the Philippines.*—The United Nations Educational Scientific and Cultural Organization (UNESCO) National Commission of the Philippines shall, in coordination with the Office of United Nations and other international organizations, advise the Philippine Government and the Philippine delegation to the UNESCO Conference, on matters relating to UNESCO, and shall function as a liaison agency on matters pertaining to the Commission.

(3) *Technical Assistance Council.*—The Technical Assistance Council shall continue to perform its present

functions including the conduct and expansion of its programs.

SEC. 6. Undersecretaries.—The Secretary shall be assisted by two (2) Undersecretaries, who shall be appointed by the President, upon the recommendation of the Secretary. The Secretary shall determine and assign the respective functions and responsibilities of the Undersecretaries. The Secretary shall designate one of the Undersecretaries as Acting Secretary in his absence.

SEC. 7. Assistant Secretaries.—The Secretary shall be assisted by six (6) Assistant Secretaries who shall be appointed by the President upon recommendation by the Secretary. The Secretary shall delineate the respective areas of responsibility of each Assistant Secretary.

SEC. 8. Home Offices.—(1) *Geographical Offices.*—The following offices shall be responsible for providing staff support and policy guidance in the coordination, supervision, monitoring, integration, and reporting of the activities and operations of Philippine diplomatic missions and establishments within their geographic coverage;

(a) Office of Asian and Pacific Affairs: Japan and Northeast Asia, China, Central Asia, Southeast Asia, South Asia and Pacific countries;

(b) Office of Middle East and African Affairs: the Gulf States, Middle East and North Africa, West Africa, and East Africa;

(c) Office of American Affairs: United States of America, Canada, Mexico, the Central American and Caribbean countries, and South America;

(d) Office of European Affairs: Union of Soviet Socialist Republics, Western Europe, Eastern Europe and Central Europe.

(2) *Office of ASEAN Affairs.*—The Office of ASEAN Affairs shall be responsible for Philippine participation and negotiation, as well as providing staff support and policy guidance in the coordination, supervision, monitoring, integration, reporting and operations of the Philippine Government in the ASEAN.

(3) *Office of the United Nations and Other International Organizations.*—The Office of the United Nations and other

International Organizations shall be responsible for Philippine participation and negotiation as well as providing staff support and policy guidance in the coordination, supervision, monitoring, integration, reporting and operations of the Philippine Government in the United Nations, its specialized agencies and other international organizations. It shall also serve as the secretariat of all Philippine National Commissions and Councils created pursuant to commitments in the United Nations and its specialized agencies.

(4) *Office of International Economic Affairs and Development.*—The Office of International Economic Affairs and Development shall be responsible for conducting programs and activities of the Department in the fields of international trade, finance and economics; coordinate with the regional offices and the Office of United Nations and International Organizations; and, in coordination with the Department of Trade and Industry, conduct trade and investment promotion activities of the Department.

(5) *Office of Cultural Affairs and Public Information Services.*—The Office of Cultural Affairs and Public Information Services shall be responsible for promoting the cultural and information program of the Government abroad and for the development and dissemination of information and the coordination of information activities on the Government's foreign and domestic policies.

(6) *Office of Personnel and Administrative Services.*—The Office of Personnel and Administrative Services shall be responsible for the efficient management of human resources and administrative support services, and shall make appropriate recommendations, including those concerning job classification, salary administration, benefits, retirement, and awards to deserving members of the Foreign Services.

(7) *Office of Financial Management.*—The Office of Financial Management Services shall be responsible for budgetary, financial and accounting services in the Department and the Foreign Service.

(8) *Office of Consular Services.*—The Office of Consular Services shall be responsible for the efficient and effective delivery of passport, visa and authentication services. It shall also extend assistance to Filipino nationals both here and abroad.

SEC. 9. Advisory Boards and Committees.—The Secretary may create such advisory boards and committees as he may deem necessary to assist and provide him with advice in the formulation of policies, as well as designate as special advisers such Chiefs of Mission who are on home assignment on specific areas of their expertise.

CHAPTER 3—Department Services

SEC. 10. Office of the Legal Adviser.—The Office of the Legal Adviser shall be headed by a Legal Adviser, who shall be a career Chief of Mission. However, the Legal Adviser may be appointed by the President, upon the recommendation of the Secretary, from outside the career service, in which case he shall have the assimilated rank of a Chief of Mission. His term shall be co-terminus with the tenure of the Secretary, unless sooner terminated, and he is not eligible for foreign assignment. The Legal Adviser shall provide legal advice and services to the Department.

SEC. 11. Office of Coordination and Policy Planning.—The Office of Coordination and Policy Planning shall be headed by the Chief Coordinator. The Office of Coordination and Policy Planning shall initiate, coordinate and integrate the planning of foreign policy. It shall provide staff support to the Office of the Secretary and perform coordinating and such functions as may be prescribed by the Secretary.

SEC. 12. Office of Data Banking and Communication.—The Office of Data Banking and Communication shall establish and maintain a modern data and communication center in the Department. The Office shall:

- (1) Assist the Secretary on all matters regarding data banking and information retrieval;
- (2) Establish, develop and maintain a computerized foreign-relations data bank for the Department;
- (3) Establish, develop and maintain both domestic and foreign service communication systems, including efficient flow systems for all correspondence between and among all department units;
- (4) Establish, develop and maintain the records system of the entire Department;

(5) Provide technical assistance to any service, office, or attached agency of the Department, on matters within its competence; and

(6) Perform such other functions as may be assigned by the Secretary.

SEC. 13. Office of Protocol, State and Official Visits.—The Office of Protocol, State and Official Visits shall coordinate preparations for state visits, the reception of Chiefs of State, heads of Government, and the highest foreign dignitaries visiting the Philippines, as well as official visits of Philippine officials abroad, as may be determined by the President. It shall also be responsible for handling all activities of the Department concerning protocol, ceremonials and socials, the proper observance and enforcement of formalities, courtesies, facilities, immunities, and privileges under the Vienna Convention on Diplomatic Relations and the Vienna Convention on Consular Relations, and other applicable conventions and agreements.

SEC. 14. Office of Intelligence and Security.—The Office of Intelligence and Security shall adopt a system of information gathering and analysis, act as liaison with the intelligence community, and provide security services in the Department. It shall also undertake the enforcement and monitoring of security procedures in the Department and Foreign Service establishments.

CHAPTER 4—Board of Foreign Service Administration

SEC. 15. Composition.—The Board of Foreign Service Administration shall be composed of nine (9) members: one (1) Undersecretary as Chairman; the other Undersecretary as Vice-Chairman; the six (6) Assistant Secretaries and the Legal Adviser, as members.

SEC. 16. Functions.—The Board shall be responsible for considering and recommending policies for the efficient and economical discharge of the administrative operations of the Department and the Foreign Service. It shall also consider and submit recommendations on policy and other matters concerning personnel, including the appointment, promotion

and assignment of Foreign Service Staff Officers and Employees, as well as recommend to the President through the Secretary the appointment and promotion of Foreign Service Officers, Counselors and Chiefs of Mission. It shall also act and submit recommendations on administrative cases involving personnel of the Department and the Foreign service.

CHAPTER 5—Board of Foreign Service Examiners

SEC. 17. *Composition.*—The Board of Foreign Service Examiners shall be composed of one (1) Undersecretary as Chairman; and the Assistant Secretary for Personnel and Administrative Services and a Commissioner of the Civil Service Commission as members. The Board shall be under the administrative supervision of such Undersecretary.

SEC. 18. *Functions.*—The Board shall be responsible for planning and administering the Foreign Service Officers Examinations and the Foreign Service Staff Officers and Foreign Service Staff Employees Examinations.

CHAPTER 6—Attached Agencies

SEC. 19. *Attached Agencies.*—The Law of the Sea Secretariat, the Inter-Agency Technical Committee on Economic, Scientific and Technical Cooperation with Socialist Countries (SOCCOM), the Inter-Agency Technical Committee on Technical Cooperation Among Developing Countries (IATC-TCDC), the Permanent Inter-Agency Technical Committee on ESCAP Matters (PITCEM), and other agencies attached to the Department shall continue to operate and function in accordance with their respective charters or laws creating them, except as otherwise provided in this Code.

CHAPTER 7—The Foreign Service

SEC. 20. *Functions of Diplomatic Missions.*—The Diplomatic Missions shall:

- (1) Represent the Philippines abroad and promote friendly relations with other countries in all fields;
- (2) Protect national interests and the interests of Filipino nationals abroad;

(3) Ascertain and evaluate conditions and developments abroad and report thereon to the Department Head;

(4) Serve as channels of communication between the Government of the Philippines and foreign governments; and

(5) Perform such other functions provided by law.

SEC. 21. *Functions of Consular Establishments.*—The consular establishments shall:

(1) Protect national interests abroad and promote foreign relations in all fields, particularly in the economic and trade areas;

(2) Ascertain and evaluate conditions and developments abroad in the commercial, economic cultural and scientific fields and report thereon to the Department Head;

(3) Issue passports and travel documents to Filipino nationals, and visas, or appropriate documents to foreign nationals desiring to travel to the Philippines;

(4) Protect the interests of Filipino nationals abroad, provide necessary services and assistance, and perform notarial functions allowed by regulations;

(5) Transmit judicial and extra-judicial documents and execute letters rogatory or commissions to receive evidence abroad for Philippine courts;

(6) Supervise and inspect in accordance with laws and regulations of the Philippines, vessels and aircrafts and their crews; and

(7) Perform such other functions as may be provided by law.

CHAPTER 8—Attaches and Representatives

SEC. 22. *Attaches of the Department.*—The Department Head shall designate attaches of the Department from the ranks of Foreign Service Officers and Foreign Service Staff Officers.

SEC. 23. Attaches of Other Departments.—The assignment abroad of personnel in any Department, Bureau or office of the Philippine government as attaches or representatives shall have the prior clearance of the Secretary of Foreign Affairs. The clearance shall include such matters as the actual need for opening particular types of attache services, and the specific places where these services will be made available.

SEC. 24. Appointment and Accreditation of Attaches.—(1) The authority to appoint attaches shall be vested in the Head of the Department or agency maintaining the attache service, who shall consult with Secretary of Foreign Affairs on such appointments.

(2) A Department or agency shall have only one attache accredited to it by the receiving government, except military attaches.

(3) The designation of attaches shall apply only to those serving in diplomatic missions. Those assigned to consular establishments shall be designated as representatives.

Except in extraordinary cases, each foreign service establishment shall have only military, labor, revenue, tourism, information and commercial attaches.

In the event of the actual need for more than one attache, as determined by the department or agency in consultation with the Department of Foreign Affairs, the succeeding attache shall be accredited as assistant attache.

SEC. 25. Relationships Between the Chief of Mission and Attaches.—The Chief of Mission shall be responsible for the conduct of affairs of government at the diplomatic post. All attaches and representatives of other department, shall during their tour of duty, be under the immediate control and administrative supervision of the Chief of Mission where they are assigned. They shall be required to submit their reports to their agencies through the Chief of Mission and the Department of Foreign Affairs, except when national security requires otherwise. They shall clear with the Chief of Mission all their public pronouncements at the diplomatic post, and all the documents and materials they send shall be transmitted through the diplomatic pouch.

The supremacy of the Chief of Mission for the conduct of foreign relations at the post is established. The Chief of Mission shall have the authority to discipline attaches within his Mission, including the authority to have them recalled, if necessary.

SEC. 26. Assimilated Ranks.—(1) Except as the President may appoint, no officer of the Philippine government stationed abroad, outside the Department of Foreign Affairs, shall be assigned assimilated ranks higher than Foreign Service Officer Class I.

(2) The assignment of assimilated ranks with personnel of the Philippine government stationed abroad shall remain with the President who shall act on the basis of recommendations of the Department of Foreign Affairs and the Department of Budget and Management.

(3) The assimilated ranks are for purposes of compensation only and shall not confer diplomatic rank for purposes of protocol. Civil attaches shall always rank after the lowest ranking Foreign Service officer in the post.

SEC. 27. Relationship Between the Consul-General or the Principal Officer at the Consulate and the Representative.—The relationship of the Consul-General or the Principal Officer at the post and the Representatives assigned to the said post shall be the same as the relationship between the Chief of Mission and the attaches.

SEC. 28. Uniform Rules for Attaches Services.—A uniform set of rules and regulations shall govern attache and representative services. This shall be drafted by an Inter-Department Committee to be composed of the Undersecretary of Foreign Affairs as Chairman, and the Undersecretaries, or equivalent officials, of the Departments or agencies with attaches or representatives abroad, as members.

CHAPTER 9—Personnel

SEC. 29. Policy.—To enable the Foreign Service to effectively serve abroad the interest of the Republic of the Philippines, it shall be the policy of the Department that only persons who are competent, of good moral character, and fully informed of the Philippine History and current trends in Filipino life shall be appointed to the service.

SEC. 30. *Categories of Officers and Employees.*—The service shall consist of the following categories of officers and employees:

- (1) Chief of Missions
- (2) Counsellors
- (3) Foreign Service Officers
- (4) Foreign Service Staff Officers
- (5) Foreign Service Staff Employees
- (6) Honorary Consuls
- (7) Alien Employees

SEC. 31. *Foreign Service Officers.*—There shall be a career service composed of foreign service officers. The service shall consist of six classes of Foreign Service Officer including Chiefs of Missions and Counsellors.

(1) A Chief of Mission may be assigned as Ambassador Extraordinary and Plenipotentiary, Head of an Office in the Department, or Deputy Chief of Mission.

(2) A Counsellor may be assigned as Executive Officer of an Office in the Department, Counsellor in an Embassy, or head of a Consular Post.

(3) The assignment of the other classes of Foreign Service Officer shall be as follows:

Home Office	Diplomatic Service	Consular Service
Class I- Chief of Division	First Secretary	Consul
Class II- Chief of Division	Second Secretary	Consul
Class III- Chief of Division	Third Secretary	Consul
Class IV- Asst. Chief of Division	Third Secretary	Vice-Consul

(4) In the home office, assignment to a position requiring a rank higher than the actual rank of the Foreign Service Officer shall be in an acting capacity.

(5) A Foreign Service Officer in any class may be designated as a special assistant to the Secretary or to an Undersecretary. A Foreign Service Officer below the rank of Class I may be designated as Principal Assistant to a Head of Office.

SEC. 32. *Foreign Service Staff Officers.*—There shall be three classes of Foreign Service Staff Officers to provide the administrative and technical services.

SEC. 33. *Foreign Service Staff Employees.*—There shall be three classes of Foreign Service Staff Employees to provide the clerical, custodial, messengerial and similar services.

SEC. 34. *Honorary Consuls.*—Honorary consuls shall be appointed from among qualified private persons to perform certain consular functions on a no-career basis.

CHAPTER 10—Appointment, Compensation and Benefits

SEC. 35. *Foreign Service Officers.*—(1) Foreign Service Officers shall be appointed by the President.

(2) No person shall be eligible for appointment as Foreign Service Officer unless he has passed the competitive examinations given by the Board of Foreign Service Examiners and successfully completed his probationary service.

(3) The Secretary shall, upon the recommendation of the Board of the Foreign Service, submit to the President names of eligibles for appointment as Foreign Service Officer. The initial appointment of Foreign Service Officers shall only be to Foreign Service Officer Class IV minimum.

SEC. 36. *Staff Officers and Employees.*—The Secretary shall appoint, in accordance with the Civil Service Law, all Foreign Service Staff Officers and Foreign Service Staff Employees who must be in the Philippines at the time of their original or initial appointment.

SEC. 37. *Alien Employees.*—The Secretary shall, upon the recommendation of the head of the diplomatic or consular establishment and as much as possible in accordance with the Civil Service Law, appoint alien employees who shall be recruited at the post to supplement the regular staff of a foreign service establishment.

SEC. 38. *Compensation and Benefits.*—The salaries, allowances, travel expenses, insurance and other benefits of Foreign Service Officers, and Employees shall be as provided by law and regulations.

CHAPTER 11—Promotions

SEC. 39. *Merit Promotion Systems.*—The Board of the Foreign Service shall establish a merit promotion system for all officers and employees of the Department.

SEC. 40. *Requirements for Promotion in the Career Service.*—(1) For promotion to Chief of Mission Class I, the candidate must have served as a Chief of Mission Class II and rendered continuous service as Foreign Service Offices for at least twelve (12) years;

(2) For promotion to Chief of Mission Class II, the candidate must have served as a Foreign Service Officer Class I and rendered continuous service as Foreign Service Officer for at least ten years;

(3) For promotion to Foreign Service Officer Class I, the candidate must have served as a Foreign Service Officer Class II, and rendered continuous service as Foreign Service Officer for at least eight years;

(4) For promotion to Foreign Service Officer Class II, the candidate must have served as a Foreign Service Officer Class III, and rendered continuous service as Foreign Service Officer for at least six years;

(5) For promotion to Foreign Service Officer Class III, the candidate must have rendered continuous service as a Foreign Service Officer Class IV for at least two years.

SEC. 41. *Promotion of Foreign Service Officers.*—(1) Promotion of Foreign Service Officers from one class to the next higher class shall be made by the President upon the recommendation of the Secretary. All promotions shall be to the lowest grade of the class.

(2) Promotion in grade within the class shall be made by the Secretary upon the recommendation of the Board of Foreign Service Administration.

SEC. 42. *Promotions of Foreign Service Staff Officers, Foreign Service Staff Employees and Alien Employees.*—Promotions of foreign service staff officers and employees and alien employees shall be made by the Secretary, upon recommendation of the Board of the Foreign Service Administration in accordance with the promotion system.

CHAPTER 12—Assignments and Transfers

SEC. 43. *Rotation Plan.*—The Secretary shall establish a system of assignments and transfers to ensure that all qualified officers and employees, except the employees in the non-career service, shall serve in the diplomatic and consular establishments in the different regions of the world. The assignment and transfer of personnel shall follow a regular rotation plan. For purposes of assignments, the home office shall be considered a post. All personnel shall be available for assignment to any post.

SEC. 44. *Initial Home Office Requirement.*—No Foreign Service Officer, Staff Officer or Employee shall be assigned to any foreign service establishment unless he has rendered continuous and satisfactory service in the home office for at least three (3) years.

SEC. 45. *Tour of Duty.*—(1) The Tour of Duty of a Foreign Service Officer at any post shall be four (4) years commencing on the date of his arrival at the post, after which he shall be transferred to another post;

(2) The tour of duty of a Foreign Service Staff Officer or Employee at any post shall be for a period of six (6) years commencing on the date of his arrival at the post, after which he shall be transferred to another post;

(3) No Foreign Service Officer, Staff Officer or Employee shall serve more than two (2) consecutive tours of duty abroad;

(4) No Foreign Service Officer may serve more than four (4) consecutive years in the home office, except when designated as Secretary or Undersecretary.

SEC. 46. *Retirement.*—(1) Any Foreign Service Officer, Staff Officer or Employee who has reached the age of sixty-five (65) shall be compulsory retired from the service unless his service is extended by the President in the interest of the service. Alien employees shall be allowed to retire from the service at the same age as that provided for employees of the governments of their respective countries, provided that retirement age shall not be beyond sixty-five (65) years.

(2) Foreign Service Officer reinstated to the service after retirement and who are assigned abroad as ambassadors or chiefs of mission, and persons who are appointed as ambassadors without previously serving as Career Foreign Service Officers shall be considered automatically separated from the Foreign Service upon termination of their assignment abroad as ambassadors or chief of missions.

SEC. 47. *Resignation.*—The Secretary shall have authority to accept the resignation of any Foreign Service Officer, Staff Employee, Honorary Consuls and Alien Employee.

CHAPTER 13—Passport

SEC. 48. *Definition.*—A Philippine passport is an official document of identity of Philippine citizenship of the holder issued for travel purposes.

SEC. 49. *Persons Entitled.*—Only citizens of the Philippines may be issued passports. A minor may, upon his own application, be issued a passport, except when his natural or legal guardian request that the application be denied.

SEC. 50. *Authority to Issue, Restrict, Withdraw or Cancel.*—The Secretary shall have authority to withhold the issuance or order the cancellation or restriction of passports upon lawful order of the court or when he deems it necessary in the interest of national security, public safety or public health, or in cases when a passport was secured through misrepresentation of fraud.

SEC. 51. *Period of Validity, Extension and Renewal.*—The original period of validity of a Philippine passport is two (2) years. It may be extended for another two (2) provided that the application for extension is made before the expiration of four (4) years from the date of original issue of the passport. However, the validity of a passport may be limited for a certain period or for a definite purpose.

SEC. 52. *Supplementary Regulation.*—The Secretary may prescribe supplementary regulations for the issuance, extension or amendments of all kinds of passports.

SEC. 53. *Amendments.*—Upon application, an unexpired passport may be amended to reflect the new civil status or new name or surname of the holder, or to add more pages, or to modify a condition or restriction therein.

SEC. 54. *Fees.*—The Secretary shall prescribe uniform fees for the issuance, extension and amendment of passports, and such other services that may be rendered by the Department relating to passports. However, no fee shall be collected for the issuance of passports to government officials proceeding abroad in the discharge of their official duties attested by regular travel orders or for those issued to immediate members of their families on official travel.

CHAPTER 14—Miscellaneous Provisions

SEC. 55. *Use of Savings.*—The Secretary is authorized to use any savings in the appropriation for the Department for the payment of: (a) expenses for the evacuation or repatriation to the Philippines, when necessary due to an emergency, of members of the household of the personnel of any diplomatic or consular establishment as well as the transportation of their personal effects; (b) actual return passage by the most direct and economical means of transportation and the cost of shipment of the household effects to Manila of any officer or employee in the Foreign Service, including the immediate dependent members of his family, who resigns or is separated from the service for cause; (c) the cost of preparing and transporting the remains of an officer or employee who is a citizen of the Philippines and the immediate members of his family who may die abroad or while on travel status; or (d) contingent and unforeseen expenses that may arise in connection with the operation of the Foreign Service.

SEC. 56. *Pool of Foreign Service Officers.*—In all appropriation acts providing funds for the operation and maintenance of the Department, the positions of Foreign Service Officers, including those who may serve in the home office, shall be in a pool grouped according to their classes with their salaries and allowances indicated in one lump sum for each class, leaving to the head of office the discretion to assign or commission those officers whenever their services may be utilized to advantage, subject to the limitations provided by law.

TITLE II—FINANCE

CHAPTER 1—General Provisions

SECTION 1. *Declaration of Policy.*—It is the policy of the State that the Department of Finance shall be primarily responsible for the sound and efficient management of the financial resources of the Government, its subdivisions, agencies and instrumentalities.

SEC. 2. *Mandate.*—The Department shall be responsible for the formulation, institutionalization and administration of fiscal policies in coordination with other concerned subdivisions, agencies and instrumentalities of government.

Moreover, the Department shall be responsible for the generation and management of the financial resources of government, ensuring that said resources are generated and managed judiciously and in manner supportive of development objectives.

The Department shall be responsible for the supervision of the revenue operations of all local government units, with the objective of making entities less dependent on funding from the national government.

Finally, the Department shall be responsible for the review, approval and management of all public sector debt, whether foreign or domestic, with the end in view of ensuring that all borrowed funds are effectively utilized and all such obligations are promptly serviced by the government.

SEC. 3. *Powers and Functions.*—To accomplish its goals, the Department shall:

(1) Formulate long range, medium-term and annual plans covering the government's resource mobilization effort, in coordination with other concerned government agencies, and involving all public sector resources whether generated by revenues and operations, foreign and domestic borrowings, sale or privatization of corporation or assets, or from other sources, and supervise the implementation of such plans;

(2) Formulate, institutionalize the administer fiscal and tax policies;

(3) Supervise, direct and control the collection of government revenues;

(4) Act as custodian and manage all financial resources of the national government;

(5) Undertake and supervise activities related to the negotiation, servicing and restructuring of domestic and foreign debt incurred or guaranteed by the government and this instrumentalities, including taking part in activities which affect the country's capacity to service foreign debt;

(6) Review and coordinate the policies, plans and programs of government financial institutions and, thereafter, recommend to them courses of action consistent with national government fiscal policies, plans and programs;

(7) Ensure the implementation of necessary policies and measures on local revenue administration;

(8) Coordinate with other government agencies on matters concerning fiscal and monetary policies, credit, economic development, international finance, trade and investment; and

(9) Performs such other powers and functions as may be provided by law.

SEC. 4. *Organizational Structure.*—The Department shall consist of the Department proper comprising the Office of the Secretary, the Offices of the Undersecretary and Assistant Secretaries, the Economic Intelligence and Investigation Bureau, the Services, the Operations Groups and their constituent units, and the Regional Offices.

CHAPTER 2—Department Proper

SEC. 5. *Office of the Secretary.*—The Office of the Secretary shall consist of the Secretary, his Undersecretaries and their immediate staffs.

SEC. 6. *Undersecretaries.*—The Secretary shall be assisted by five (5) Undersecretaries appointed by the President upon the recommendation of the Secretary, each of whom shall head, respectively, the Policy Development and Management Services Group mentioned in Section 8 hereof and the four (4) Operations Groups mentioned in Section 9 hereof.

SEC. 7. Assistant Secretaries.—The Secretary shall also be assisted by five (5) Assistant Secretaries appointed by the President upon the recommendation of the Secretary. The respective assignments of the Assistant Secretaries and the reporting procedures to be followed by them shall be determined by the Secretary.

CHAPTER 3—Department Services

SEC. 8. Policy Development and Management Services Group.—The Policy Development and Management Services Group, which shall be headed by an Undersecretary, shall consist of the following:

- (1) Planning and Policy Research Office;
- (2) Central Management Information Office;
- (3) Central Administration Office;
- (4) Central Financial Management Office;
- (5) Public Information and Assistance Office;
- (6) Legal Office; and
- (7) Regional Coordination Office.

SEC. 9. Planning and Policy Research Office.—The Planning and Policy Research Office shall have the following functions:

- (1) Formulate long-range and annual projections of revenue needs, cash position and borrowing capacity of Government as basis for policy decisions of the department;
- (2) Supervise policy research and development on fiscal and tax measures undertaken by the operating bureaus and offices of the department;
- (3) Coordinate with other government agencies on policy research and its impact on fiscal and tax measures; and
- (4) Perform such other functions as may be assigned by the Secretary or his undersecretaries.

SEC. 10. Central Management Information Office.—The Central Management Information Office shall have the following functions.

- (1) Establish a Management Information System and sub-systems for monitoring and evaluation of department-wide programs and projects, including those that are executed by operating Bureaus and Offices;

- (2) Formulate policies, plans and procedures for data control and systems management;

- (3) Act as the central repository of existing and future computer files; and

- (4) Perform such other appropriate functions as may be assigned by the Secretary or his Undersecretaries.

SEC. 11 Central Administration Office.—The Central Administration Office shall have the following functions:

- (1) Supervise Department-wide services relating to internal cash management, personnel administration, property and supplies procurement and custody; and maintenance of central files, and corresponding reporting systems;

- (2) Assist in the formulation of policies and guidelines on the management of human and physical resources and general housekeeping activities for uniformity and standardization;

- (3) Serve as a center for the establishment and periodic evaluation of management operation systems, internal control and work outputs to determine Department-wide performance efficiency;

- (4) Design and develop training policies and guidelines, administer and evaluate training programs, and in coordination with external training institutions screen and recommend to the Secretary the participation of Department personnel in training programs, seminars and conferences in the country or abroad;

- (5) Ensure the Department-wide activities and efforts are focused towards a central direction as embodied in the national socio-economic development plans; and

- (6) Perform such other functions as may be assigned by the Department or his Undersecretaries.

SEC. 12. Central Financial Management Office.—The Central Financial Management Office shall have the following functions:

- (1) Supervise Department-wide activities relating to budget preparation and management, department accounting, and internal audit;

- (2) Perform such other appropriate functions as may be assigned by the Department or his Secretary or his Undersecretary.

SEC. 13. Public Information and Assistance Office.—The Public Information and Assistance Office shall have the following functions:

- (1) Provide policy direction and guidance to the operating Bureaus and Offices of the Department for the proper dissemination of appropriate information or Department-wide programs, operations and activities;
- (2) Provide the operating Bureaus and Offices with the general framework for rendering direct assistance to the general public;
- (3) Receive complaints and grievances from the general public; prepare referrals to concerned Bureaus and Offices and monitor responses or actions taken; and
- (4) Perform such other appropriate functions as may be assigned by the Secretary or Undersecretary for Policy Development and Management Service.

SEC. 14. Legal Office.—The Legal Office shall have the following functions:

- (1) Prepare draft opinions or rulings for the signature of the Department Secretary or his Undersecretaries on matters elevated to it by the Bureaus and Offices of the Department;
- (2) Conduct legal researches on all matters referred to it by the Secretary or his Undersecretaries; and
- (3) Perform such other appropriate functions as may be assigned by the Secretary or his Undersecretaries.

SEC. 15. Regional Coordination Office.—The function of the Regional Coordination Office is to coordinate the operation of the Regional Offices.

CHAPTER 4—Bureaus

SEC. 16. Operations Group.—The Operations Groups, each of which shall be headed by an Undersecretary, shall consist of the following:

- (1) Revenue Operation Group, composed of the following:
 - (a) Bureau of Internal Revenue;
 - (b) Bureau of Customs;

- (c) Revenue Service;
- (d) Legal Service;

(2) Domestic Operations Group, composed of the following:

- (a) Bureau of Treasury;
- (b) Bureau of Local Government Finance;
- (c) Financial and Fiscal Policy and Planning Office;

(3) International Finance Group, composed of the following:

- (a) International Finance Policy Office;
- (b) International Finance Operations Office.

SEC. 17. Economic Intelligence and Investigation Bureau.—The Economic Intelligence and Investigation Bureau, which shall be headed by and subject to the supervision and control of the the Commissioner, who shall in turn be appointed by the President upon the recommendation of the Secretary, shall have the following functions:

(1) Receive, gather and evaluate intelligence reports and information and evidence on the nature, modes and extent of illegal activities affecting the national economy, such as, but not limited to, economic sabotage, smuggling, tax evasion, and dollar-salting, to investigate the same and aid in the prosecution of cases;

(2) Coordinate with external, domestic or foreign agencies in monitoring the financial and economic activities of persons and or entities, which may adversely affect national financial interest with the goal regulating, controlling or preventing said activities;

(3) Provide all intelligence units of operating Bureaus or offices under the Department with the general framework and guidelines for the proper conduct of intelligence and investigation work;

(4) Supervise, monitor and coordinate all intelligence and investigation operations of the operating Bureaus and Offices under the Department ;

(5) Investigate, hear and file, upon clearance by the Secretary, anti-graft and corruption cases against personnel of the Department and its constituent units; and

(6) Perform such other appropriate functions as may be assigned by the Secretary or his Undersecretaries.

SEC. 18. *The Bureau of Internal Revenue.*—The Bureau of Internal Revenue, which shall be headed by and subject to the supervision and control of the Commissioner of Internal Revenue, who shall be appointed by the President upon the recommendation of the Secretary shall have the following functions:

- (1) Assess and collect all taxes, fees and charges and account for all revenues collected;
- (2) Exercise duly delegated police powers for the proper performance of its functions and duties;
- (3) Prevent and prosecute tax evasions and all other economic activities;
- (4) Exercise supervision and control over its constituent and subordinate units; and
- (5) Perform such other functions as may be provided by law.

The Commissioner of Internal Revenue, with the approval of the Secretary of Finance, shall draft and prepare the necessary rules and regulations as may be needed to delineate the authority and responsibility of the various groups and services of the Bureau.

SEC. 19. *Deputy Commissioners.*—The Commissioner shall be assisted by two (2) Deputy Commissioners. Each Deputy Commissioner shall supervise one (1) of the groups defined in Sec. 20 below, to be assigned by the Commissioner.

SEC. 20. *Composition of the Bureau of Internal Revenue.*—The Bureau of Internal Revenue shall be composed of the following:

- (1) Assessment and collection Group, headed and supervised by a Deputy Commissioner and composed of the following services, each of which shall be headed by a Revenue Chief;
- (2) Legal and Internal Administration Group, headed and supervised by a Deputy Commissioner and composed of the following services, each of which shall be headed by a Service Chief.

SEC. 21. *Appointment by the President.*—The aforementioned Undersecretaries shall be appointed by the President upon the recommendation of the Secretary.

SEC. 22. *Management and Technical Staff.*—The Commissioner and the two (2) Deputy Commissioners shall each have a Management and Technical Staff to render technical and secretarial support services.

SEC. 23. *Bureau of Customs.*—The Bureau of Customs which shall be headed and subject to the management and control of the Commissioner of Customs, who shall be appointed by the President upon the recommendation of the Secretary and hereinafter referred to as Commissioner shall have the following functions:

- (1) Collect custom duties, taxes and the corresponding fees, charges and penalties;
- (2) Account for all customs revenues collected;
- (3) Exercise police authority for the enforcement of tariff and customs laws;
- (4) Prevent and suppress smuggling, pilferage and all other economic frauds within all ports of entry;
- (5) Supervise and control exports, imports, foreign mails, and the clearance of vessels and aircrafts in all ports of entry;
- (6) Administer all legal requirements that are appropriate;
- (7) Prevent and prosecute smuggling and other illegal activities in all ports under its jurisdiction;
- (8) Exercise supervision and control over its constituent units;
- (9) Perform such other functions as may be provided by law.

SEC. 24. *Composition.*—The Bureau of Customs shall be composed of the following:

- (1) Customs Revenue Collection Monitoring Group, headed and supervised by a Deputy Commissioner and composed of Legal, Financial and Collection Services, each of which shall be headed by a Service Chief;
- (2) Customs Assessment and Operations Coordinating Group, headed and supervised by a Deputy Commissioner and composed of the Imports and Assessment and Ports Operations Services, each of which shall be headed by a Service Chief; and

(3) Intelligence and Enforcement Group, headed and supervised by a Deputy Commissioner and composed of the Intelligence and Investigation Service and the Enforcement and Security Service.

SEC. 25. Appointment by President.—The aforementioned Deputy and Assistant Commissioners shall be appointed by the President upon the recommendation of the Commissioner of Customs in keeping with the intent of Executive Order No. 9.

SEC. 26. Definition and Functions.—(1) Customs Revenue Collection Monitoring Group. The Customs Revenue Collection Monitoring Group shall have the following functions:

- (a) Maintain an updated accounting for all Customs revenues collected;
- (b) Administer legal requirements of the Bureau of Customs to include litigation and prosecution of cases;
- (c) Provide the Commissioner of Customs with accurate and timely information and analysis of collection statistics;
- (d) Conduct continuing audit of liquidated entries and outstanding bonds; and
- (e) Perform such other appropriate functions consistent with the assigned tasks of the group and others which may be given by the Commissioner.

(2) Customs Assessment and Operations Coordinating Group. The Customs Assessment and Operations Coordinating Group shall have the following functions:

- (a) Regularly gather and upon approval of the Commissioner, publish values of commodities imported into the Philippines, such values being the bases for the computation of customs duties and other revenues;
- (b) Monitor for decision-making purposes the implementation of rules and regulations governing assessment, warehousing and support operations;
- (c) Monitor auction and disposal activities together with port/airport operations related activities for decision-making purpose; and

(d) Perform other appropriate functions consistent with the assigned tasks of the Group which may be given by the Commissioner.

(3) Intelligence and Enforcement Group. Intelligence and Enforcement Group shall have the following functions:

- (a) Regularly and consistently gather intelligence information related to customs and economic activities for proper dissemination to the Customs offices concerned;
- (b) Conduct internal inquiry and investigation which may serve as the basis for prosecution;
- (c) Exercise police authority conferred by the Tariff and Customs Code or other laws which include the enforcement and seizures and forfeitures and the imposition of penalties and fines; and
- (d) Perform such other appropriate functions consistent with the assigned tasks of the Group and others which may be given by the Commissioner.

SEC. 27. The Collection Districts.—(1) The Bureau shall have thirteen (13) Collection Districts under the direct control and supervision by the Commissioner. Each Collection District shall have as many subports as necessary to maximize revenue collection and the prevention of smuggling and fraud against customs. Each Collection District shall be headed and supervised by a District Collector while each subport will be headed by a Port Collector. The Collectors shall have the following functions:

- (a) Collect duties, taxes, fees, charges, penalties and fines accruing to the Government under the Tariff and Customs Code and related laws;
- (b) Exercise police powers conferred to him/her by the Tariff and Customs Code or other laws which include the enforcement of penalties and fines;
- (c) Examine goods, assess duties, fees, charges, penalties and fines accruing to the Government under the Tariff and Customs Code and other related laws;
- (d) Supervise the entrance and clearance of vessels and aircrafts engaged in foreign commerce;

(e) Supervise and control handling of foreign mails arriving in the Philippines; and

(f) Supervise all import and export cargoes landed and/or stored in piers, airports, terminal facilities, yards and freight stations;

(2) Perform such other appropriate functions consistent with the assigned task of the District/Port Collectors and those which may be given by the Commissioner.

SEC. 28. Management and Technical Staff.—The Commissioner and three (3) Deputy Commissioners, and the Assistant Commissioner shall each have a Management and Technical Staff, which shall be limited to a specific number of personnel as determined by the Secretary, to render technical and secretarial support services.

SEC. 29. Bureau of Treasury.—The Bureau of Treasury, which shall be headed by and subject to the supervision and control of the National Treasurer who shall be appointed by the President upon the recommendation of the Secretary, shall have the following functions:

(1) Act as the principal custodian of all the national government funds;

(2) Assist in the formulation of, and execute, policies on financial management, public borrowings and capital market development;

(3) Formulate, in coordination with government agencies concerned, annual projections of revenue needs, cash position and borrowing capacity of the government;

(4) Maintain accounts of the financial transactions of all national secretaries, bureaus, agencies, and instrumentalities;

(5) Manage the cash resources of the Government and perform banking functions in relation to receipts and disbursements of national funds;

(6) Manage, control and service public debts from domestic or foreign sources;

(7) Exercise line supervision over its Regional Offices/field units within Department Regional Administrative Coordination Offices; and

(8) Perform such other appropriate functions as may be assigned by the Secretary or Undersecretary for Domestic Operations.

SEC. 30. Composition.—The Bureau of Treasury shall be composed of the following:

(1) Internal Affairs Sub-Sector under the direct supervision and control of an Assistant National Treasurer and composed of the following:

(a) Administrative Service;

(b) Financial and Management Service;

(c) Management Information and Data Systems Service;

(d) Planning and Policy Research Division;

(e) Public Information and Assistance Division; and

(f) Legal Division.

(2) National Government Affairs Sub-Sector under the direct supervision and control of an Assistant National Treasurer and composed of the following:

(a) Public Debt Management Service;

(b) Debt Clearing Service;

(c) National Cash Account Service;

(d) Treasury Banking Service;

(e) Operations Planning Service;

(f) Regional Offices which shall have under their supervision all provincial offices and shall be under the direct control and supervision of the National Treasurer.

SEC. 31. Assistance to the National Treasurer.—The National Treasurer shall be directly assisted by the:

(1) Management and Technical Staff, which shall perform the functions of rendering technical and secretarial support services;

(2) Intelligence and Investigation Office, which shall perform the following functions:

(a) Monitor, gather and evaluate reports on financial and economic activities of persons or entities, foreign and domestic, which may adversely affect national financial interest;

(b) Perform such other appropriate functions as may be assigned by the National Treasurer.

SEC. 32. Appointment by the President.—The aforementioned two (2) Assistant National Treasurers shall be appointed by the President upon the recommendation of the Secretary.

SEC. 33. Bureau of Local Government Finance.—The Bureau of Local Government Finance, which shall be headed by and subject to the supervision and control of an Executive Director who shall be appointed by the President upon the recommendation of the Secretary, shall have the following functions:

- (1) Assist in the formulation and implementation of policies on local government revenue administration and fund management;
- (2) Exercise administrative and technical supervision and coordination over the treasury and assessment operations of local governments;
- (3) Develop and promote plans and programs for the improvement of resource management systems, collection enforcement mechanisms, and credit utilization schemes at the local levels;
- (4) Provide consultative services and technical assistance to the local governments and general public on local taxation, real property assessment and other related matters;
- (5) Exercise line supervision over its Regional Offices/field units within the Department Regional Administrative Coordination Office and the Local Treasury and Assessment Services; and
- (6) Perform such other appropriate functions as may be assigned by the Secretary or Undersecretary for Domestic Operations.

SEC. 34. Composition.—The Bureau of Local Government Finance shall be composed of :

- (1) Internal Administration Office;
- (2) Policy Enforcement and Special Projects Group;
- (3) Field Operations Examination Group.

SEC. 35. Assistance to the Executive Director.— The Executive Director shall be directly assisted by the:

(1) Management and Technical Staff, which shall perform the functions of rendering technical and secretarial support services;

(2) Intelligence and Investigation Office, which shall perform the following functions:

- (a) Monitor, gather and evaluate reports on financial and economic activities of persons or entities, foreign and domestic, which may adversely affect national interests;
- (b) Perform such other appropriate functions as may be assigned by the Director.

SEC. 36. Financial and Fiscal Policy Planning.—The Financial and Fiscal Policy and Planning Office, which shall be headed by a Director who shall be appointed by the President upon the recommendation of the Secretary, shall have the following functions:

- (1) Coordinate, in consultation with the appropriate government agencies, the formulation of integrated financial and fiscal plans of the national Government and the local governments, consistent with the national development plan;
- (2) Monitor and review the implementation of such financial and fiscal plans in relation to recent developments in economy;
- (3) Coordinate with other government agencies involved in financial, fiscal and economic planning and policy formulation;
- (4) Undertake special studies and research projects on financial and fiscal policies;
- (5) Coordinate in the formulation and assessment of Department policies affecting domestic finance operations with the different bureaus and offices of the Department; and
- (6) Perform such other appropriate functions as may be assigned by the Secretary, the Undersecretary for Domestic Operations or the Assistant Secretary directly assisting the Undersecretary for Domestic Operations.

SEC. 37. *International Finance Policy Office.*—The International Finance Policy Office, headed by a Director who shall be appointed by the President upon recommendation of the Secretary, shall have the following functions:

(1) Monitor and analyze international monetary, financial and trade developments and their implications for the Philippine economy and evolve proposals for appropriate response to said events;

(2) Provide inputs into the formulation of fiscal, monetary, financial, foreign trade and exchange rate policies as well as budgetary and balance of payments programming in line with domestic economic goals and the external financial and trade environment;

(3) Formulate and monitor a foreign financing program on the basis of domestic requirements and trends in development assistance and other capital flows;

(4) Interact with multilateral, regional and other international organizations and formulate in coordination with appropriate agencies Philippine positions on institutional and policy issues taken up in these bodies;

(5) Coordinate with other appropriate secretaries and government agencies in areas concerning international finance and foreign trade; and

(6) Perform such other appropriate functions as may be assigned by the Secretary or Undersecretary for International Finance.

SEC. 38. *International Finance Operations Office.*—The International Finance Operations Office, headed by a Director, shall have the following functions:

(1) Assist in the formulation of policy and guidelines for foreign borrowings including provisions of government guarantees and monitor compliance with these policies;

(2) Provide support work for international financial negotiations and participate in such negotiations with multilateral financial institutions, bilateral creditors and donors and commercial creditors. This includes negotiations for new assistance (grants and loans) as well as for debt rescheduling;

(3) Monitor implementation of projects funded by foreign assistance and credits, utilization of such external resources and compliance with commitments as well as debt repayment obligations;

(4) Assist in the structuring and conduct of international conferences and meetings of the Department's officers (the term "officer" as used in this Executive Order is intended to be within the meaning of the term "official" as used in the Freedom Constitution) with foreign dignitaries or organizations; and

(5) Perform such other appropriate functions as may be assigned by the Secretary or Undersecretary for International Finance.

SEC. 39. *Administrative Staff.*—The Undersecretary for International Finance shall be directly assisted by a Finance Attache Division and Administrative Staff.

CHAPTER 5—*Regional Offices*

Sec. 40. *Regional Offices.*—There shall be a Regional Office in each region. Each Regional Office shall be headed by a Regional Director.

A Regional Office shall have, within its administrative region, the following functions:

(1) Implement laws, rules and regulations, policies, plans, programs and projects of the Department;

(2) Provide efficient and effective services to the people;

(3) Coordinate with regional offices of other departments, offices and agencies in the region;

(4) Coordinate with local government units; and

(5) Perform such other functions as may be provided by law.

SEC. 41. *DOF-RACO.*—For purposes of achieving maximum utilization of resources, management coordination and administrative integration at the regional levels, there is hereby created a Department of Finance Regional Administrative Coordination Office (DOF-RACO) in each of the administrative regions of the country, to be

headed by a Regional Executive Director who shall report directly to the Undersecretary for Internal Administration. The Secretary shall define the appropriate functions to be delegated to the DOF-RACO.

The Regional Offices of each operating Bureau under the Department, however, shall remain under the technical supervision and control of the head of the Bureau to which they belong. For monitoring purposes, however, each Regional Office shall submit operational reports to the DOF-RACO as required.

CHAPTER 6—Attached Agencies

SEC. 42. *Attached Agencies.*—The following agencies are hereby attached to the Department:

- (1) Philippine Crop Insurance Corporation;
- (2) Philippine Export and Foreign Loan Guarantee Corporation;
- (3) Insurance Commission;
- (4) National Tax Research Center;
- (5) Central Board of Assessment Appeals; and
- (6) Fiscal Incentives Review Board.

SEC. 43. *Functions of the Attached Agencies.*—The agencies attached to the Department shall continue to operate and function in accordance with the respective charters, laws, or orders creating them, except as otherwise provided in this Code.

TITLE III—JUSTICE

CHAPTER 1—General Provisions

SECTION 1. *Declaration of Policy.*—It is the declared policy of the State to provide the government with a principal law agency which shall be both its legal counsel and prosecution arm; administer the criminal justice system in accordance with the accepted processes thereof consisting in the investigation of the crimes, prosecution of offenders and administration of the correctional system; implement the laws on the admission and stay of aliens, citizenship, land titling system, and settlement of land problems involving small landowners and members of indigenous cultural minorities; and provide free legal services to indigent members of the society.

SEC. 2. *Mandate.*—The Department shall carry out the policy declared in the preceding section.

SEC. 3. *Powers and Functions.*—To accomplish its mandate, the Department shall have the following powers and functions:

- (1) Act as principal law agency of the government and as legal counsel and representative thereof, whenever so required;
- (2) Investigate the commission of crimes, prosecute offenders and administer the probation and correction system;
- (3) Extend free legal assistance/representation to indigents and poor litigants in criminal cases and non commercial civil disputes;
- (4) Preserve the integrity of land titles through proper registration;
- (5) Investigate and arbitrate untitled land disputes involving small landowners and members of indigenous cultural communities;
- (6) Provide immigration and naturalization regulatory services and implement the laws governing citizenship and the admission and stay of aliens;
- (7) Provide legal services to the national government and its functionaries, including government owned or controlled corporations and their subsidiaries; and
- (8) Perform such other functions as may be provided by law.

SEC. 4. *Organizational Structure.*—The Department shall consist of the following constituent units:

- (1) Department proper;
- (2) Office of the Government Corporate Counsel;
- (3) National Bureau of Investigation;
- (4) Public Attorney's Office;
- (5) Board of Pardons and Parole;
- (6) Parole and Probation Administration;
- (7) Bureau of Corrections;
- (8) Land Registration Authority;
- (9) Bureau of Immigration; and
- (10) Commission on the Settlement of Land Problems.

CHAPTER 2—*Department Proper*

SEC. 5. *The Department Proper.*—The Department Proper shall be composed of the Office of the Secretary and the Undersecretaries, Technical and Administrative Service, Financial Management Service, Legal Staff and the Office of the Chief State Prosecutor.

SEC. 6. *Undersecretaries.*—The Secretary shall be assisted by three (3) Undersecretaries. The Secretary is hereby authorized to delineate and assign the respective functional areas of responsibility of the Undersecretaries, provided, that such responsibility shall be with respect to the mandate and objectives of the Department; and provided, further, that no Undersecretary shall be assigned primarily administrative responsibilities. Within his functional area of responsibility, an Undersecretary shall have the following functions:

- (1) Advise and assist the Secretary in the formulation and implementation of the Department's policies, plans, programs and projects;
- (2) Oversee the operational activities of the Department;
- (3) Coordinate the programs and projects of the Department for efficient and effective administration;
- (4) Serve as deputy for the Secretary;
- (5) Perform, when so designated, the powers and functions of the Secretary, during the latter's absence or incapacity; and
- (6) Perform such other functions as may be provided by law or assigned by the Secretary to promote efficiency and effectiveness in the delivery of frontline services.

SEC. 7. *Legal Staff.*—The Legal Staff shall have the following functions:

- (1) Assist the Secretary in the performance of his duties as Attorney General of the Philippines and as *ex-officio* legal adviser of government-owned or controlled corporations or enterprises and their subsidiaries;

- (2) Prepare and finally act for and in behalf of the Secretary on all queries and/or requests for legal advice or guidance coming from private parties, and minor officials and employees of the government;

- (3) Maintain and supervise the operation of the Department Law Library as well as its personnel; and

- (4) Perform such other functions as are now or may hereafter be provided by law or assigned by the Secretary.

SEC. 8. *Office of the Chief State Prosecutor.*—The Office of the Chief State Prosecutor shall have the following functions:

- (1) Assist the Secretary in the performance of powers and functions of the Department relative to its role as the prosecution arm of the government;

- (2) Implement the provisions of laws, executive orders and rules, and carry out the policies, plans, programs and projects of the Department relative to the investigation and prosecution of criminal cases;

- (3) Assist the Secretary in exercising supervision and control over the National Prosecution Service as constituted under P.D. No. 1275 and/or otherwise hereinafter provided; and

- (4) Perform such other functions as may be provided by law or assigned by the Secretary.

SEC. 9. *Provincial/City Prosecution Offices.*—The Provincial and City Fiscal's Office established in each of the provinces and cities pursuant to law, is retained and renamed Provincial/City Prosecution Office. It shall be headed by a Provincial Prosecutor or City Prosecutor, as the case may be, assisted by such number of Assistant Provincial/City Prosecutors as fixed and/or authorized by law. The position titles of Provincial and City Fiscal and of Assistant Provincial and City Fiscal are hereby abolished.

All provincial/city prosecution offices shall continue to discharge their functions under existing law.

All provincial and city prosecutors and their assistants shall be appointed by the President upon the recommendation of the Secretary.

CHAPTER 3—Office of the Government Corporate Counsel

SEC. 10. Office of the Government Corporate Counsel.—The Office of the Government Corporate Counsel (OGCC) shall act as the principal law office of all government-owned or controlled corporations, their subsidiaries, other corporate offsprings and government acquired asset corporations and shall exercise control and supervision over all legal departments or divisions maintained separately and such powers and functions as are now or may hereafter be provided by law. In the exercise of such control and supervision, the Government Corporate Counsel shall promulgate rules and regulations to effectively implement the objectives of the Office.

The OGCC is authorized to receive the attorney's fees adjudged in favor of their client government-owned or controlled corporations, their subsidiaries, other corporate offsprings and government acquired asset corporations. These attorney's fees shall accrue to a Special fund of the OGCC, and shall be deposited in an authorized government depository as a trust liability and shall be made available for expenditure without the need for a Cash Disbursement Ceiling, for purposes of upgrading facilities and equipment, granting of employees' incentive pay and other benefits, and defraying such other incentive expenses not provided for in the General Appropriations Act as may be determined by the Government Corporate Counsel.

CHAPTER 4—National Bureau of Investigation

SEC. 11. National Bureau of Investigation.—The National Bureau of Investigation (NBI) with all its duly authorized constituent units including its regional and district offices and rehabilitation centers, shall continue to perform the powers and functions as are now vested in it under the existing law and such additional functions as may hereafter be provided by law.

SEC. 12. The NBI Director and Other Officials.—The NBI shall be headed by a Director assisted by an Assistant Director and five (5) Deputy Directors, for Intelligence, Investigation, Technical, Administrative and Comptroller Services, respectively.

The NBI is also authorized to continue the operation and maintenance of a Regional Office in each of the twelve (12) administrative regions of the country, to be headed by a Regional Director and assisted by an Assistant Regional Director.

SEC. 13. Internal Organization and Assignment of Personnel.—Subject to prior approval of the Secretary and to the limitations prescribed in the General Appropriations Act for personnel services expenditures in the NBI, the NBI director may be authorized to determine the internal organization of the constituent units of the Bureau including the composition and size thereof and the number, classes and level of positions (below the rank of presidential appointees) to be assigned or allocated thereto.

CHAPTER 5—Public Attorney's Office

SEC. 14. Public Attorney's Office (PAO).—The Citizen's Legal Assistance Office (CLAO) is renamed Public Attorney's Office (PAO). It shall exercise the powers and functions as are now provided by law for the Citizen's Legal Assistance Office or may hereafter be provided by law.

SEC. 15. Organizational Structure.—The PAO shall consist of the following constituent units:

(1) Office of the Chief Public Attorney and two (2) Deputy Chief Public Attorneys;

(2) Five (5) line divisions in the Central Office, namely: Administrative, Financial and Management, Special and Appealed Cases, Legal Research and Statistics, and Field Services Divisions; and

(3) Regional and Provincial/District Offices.

SEC. 16. The Chief Public Attorney and other PAO Officials.—The PAO shall be headed by a Chief Public Attorney and shall be assisted by two (2) Deputy Chief Public Attorneys. Each PAO Regional Offices established in each of the administrative regions of the country shall be headed by a Regional Public Attorney who shall be assisted by an Assistant Regional Public Attorney.

The Chief Public Attorney, Deputy Chief Public Attorneys, Regional Public Attorneys and Assistant Regional Public Attorney shall be appointed by the President upon the recommendation of the Secretary.

CHAPTER 6—Board of Pardons and Parole

SEC. 17. *Board of Pardons and Parole.*—The Board of Pardons and Parole shall continue to discharge the powers and functions as provided in existing law and such additional functions as may be provided by law.

SEC. 18. *Board Composition.*—The Board shall be composed of the Secretary as Chairman and six (6) members consisting of: The Administrator of the Parole and Probation Administration as *ex-officio* member, a sociologist, a clergyman, an educator, a person with training and experience in correction work, and a member of the Philippine Bar; *Provided*, that one of them is a woman. The members of the board shall be appointed by the President upon the recommendation of Secretary and shall hold office for a term of six (6) years, without prejudice to reappointment.

In case of vacancy by reason of death, incapacity, resignation or removal of any of the Board members, the Secretary shall have the authority to designate a temporary member possessing the qualifications of his predecessor and to serve out his unexpired term or until the President shall have appointed a regular member to fill the vacancy.

SEC. 19. *Executive Director and Board Secretary; Support Staff.*—In the performance of his duties as Chairman of the Board of Pardons and Parole, the Secretary shall be assisted by a staff headed by the Executive Director who is at the same time the Secretary of the Board. The Executive Director shall be appointed by the President upon the recommendation of the Secretary. The Executive Director shall receive a monthly salary of thirteen thousand five hundred pesos.

The Board Secretary shall prepare and keep the minutes of all the board sessions in a book of records kept for the purpose, as well as all the resolutions and recommendations of the Board on all actions involving parole, pardons and

executive clemency to the President; authenticate and/or attest all minutes, resolutions and recommendations of the Board; prepare and serve all notices of board meetings or sessions to the members of the Board; prepare an annual report of all resolutions and recommendations for parole or executive clemency and other reports that the Department may require. He shall also perform such other functions as the Board may from time to time assign to him.

SEC. 20. *Board Meetings.*—The Board shall meet regularly every week, or as the Board may direct, or upon the call by the Chairman/Secretary. The members shall act only as a Board, and every decision of the majority shall be valid as an act of the board provided, that the Board may direct a Board member to prepare and submit a report involving any application of parole, pardon or any request for executive clemency for appropriate action by the Board.

SEC. 21. *Board Rules and Regulations.*—The Board is hereby authorized to establish and prescribe, subject to the approval of the Secretary, rules and regulations to govern the proceeding of the Board.

SEC. 22. *Indeterminate Sentence Law.*—The provisions of Act. 4103, otherwise known as the Indeterminate Sentence Law, as amended, shall continue to apply except as otherwise amended, modified or repealed by this Code.

CHAPTER 7—Parole and Probation Administration

SEC. 23. *Parole and Probation Administration.*—The Parole and Probation Administration hereinafter referred to as the Administration shall have the following functions:

- (1) Administer the parole and probation system;
- (2) Exercise general supervision over all parolees, and probationers;
- (3) Promote the correction and rehabilitation of offenders; and
- (4) Such other function as may hereafter be provided by law.

SEC. 24. *Structural and Personnel Organization.*—
(1) The Administration shall be headed by an Administrator who shall be immediately assisted by a Deputy Administrator. The Administrator and Deputy Admin-

istrator shall be appointed by the President upon the recommendation of the Secretary.

The appointees to the positions of Administrator and Deputy Administrator must be holders of a doctoral/masteral degree in public administration and/or lawyers with at least one year of supervisory experience in probation work.

(2) The Administration shall have a Technical Service under the Office of the Administrator which shall serve as the service arm of the Board of Pardons and Parole in the supervision of parolees and pardonees.

The Board and the Administration shall jointly determine the staff complement of the Technical Service.

(3) The Administration shall likewise continue to operate and maintain a Regional Office in each of the administrative regions including the National Capital Region and also a probation and parole office in every province and city of the country.

The Regional, Provincial and City Offices of the Administration shall each be headed by a Regional Probation and Parole Officer, Provincial/City Probation and Parole Officer, respectively, all of whom shall be appointed by the Secretary upon the recommendation of the Administrator.

The Provincial or City Probation and Parole Officers shall be assisted by such field assistants and subordinate personnel as may be necessary to enable them to carry out their duties and functions. For this purpose, the Administrator may appoint citizens of good repute and probity to act as Probation and Parole Aides who shall not receive any regular compensation for their services except reasonable travel allowance.

SEC. 25. Applicability of P.D. No. 968 as amended.—The Provisions of P.D. 968 otherwise known as the Probation Law of 1976 shall continue to govern the operation and management of the Administration including the enumeration of functions and qualifications for appointment of the Administrator, Deputy Administrators, Regional, Provincial and City Probation Officers and their assistants and other subordinate personnel not inconsistent with this title.

CHAPTER 8—Bureau of Corrections

SEC. 26. Bureau of Corrections.—The Bureau of Corrections shall have its principal task the rehabilitation of prisoners. The Bureau of Corrections shall exercise such powers and functions as are now provided for the Bureau of Prisons or may hereafter be provided by law.

SEC. 27. Structural and Personnel Organization.—The Bureau of Corrections shall be headed by a Director who shall be assisted by two (2) Assistant Directors, one for Administration and Rehabilitation and one for Prisons and Security. The Director and Assistant Directors of the Bureau shall be appointed by the President upon recommendation of the Secretary.

The Bureau shall carry out its functions through its divisions and its seven (7) Penal institutions namely—New Bilibid Prisons, Correctional Institution for Women, Iwahig, Davao, San Ramon and Sablayan Prisons and Penal Farms and the Leyte Regional Prisons.

CHAPTER 9—Land Registration Authority

SEC. 28. The Land Registration Authority.—The Land Registration Authority, hereinafter referred to as the Authority and shall continue to exercise its powers and functions under existing law on the Land Titles and Deeds Registration Authority and those which may hereafter be provided by law.

SEC. 29. Organizational Structure.—The Authority shall be headed by an Administrator who shall be assisted by two (2) Deputy Administrators, all of whom shall be appointed by the President upon the recommendation of the Secretary.

SEC. 30. Reorganization of Registry Offices in the National Capital Region.—The Registries of Deeds in the National Capital Region is hereby reorganized as follows:

(1) The Registries of Deeds in the cities of Manila, Quezon, Pasay and Caloocan shall be maintained;

(2) There is hereby created Registries of Deeds in the Municipalities of Navotas, Malabon, Valenzuela, Mandaluyong, San Juan, Marikina, Las Piñas and Parañaque with jurisdiction over their respective municipalities;

(3) The Registry of Deeds of Pasig shall be maintained with jurisdiction over the Municipalities of Pasig, Taguig and Pateros; and

(4) The Registry of Deeds of Makati shall have jurisdiction over the municipalities of Makati and Muntinlupa.

CHAPTER 10—*Bureau of Immigration*

SEC. 31. *Bureau of Immigration.*—The Bureau of Immigration is principally responsible for the administration and enforcement of immigration, citizenship and alien admission and registration laws in accordance with the provisions of the Philippine Immigration Act of 1940, as amended (C.A. No. 613, as amended). The following units shall comprise the structural organization of the Bureau:

(1) Office of the Commissioner and Associate Commissioners;

(2) Board of Commissioners—composed of the Commissioner as Chairman and two (2) Associate Commissioners as members; and

(3) Boards of Special Inquiry which are authorized to be organized in the Commission pursuant to the provisions of the Immigration Act of 1940, as amended.

Subject to the provisions of existing law, the Secretary is hereby authorized to review, revise and/or promulgate new rules and regulations to govern the conduct of proceedings in the Board of Commissioners and the Boards of Special Inquiry, including the determination of the size and number of the support staff to be assigned thereat.

The Bureau shall be headed by a Commissioner assisted appointed by the President upon the recommendation of two Associate Commissioners, all of whom shall be the Secretary.

The Commissioner and the two Associate Commissioners shall compose the Board of Commissioners, a collegial body hereby granted exclusive jurisdiction over all deportation cases. The Board shall also have appellate jurisdiction over decisions of the Boards of Special Inquiry and shall perform such other functions as may be provided by law.

Each Board of Special Inquiry shall be composed of a Chairman and two members who shall be appointed by the Secretary upon the recommendation of the Commissioner.

Likewise, the appointment of all the other personnel of the Bureau including the designation of Acting Immigration Officers shall be vested in the Secretary upon the recommendation of the Commissioner.

CHAPTER 11—*Commission on the Settlement of Land Problems*

SEC. 32. *Commission on the Settlement of Land Problems.*—The Commission on the Settlement of Land Problems shall be responsible for the settlement of land problems involving small landowners and members of cultural minorities. It shall also perform such other functions, as are now or may hereafter be provided by law.

SEC. 33. *Structure and Personnel Organization.*—The Commission, as a collegial body, shall be composed of the Commissioner and two Associate Commissioners. For Administrative purposes, the Commissioner shall be the head of the Commission and the two Associate Commissioners shall be his immediate assistants.

The Commissioner and the two Associate Commissioners shall be appointed by the President upon the recommendation of the Secretary. They shall have the same qualifications for appointment and receive a salary, retirement benefits, longevity pay and other privileges equivalent to that of an Associate Justice of the Court of Appeals and a Judge of the Regional Trial Court, respectively, as provided in E.O. No. 561.

The Commission shall have a technical staff which shall be headed by an Executive Director and assisted by a Deputy Executive Director who shall both be appointed by President upon the recommendation of the Secretary. All the other members of the technical staff shall be appointed by the Secretary upon the recommendation of the Commissioner.

When conditions in any province so warrant, the Commission may, subject to the approval of the Secretary, establish a regional and provincial offices thereat which shall exercise such powers and perform such functions as may be assigned to it by the Commission.

CHAPTER 12—Office of the Solicitor General

SEC. 34. Organizational Structure.—The Office of the Solicitor General shall be an independent and autonomous office attached to the Department of Justice.

The Office of the Solicitor General shall be headed by the Solicitor General, who is the principal law officer and legal defender of the Government. He shall have the authority and responsibility for the exercise of the Office's mandate and for the discharge of its duties and functions, and shall have supervision and control over the Office and its constituent units.

The Solicitor General shall be assisted by a Legal Staff composed of fifteen (15) Assistant Solicitor General, and such number of Solicitors and Trial Attorneys as may be necessary to operate the Office, which shall be divided into fifteen (15) divisions: *Provided*, That the Solicitor General may assign or transfer the Assistant Solicitor General, Solicitors or Trial Attorneys to any of the divisions.

SEC. 35. Powers and Functions.—The Office of the Solicitor General shall represent the Government of the Philippines, its agencies and instrumentalities and its officials and agents in any litigation, proceeding, investigation or matter requiring the services of a lawyer. When authorized by the President or head of the office concerned, it shall also represent government owned or controlled corporations. The Office of the Solicitor General shall constitute the law office of the Government and, as such, shall discharge duties requiring the services of a lawyer. It shall have the following specific powers and functions:

(1) Represent the Government in the Supreme Court and the Court of Appeals in all criminal proceedings; represent the Government and its officers in the Supreme Court, the Court of Appeals, and all other courts or tribunals in all civil actions and special proceedings in which the Government or any officer thereof in his official capacity is a party.

(2) Investigate, initiate court action, or in any manner proceed against any person, corporation or firm for the enforcement of any contract, bond, guarantee, mortgage,

pledge or other collateral executed in favor of the Government. Where proceedings are to be conducted outside of the Philippines the Solicitor General may employ counsel to assist in the discharge of the aforementioned responsibilities.

(3) Appear in any court in any action involving the validity of any treaty, law, execute order or proclamation, rule or regulation when in his judgment his intervention is necessary or when requested by the Court.

(4) Appear in all proceedings involving the acquisition or loss of Philippine citizenship.

(5) Represent the Government in all land registration and related proceedings. Institute actions for the reversion to the Government of lands of the public domain and improvements thereon as well as lands held in violation of the Constitution.

(6) Prepare, upon request of the President or other proper officer of the National Government, rules and guidelines for government entities governing the preparation of contracts, making of investments, undertaking of transactions, and drafting of forms or other writings needed for official use, with the end in view of facilitating their enforcement and insuring that they are entered into or prepared conformably with law and for the best interest of the public.

(7) Deputize, whenever in the opinion of the Solicitor General the public interest requires, any provincial or city fiscal to assist him in the performance of any function or discharge of any duty incumbent upon him, within the jurisdiction of the aforesaid provincial or city fiscal. When so deputized, the fiscal shall be under the control and supervision of the Solicitor General with regard to the conduct of the proceedings assigned to the fiscal, and he may be required to render reports or furnish information regarding the assignment.

(8) Deputize legal officers of government departments, bureaus, agencies and offices to assist the Solicitor General and appear or represent the Government in cases involving their respective offices, brought before the courts and exercise supervision and control over such legal Officers with respect to such cases.

(9) Call on any department, bureau, office, agency or instrumentality of the Government for such service,

assistance and cooperation as may be necessary in fulfilling its functions and responsibilities and for this purpose enlist the services of any government official or employee in the pursuit of his tasks.

Departments, bureaus, agencies, offices, instrumentalities and corporations to whom the Office of the Solicitor General renders legal services are authorized to disburse funds from their sundry operating and other funds for the latter Office. For this purpose, the Solicitor General and his staff are specifically authorized to receive allowances as may be provided by the Government offices, instrumentalities and corporations concerned, in addition to their regular compensation:

(10) Represent, upon the instructions of the President, the Republic of the Philippines in international litigations, negotiations or conferences where the legal position of the Republic must be defended or presented.

(11) Act and represent the Republic and/or the people before any court, tribunal, body or commission in any matter, action or proceeding which, in his opinion, affects the welfare of the people as the ends of justice may require; and

(12) Perform such other functions as may be provided by law.

SEC. 36. *Appointments.*—The Solicitor General shall be appointed by the President and shall have the same qualification for appointment, rank, prerogatives, and privileges as those of the Presiding Justice of the Court of Appeals.

The Assistant Solicitors General and the Solicitors shall be appointed by the President upon recommendation of the Solicitor General. The Trial Attorneys and administrative personnel in the Office of the Solicitor General shall be appointed by the Solicitor General.

SEC. 37. *Acting Solicitor General.*—In case of absence or temporary incapacity of the Solicitor General, the President shall designate an Acting Solicitor General. In case of death, permanent incapacity, removal or resignation of the Solicitor General, or vacancy thereof, the President shall designate an Acting Solicitor General, who shall act as such until a new Solicitor General is appointed, or appoint a new Solicitor General.

TITLE IV—AGRICULTURE

CHAPTER 1—*General Provisions*

SECTION 1. *Declaration of Policy.*—The State shall promote the wellbeing of farmers, including share tenants, leaseholders, settlers, fishermen, and other rural workers by providing an environment in which they can increase their income, improve their living conditions, and maximize their contributions to the national economy. Toward this end, the State shall accelerate agricultural development and enhance the production of agricultural crops, fisheries, and livestock by optimizing the use of resources and by applying modern farming systems and technology in order to attain food security for domestic use and expand and diversify agricultural production for export. It shall also encourage private initiative in agri-business ventures both in the production and in the exportation and importation of food and other allied commodities.

SEC. 2. *Mandate.*—The Department is the government agency responsible for the promotion of agricultural development by providing the policy framework, public investments, and support services needed for domestic and export-oriented business enterprises.

In the fulfillment of this mandate, it shall be the primary concern of the Department to improve farm income and generate work opportunities for farmers, fishermen, and other rural workers. It shall encourage people's participation in agricultural development through sectoral representation in agricultural policy-making bodies so that the policies, plans, and programs of the Department are formulated and executed to satisfy their needs.

It shall ensure social justice, equity, productivity and sustainability in the use of agricultural resources.

SEC. 3. *Powers and Functions.*—The Department shall:

(1) Provide integrated services to farmers, fishermen, and other food producers on production, utilization, conservation, and disposition of agricultural and fishery resources;

(2) Be responsible for the planning, formulation, execution, regulation, and monitoring of programs and activities relating to agriculture, food production and supply;

(3) Promulgate and enforce all laws, rules and regulations governing the conservation and proper utilization of agricultural and fishery resources;

(4) Establish central and regional information systems to serve the production, marketing, and financing data requirements of the farmers as well as domestic and foreign investors in agri-business ventures;

(5) Provide comprehensive and effective extension services and training to farmers and other agricultural entrepreneurs on the production, marketing, and financing aspects of agricultural enterprises;

(6) Conduct, coordinate, and disseminate research studies on appropriate technologies for the improvement and development of agricultural crops, fisheries, and other allied commodities;

(7) Provide the mechanism for the participation of farmers, fishermen, and entrepreneurs at all levels of policy-making, planning and program formulation;

(8) Coordinate with and enlist other public and private agencies for cooperation and assistance on matters affecting the policies, plans and programs of the Department;

(9) Perform such other functions as may be provided by law.

SEC. 4. Organizational Structure.—The Department shall consist of the Department Proper, the Bureaus, and the Regional, Provincial, Municipal, and Barangay Offices.

The Department Proper shall consist of the Office of the Secretary, the Offices of the Undersecretaries and Assistant Secretaries and their immediate staffs as determined by them respectively, and the Department Services.

The Department Services and Bureaus shall be grouped as follows:

(1) Production Group; (2) Research, Training and Extension Group;

(3) Agri-Business Group; (4) Planning and Monitoring Group; and

(5) Support Group.

CHAPTER 2—*Department Proper*

SEC. 5. Office of the Secretary.—The Office of the Secretary shall consist of the Secretary and his immediate staff as determined by him.

SEC. 6. Assistants to the Secretary.—The Secretary shall be assisted by five (5) Undersecretaries, seven (7) Assistant Secretaries, and the heads of the National Food Authority and the Philippine Coconut Authority who shall have the rank of Undersecretaries.

SEC. 7. Undersecretaries.—The Undersecretaries shall assist the Secretary in the exercise of the mandate and in the discharge of the powers and functions of the Department.

The five (5) Undersecretaries shall be assigned the following functions:

(1) The Undersecretary assigned to Regional Operations shall oversee the implementation of the agricultural plans, policies, programs, and projects of the regional and field offices of the Department;

(2) The Undersecretary assigned to Staff Operations shall provide staff support services, particularly in administration and finance, production, research, training and extension;

(3) The Undersecretary assigned to Policy and Planning shall provide policy and planning support services, particularly in policy-formulation, planning, and agri-business;

(4) The Undersecretary assigned to Attached Agencies shall exercise supervision over the attached agencies to ensure that their operations are in conformity with the approved plans and policies of the Department;

(5) The Undersecretary assigned to Special Concerns shall develop and implement agricultural policies and priority projects aimed at improving the quality of life of disadvantaged and cultural community groups living in lowland and upland areas. In addition, he shall handle

other special projects as may be identified or directed by the Department Secretary.

SEC. 8. Functions of the Undersecretaries.—With respect to his area of responsibility, an Undersecretary shall have the following functions:

- (1) Advise the Secretary in the promulgation of orders and other issuances, with respect to his area of responsibility;
- (2) Exercise supervision and control over the offices, services, operating units, and officers and employees under his responsibility;
- (3) Promulgate rules and regulations, consistent with the policies of the Department that will efficiently and effectively govern the activities of the units under his responsibility;
- (4) Coordinate the functions and activities of the units under his responsibility with those of other units under the responsibility of the other Undersecretaries;
- (5) Exercise delegated authority on matters related to the functions and activities of the units under his responsibility to the extent granted by the Secretary; and
- (6) Perform such other functions as may be provided by law or assigned by the Secretary.

SEC. 9. Functions of the Assistant Secretaries.—Each of the seven (7) Assistant Secretaries shall head any of the following: Production Group, Agri-Business Group, Research, Training and Extension Group, Planning and Monitoring Group, Support Group, Foreign Assisted Projects and the Regional Operations. In connection therewith the Assistant Secretaries shall have the following functions:

(1) The Assistant Secretary assigned to the Production Group shall be responsible for providing services relating to planning, programming, and project development of agricultural production. This group shall consist of the Bureau of Animal Industry, Bureau of Plant Industry, Bureau of Fisheries and Aquatic Resources, and Bureau of Soils and Water Management;

(2) The Assistant Secretary assigned to the Agri-Business Group shall be responsible for assisting farmers and other agri-business ventures by providing marketing assistance and investment information. This group shall

consist of the Marketing Assistance Services and the Agri-Business Investment Information Services;

(3) The Assistant Secretary assigned to the Research, Training and Extension Group shall be responsible for conducting research and training as well as providing assistance in the establishment of agricultural cooperatives. This group shall be composed of the Bureau of Agricultural Research (BAR), Agricultural Training Institute (ATI), and Bureau of Agricultural Cooperatives Development (BACOD);

(4) The Assistant Secretary assigned to the Planning and Monitoring Group shall take charge of developing, integrating, monitoring and evaluating all plans and programs of the Department and shall collect, monitor, and publish agricultural statistics for the Department and its clientele. This group shall be composed of the Planning and Monitoring Services, Computer Services, and Bureau of Agricultural Statistics;

(5) The Assistant Secretary assigned to the Support Group shall take charge of providing staff support services in finance, administration, and management. This shall be composed of the Financial and Management Services, the Legal Services, and the Administrative Services.

(6) The Assistant Secretary assigned to the Foreign Assisted Projects shall be responsible for the negotiation and implementation of foreign assisted projects of the Department;

(7) The Assistant Secretary assigned to Regional Operation shall assist the Undersecretary for Regional Operations in the supervision of regional offices including the coordination and implementation of Department plans, policies and programs.

The seven (7) Assistant Secretaries shall, in addition to the abovementioned duties, perform such other functions as may be assigned by the Secretary. They may also be assigned or placed under the supervision of the Undersecretaries at the discretion of the Secretary.

CHAPTER 3—Department Services

SEC. 10. Planning and Monitoring Service.—The Planning and Monitoring Service shall be responsible for

the formulation and integration of plans and programs, emanating from all units of the Department, including the Bureaus, Regional Offices and Attached Agencies. It shall also be responsible for data analysis and monitoring of the implementation of said plans and programs through its management information system.

SEC. 11. Computer Services.—The Computer Service shall be responsible for the development and maintenance of the electronic data processing requirements of the Department.

SEC. 12. Financial and Management Service.—The Financial and Management Service shall provide services relating to budgeting, accounting, and management.

SEC. 13. Administrative Service.—The Administrative Service shall be responsible for providing personnel, records, information, training and other general services.

SEC. 14. Legal Service.—The Legal Service shall handle the legal requirements including those pertaining to the quasi-judicial and regulatory functions of the Department Proper and its Bureaus.

SEC. 15. Agri-Business Investment Information Service.—Agri-business Investment Information Service shall conduct research, gather and collate data related to agri-business such as laws and regulations, taxation, production technologies, market strategies, competition, foreign assistance, grants, credit, and new venture considerations relating to agri-business and shall package information on agri-business investment opportunities and provide sample feasibility studies for different agricultural products and markets.

SEC. 16. Marketing Assistance Service.—The Marketing Assistance Service shall be responsible for identifying markets for Philippine agricultural products and shall assist in the planning of market center, marketing channels, and distribution networks.

SEC. 17. Department Services Head.—Each of the Services of the Department shall be headed by a Staff Director.

SEC. 18. Bureau of Animal Industry.—the Bureau of Animal Industry shall:

(1) Formulate programs for the development and expansion of the livestock, poultry, and dairy industries to meet the requirements of the growing populace;

(2) Recommend the specific policies and procedures governing the flow of livestock products through the various stages of marketing, as well as the proper preservation and inspection of such products;

(3) Coordinate and monitor the activities and projects relating to livestock and allied industries;

(4) Prescribe standards for quality in the manufacture, importation, labelling, advertising, distribution, and sale of livestock, poultry, and allied industries; and

(5) For its own sector, recommend plans, programs, policies, rules and regulations to the Secretary and provide technical assistance in the implementation of the same.

SEC. 19. Bureau of Plant Industry.—The Bureau of Plant Industry shall:

(1) Be responsible for the production of improved planting materials, protection of agricultural crops from pests and diseases, and development and improvement of farm equipment and other structures related to the plant industry;

(2) Prepare a program for the selection, production and certification of improved planting materials as well as guidelines for its implementation;

(3) Recommend plant quarantine policies, and prescribe rules and regulations for the prevention, control, and eradication of pests, diseases, and injuries to plants and plant products; and

(4) For its own sector, recommend plans, programs, policies, rules and regulations to the Secretary and provide technical assistance in the implementation of the same.

SEC. 20. Bureau of Fisheries and Aquatic Resources.—The Bureau of Fisheries and Aquatic Resources shall:

(1) Formulate plans for the proper management, accelerated development, and proper utilization of the country's fishery and aquatic resources;

(2) Undertake studies on the economics of the various phases of the fishing industry, which studies shall form the bases for the formulation of policies and programs on fisheries and aquatic resources;

(3) Render technical assistance and advisory services in the proper procurement, construction and operation of the fishing vessels as well as determination and designation of fish landing points for all commercial fishing boats; and

(4) For its own sector, recommend plans, programs, policies, rules and regulations to the Secretary and provide technical assistance in the implementation of the same.

Sec. 21. Bureau of Soils and Water Management.—The Bureau of Soils and Water Management shall:

(1) Advise and render assistance on matters relative to the utilization and management of soils and water as vital agricultural resources;

(2) Formulate measures and guidelines for effective soil, land, and water resource utilization, as well as soil conservation in croplands and other agricultural areas;

(3) Undertake soil research programs;

(4) Coordinate with the relevant government agencies in resettlement areas and prepare the necessary plans for the provision of technical assistance in solving soil impounding and the prevention of soil erosion, fertility preservation, and other related matters;

(5) Engage in rainmaking projects for agricultural areas and watersheds to solve the problem of prolonged droughts and minimize their effects on standing agricultural crops; and

(6) For its own sector, recommend plans, programs, policies, rules and regulations to the Secretary and provide technical assistance in the implementation of the same.

SEC. 22. Bureau of Agricultural Research.—The Bureau of Agricultural Research shall:

(1) Ensure that all agricultural research is coordinated and undertaken for maximum utility to agriculture;

(2) Tap farmers, farmers' organizations, and research institutions, especially the state colleges and universities, in the conduct of research for use of the Department and its clientele, particularly the farmers, fishermen and other rural worker.

SEC. 23. Bureau of Agricultural Cooperatives and Development.—The Bureau of Agricultural Cooperatives and Development shall:

(1) Formulate an integrated system for development and evaluation of agricultural cooperatives;

(2) Provide advise and assistance in the establishment of agricultural cooperatives in the rural communities; and

(3) Evolve a program to promote the economic viability of agricultural cooperatives.

The Bureau shall include in its area of responsibility non-agricultural cooperatives par. c; Proposed Amendment to Exec. Order No. 116 (1987)

SEC. 24. Bureau of Agricultural Statistics.—The Bureau of Agricultural Statistics shall:

(1) Be mainly responsible for the collection, compilation, and official release of agricultural statistics;

(2) Exercise technical supervision over data collection centers;

(3) Coordinate all agricultural statistics and economic research activities of all bureaus, corporations and offices under the Department.

SEC. 25. Agricultural Training Institute.—The Agricultural Training Institute shall:

(1) Be responsible for the training of all agricultural extension workers and their clientele, who are mostly farmers and other agricultural workers;

(2) Ensure that training programs address the real needs of the agricultural sector; and

(3) Ensure that the research results are communicated to the farmers through the appropriate training and extension activities.

CHAPTER 5—Regional Offices

SEC. 26. *Functions.*—The Department of Agriculture is authorized to establish, operate, and maintain a Regional Office in each of the administrative regions of the country. Each Regional Office shall be headed by a Regional Director, to be assisted by three (3) Assistant Regional Directors, assigned to Operations, Research, and Support Services, respectively. Each Regional Office shall have, within its administrative regions, the following duties and responsibilities:

- (1) Provide efficient and effective frontline services to the people;
- (2) Implement and enforce in its area the laws and policies, plans, programs, projects, rules, and regulations issued by the Department including plant and animal quarantine laws, rules and regulations;
- (3) Coordinate with regional offices of other departments, offices and agencies in the region;
- (4) Coordinate with local government units; and
- (5) Perform such other functions as may be provided by law or assigned appropriately by the Secretary.

At the provincial level, policies, plans, programs, projects, laws, rules, and regulations of the Department shall be implemented by the provincial Agriculture and Fisheries Officer and, at the municipal and barangay levels by the Municipal Agriculture and Fisheries Office.

SEC. 27. *Importation of Plants and Plant Products.*—Subject to such special quarantine orders, rules and regulations as may be promulgated by the Secretary of Agriculture upon recommendation of the Plant Quarantine Board, it is prohibited to import or introduce into the Philippines, plants, plant products, soil or packing materials of plants capable of harboring plant pests or being a source or medium of infection or infestation of plants by pests. For purposes of this Chapter, the term "plants shall refer to

living plants and any part thereof, while "plant products" shall mean products derived from plants either in their natural state or processed form.

SEC. 28. *Importation of Potential Animal Pests.*—The importation of certain species of animals which are liable to become agricultural crop pests and capable of causing injury to agricultural crops is hereby prohibited, except in limited quantities for justifiable purposes and upon written permission from the Regional Director concerned or other officials of the Department who may be authorized by the Secretary of Agriculture.

SEC. 29. *Plants, Plant Products, and other Materials in Transit.*—Commodities mentioned under the next two preceding sections, including food provisions and ornaments on board carriers that are in transit, shall be required to get a clearance from the Plant Quarantine Officer assigned at the port concerned.

SEC. 30. *Exportation of Plants and Plant Products.*—The Regional Director concerned, the Plant Quarantine Officer or other officials of the Department who may be authorized by the Secretary of Agriculture shall cause the inspection and certification of all plants, plant products and other related materials for exportation, capable of harboring plant pests, if the importing country so requires.

SEC. 31. *Inspection of Plants, Plant Products, Potential Animal Pests, and Other materials.*—The Regional Director concerned or other officials of the Department who may be authorized by the Secretary of Agriculture shall cause the appropriate inspection of the commodities mentioned in the next four preceding sections and apply the necessary plant quarantine measures in order to attain the objectives of this Chapter.

SEC. 32. *Domestic Quarantine of Plants and Plant Products.*—In order to prevent and arrest the spread to other areas of injurious plant pests existing in certain localities within the Philippines, the Regional Director concerned, the Plant Quarantine Officer or other officials of the Department who may be authorized by the Secretary of Agriculture shall cause the inspection, treatment and certification of plants and plant products involved in movement from one locality to another within the country.

SEC. 33. Appointment of Plant Quarantine Officers.—The Secretary shall, upon recommendation of the Regional Director concerned and in consultation with the Director of Plant Industry, appoint Plant Quarantine Officers to act as his representatives in implementing and enforcing the provisions of this Chapter.

SEC. 34. Powers and Duties of Plant Quarantine Officers.—The Plant Quarantine Officers shall have authority to:

(1) Inspect all carriers, passengers, crew, luggage and incoming mails to determine the presence of plants, plant products and other materials capable of harboring plant pests as well as potential animal pests.

(2) Enter into and inspect any and all areas where plants, plant products and other materials capable of harboring plant pests are landed, stored or grown;

(3) Examine imported plants, plant products, and other materials capable of harboring plant pests as well as potential animal pests and administer necessary measures to insure effective implementation of the provisions of this Chapter;

(4) Inspect, administer treatment and certify plants, plant products and other related materials intended for export, if the importing country so requires;

(5) Confiscate and destroy or refuse entry of plants, plant products and potential animal pests involved in prohibited importations and deny inspection certification or clearance of the same; and

(6) Perform such other related duties as may be provided by law.

SEC. 35. Non-Liability Clause.—(1) All charges for storage, demurrage, cartage, labor and delays incident to inspection, cost of disinfection or disinfestation and other post-entry requirements shall be paid by the importer or exporter as the case may be.

(2) The Regional Director and the authorized officials of the Department shall not be held liable for damages to the commodity in the course of the implementation of the provisions of this Chapter.

SEC. 36. Duties of Importer and Exporter.—The importers, exporters, or their authorized representatives

shall submit a declaration to the Regional Director concerned or other authorized officials of the Department, at or before the time of entry or embarkation, of plants and plant products for importation or exportation. Such declaration shall indicate the name and address of the consignor or consignee, the purpose, nature and quantity of plants and plant products, the country or locality where the same was grown, place and date of unloading or embarkation and the registered name of the carrier carrying the consignment.

SEC. 37. Entrance and Clearance of Carrier.—(1) The owner, operator, agent or master of carriers plying international or domestic routes are hereby required to serve notice of arrival and departure and to provide inward and outward cargo manifests and other declarations of said carriers to the Plant Quarantine Officer at the port. Prior to departure, the agent or master of said carrier must secure a clearance from the Plant Quarantine Office thereat.

(2) The Collector of Customs or his authorized agents shall require the owner, agent or master of carrier to submit a copy of the certificate of plant quarantine clearance as a prerequisite to the issuance of the customs clearance.

SEC. 38. Collection of Fees.—(1) The Regional Director concerned shall, with the approval of the Secretary of Agriculture, promulgate rules and regulations governing the collection of regulatory fees for inspection, certification, import permits, commodity treatment and others, on commodities described in this Chapter which shall constitute the revolving fund of the national plant quarantine service.

(2) Importations and exportations of all government departments or agencies and government-owned or controlled corporations, and donations to and for the account of any duly registered relief organization or any charitable institution certified by the Department of Social Services and Welfare, embassies of foreign governments, and those that may be declared by the President, upon the recommendation of the National Economic and Development Authority in the interest of economic development, are exempt from payment of the fees herein prescribed excluding, however, the expense incurred in commodity treatment.

SEC. 39. Overtime Services.—The services of Plant Quarantine Officers, fumigators and helpers performed outside office hours and reimbursement of meal, transportation, lodging and other incidental expenses shall be chargeable to the party or parties served at the rates to be prescribed by the Secretary of Agriculture upon recommendation of the Regional Director concerned.

SEC. 40. Cooperating Agencies.—The Secretary of Agriculture may call upon other government agencies in the implementation of plant quarantine regulations, and dissemination of information to the general public.

SEC. 41. Special Quarantine Orders, Rules and Regulations.—Special quarantine orders, rules and regulations shall be promulgated by the Secretary of Agriculture upon recommendation of the Plant Quarantine Board to carry out and implement the provisions of this Chapter

SEC. 42. Quasi-judicial Authority.—(1) The Regional Directors and the other officials of the Department who may be authorized by the Secretary of Agriculture, after proper hearing, are hereby empowered to impose administrative fines for the violation of and non-compliance with quarantine orders, rules and regulations promulgated in accordance with this Chapter.

(2) The decision of the Regional Director concerned and those of the other authorized officials of the Department under this section are appealable to the Secretary of Agriculture whose decision shall be final.

SEC. 43. Plant Quarantine Board.—For the purpose of carrying out the provisions of this Chapter, there shall be a Plant Quarantine Board which shall be composed of the Undersecretary of Agriculture for Regional Operations as Chairman; the Director of Plant Industry, as Vice-Chairman; and the following members: the Commissioner of Customs, the General Manager of the Philippine Ports Authority, the Director of Quarantine, the Director of Animal Industry, the Postmaster General, the Administrator of the Philippine Coconut Authority, the Director of Forest Development or their representatives, the Chief of the Department Legal Service, the Chief of the

Plant Quarantine Section and the Chief of the Crop Protection Division of the Bureau of Plant Industry, and a representative each from the National Economic and Development Authority, the Central Bank of the Philippines, and the Importers' and Exporters' Confederation, as members.

SEC. 44. Duties of the Board.—The Plant Quarantine Board shall act as the advisory body to assist the Secretary in formulating orders, rules and regulations for the effective implementation of the provisions of this Chapter.

SEC. 45. Board Meeting.—The Board shall meet once every quarter or may call special meetings when necessary, provided that such special meetings shall not be held more than four times annually.

SEC. 46. Quorum.—A majority of the members of the Board shall constitute a quorum.

CHAPTER 6—Attached Agencies

SEC. 47. Attached Agencies.—The following units are hereby attached to the Department:

- (1) Agricultural Credit Policy Council
- (2) National Agricultural and Fishery Council
- (3) Philippine Technical and Administrative Committee for SEAFDEC
- (4) Livestock Development Council
- (5) National Meat Inspection Commission
- (6) Fertilizer and Pesticide Authority
- (7) Fiber Industry Development Authority
- (8) National Tobacco Administration
- (9) Sugar Regulatory Administration
- (10) National Food Authority and its subsidiaries
- (11) Quedan Guarantee Fund Board
- (12) Philippine Fisheries Development Authority
- (13) Philippine Rice Research Institute
- (14) Philippine Coconut Authority and its subsidiaries

- (15) National Irrigation Administration
- (16) Sacovia Development Authority; and
- (17) Regional Cooperative Development Assistance Offices (Region IX and XII).

SEC. 48. *Specific Functions.*—(1) The National Agricultural and Fishery Council shall act as an advisory and coordinative body of the Department. As such, it shall conduct and encourage consultative discussions among all agricultural sectors at the municipal, provincial, regional and national levels;

(2) The Philippine Technical and Administrative Committee for Southeast Asia Fisheries Development Center (SEAFDEC) shall be responsible for the administration and management of the SEAFDEC Aquaculture Department and shall monitor and assess the performance of research projects on fisheries and aquaculture in accordance with the policies or standards established by the SEAFDEC International Council and the Department;

(3) The Livestock Development Council shall be responsible for the formulation and establishment of comprehensive policy guidelines for the livestock industry, preparation of plans and programs and evaluation of livestock programs/projects;

(4) The National Meat Inspection Commission shall conduct actual *ante mortem* inspection on all animals presented for slaughter and *post mortem* inspection on all animals presented for slaughter and *post mortem* inspection on all carcasses intended for human consumption in all abattoirs in the country; render technical assistance in the construction of meat establishments (abattoirs, dressing plants, processing plants and meat markets) particularly on the selection of sites, and plant design preparation, equipment design and test runs; exercise overall supervision and control of management and operations of all abattoirs, dressing plants, meat processing plants and meat markets.

SEC. 49. *Organization and Operation.*—The agencies attached to the Department shall continue to operate and function in accordance with their respective charters, laws or orders creating them, except as otherwise provided in

this Code. Any provision of law to the contrary notwithstanding, the Secretary shall serve as Chairman of the governing boards of all attached units or agencies.

TITLE V—PUBLIC WORKS AND HIGHWAYS

CHAPTER 1—General Provisions

SECTION 1. *Declaration of Policy.*—The State shall maintain an engineering and construction arm and continuously develop its technology, for the purposes of ensuring the safety of all infrastructure facilities and securing for all public works and highways the highest efficiency and the most appropriate quality in construction. The planning design, construction and maintenance of infrastructure facilities, especially national highways, flood control and water resource development system, and other public works in accordance with national development objectives, shall be the responsibility of such an engineering and construction arm. However, the exercise of this responsibility shall be decentralized to the fullest extent feasible.

SEC. 2. *Mandate.*—The Department of Public Works and Highways shall be the State's engineering and construction arm and is tasked to carry out the policy enunciated above.

SEC. 3. *Powers and Functions.*—The Department, in order to carry out its mandate, shall;

(1) Provide technical services for the planning, design, construction, maintenance, or operation of infrastructure facilities;

(2) Develop and implement effective codes, standards, and reasonable guidelines to ensure the safety of all public and private structure in the country and assure efficiency and proper quality in the construction of public works;

(3) Ascertain that all public works plans and project implementation designs are consistent with current standards and guidelines;

(4) Identify, plan, secure funding for program, design, construct or undertake prequalification, bidding, and

award of contracts of public works projects with the exception only of specialized projects undertaken by Government corporate entities with established technical capability and as directed by the President of the Philippines or as provided by law;

(5) Provide the works supervision function for all public works construction and ensure that actual construction is done in accordance with approved government plans and specifications;

(6) Assist other agencies, including the local governments, in determining the most suitable entity to undertake the actual construction of public works projects;

(7) Maintain or cause to be maintained all highways, flood control, and other public works throughout the country except those that are the responsibility of other agencies as directed by the President of the Philippines or as provided by law;

(8) Provide an integrated planning for highways, flood control and water resource development systems, and other public works;

(9) Classify roads and highways into national, regional, provincial, city, municipal, and *barangay* roads and highways, based on objective criteria its shall adopt; provide or authorize the conversion of roads and highways from one category to another; and

(10) Delegate, to any agency it determines to have the adequate technical capability, any of the foregoing powers and functions; and

(11) Perform such other functions as may be provided by law.

SEC. 4. Organizational Structure.—The Department shall be composed of:

(1) The Department Proper consisting of the Office of the Secretary, the Offices of the Undersecretaries and Assistant Secretaries, the Internal Audit Service, Monitoring and Information Service, Planning Service, Comptrollership and Financial Management Service, Legal Service, and the Administrative and Manpower Management Service;

(2) The Bureau of Research and Standards, Bureau of Design, Bureau of Construction, Bureau of Maintenance, and Bureau of Equipment; and

(3) The Field Offices, consisting of fourteen (14) Regional Offices composed of Region I (Ilocos), Region II (Cagayan Valley), Region III (Central Luzon), National Capital Region, Region IV-A (Southern Tagalog Mainland Provinces), Region IV-B (Southern Tagalog Island Provinces), Region V (Bicol), Region VI (Western Visayas), Region VII (Central Visayas), Region VIII (Eastern Visayas), Region IX (Western Mindanao), Region X (Northeastern Mindanao), Region XI (Southern Mindanao), and Region XII (Central Mindanao), and their respective District Offices.

CHAPTER 2—Department Proper

SEC. 5. Offices of the Secretary.—The Office of the Secretary shall be composed of the Secretary and his immediate staff.

SEC. 6. Undersecretaries.—The Secretary shall be assisted by not more than five (5) Undersecretaries who shall be appointed by the President upon the recommendation of the Secretary. The Secretary is hereby authorized to delineate and assign the respective functional areas of responsibility of the Undersecretaries. Such responsibility shall be with respect to the mandate and objectives of the Department and no Undersecretary shall be assigned primarily administrative responsibilities. within his functional area of responsibility, an Undersecretary shall have the following functions:

(1) Advise and assist the Secretary in the formulation and implementation of Department policies, plans programs and projects;

(2) Supervise all the operational activities of the units assigned to him, for which he is responsible to the Secretary; and

(3) Perform such other duties and responsibilities as may be assigned or delegated by the Secretary to promote efficiency and effectiveness in the delivery of public services or as may be required by law.

SEC. 7. Assistant Secretaries.—The Secretary shall also be assisted by six (6) Assistant Secretaries appointed by the President of the Philippines upon the recommendation of the Secretary; one (1) to be responsible for the Internal Audit Services; one (1) for the Monitoring and Information Service; and (1) for the Planning Service; one (1) for the Comptrollership and Financial Management Service; one (1) for the Legal Service; and one (1) for the Administrative and Manpower Management Service.

CHAPTER 3—Department Services

SEC. 8. Internal Audit Service.—The Internal Audit Service shall conduct comprehensive audit of various Department activities. Specifically, it shall have the following functions;

- (1) Advise the Secretary on all matters relating to management control and operations audit;
- (2) Conduct management and operations performance audit of Department activities and units and determine the degree of compliance with established objectives, policies, methods and procedures, government regulations, and contractual obligations of the Department;
- (3) Review and appraise systems and procedures, organizational structure, assets management practices, accounting and other records, reports and performance standards (such as budgets and standards cost) of the Department Proper, Bureaus and Regional Offices;
- (4) Analyze and evaluate management deficiencies and assist top management to solve the problems by recommending realistic courses of action; and
- (5) Perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law.

SEC. 9. Monitoring and Information Service.—The Monitoring and Information Service is hereby created to provide the Secretary timely reports on the status of various Department projects and activities; and develop and implement information programs for mass dissemination in

coordination with the appropriate government agencies. The Monitoring and Information Service shall have the following functions:

- (1) Advise the Secretary on all matters relating to monitoring and public information;
- (2) Develop and maintain a system for retrieving and processing monitoring information on all projects and activities of concern to the Secretary;
- (3) Provide accurate and timely status and exception reports to the Secretary;
- (4) Generate monitoring reports for the President, the Cabinet, or for any other purpose as required by the Secretary;
- (5) Develop and supervise the implementation of communications programs to have relevant policies, programs and plans of the Department understood by the public;
- (6) Produce and supervise the dissemination of media materials in line with the national government public information programs;
- (7) Coordinate with appropriate national government agencies tasked with public information affairs; and
- (8) Perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law.

The existing Infrastructure Computer Center shall be under the supervision of the Assistant Secretary for Monitoring and Information. It shall establish and maintain a computerized, data bank as a repository of statistics and information on infrastructure operations. It shall also provide computer services to the different offices of the Department.

SEC. 10. Planning Service.—The Planning Service shall provide the Department with the capability to undertake infrastructure development planning and programming. For this purpose, it shall have the following functions:

- (1) Advise the Secretary on all matters relating to infrastructure planning;

(2) Formulate strategies and priorities for infrastructure development consistent with national development objectives; and initiate or undertake, coordinate and review area and sector surveys for development planning;

(3) Formulate long-range, medium-term and annual development plans and programs for infrastructure, especially highways, flood control and water resource development systems, and other public works projects, including phasing of implementation;

(4) Identify priority packages for infrastructure development, especially highways, flood control and water resource development systems, and other public works projects, and undertake or supervise and evaluate the conduct of feasibility studies and project preparation thereof;

(5) Prioritize project implementation and the allocation of funds and other resources and package project proposal for funding and implementation;

(6) Evaluate and appraise all regional and inter-regional infrastructure development plans and programs as to their feasibility and consistency with approved strategies and long and medium-term plans;

(7) Initiate regular Department-wide planning exercise and act as the secretariat thereof;

(8) Gather, analyze and organize needed statistical data and information;

(9) Provide technical assistance related to its functions to the other Services, Bureaus and the Regional Offices as needed; and

(10) Perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law;

SEC. 11. Comptrollership and Financial Management Service.—The comptrollership and Financial Management Service shall provide the Department with coordinated services relating to financial systems and procedures, budget, cash, accounting, and all financial housekeeping matters. For such purposes, it shall have the following functions:

(1) Advise the Secretary, on all matters relating to the accounting of government expenditures and receipts, budgeting and cash management, project finances, and financial systems and procedures;

(2) Prepare budget proposals and pursue formal budget authorizations; undertake budget execution, and prepare and submit all appropriate reports to the proper offices;

(3) Develop and maintain accounting, financial and assets management systems, procedures, and practices in the Department proper, Bureaus, and Regional Offices;

(4) Provide assistance in its area of specialization to any unit of the Department and, when requested, to government corporations and councils attached to the Department; and

(5) Perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law.

SEC. 12. Legal Service.—The Legal Service provides the Department with services on such legal affairs as contract letting and litigation, legal and legislative research, complaints and investigation, legal counselling and other matters of law. For such purposes, it shall have the following functions:

(1) Advise the Secretary on all matters relating to legal affairs;

(2) Prepare Department contracts and legal instruments, review and interpret all contracts and agreements entered into by the Department evaluate all legal proposals;

(3) Conduct administrative investigation as well as the review of administrative charges against officers and employees of the Department;

(4) Exercise functional jurisdiction over the legal staffs of Regional Offices;

(5) Provide legal assistance to the Department proper, the Bureaus and Regional Offices and, when requested, the attached corporations; and

(6) Perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law.

SEC. 13. *Administrative and Manpower Management Service.*—The Administrative and Manpower Management Service provides the Department with services relating to human resources development, personnel, records facilities maintenance, medical and dental, security and property and procurement services. For such purposes, it shall have the following functions:

(1) Advise the Secretary, on all matters relating to internal administration and human resources management;

(2) Prepare and implement an integrated personnel plan that shall include provisions on merit promotions, performance evaluation, job rotation, suggestions and incentive awards systems and health and welfare services;

(3) Provide services related to human resources training, education, and development, including manpower and career planning and forecasting and development of indigenous training materials;

(4) Develop, establish and maintain an efficient and cost-effective property procurement system and facilities and coordinate or otherwise interface with relevant agencies, whether government or private, for the purpose of developing or upgrading the system;

(5) Secure and maintain necessary Department facilities and develop, establish and maintain an efficient and effective security system covering, among others, personnel, physical installations, equipment, documents and materials, including the conduct of security investigations;

(6) Coordinate with the appropriate government agencies for a more efficient conduct of administrative processes;

(7) Develop, establish and maintain an efficient records system;

(8) Provide assistance in its area of specialization to the Department proper, Bureaus and Regional Offices and, when requested, the government agencies and corporations attached to the Department; and

(9) Perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law.

CHAPTER 4—*The Bureau*

SEC. 14. *Bureau Head.*—Each Bureau shall be headed by a Bureau Director who shall be responsible for efficiently and effectively carrying out the functions of the Bureau.

SEC. 15. *Bureau of Research and Standards.*—The Bureau of Research and Standards shall develop and set effective standards and reasonable guidelines to ensure the safety of all infrastructure facilities in the country and to assure efficiency and proper quality in the construction of government public works. In pursuit of this task, the Bureau shall engage in research and development in all major areas pertinent to infrastructure development. For such purposes, it shall have the following functions:

(1) Study, on a continuing basis, and formulate and recommend guidelines, standards, criteria, and systems for the survey and design, construction, rehabilitation, maintenance and improvement of all public works and highways;

(2) Conduct or sponsor research on construction materials and formulate and recommend policies, standards and guidelines on materials and quality control;

(3) Undertake or cause to be undertaken specialized technical studies to advance the inhouse technology of the Department and secure the most complete information for project development and implementation purposes;

(4) Formulate technical training programs for Department technical personnel, including the identification of appropriate local and foreign training programs, and recommend the selection of Department personnel for such programs;

(5) Review and study, for the purpose of recognizing new technologies especially those utilizing indigenous resources, current national building and construction standards and procedures and make appropriate recommendations thereon;

(6) Promote, publish and disseminate technical publications;

(7) Provide technical assistance to the Department Proper, other Bureaus, Regional Offices and other agencies on matters within its competence, including technical assistance in the upgrading or updating of the Building Code, and other services;

(8) Cooperate or coordinate with other established research, development, and engineering centers in areas of common or national interests; and

(9) Perform such other duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law.

SEC. 16. Bureau of Design.—The Bureau of Design shall ascertain that all government infrastructure project implementation plans and designs are consistent with current standards and guidelines. For this purpose, it shall have the following duties and responsibilities:

(1) Conduct or initiate, supervise and review the results of field surveys for highways, flood control and water resource development systems, and other public works projects, including aerial, hydrologic, hydrographic, topographic, geotechnical and other investigations;

(2) Conduct or initiate supervise and review the preparation of schemes, designs, specifications, estimates, tender and contract documents covering the architectural, structural, mechanical, electrical and other technical design aspects of highways, flood control and other projects of the Department or of other departments upon request or agreements;

(3) Review and evaluate the designs, specifications, estimates, tender and contract documents covering the architectural, structural, mechanical, electrical and other technical design aspects of public works projects of an

agency in accordance with current standards and guidelines;

(4) Provide technical assistance in the selection on firms or entities that shall undertake actual construction of public works projects via participation in the technical evaluation aspect of the bidding/award process; and

(5) Perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law.

SEC. 17. Bureau of Construction.—The Bureau of Construction shall provide technical services on construction works for infrastructure projects and facilities. For this purpose, it shall have the following duties and responsibilities:

(1) Formulate policies relating to construction management and contract administration;

(2) Review and evaluate construction programs, estimates, tender and contract documents;

(3) Inspect, check and monitor construction and works supervision activities of field implementing offices for the purpose of ensuring that such activities are being conducted in accordance with the current standards and guidelines of the Department;

(4) Provide specialist support to implementing field offices on construction management and contract administration; and

(5) Perform such other related duties and responsibilities as may be assigned or delegated by the secretary or as may be required by law.

SEC. 18. Bureau of Maintenance.—The Bureau of Maintenance provides technical services on the maintenance and repair of infrastructure projects and facilities. For this purpose, it shall have the following duties and responsibilities:

(1) Formulate policies relating to the maintenance of infrastructure projects and facilities;

(2) Review and evaluate maintenance programs, estimates, and tender and contract documents;

(3) Inspect, check, and monitor maintenance activities of implementing field offices for the purpose of ensuring that such activities are being conducted in accordance with the current standards and policies of the Department;

(4) Provide specialist support to implementing field offices on the maintenance of infrastructure projects and facilities;

(5) Perform such other related duties and responsibilities as may be assigned or delegated by the secretary or as may be required by law.

SEC. 19. Bureau of Equipment.—The Bureau of Equipment provides technical services on the management of construction and maintenance equipment and ancillary facilities. For this purpose, it shall have the following duties and responsibilities:

(1) Formulate policies relating to the management of infrastructure equipment and ancillary facilities;

(2) Review and evaluate programs, estimates, tender and contract documents for equipment;

(3) Inspect, check and monitor the management of equipment by regional equipment services and area shops for the purpose of ensuring that such activities are being conducted in accordance with the current standards and policies of the Department;

(4) Provide specialist support to implementing field offices on equipment management; and

(5) Perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law.

CHAPTER 5—Regional Offices

SEC. 20. Regional Offices.—Regional Offices shall be responsible for highways, flood control and water resource development systems, and other public works within the region, except those defined in Section 3, par. (4) hereof. For this purpose, their duties and responsibilities shall be as follows:

(1) Undertake and evaluate the planning, design, construction and works supervision functions of the Department for the above mentioned infrastructure within the region;

(2) Undertake the maintenance of the above mentioned infrastructure within the region and supervise the maintenance of such local road and other infrastructure receiving national government financial assistance as the Secretary may determine.

(3) Ensure the implementation of laws, policies, programs, rules and regulations regarding the above mentioned infrastructure as well as all public and private physical structures;

(4) Provide technical assistance related to their functions to other agencies within the region especially the local government;

(5) Coordinate with other departments, agencies, institutions and organizations, especially local government units within the region in the planning and implementation of infrastructure projects;

(6) Conduct continuing consultations with the local communities, take appropriate measures to make the services of the Department responsive to the needs of the general public, compile and submit such information to the central office, and recommend such appropriate actions as may be necessary; and

(7) Perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law.

The Department shall retain and have such Project Management Offices as may be required which shall be under the supervision and control of the appropriate Regional Director, unless otherwise determined by the Secretary for reasons of supra-regional scope, magnitude, and multi-functional coverage.

SEC. 21. Regional Director.—The Regional Office shall be headed by a Regional Director who shall be responsible for efficiently and effectively carrying out the duties and responsibilities of the Regional Office. Towards this end, and in line with the policy of decentralization, he shall,

within his defined powers, exercise functional and administrative supervision over District Offices within the region including the authority to commit their resources and personnel to integrated province or city-wide development thrusts.

He shall also perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law.

The Regional Director shall be assisted by two (2) Assistant Regional Directors who shall exercise supervision, respectively over:

- (1) the construction, maintenance and works supervision functions in the region; and (2) the planning, project design, evaluation and technical assistance functions of the Regional Office

SEC. 22. District Office.—There shall be a District Office in each of the provinces and cities throughout the country to be headed by a District Engineer appointed by the Secretary. A province or city may, however, be divided into two (2) or more engineering districts, upon determination and issuance of an administrative order by the Secretary. The District Office shall be responsible for all highways, flood control and water resource development systems, and other public works within the district, except those defined under Section 3, par. (4) hereof. For this purpose, it shall have the following duties and responsibilities:

- (1) Undertake and evaluate the planning, design, construction, and works supervision functions of the Department for the above mentioned infrastructure in the district;
- (2) Undertake the maintenance of the abovementioned infrastructure within the district and supervise the maintenance of such local roads and other infrastructure receiving national government financial assistance as the Secretary may determine;
- (3) Coordinate with other departments, agencies, institutions, and organizations, especially local government units within the district in the planning and implementation of infrastructure projects;

(4) Provide technical assistance to other agencies at the local level on public works planning, design, construction, maintenance and other engineering matters including securing from the Regional office or, through the same office, assistance from the Department Proper or Bureaus;

(5) Conduct continuing consultations with the local communities, take appropriate measures to make the services of the Department responsive to the needs of the general public, compile and submit such information to the Regional Office and recommend such appropriate actions as may be necessary; and

(6) Perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law.

SEC. 23. District Engineer.—The District Engineer of or within a province or city shall be accountable for the efficient and effective conduct of the duties and responsibilities of the District Office of which he is the head. Within the defined powers, he shall exercise functional and administrative supervision over district operations including the authority to recommend that field resources and personnel be committed to integrated district-wide development thrusts. He shall also perform such other related duties and responsibilities as may be assigned or delegated by the Secretary or as may be required by law.

SEC. 24. Equipment Services.—The Regional Equipment Services, including regional depots and area shops are hereby reorganized to undertake the management, repair, maintenance and rehabilitation of construction and maintenance equipment. Each depot or shop shall be operated, to the extent practicable, as a profit center. The Regional Equipment Services shall be under the administrative supervision of the Regional Director and technical supervision of the Bureau of Equipment.

CHAPTER 6—Attached Agencies

SEC. 25. Attached Agencies and Corporations.—Agencies and corporations attached to the Department shall continue to operate and function in accordance with their respective

charters/laws/executive orders creating them. Accordingly, the Metropolitan Waterworks and Sewerage System, the Local Water Utilities Administration, the National Irrigation Administration, and the National Water Resources Council, among others, shall continue to be attached to the Department; while the Metropolitan Manila Flood Control and Drainage Council, as reorganized, shall be attached to the Department.

TITLE VI—EDUCATION, CULTURE AND SPORTS

CHAPTER 1—General Provisions

SECTION 1. *Declaration of Policy.*—The State shall protect and promote the right of all citizens to quality education at all levels and shall take appropriate steps to make such education accessible to all. Pursuant to this, the State shall:

1) Establish, maintain and support a complete, adequate, and integrated system of education relevant to the needs of the people and society;

2) Establish and maintain a system of free public education in the elementary and high school levels. Without limiting the natural right of parents to rear their children, elementary education is compulsory for all children of school age;

3) Establish and maintain a system of scholarship grants, student loan programs, subsidies, and other incentives which shall be available to deserving students in both public and private schools, especially to the underprivileged;

4) Encourage non-formal, informal, and indigenous learning systems, as well as self-learning, independent, and out-of-school study programs particularly those that respond to community needs; and

5) Provide adult citizens, the disabled, and out-of-school youth with training in civics, vocational efficiency and other skills.

SEC. 2. *Mandate.*—The Department shall be primarily responsible for the formulation, planning, implementation

and coordination of the policies, plans, programs and projects in the areas of formal and non-formal education at all levels, supervise all educational institutions, both public and private, and provide for the establishment and maintenance of a complete, adequate and integrated system of education relevant to the goals of national development.

SEC. 3. *Powers and Functions.*—To accomplish its mandate and objectives, the Department shall have the powers and functions of formulating, planning, implementing and coordinating policies, plans, programs and projects for the following:

(1) Elementary, secondary, physical and international education;

(2) Non-formal and vocational or technical education;

(3) Higher Education;

(4) Development of Culture;

(5) Foreign and locally assisted projects and other activities related to Subsections (1), (2), (3) and (4); and

(6) Perform such other functions as may be provided by law.

SEC. 4. *Organizational Structure.*—The Department, aside from the Department Proper, shall consist of Bureaus and Regional Offices.

CHAPTER 2—Department Proper

SEC. 5. *Office of the Secretary.*—The Office of the Secretary shall be composed of the Secretary and his immediate staff.

SEC. 6. *Undersecretaries.*—The Secretary shall be assisted by five (5) Undersecretaries, each of whom shall be responsible for the following:

(1) Elementary education, secondary education, physical education and international education programs and centers;

(2) Non-formal education, vocational/technical education, and youth organizations;

(3) Higher education, cultural agencies, and foreign assisted projects;

(4) Internal administration and management, and regional coordination; and

(5) Legal and legislative affairs, and other attached agencies and centers.

CHAPTER 3—*Department Services*

SEC. 7. *Functions of the Services.*—The Services of the Department shall consist of the following:

(1) The Planning Service shall be responsible for providing the Department with economical, efficient, and effective services relating to planning, programming, and project development;

(2) The Financial and Management Service shall be responsible for providing the Department with staff advice and assistance on budgetary, financial, and management improvement matters;

(3) The Administrative Service shall be responsible for providing the Department with economical, efficient, and effective services relating to legal assistance, information, records, supplies, equipment, collections, disbursement, security and custodial work;

(4) The Human Resources Development Service shall:

(a) Develop and administer a personal program which shall include selection and placement, classification and pay, career and employment development, performance rating, employee relations and welfare services;

(b) Act on all matters concerning attendance, leaves of absences, appointments, promotions, and other personnel transactions; and

(c) Conduct training programs in the Department.

(5) The Technical Service, which includes the Office of the Head Executive Assistant and the Information and Publication Service shall take charge of technical staff activities which cannot be allocated to the four (4) other services.

CHAPTER 4—*Board of Higher Education*

SEC. 8. *Organization.*—The Board shall be composed of an Undersecretary of the Department of Education, Culture and Sports designated as Chairman and four other members to be appointed by the President of the Philippines upon nomination by the Secretary of Education, Culture and Sports for a term of four years. The four members shall have distinguished themselves in the field of higher education and development either in the public or private sector. The Director of the Bureau of Higher Education shall participate in the deliberation of the Board but without the right to vote.

SEC. 9. *Functions.*—The Board of Higher Education shall:

(1) Articulate the policy and support the framework for both public and private post-secondary education;

(2) Make policy recommendations regarding the planning and management of the integrated system of higher education and the continuing evaluation thereof;

(3) Recommend to the Secretary of Education, Culture and Sports steps to improve the governance of the various components of the higher education system at national and regional levels; and

(4) Assist the Secretary of Education, Culture and Sports in making recommendations relative to the generation of resources and their allocation for higher education.

SEC. 10. *Staff Assistance.*—The Bureau of Higher Education shall provide the Board with the necessary technical and staff support; *Provided*, That the Board may create technical panels of experts in the various disciplines as the needs arises.

CHAPTER 5—*State Colleges and Universities*

SEC. 11. *Governance.*—By virtue of his chairmanship of their boards of trustees as provided in their respective charters, the Secretary, directly or through his Undersecretaries, shall continue to govern state colleges and universities.

CHAPTER 6—Bureaus and Offices

SEC. 12. *Bureau of Elementary Education.*—The Bureau of Elementary Education shall have the following functions:

- (1) Conduct studies and formulate, develop, and evaluate programs and educational standards for elementary education;
- (2) Undertake studies necessary for the preparation of prototype curricular designs, instructional materials and teacher training programs for elementary education;
- (3) Formulate guidelines to improve elementary school physical plans and equipment, and general management of these schools; and
- (4) Perform such other functions as may be provided by law.

SEC. 13. *Bureau of Secondary Education.*—The Bureau of Secondary Education shall have the following functions:

- (1) Conduct studies and formulate, develop and evaluate programs and educational standards for secondary education;
- (2) Develop curricular designs, prepare instructional materials, and prepare and evaluate programs to upgrade the quality of the teaching and non-teaching staff at the secondary level;
- (3) Formulate guidelines to improve the secondary schools physical plants and equipment, and general management of these schools; and
- (4) Perform such other functions as may be provided by law.

SEC. 14. *Bureau of Technical and Vocational Education.*—The Bureau of Technical and Vocational Education shall have the following functions:

- (1) Collaborate with other agencies in the formulation of manpower plans;
- (2) Conduct studies, formulate, develop and evaluate post-secondary vocational-technical staff, and formulate guidelines to improve the physical plant and equipment of post-secondary vocational-technical schools; and

(3) Develop curricular designs and prepare instructional materials, prepare and evaluate programs to upgrade the quality of teaching and non-teaching staff, and formulate guidelines to improve the physical plant and equipment of post-secondary, vocational/technical schools.

SEC. 15. *Bureau of Higher Education.*—The Bureau of Higher Education shall have the following functions:

- (1) Develop, formulate and evaluate programs, projects and educational standards for higher education;
- (2) Provide staff assistance to the Board of Higher Education in its policy and advisory functions;
- (3) Provide technical assistance to encourage institutional development programs and projects;
- (4) Compile, analyze and evaluate data on higher education; and
- (5) Perform other functions provided by law.

SEC. 16. *Bureau of Non-Formal Education.*—The Bureau of Non-Formal Education shall have the following functions:

- (1) Serve as a means of meeting the learning needs of those unable to avail themselves of the educational services and programs of formal education;
- (2) Coordinate with various agencies in providing opportunities for the acquisition of skills necessary to enhance and ensure continuing employability, efficiency, productivity, and competitiveness in the labor market; and
- (3) Serve as a means for expanding access to educational opportunities to citizens of varied interests, demographic characteristics and socio-economic origins of status.

SEC. 17. *Bureau of Physical Education and School Sports.*—The Bureau of Physical Education and School Sports shall have the following functions:

- (1) Develop human resources through mass-based sports education;
- (2) Improve the general fitness of the citizenry;

(3) Promote social and cultural integration through the revival of indigenous games and sports;

(4) Identify and nurture sports talents and promote excellence in sports, traditional games and other physical activities; and

(5) Perform such other functions as may be provided by law.

CHAPTER 7—Regional Offices

SEC. 18. *Organization.*—The Department is hereby authorized to establish, operate and maintain a Regional Office in each of the administrative regions of the country. Each Regional Office shall be headed by a Regional Director who shall be assisted by an Assistant Regional Director. The Regional Director shall be responsible for the School Divisions and their Superintendents within his administrative region.

SEC. 19. *Functions.*—A Regional Office shall have, within its administrative region, the following functions:

(1) Formulate the regional plan of education based on the national plan of the Department taking into account the specific needs and special traditions of the region;

(2) Implement laws, rules, regulations, policies, plans, programs and projects of the Department;

(3) Provide economical, efficient and effective education service to the people;

(4) Coordinate with regional offices of other Departments, Offices and agencies in the region;

(5) Coordinate with local government units; and

(6) Perform such other functions as may be provided by law.

CHAPTER 8—Attached Agencies

SEC. 20. *Attached Agencies.*—The following agencies are hereby attached to the Department:

(1) National Museum;

(2) National Library;

(3) National Historical Institute;

(4) Institute of Philippine Languages;

(5) Instructional Materials Corporation;

(6) Instructional Materials Council;

(7) Educational Development Projects Implementing Task Force;

(8) Educational Assistance Policy Council;

(9) National Youth and Sports Development Board;

(10) National Social Action Council;

(11) National Board of Teachers;

(12) Boy Scouts of the Philippines;

(13) Girl Scouts of the Philippines; and

(14) Records Management and Archives Office.

SEC. 21. *Supervised and Controlled Agencies.*—The Department shall exercise supervision and control over the following agencies:

(1) Health and Nutrition Center; and

(2) National Education Testing and Research Center.

SEC. 22. *Functions and Duties.*—The agencies attached to as well as those under the supervision and control of the Department shall continue to operate and function in accordance with their respective charters or laws creating them except as otherwise provided in this Code.

CHAPTER 9—Miscellaneous Provisions

SEC. 23. *Medium of Instruction.*—The Department shall promulgate rules and regulations as the medium of instruction for all schools in accordance with the policy declared in Sec. 7, Article XIV of the Constitution.

SEC. 24. *School Year.*—(1) The school year for public and private schools shall consist of not less than forty (40) weeks for the elementary and secondary levels, and thirty-six (36) weeks for the college level or eighteen (18) weeks a semester.

(2) The opening date shall be fixed by the Secretary, but it shall not be earlier than the first day of June nor later

than the last day of July of each year unless prevented by fortuitous events.

(3) The long school vacation period shall likewise be fixed by the Secretary taking into consideration the convenience of the pupils and the special climatic conditions prevailing during the said period.

(4) The dates established for the long school vacation shall not be changed oftener than once every five (5) years without prior public hearing properly advertised in a newspaper of general circulation or announced by the school authorities concerned.

SEC. 25. *School Holidays*.—All schools, whether public or private, shall not hold classes on public holidays, whether regular or special. On holidays especially proclaimed by the President, the schools in the municipality, city or province affected by the proclamation shall not hold classes. The Secretary may, by reason of public calamity or emergency, order the closure of any school, public or private, as may have been affected thereby for such period as necessity may demand.

SEC. 26. *School Sessions*.—The regular daily sessions of all public and private schools shall be held during the hours fixed by the Secretary or his duly authorized representative. Except in college, no class sessions shall be held on Saturdays, Sundays, or holidays unless to offset class sessions suspended by competent authority.

SEC. 27. *School Rituals*.—(1) School rituals prepared and prescribed by the Secretary shall be observed in all public and private elementary and secondary schools in the Philippines.

(2) The school rituals shall consist of solemn and patriotic mass singing of the Philippine National Anthem and the recitation of prescribed patriotic pledges.

(3) The rituals shall be held in school premises as often as may be practicable under the direction of the respective school authorities.

SEC. 28. *Flag Ceremony*.—(1) All educational institutions shall observe a simple and dignified flag ceremony, including the playing or singing of the Philippine National Anthem.

(2) The flag ceremony shall be conducted under the rules and regulations issued by the Secretary.

(3) Failure or refusal to observe the flag ceremony in accordance with the rules and regulations issued by the Secretary shall, after proper notice and hearing, subject the educational institution concerned and its head to public censure as an administrative punishment, which shall be published at least once in a newspaper of general circulation.

(4) Failure to observe for the second time the said flag ceremony shall, after notice and hearing, be a ground for the cancellation of the recognition or the permit of the private educational institution concerned.

(5) Any teacher or student or pupil who refuses to join or participate in the flag ceremony may be dismissed after due investigation.

SEC. 29. *Local School Boards*.—In every province, city or municipality, there shall be established a Provincial School Board, City School Board and Municipal School Board, respectively, whose composition, powers, functions and duties shall be provided by law.

TITLE VII—LABOR AND EMPLOYMENT

CHAPTER 1—General Provisions

SECTION 1. *Declaration of Policy*.—(1) The State shall afford full protection to labor and promote full employment and equality of employment opportunities for all.

It shall guarantee the rights of all workers to self-organization, collective bargaining negotiations, and peaceful concerted activities, including the right to strike in accordance with law. They shall be entitled to security of tenure, humane conditions of work, and a living wage. They shall also participate in policy and decision-making processes affecting their rights and benefits as may be provided by law.

(2) The State shall promote the principle of shared responsibility between workers and employers and the preferential use of voluntary modes in settling disputes, including conciliation, and shall enforce their mutual compliance therewith to foster industrial peace.

(3) The State shall regulate the relations between workers and employers, recognizing the right of labor to its just share in the fruits of production and the right of enterprises to reasonable returns on investments, and to expansion and growth.

SEC. 2. *Mandate.*—The Department shall be the primary policy-making, programming, coordinating and administrative entity of the Executive Branch of the government in the field of labor and employment. It shall assume primary responsible for:

(1) The promotion of gainful employment opportunities and the optimization of the development and utilization of the country's manpower resources;

(2) The advancement of workers' welfare by providing for just and humane working conditions and terms of employment;

(3) The maintenance of industrial peace by promoting harmonious, equitable, and stable employment relations that assure equal protection for the rights of all concerned parties.

SEC. 3. *Powers and Functions.*—The Department of Labor and Employment shall:

(1) Enforce social and labor legislation to protect the working class and regulate the relations between the worker and his employer;

(2) Formulate and recommend policies, plans and programs for manpower development, training, allocation, and utilization;

(3) Recommend legislation to enhance the material, social and intellectual improvement of the nation's labor force;

(4) Protect and promote the interest of every citizen desiring to work locally or overseas by securing for him the most equitable terms and conditions of employment, and by providing social and welfare services;

(5) Regulate the employment of aliens, including the enforcement of a registration or work permit system for such aliens, as provided for by law;

(6) Formulate general guidelines concerning wage and income policy;

(7) Recommend necessary adjustments in wage structures with a view to developing a wage system that is consistent with national economic and social development plans;

(8) Provide for safe, decent, humane and improved working conditions and environment for all workers, particularly women and young workers;

(9) Maintain a harmonious, equitable and stable labor relations system that is supportive of the national economic policies and programs;

(10) Uphold the right of workers and employers to organize and promote free collective bargaining as the foundation of the labor relations system;

(11) Provide and ensure the fair and expeditious settlement and disposition of labor and industrial disputes through collective bargaining, grievance machinery, conciliation, mediation, voluntary arbitration, compulsory arbitration as may be provided by law, and other modes that may be voluntarily agreed upon by the parties concerned; and

(12) Perform such other functions as may be provided by law.

SEC. 4. *Organizational Structure.*—The Department shall consist of the Office of the Secretary, and Undersecretaries and Assistant Secretaries, the Services and Staff Bureaus, and the Regional Offices.

CHAPTER 2—*Department Proper*

SEC. 5. *Office of the Secretary.*—The Office of the Secretary shall consist of the Secretary and his immediate staff.

SEC. 6. *Joint RP-US Labor Committee Staff.*—There is hereby created in the Office of the Secretary a Joint RP-US Labor Committee Staff which shall provide technical and other necessary services to the Philippine panel in the Joint Labor Committee created under the RP-US Base Labor Agreement and for other special projects. The unit shall be headed by a Head Executive Assistant who shall be assisted by five (5) staff assistants.

SEC. 7. Undersecretary.—The Secretary shall be assisted by not more than four (4) Undersecretaries who shall be appointed by the President upon the recommendation of the Secretary. The Secretary is hereby authorized to delineate and assign the respective functional areas of responsibility of the Undersecretaries.

SEC. 8. Assistant Secretaries.—The Secretary shall likewise be assisted by not more than four (4) Assistant Secretaries who shall be appointed by the President upon the recommendation of the Secretary. The Secretary is hereby authorized to delineate and assign the respective areas of functional responsibility of the Assistant Secretaries. Within his functional area of responsibility, the Assistant Secretary shall assist the Secretary and Undersecretaries in the formulation, determination and implementation of laws, policies, plans, programs and projects on labor and shall oversee the day-to-day administration and supervision of the constituent units of the Department.

CHAPTER 3—Department Services

SEC. 9. Planning Service.—The Planning Service shall provide the Department with efficient, effective and economical services relating to planning, programming, project development and evaluation, and the development and implementation of a management information system.

SEC. 10. Administrative Service.—The Administrative Service shall provide the Department with efficient, effective and economical services relating to records, management, supplies, equipment, collections, disbursements, building administration and maintenance, security and custodial work.

SEC. 11. Human Resource Development Service.—The Human Resource Development Service shall provide the Department with a program and corresponding projects that shall make available training, education and development opportunities needed to upgrade the levels of competence and productivity of Department managers and personnel. It shall absorb the powers and functions of the Administrative Service in relation to the development and administration of personnel programs including selection and placement, development, performance evaluation, employee relations and welfare.

SEC. 12. Financial Management Service.—The Financial and Management Service shall be responsible for providing the Department with efficient, effective and economical services relating to budgetary, financial management improvement and internal control matters.

SEC. 13. Legal Service.—The Legal Service shall provide legal advice and service to Department Officers and employees; prepare informative or clarificatory opinions on labor laws, rules and regulations for uniform interpretation thereof; answer legal queries from the public; assist the Office of the Solicitor General in suits involving the Department or its Officers or employees or acts as their principal counsel in all actions taken in their official capacity or other causes before judicial or administrative bodies.

SEC. 14. International Labor Affairs Service.—The International Labor Affairs Service shall be responsible for monitoring the observance and implementation of all obligations, courtesies, and facilities required by international labor affairs, particularly the International Labor Organization, the Conference of Asian Pacific Labor Ministries, the Association of Southeast Asian Nations Labor Ministers Meeting of which the Philippines is a member, and related international labor standards and agreements reached in various international labor forums, treaties, and other multilateral, bilateral or multi-bilateral agreements in the area of labor and employment; provide staff support and policy guidelines to the Secretary in the supervision, monitoring and reporting of the activities of the Philippine overseas labor officers assigned in different countries; serve as the instrumentality of the Department for technical cooperation, programs, and activities with other countries and international institutions.

SEC. 15. Information and Publications Service.—The Information and Publication Service, shall be responsible for rapport and understanding between the Department and the public through the development of public relations programs and the dissemination of accurate and updated information on labor and employment, by means of publications and media coverages of special events, and related matters on the Department's policies, plans,

programs, and projects; likewise, it shall be responsible for providing answers to queries from the public regarding the Department's policies, rules, regulations, programs, activities and services.

CHAPTER 4—Bureaus

SEC. 16. Bureau of Labor Relations.—The Bureau of Labor Relations shall set policies, standards, and procedures on the registration and supervision of legitimate labor union activities including denial, cancellation and revocation of labor union permits. It shall also set policies, standards, and procedure relating to collective bargaining agreements, and the examination of financial records of accounts of labor organizations to determine compliance with relevant laws.

The Bureau shall also provide proper orientation to workers on their rights and privileges under existing laws and regulations, and develop schemes and projects for the improvement of the standards of living of workers and their families.

SEC. 17. Bureau of Local Employment.—The Bureau of Local Employment shall:

- (1) Formulate policies, standards and procedures on productive manpower resources, development, utilization and allocation;
- (2) Establish and administer a machinery for the effective allocation of manpower resources for maximum employment and placement;
- (3) Develop and maintain a responsive vocational guidance and testing system in aid of proper human resources allocation;
- (4) Regulate and supervise private sector participation in the recruitment and placement of workers locally under such rules and regulations as may be issued by the Secretary;
- (5) Establish and maintain a registration of work permit system to regulate employment of aliens;
- (6) Develop and maintain a labor market information system in aid of proper manpower and development planning;

(7) Formulate employment programs designed to benefit disadvantaged groups and communities; and

(8) Perform other functions as may be provided by law.

SEC. 18. Bureau of Women and Young Workers.—The Bureau of Women and Young Workers shall:

(1) Formulate policies and promulgate orders, rules and regulations implementing the provisions of the Labor Code affecting working women and minors;

(2) Set standards which shall project the welfare of the working women and minors, improve their working conditions, increase their efficiency, secure opportunities for their profitable employment and find ways for their economic, educational, social and cultural advancement;

(3) Prepare and recommend to the Secretary of Labor and Employment the approval and issuance of such rules and regulations necessary in the interpretation of all laws relating to the employment of women and minors;

(4) Undertake studies and submit recommendations on the employment of women and minors in commercial, industrial and agricultural establishments and other places of labor;

(5) Provide legal and technical assistance on matters relating to working women and minors;

(6) Act as the government's clearinghouse of all information relating to working women and minors;

(7) Undertake development studies on the training needs of women and minors and develop programs and projects to enhance their productivity and effective participation in community development;

(8) Protect every child employed in the movie, television, radio and entertainment industries against exploitation, improper influences, hazards and other conditions or circumstances prejudicial to his physical, mental, emotional, social and moral development;

(9) Undertake projects and in-service training programs for working children to improve their potentials for employment and their capabilities and physical fitness, increase their efficiency, secure opportunities for their promotion, prepare them for more responsible positions, and provide for their social, educational and

cultural advancement, in cooperation with labor and management; and

(10) Perform such other functions as may be provided by law;

SEC. 19. Bureau of Rural Workers.—The Bureau of Rural Workers shall:

(1) Assist rural workers, displaced farmers, and migratory workers in seeking gainful employment;

(2) Conduct studies and draw up programs for retraining of displaced agricultural workers;

(3) Coordinate with regional offices and local government units in preparing a census of rural workers seeking employment; and

(4) Perform such other functions as may be assigned by the Secretary.

SEC. 20. Bureau of Working Conditions.—the Bureau of Working Conditions shall:

(1) Develop and prescribe safety standards, measures and devices, promote safety consciousness and habits among workers; develop and evaluate occupational safety and health programs for workers;

(2) Develop plans, programs, standards and procedures for the enforcement of laws relating to labor standards, including the operation of boilers, pressure vessels, machinery, internal combustion engines, elevators, electrical equipment, wiring installations, and the construction, demolition, alteration and use of commercial and industrial buildings and other workplaces;

(3) Prepare rules and regulations, interpretative bulletins and legal opinions relating to the administration and enforcement of labor standards; and provide manuals and plan programs for the training of field personnel;

(4) Provide technical and legal assistance to the labor Standards Commission; and

(5) Perform such other functions as may be provided by law.

SEC. 21. Institute for Labor Studies.—The Institute for Labor Studies shall be attached to the Department of Labor and Employment. For policy and program coordination and

administrative supervision, the Institute shall absorb the research and publication functions of the Institute of Labor and Manpower Studies. The Institute, to be headed by an Executive Director, assisted by a Deputy Executive Director, shall have the following functions:

(1) Undertake research and studies in all areas of labor and manpower policy and administration;

(2) Review the rationale of existing legislation and regulations and analyze the costs involved in the implementation of such legislation against the benefits expected to be derived;

(3) Study and develop innovative and indigenous approaches towards the promotion of harmonious and productive labor-management and the improvement of workers' welfare services;

(4) Develop and undertake research programs and projects in collaboration with other national agencies to enhance the Department's capability to participate in national decision and policy making;

(5) Enter into agreements with international or bilateral agencies for the carrying out of the foregoing functions;

(6) Expand the scope of its research interest into other countries and regions;

(7) Publish its research studies for dissemination to government as well as to all concerned parties; and

(8) Perform such other functions as may be provided by law.

SEC. 22. Bureau of Labor and Employment Statistics.—The Bureau of Labor and Employment Statistics shall:

(1) Formulate, develop and implement plans and programs on the labor statistical system in order to provide the government with timely, accurate and reliable data on labor and employment;

(2) Conduct nationwide surveys and studies which will generate trends and structures on labor and employment;

(3) Develop and prescribe uniform statistical standards, nomenclatures and methodologies for the

collection, processing, presentation and analysis of labor and employment data;

(4) Establish appropriate mechanisms for the coordination of all statistical activities in the Department and for collaboration with other government and private agencies including international research organizations in the conduct of surveys and studies in the area of labor and employment;

(5) Disseminate statistical information and provide statistical services or advice to the users by establishing a data bank and issuing the Bureau's statistical materials and research findings;

(6) Develop and undertake programs and projects geared toward enhancement of the technical competence of the Department on theories, techniques and methodologies for the improvement of the labor statistical system;

(7) Monitor and exercise technical supervision over the statistical units in the Department and its agencies; and

(8) Perform such other functions as may be provided by law or assigned by the Secretary.

SEC. 23. National Conciliation and Mediation Board.—The National Conciliation and Mediation Board, shall absorb the conciliation and voluntary arbitration functions of the Bureau of Labor Relations. The Board shall be composed of an Administrator and two (2) Deputy Administrators. It shall be an attached agency under the administrative supervision of the Secretary of Labor and Employment.

The Administrator and the Deputy Administrators shall be appointed by the President upon recommendation of the Secretary of Labor and Employment. There shall be as many Conciliators-Mediators as the needs of the public service require, who shall have at least three (3) years of experience in handling labor relations and who shall be appointed by the Secretary. The Board shall have its main office in Metropolitan Manila and its Administrator shall exercise supervision over Conciliators-Mediators and all its personnel. It shall establish as many branches as there are administrative regions in the country, with as many

Conciliators-Mediators as shall be necessary for its effective operation. Each branch of the Board shall be headed by an Executive Conciliator-Mediator.

The Board shall have the following functions:

(1) Formulate policies, programs, standards, procedures, manuals of operation and guidelines pertaining to effective mediation and conciliation of labor disputes;

(2) Perform preventive mediation and conciliation functions;

(3) Coordinate and maintain linkages with other sectors or institutions, and other government authorities concerned with matters relative to the prevention and settlement of labor disputes;

(4) Formulate policies, plans, programs, standards, procedures, manuals of operation and guidelines pertaining to the promotion of cooperative and non-adversarial schemes, grievance handling, voluntary arbitration and other voluntary modes of dispute settlement;

(5) Administer the voluntary arbitration program; maintain or update a list of voluntary arbitrations; compile arbitration awards and decisions;

(6) Provide counselling and preventive mediation assistance particularly in the administration of collective agreements;

(7) Monitor and exercise technical supervision over the Board programs being implemented in the regional offices; and

(8) Perform such other functions as may be provided by law or assigned by the Secretary. The Tripartite Voluntary Arbitration Advisory Council, which is attached to the National Conciliation and Mediation Board, shall advise the National Conciliation and Mediation Board on matters pertaining to the promotion of voluntary arbitration as the preferred mode of dispute settlement.

The Tripartite Voluntary Arbitration Advisory Council shall consist of the Administrator of the National

Conciliation and Mediation Board as Chairman, one other member from the government, two (2) members representing labor, and two (2) other members representing management. The members shall be appointed by the President to serve for a term of three (3) years. The Chairman and Members shall serve without compensation.

CHAPTER 5—*Regional Offices*

SEC. 24. *Regional Offices, District Offices and Provincial Extension Units.*—The Department is hereby authorized to establish, operate and maintain such Departmentwide Regional Offices, District Offices and Provincial Extension Units in each of the administrative regions of the country, insofar as necessary to promote economy and efficiency in the delivery of its services. Its Regional Office shall be headed by a Regional Director who shall have supervision and control thereof. The Regional Director, whenever necessary, shall be assisted by an Assistant Regional Director. A Regional Office shall have, within its regional areas, the following functions:

- (1) Implement laws, policies, plans, programs, projects, rules and regulations of the Department;
- (2) Provide economical, efficient and effective service to the people;
- (3) Coordinate with regional offices of other departments and agencies;
- (4) Coordinate with local government units; and
- (5) Perform such other functions as may be provided by law or assigned by the Secretary.

CHAPTER 6—*Attached Agencies*

SEC. 25. *Attached Agencies.*—The following agencies are attached to the Department for policy and program coordination and administrative supervision:

- (1) National Wages Council;
- (2) Philippine Overseas Employment Administration;
- (3) Employees' Compensation Commission (ECC) which shall include the Executive Director of the ECC as an *ex officio* member of the Commission;

- (4) The National Manpower and Youth Council;
- (5) The National Labor Relations Commission;
- (6) Overseas Workers' Welfare Administration;
- (7) Maritime Training Council; and
- (8) National Maritime Polytechnic.

TITLE VIII—NATIONAL DEFENSE

Subtitle I—Preliminary Provisions

CHAPTER 1—*National Defense Policies*

SECTION 1. *Declaration of Policies.*—(1) The prime duty of the Government is to serve and protect the people. Government may call upon the people to defend the State and, in fulfillment thereof, all citizens may be required, under conditions provided by law, to render personal military or civil service.

(2) Civilian authority is, at all times, supreme over the military. The Armed Forces of the Philippines is the protector of the people and the State. Its goal is to secure the sovereignty of the State and the integrity of the national territory.

CHAPTER 2—*National Security Council*

SEC. 2. *Declaration of Policies.*—(1) The formulation of integrated and rationalized national, foreign, military, political, economic, social and educational policies, programs, and procedures is vital to the security of the state.

(2) The national interest requires that an agency exist to formulate and adopt policies, programs, and procedures on all matters pertaining to or affecting the national security so that judgments and actions thereon by the President may rest on sound advice and accurate information.

SEC. 3. *Mandate.*—The National Security Council shall serve as the lead agency of the government for coordinating the formulation of policies, relating to or with implications on the national security.

SEC. 4. Composition.—The National Security Council, hereinafter referred to as Council, shall be composed of the President as Chairman, the Vice-President, the Secretary of Foreign Affairs, the Executive Secretary, the Secretary of National Defense, the Secretary of Justice, the Secretary of Labor and Employment, the Secretary of Local Governments, the National Security Director, the Chief of Staff of the Armed Forces of the Philippines (AFP), and such other government officials and private individuals as the President may appoint.

SEC. 5. Powers and Functions.—In addition to such specific duties and responsibilities as the President may direct, the Council shall:

(1) Advise the President with respect to the integration of domestic, foreign, military, political, economic, social and educational policies relating to the national security so as to enable all concerned departments and agencies of the government to meet more effectively, problems and matters involving the national security;

(2) Evaluate and analyze all information, events, and incidents in terms of the risks they pose or implications upon or threats to the overall security and instability of the nation, for the purpose of recommending to the President appropriate action thereon;

(3) Formulate and coordinate the implementation of policies on matters of common interest to the various departments, and agencies of the government concerned with the national security, and make recommendations to the President in connection therewith;

(4) Insure that policies adopted by the Council on national security are effectively and efficiently implemented; and

(5) Make such recommendations or render such other reports as the President may from time to time require.

SEC. 6. Executive Committee.—The Council shall have an Executive Committee composed of the President as Chairman, and the Vice-President and Secretary of Foreign

Affairs, the Executive Secretary, the Secretary of National Defense, the National Security Director, the Chief of Staff of the Armed Forces of the Philippines and such other members or advisers as the President may appoint from time to time.

The Executive Committee shall review national security and defense problems and formulate positions or solutions for consideration by the Council. It shall determine the agenda and order of business of the Council, and shall ensure that decisions of the Council are clearly communicated to the agencies involved. It shall advise the President on the implementation of decisions.

To carry out the functions of the Executive Committee, the Chairman shall utilize the facilities and expertise of any of the government agencies and instrumentalities and shall promulgate rules and regulations to govern the operations of the Executive Committee.

SEC. 7. Secretariat.—The Council shall have a permanent Secretariat which shall be under the supervision and control of the National Security Director. The National Security Director shall be assisted by a Deputy who, like the National Security Director, shall be appointed by, and serve at the pleasure of, the President. The National Security Director shall attend and participate in meetings of the Cabinet and have the privileges of a member thereof.

SEC. 8. Duties of Director.—Among other duties, the National Security Director shall advise the President on matters pertaining to national security and, whenever directed by the President, see to the implementation of decisions and policies adopted by the President or the National Security Council which have implications on national security.

CHAPTER 3—National Intelligence Coordinating Agency

SEC. 9. Functions.—The National Intelligence Coordinating Agency, hereinafter referred to as the Agency, shall:

(1) Serve as the focal point for coordination and integration of government activities involving national intelligence;

(2) Prepare intelligence estimates of local and foreign situations for the formulation of national policies by the President; and

(3) Provide support and assistance to the National Security Council.

SEC. 10. *The Director-General.*—The Agency shall be headed by a Director-General who shall be assisted by a Deputy Director-General. Both officials shall be appointed by the President and shall hold office at the pleasure of the President.

SEC. 11. *The Deputy-Director General.*—The Deputy Director-General shall assist the Director-General in the performance of official functions and, in his absence, perform the functions of the Director-General.

SEC. 12. *Organizational Structure.*—The organization of the Agency shall consist of the following:

(1) The Office of the Director-General which shall undertake the overall management and operation of the various components of the agency, provide executive staff support, public relations, legal service, and internal audit for the Agency;

(2) The Directorate for Operations, headed by the Assistant Director-General for Operations, which shall be responsible for the collection of information;

(3) The Directorate for Production, headed by the Assistant Director-General for Production, which shall be responsible for the preparation of intelligence estimates and other reports, and the maintenance of automated data processing for the Agency;

(4) The Directorate for Administration, headed by the Assistant Director-General for Administration, which shall be responsible for personnel and training, transportation and communications, supplies and materials, grounds and buildings maintenance, security, and other support services;

(5) The Management and Planning Office which shall formulate plans, policies and programs on the direction, integration and coordination of national intelligence activities and on the operation and management improvement of the Agency;

(6) The Office of the Comptroller which shall provide financial management and control for the Agency; and

(7) As many Field Stations as may be determined by the Director-General which shall undertake intelligence collection activities and provide reports necessary for the preparation of assessments and estimates.

The organization and staffing pattern of the Agency shall be recommended by the Director-General for approval of the President.

SEC. 13. *Administrative Supervision By the National Security Council.*—The Agency shall be under the administrative supervision of, and give support services to, the National Security Council; however, the agency may report directly to the President, as the President may require.

SEC. 14. *National Intelligence Board.*—(1) The National Intelligence Board shall serve as an advisory body to the Director of the Agency, on matters pertaining to the integration and coordination of intelligence activities, and shall make recommendations on such matters as the Director may from time to time submit to it for consideration.

(2) The members of the National Intelligence Board shall be appointed by the President. The National Security Director may sit in all meetings of the Board.

Subtitle II—DEPARTMENT OF NATIONAL DEFENSE

CHAPTER I—General Provisions

SEC. 15. *Declaration of Policy.*—The defense establishment shall be maintained to maximize its effectiveness for guarding against external and internal threats to national peace and security, and provide support for social and economic development.

SEC. 16. *General Military Council.*—The General Military Council shall advise and assist the Secretary in the formulation of military policies and shall consider and report on such other matters as the Secretary may direct. The Council shall be composed of the Secretary as

Chairman; and the Undersecretary of National Defense, the Chief of Staff, the Vice-Chief of Staff, the Assistant Chief of Staff of the Armed Forces of the Philippines, and the Commanders of the Major Services, as members. The Deputy Chief of Staff of the Armed Forces of the Philippines shall be the Secretary of the Council.

SEC. 17. Prohibition on Detail of AFP Personnel.—No member of the armed forces in the active service shall, at any time, be appointed or designated in any capacity to a civilian position in the Government including government-owned or controlled corporations or any of their subsidiaries.

SEC. 18. Organizational Structure.—The Department shall be composed of the Secretary, the Undersecretary and Assistant Secretaries and their immediate staffs as determined by them respectively, and such other bodies as are provided by law.

The Government Arsenal, Office of the Civil Defense, Philippine Veterans Affairs Office, Armed Forces of the Philippines, National Defense College of the Philippines and the Integrated National Police shall be under the supervision and control of the Department, except as may be provided by special laws.

CHAPTER 2—Department Proper

SEC. 19. Office of the Secretary.—The Office of the Secretary shall consist of the Secretary and his immediate staff as determined by him.

SEC. 20. Office of the Undersecretary.—The functions of the Undersecretary shall be as follows:

(1) Advise and assist the Secretary in the formulation and implementation of Department's objectives and policies;

(2) Oversee all the operational activities of the Department for which he shall be responsible to the Secretary;

(3) Coordinate the programs and projects of the Department, and be responsible for its economical, efficient, and effective administration;

(4) Serve as Deputy to the Secretary, in all matters relating to the operations of the Department, and

(5) Perform such other functions as may be provided by law.

When the Secretary is unable to perform his duties owing to illness, absence, or other cause, as in case of vacancy in the Office, the Undersecretary shall temporarily perform the functions of said Office.

SEC. 21. Executive Staff.—The Executive Staff shall be composed of the Staff for Plans and Programs, Staff for Installation and Logistics, Staff for Public Affairs, Staff for Strategic Assessment, Staff for Comptrollership, Staff for Personnel, and the Legal Service.

SEC. 22. The Service Staff.—The Service Staff shall be composed of the Administrative Service Office, and Information Management Office.

SEC. 23. Personal Staff.—There shall be a Personal Staff as may be determined by the Secretary.

CHAPTER 3—Government Arsenal

SEC. 24. Organization.—The Government Arsenal shall be headed by a Director who shall be assisted by one or more Assistant Directors. It shall have staff and operating units provided by law.

SEC. 25. Qualification.—The Director and Assistant Directors shall have the expertise, training or experience in the field of munitions.

SEC. 26. Functions.—(1) The Arsenal shall:

(1) Establish, operate, and maintain government arsenal;

(2) Formulate plans and programs to achieve self-sufficiency in arms, mortars and other weapons and munitions;

(3) Design, develop, manufacture, procure, stockpile and allocate arms, mortars and other weapons and munitions without the necessity of obtaining any permits or licenses, and devise ways and means for the efficient mobilization of civilian industry to augment the production of the Arsenal in times of emergency; and

(4) Perform such other functions as may be provided by law.

CHAPTER 4—Office of the Civil Defense

SEC. 27. Organization.—The Office of the Civil Defense shall be headed by an Administrator who shall be assisted by a Deputy Administrator. The Office shall have staff and operating units as may be provided by law.

SEC. 28. Functions.—The Office shall:

(1) In times of war and other national emergencies of equally grave character, coordinate the activities and functions of various government agencies and instrumentalities, as well as of private institutions and civic organization devoted to public welfare to maximize the utilization of the facilities and resources of the entire nation for the protection and preservation of the civilian population and property;

(2) Establish and administer a comprehensive national civil defense and assistance program to include the estimation of the total material, manpower and fiscal requirements for carrying out the said program and coordinate the allocation to local government units such aid in facilities, materials and funds as may be made available by the national government;

(3) Furnish guidance and coordinate the activities of the national government, local governments, private institutions and civic organizations for civil preparedness;

(4) Develop and coordinate a program for informing, educating and training the public on civil defense measures and activities; and

(5) Perform such other functions as may be provided by law.

SEC. 29. Operating Services.—The Administrator shall, subject to the approval of the Secretary of National Defense, prescribe the organization, functions, duties and responsibilities of civil defense units on the national and local government levels, in connection with the various operating units for civil defense. Civil defense operating units shall be established for the national and local government defense organizations. The local units shall operate under the supervision and control of the respective heads of local government civil defense organizations to which they appertain.

SEC. 30. Basic, Technical and Administrative Services.—

(1) The basic services of the AFP shall be composed of the Major Services. Enlisted personnel of the standing force and the reserve force must belong to one of the basic services.

(2) The technical services of the AFP shall be composed of the Medical Corps, Dental Service, Nurse Corps, Veterinary Corps and the Judge Advocate General Service.

(3) The administrative services shall consist of the Chaplain Service, Women Auxiliary Corps, Medical Administrative Corps and the Corps of Professors.

(4) Appropriate military occupational specialties may be prescribed by the Chief of Staff for each of the basic, technical and administrative services.

(5) Appointment of officers to the basic, technical and administrative services, and enlistment in the basic service shall be governed by rules and regulations prescribed by the Secretary of National Defense.

CHAPTER 5—Philippine Veterans Affairs Office

SEC. 31. Organization.—The Philippine Veterans Affairs Office shall be headed by an Administrator who may be assisted by one Deputy Administrator. It shall have staff and operating units provided by law.

SEC. 32. Functions.—The Office shall:

(1) Formulate and promulgate, subject to the approval of the Secretary of National Defense, policies, rules and regulations governing the adjudication and administration of veterans claims and benefit;

(2) Adjudicate and administer benefits, pensions and other privileges granted to veterans, their heirs and beneficiaries;

(3) Provide medical care and treatment to veterans pursuant to existing law;

(4) Administer, develop, and maintain military shrines;

(5) Formulate policies concerning the affairs, placement and training of ex-servicemen, and assist their widows and dependents, and other retired military personnel; and

(6) Perform such other functions as may be provided by law.

CHAPTER 6—*Armed Forces of the Philippines*

SEC. 33. Functions.—The Armed Forces of the Philippines (AFP) shall:

(1) Uphold the sovereignty, support the Constitution, and defend the territory of the Republic of the Philippines against all enemies, foreign and domestic.

(2) Promote and advance the national aims, goals, interests and policies;

(3) Plan, organize, maintain, develop and deploy its regular and citizen reserve forces for national security; and

(4) Perform such other functions as may be provided by law or assigned by higher authorities.

SEC. 34. Composition.—(1) The AFP shall be composed of a citizen armed force which shall undergo military training and serve, as may be provided by law. It shall be organized and maintained in a manner that shall render it capable of rapid expansion from a peacetime organization to a wartime or emergency organization. The AFP shall keep a regular force necessary for the security of the State. The officers and men of the regular force shall be recruited proportionately from all provinces and cities as far as practicable.

(2) The Standing Force shall be composed of regular officers and enlisted personnel; reservists called to active duty; draftees; trainees and government-sponsored Filipino cadets enrolled in local or foreign military schools. In time of peace, the size and composition of the Standing Force shall be prescribed by the Secretary of National Defense, upon recommendation of the Chief of Staff.

(3) The Citizen Armed Force shall be composed of all reservists, and officers and enlisted men on inactive

status. All able-bodied citizens shall undergo military training, after which they shall become reservists with appropriate ranks. All reservists in a particular locality shall be organized into reserve geographical units subject to call and mobilization as the need arises, individually or as a unit. The Secretary of National Defense shall prescribe and implement a continuing program of recruitment and training for the Citizen Armed Force to enable it to respond to all types of threats to national security.

SEC. 35. Organizational Structure.—The AFP shall consist of the General Headquarters; the Major Services, namely: the Philippine Army, the Philippine Air Force, the Philippine Navy and, until otherwise provided by law, the Philippine Constabulary; and other existing units, services and commands of the AFP. The Secretary of National Defense may, in accordance with the policies or directives of the President, create additional units, services, and commands, or reorganize the AFP in response to any situation or in pursuance of operational or contingency plans. No Major Service may be unfilled, inactivated or merged with another Major Service, without the approval of the Congress.

SEC. 36. Basic, Technical and Administrative Service.—

(1) The basic services of the AFP shall be composed of the major services. Enlisted personnel of the standing force and the reserve force must belong to one of the basic services.

(2) The technical services of the AFP shall be composed of Medical Corps, Dental Service, Nurse Corps, Veterinary Corps and the Judge Advocate General Service.

(3) The Administrative service shall consist of the Chaplain Service, Women Auxiliary Corps, Medical Administrative Corps and the Corps of Professors.

(4) Appropriate military occupational specialties may be prescribed by the Chief of Staff for each of the basic, technical and administrative services.

(5) Appointment of officers to the basic, technical and administrative services, and enlisted in the basic service shall be governed by rules and regulations prescribed by the Secretary of National Defense.

SEC. 37. *The Citizen Armed Force.*—(1) The Secretary of National Defense shall cause the organization of the Citizen Armed Force into Geographical Units throughout the country. The Citizen Armed Force Geographical Units shall consist of cadre of officers and men in the Standing Force and all qualified reservist residing in a particular locality. The cadre may, however, be assigned to another unit in the active force while the Geographical Units to which they are assigned are on inactive status.

(2) Whenever dictated by military necessity, and upon the recommendation of the Secretary of National Defense and approved by the President, the Citizen Armed Force may be called or mobilized to complement the operations of the regular force of the AFP or to support the regular force formations or units. For this purpose, Active Auxiliary Units which shall be part of the Citizen Armed Force Geographical Units, may be utilized, to be constituted out of volunteers to be screened in consultations with the local executives and civic or business leaders. The status of Active Auxiliary Units shall be of a degree of activation of military reservists short of full active duty status. They shall not be vested with law-enforcement or police functions.

(3) All members of the Citizen Armed Force on training or service shall be subject to military law and the Articles of War.

SEC. 38. *Tactical and Territorial Organization.*—Unless otherwise prescribed by law, the major services and other units of the AFP may be organized into such commands, forces and organizations as may be prescribed by the Secretary of National Defense. For this purpose, the territory of the Philippines may be divided into such tactical and geographical areas and zones or regions and districts as the Secretary of National Defense may direct.

SEC. 39. *Organizational Principles.*—The organizational structure of the AFP shall be provide for:

(1) Centralized direction and control of General Headquarters to ensure unity and coordination of efforts throughout the military establishment;

(2) Decentralized execution of operations to the Major Services and other separate units to achieve maximum operational efficiency within the military establishment;

(3) Common doctrine, standardized procedures and techniques throughout the military establishment to assure common understanding among all forces and elements, facilitating thereby the attainment of maximum operational efficiency and effectiveness;

(4) Development and self-reliance concepts for each Major Service to insure national defense and security and maximum utilization of resources; and

(5) Development of the capability to participate in the infrastructure project of the government.

CHAPTER 7—General Headquarters

SEC. 40. *Functions.*—The General Headquarters, AFP, shall:

(1) Serve as military advisor and staff to the Secretary of National Defense;

(2) Prepare strategic plans and provide for the strategic direction of the AFP, including the direction of operations of unified or specified commands;

(3) Prepare integrated logistic responsibilities in accordance with those plans;

(4) Prepare integrated plans for military mobilization;

(5) Provide adequate, timely and reliable joint intelligence for use within the Department;

(6) Review major personnel, material and logistic requirements of the AFP in relation to strategic and logistic plans;

(7) Review plans and programs of the Major Services and separate units to determine their adequacy, feasibility and suitability for the performance of their respective detailed plans;

(8) Participate in the preparation of combined plans or military action in conjunction with the armed forces of other nations;

(9) Recommend to the Secretary of National Defense the establishment and force structure of unified or specified commands;

(10) Determine the headquarters support, such as facilities, personnel and communications required by unified or specified commands, and assign the responsibility of providing that support to appropriate Major Services;

(11) Prepare and submit to the Secretary of National Defense for his consideration in the preparation of budgets and statements of military requirements based upon strategic war plans, tasks, priority of tasks, force requirements, and general strategic guidance for the development of military force;

(12) Advise and assist the Secretary of National Defense on research and engineering matters by submitting periodic reports on broad strategic guidance, overall military requirement, and relative military importance of development activities to meet the needs of the AFP;

(13) Prepare and submit to the Secretary of National Defense recommendations to appropriate agencies concerning general strategic guidance for the development of industrial mobilization programs;

(14) Formulate policies and guidelines on the organization of the Major Services and other elements of the military establishment, the training of military forces, the employment of forces in the prosecution of tasks required by law, and the employment of forces to assist government agencies in the implementation of laws and regulations when so directed by higher authorities; and

(15) Perform such other functions as may be provided by law or assigned by higher authorities.

SEC. 41. Composition.—The General Headquarters shall be the command and control element of the AFP. It shall be composed of the Office of the Chief of Staff, Office of the Vice-Chief of Staff, the AFP General Staff, and other staff offices and units necessary for effective command and control of the AFP.

SEC. 42. The Chief of Staff.—(1) The Chief of Staff, under the authority and direction of the President and the Secretary of National Defense shall be responsible for the

development and execution of the national defense programs and armed forces mission; and prescribe, in accordance with policies of the Secretary of National Defense, the organization, powers, functions and duties of the various staffs, services, installations and other units of the AFP.

(2) The President shall nominate and with the consent of the Commission on Appointments, appoint the Chief of Staff from among the general and flag officers of the basic services. He shall hold the grade of general (Four Star) and shall if eligible be retired in such grade, upon relief from his assignment.

(3) The tour of duty of the Chief of Staff shall not exceed three (3) years. However, in times of war or other national emergency declared by the Congress, the President may extend such tour of duty.

SEC. 43. Vice-Chief of Staff.—The Vice-Chief of Staff shall be the principal assistant to the Chief of Staff and shall perform the functions of the Chief of Staff during the latter's absence and disability. He shall be appointed in the same manner as the Chief of Staff and shall hold the grade of Lieutenant General (Three-Star). He shall be retired in that grade if eligible for retirement after his relief from his assignment, unless appointed as Chief of Staff.

SEC. 44. The AFP General Staff.—The AFP General Staff shall advise and assist the Chief of Staff in the performance of his functions and in the accomplishment of the tasks of the General Headquarters. It shall be headed by the Deputy Chief of Staff, who shall be appointed by the Chief of Staff. The AFP General Staff shall be a joint staff. The various General Staff Offices shall each be headed by a Deputy Chief of Staff whose appointment and tenure shall be determined by the Chief of Staff. The organization, functions and duties of the General Staff shall be prescribed by the Chief of Staff.

SEC. 45. Authority to Reorganize the General Headquarters.—(1) Secretary of National Defense, upon recommendation of the Chief of Staff in the interest of efficiency and economy, may:

(a) Established and organized staffs, offices and units in the General Headquarters in addition to the Armed

Forces General Staff, and prescribed the titles, functions and duties of their members;

(b) Abolish existing staffs, offices and units in the General Headquarters not specifically provided in this Chapter or by any provision of law, or transfer or consolidate their functions and duties with other staffs, offices or units; and

(c) Abolish the position of any Deputy Chief of Staff or any general staff office and transfer or consolidate its functions and duties with those of another Deputy Chief of Staff of General Staff Office.

(2) If the President does not prescribe otherwise, the organization, functions, and duties of various staffs, offices and units in the General Headquarters shall continue as provided under existing laws and regulations not in conflict with provisions of this Chapter.

CHAPTER 8—Major Services

SEC. 46. *Organization.*—The Major Services shall be organized by the Chief of Staff in accordance with the policies laid down by the Secretary of National defense. The commanders of the Major Services shall hold such grade as provided by law, and shall be appointed by the President upon the recommendation of the Secretary of National Defense.

SEC. 47. *General Provisions.*—The Secretary of National Defense, upon recommendation of the Chief of Staff, AFP, shall assign to the Major Services specific functions in support of the overall responsibilities of the AFP and the Department.

SEC. 48. *The Philippine Army.*—The Philippine Army shall be responsible for the conduct of operations on land, in coordination with the other Major Services. It shall be organized as prescribed by the Secretary of National Defense, upon recommendation of the Chief of Staff.

SEC. 49. *Functions.*—The Philippine Army shall:

(1) Organize, train and equip forces for the conduct of prompt and sustained operations on land;

(2) Prepare such units as may be necessary for the effective prosecution of the national defense plans and programs and armed forces missions, including the expansion of the peacetime army component to meet any emergency;

(3) Develop, in coordination with the other Major Services, tactics, techniques and equipment of interest to the army for field operations;

(4) Organize, train and equip all army reserve units; and

(5) Perform such other functions as may be provided by law or assigned by higher authorities.

SEC. 50. *The Philippine Air Force.*—The Philippine Air Force shall be responsible for the air defense of the Philippines. It shall be organized as prescribed by the Secretary of National Defense, upon recommendation of the Chief of Staff.

SEC. 51. *Functions.*—The Philippine Air Force shall:

(1) Organize, train, and equip forces for prompt and sustained air operations for the defense of the Philippines;

(2) Organize, train and equip for airlift, airborne and tactical air operations unilaterally or in coordination with surface forces;

(3) Formulate and develop doctrines, concepts, systems, policies, procedures, strategies, tactics and techniques for operations peculiar to the Air Force;

(4) Organize, train and equip all air force reserve units; and

(5) Perform such other functions as may be provided by law or assigned by higher authorities.

SEC. 52. *The Philippine Navy.*—The Philippine Navy shall be responsible for the naval defense of the Philippines. It shall be organized as prescribed by the Secretary of National Defense, upon recommendation of the Chief of Staff.

SEC. 53. Functions.—The Philippine Navy shall:

(1) Organize, train and equip forces for prompt and sustained naval operations;

(2) Prepare the necessary naval units for the effective enforcement of all applicable laws upon the Philippine seas and waters, the prosecution of national defense plans and programs and armed forces missions, including the expansion of a peacetime navy component to meet any emergency;

(3) Formulate and develop doctrines, concepts, systems, policies, procedures, strategies, tactics and techniques for operations peculiar to the Navy;

(4) Enforce laws and regulations pertaining to navigation safety of life at sea, immigration, customs, revenues, narcotics, quarantine, fishing and neutrality of the territorial contiguous waters of the Philippines;

(5) Organize, train and equip all naval reserve units; and

(6) Perform such other functions as may be provided by law or assigned by higher authorities.

SEC. 54. The Philippine Coast Guard.—The Philippine Coast Guard shall remain as a major subordinate unit of the Philippine Navy and assigned functions pertaining to safety of life at sea as vested in it by law.

SEC. 55. The Philippine Constabulary.—Unless otherwise provided by law, the Philippine Constabulary, as the national police force, shall be primarily responsible for the preservation of peace and order and the enforcement of laws throughout the Philippines. It shall be organized, trained and equipped primarily as a law enforcement agency. It shall be organized as prescribed by the Secretary of National Defense, upon recommendation of the Chief of Staff.

SEC. 56. Functions.—(1) The Philippine Constabulary shall:

(a) Prevent and suppress lawless violence, rebellion, insurrection, riots, brigandage, breaches of the peace and other disturbances, and see to it that perpetrators of those offenses are brought to justice;

(b) Organize, train, equip and prepare its forces for effective law enforcement operations and police duties;

(c) Organize, train and equip constabulary draftees, reservists and reserve units;

(d) Develop tactics, techniques, organization, weapons, equipment and supplies essential to the accomplishment of its missions; and

(e) Perform such other functions as may be provided by law or assigned by higher authorities.

(2) In times of war or national emergency, the Philippine Constabulary or any of its subordinate units may be employed jointly with, or in support of the operations of, the other Major Services, as the President may direct.

SEC. 57. Authority of Constabulary Officers and Enlisted Personnel.—(1) Commissioned officers and enlisted personnel of the Philippine Constabulary, as peace officers, shall execute lawful warrants and orders of arrest issued against any person for any violation of law.

(2) The Philippine Constabulary shall have police jurisdiction throughout the Philippines.

(3) When the constabulary forces in any area are unable to cope effectively with violations of law, the Secretary of National Defense in accordance with the policies or directives of the President, may assign or detail commissioned officers and enlisted personnel of the Army, Air Force, or Navy, to the Philippine Constabulary or any of its subordinate units. The officers and enlisted personnel so assigned or detailed shall have the authority and duties of peace officers and shall be governed by the provisions of this section for the duration of their assignment or detail.

CHAPTER 9—Philippine Military Academy

SEC. 58. Organization.—(1) The Philippine Military Academy is the primary training and educational institution of the AFP. It shall be the primary source of regular officers of the Standing Force.

(2) The Academy shall be organized as prescribed by the Secretary of National Defense, upon recommendation of the Chief of Staff, AFP.

(3) The student body of the Academy shall be known as the Cadet Corps of the Armed Forces of the Philippines (CCAFP) and shall have such strength as the Secretary of National Defense shall determine upon the recommendation of the Chief of Staff, and within the strength limited by the Annual Appropriation Act.

(4) There shall be an Academic Board organized by the Chief of Staff, which shall be composed of not more than fifteen (15) members selected from the officers of the Academy upon recommendation of the Superintendent. The Board shall, in accordance with the rules and regulations prescribed by the Chief of Staff, have the power to confer baccalaureate degrees upon the cadets who satisfactorily complete the approved course of study.

SEC. 59. *Functions.*—The Academy shall prepare the candidates for commission in the regular force of the AFP and shall instruct, train and develop cadets so that each graduate shall possess the character, the broad and basic military skills and the education essential to the successful pursuit of a progressive military career.

CHAPTER 10—*National Defense College of the Philippines*

SEC. 60. *Organization and Administration.*—(1) The National Defense College of the Philippines, hereafter referred to as the College, shall be under the direction, supervision and control of the Secretary of National Defense.

(2) The College shall be headed by a President who shall administer the affairs of the College with the assistance of an Executive Vice-President, a Vice-President for Academic Affairs, a Vice-President for Administrative Affairs and a Vice-President for Research and Special Studies. The Executive Vice-President shall act for the President in his absence and shall perform such other functions as may be assigned to him by the President.

(3) The Vice-President for Academic Affairs shall be responsible for the development, implementation, supervision and evaluation of academic programs; the Vice-President for Administrative Affairs, for the overall administrative support to all the activities of the College;

and the Vice-President for Research and Special Studies, on the conduct of research work and special studies.

(4) The College shall have an Academic Board to assist the President discharge the following functions:

(a) Supervise the academic affairs of the College;

(b) Recommend academic consultants, professors, lecturers, instructors, research assistants and other resource persons of the College; and

(c) Recommend the courses of studies to be conducted by the College to accomplish its objectives.

The Board shall be composed of the Vice President for Academic Affairs as Chairman, and the Heads of the various academic disciplines as members, who shall be designated by the President subject to the approval of the Secretary of National Defense.

(5) All resource persons of the College including but not limited to academic consultants, professors, lecturers, instructors, thesis advisers, members of examining and evaluating panels, examiners, correctors, and technicians who are regularly employed in the Government shall, in addition to their salaries, be entitled to receive honoraria, fees and other emoluments fixed by the Secretary of National Defense.

SEC. 61. *Powers and Functions.*—(1) The College shall train and develop the skills and competence of potential national defense leaders, civilian officials of the different agencies and instrumentalities of the Government, and selected executives from the private sector in the formulation and implementation of national security policies, and for high command and staff duty.

(2) The College shall have the power to confer the degree of Master in National Security Administration (MNSA) upon all its students who have satisfactorily completed the prescribed course of study.

SEC. 62. *Graduates of the Regular Course of the College.*—

(1) Graduates of the College will receive for purposes of promotion to key and sensitive positions in the military and civilian offices, preferential consideration and/or credit points in the grade or class of their respective positions.

(2) All civilian graduates who are holders of the degree of Master in National Security Administration shall qualify for appointment to the initial rank of Lieutenant Colonel in the reserve force of the Armed Forces of the Philippines.

(3) Authority to use with honor the abbreviation MNSA after their names is hereby given to all graduates of the regular course of the College.

CHAPTER 11—*Integrated National Police*

SEC. 63. Composition.—Unless otherwise provided by law, the Integrated National Police shall be composed of the Philippine Constabulary as the nucleus, and the Integrated Police Force, Fire Services and Jail Management Services as components, under the Department of National Defense.

SEC. 64. Organizational Structure.—The Chief of Constabulary shall prescribe, subject to the approval of the Secretary of National Defense, the table of organization and equipment, ranks and position titles, functions, duties and powers of the various staffs, services, installations and other units of the Integrated National Police. The different headquarters of the Philippine Constabulary in the national, zone or regional and provincial levels shall be the nuclei of the corresponding headquarters of the Integrated National Police. The appropriate offices in the different headquarters levels may be jointly staffed by the constabulary, police, jail and fire service officers and personnel so that an integrated police and public safety services would be effectively discharged.

SEC. 65. Head of the Integrated National Police.—The Chief of Constabulary to be known as Director-General shall be the head of the Integrated National Police. He shall have command of all elements thereof. He may issue from time to time instructions regarding personnel, funds, records, property, correspondence and such other matters to carry out the provisions of this Chapter. As Director-General, the Chief of Constabulary shall be assisted by the Deputy Chiefs of Constabulary, the general staff and the special, administrative and technical staffs of the Philippine Constabulary.

SEC. 66. Functions.—The Integrated National Police shall:

- (1) Enforce law and maintain peace and order;
- (2) Insure public safety;
- (3) Prevent and control fires;
- (4) Administer city and municipal jails; and
- (5) Perform such other functions provided by law or assigned by higher authorities.

SEC. 67. Authority of the President Over the Integrated National Police.—In the exercise of its power to maintain peace, law, order, and public safety, the Integrated National Police shall be subject to the command and supervision and control of the President and shall function directly under the Secretary of National Defense.

CHAPTER 12—*Attached Agencies*

SEC. 68. Attached Agencies.—Agencies which are attached to the Department shall operate in accordance with their respective organizational structures and perform the functions and duties assigned to them by law, subject to the requirements of economy, efficiency, and effectiveness.

SUBTITLE III—The National Police Commission

SEC. 69. Declaration of Policy.—(1) The State shall establish and maintain one police force which shall be national in scope and civilian in character, to be administered and controlled by a national police commission and shall provide, by law, the authority of local executives over the police units in their jurisdiction.

(2) The maintenance of peace and order, the protection of life, liberty, and property, and the promotion of the general welfare are essential for the enjoyment by all the people of the blessings of democracy.

SEC. 70. The National Police Commission.—Unless otherwise provided by law, the National Police Commission shall be under the control and supervision of the Office of

the President and shall continue to operate in accordance with its present organizational structure and perform the functions and duties to it by law.

Sec. 71. Powers and Functions.—As provided by law, the Commission shall exercise the following functions:

- (1) Investigate, decide, and review administrative cases against members of the Integrated National Police;
- (2) Adjudicate death and permanent disability benefit claims of members of the Integrated National Police;
- (3) Administer appropriate examinations for the police, fire and jail services;
- (4) Attest appointments of members of the Integrated National Police;
- (5) Inspect and audit the performance of the Integrated National Police;
- (6) Prepare a National Crime Prevention Program and coordinate its implementation upon approval by the president; and
- (7) Perform other duties provided by law or assigned by higher authorities.

TITLE IX—HEALTH

CHAPTER 1—General Provisions

SEC. 1. Declaration of Policy.—The State shall protect and promote the right to health of the people and instill health consciousness among them; adopt an integrated and comprehensive approach to health development, with priority for the underprivileged sick, elderly, disabled, women, and children; endeavor to make essential goods, health and other social services available to all the people at affordable cost; establish and maintain an effective food and drug regulatory system; and undertake appropriate health manpower development and research, responsive to the country's health needs and problems.

SEC. 2. Mandate.—The Department shall be primarily responsible for the formulation, planning, implementation, and coordination of policies and programs in the field of

health. The primary function of the Department is the promotion, protection, preservation or restoration of the health of the people through the provision and delivery of health services and through the regulation and encouragement of providers of health goods and services.

SEC. 3. Powers and Functions.—The Department shall:

- (1) Define the national health policy and formulate and implement a national health plan within the framework of the government's general policies and plans, and present proposals to appropriate authorities on national issues which have health implications;
- (2) Provide for health programs, services, facilities and other requirements as may be needed, subject to availability of funds and administrative rules and regulations;
- (3) Coordinate or collaborate with, and assist local communities, agencies and interested groups including international organizations in activities related to health;
- (4) Administer all laws, rules and regulations in the field of health, including quarantine laws and food and drug safety laws;
- (5) Collect, analyze and disseminate statistical and other relevant information on the country's health situation, and require the reporting of such information from appropriate sources;
- (6) Propagate health information and educate the population on important, health, medical and environmental matters which have health implications;
- (7) Undertake health and medical research and conduct training in support of its priorities, programs and activities;
- (8) Regulate the operation of and issue licenses and permits to government and private hospitals, clinics and dispensaries, laboratories, blood banks, drugstores and such other establishments which by the nature of their functions are required to be regulated by the Department;
- (9) Issue orders and regulations concerning the implementation of established health policies; and
- (10) Perform such other functions as may be provided by law.

SEC. 4. Organizational Structure.—The Department shall consist of the Department Proper, National Health Facilities

Regional Offices, Provincial Health Offices, District Health Offices and Local Health Agencies.

CHAPTER 2—*Department Proper*

SEC. 5. *Department Proper.*—The Department Proper shall be composed of the Office of the Secretary, the Office for Management Services, the Office for Public Health Services, the Office for Hospital and Facilities Services, the Office for Standards and Regulations, and the Executive Committee for National Field Operations.

SEC. 6. *Office of the Secretary.*—The Office of the Secretary shall be composed of the Secretary of Health and his immediate staff; the Undersecretary acting as Chief of Staff in the Office of the Secretary; the Assistant Secretary for Legal Affairs; the Assistant Secretary for Financial, Operations and Front Line Services Audit; and the Staff Services for the Secretary.

SEC. 7. *Duties of Undersecretary Acting as Chief of Staff.*—The Undersecretary acting as Chief of Staff in the Office of the Secretary, shall supervise the Assistant Financial, Operations, and Front Line Services Audit, and Secretary for Legal Affairs, the Assistant Secretary for Financial, Operations, and Front Line Services Audit, and the Staff Support Services to the Secretary; and head the secretariat of the Executive Committee for National Field Operations.

SEC. 8. *Duties of the Assistant Secretary for Legal Affairs.*—The Assistant Secretary for Legal Affairs shall head the office that shall provide the Secretary with legal advice on all policy, program and operational matters of the Department; act as Counsel for the Department in cases in which it is a party; handle administrative cases against Department personnel and submit recommendations pertaining thereto; and review legislative proposals.

SEC. 9. *Duties of the Assistant Secretary for Financial Operation.*—The Assistant Secretary for Financial Operations, and Front Line Services Audit shall head the office that shall monitor the Department's financial affairs, internal operations, and the delivery of frontline services

with a view to assuring the integrity of the Department's financial operations and the requirements of the Commission on Audit; optimizing the internal operating efficiency of the Department and its field offices; and ensuring that the Department's constituencies are provided from line services from the Department with the adequacy, quality, and efficiency that they are entitled to.

SEC. 10. *The Staff Support Services.*—The following Staff Support Services shall undertake such staff services intended to assist the Secretary in performing his functions;

(1) Community Health Service which shall provide services related to formulating and implementing plans and programs for coordinating with local governments and non-government organizations in health related activities, programs and projects.

(2) Public Information and Health Education Service which shall provide services related to formulating and implementing plans, programs, and projects for public education on health and for the timely and accurate public communication of Department policy on health issues;

(3) Health Intelligence Service which shall provide services related to the formulation of disease intelligence, assessment of the state of health of the country and development and maintenance of effective and comprehensive health information systems to support planning and implementation of health programs;

(4) Internal Planning Service which shall provide the Department with necessary service related to planning, programming and project development;

(5) Foreign Assistance Coordination Service which shall provide staff services to the development, coordination, monitoring, reporting and assessment of foreign assisted projects of the Department.

SEC. 11. *Undersecretaries.*—The secretary be assisted by five (5) Undersecretaries who shall exercise the following functions:

(1) Advise the Secretary in the promulgation of Department orders, administrative orders and other issuances;

(2) Exercise supervision and control over the offices, services, operating units and individuals under their authority and responsibility;

(3) Recommend the promulgation of rules and regulations, consistent with Department policies, that will effectively implement the activities of operating units under their authority and responsibility;

(4) Coordinate the functions and activities of the units under their authority with that of the other Undersecretaries and regional health directors;

(5) Exercise delegated authority on substantive and administrative matters related to the functions and activities of agencies under their office to the extent granted by the Secretary through administrative issuances;

(6) Perform such other functions as may be provided by law or appropriately assigned by the Secretary.

CHAPTER 3—Department Services

SEC. 12. *Office for Management Services.*—The Office for Management Services, headed by an Undersecretary who shall be supported by an assistant secretary, shall include six (6) staff services involved in providing support services to the Department Proper, field offices and attached agencies, which are as follows:

(1) Financial Services which shall provide the Department with staff advice and assistance on accounting, budget and financial matters; supervise the coordinated preparation and implementation of annual and long term financial and work plan and budget estimates; conduct periodic department-wide performance and financial reviews; and design and implement improvements in financial systems, procedures and practices;

(2) Management Advisory Service which shall provide staff advice and assistance on internal control and management system improvement, including management information systems; supervise the establishment of a management accounting system, control procedures and

Management information systems for improved decision-making;

(3) Health Manpower Development and Training Service which shall formulate plans, policies, programs, standards and techniques for the effective and efficient manpower development and training of Department personnel; provide consultative, training and advisory services to implementing agencies; conduct studies and research related to health manpower development and training; and develop plans and programs for improved recruitment, deployment, development, and maintenance of personnel;

(4) Procurement and Logistics Service which shall undertake the central procurement of the health care products and supplies needed by the Department and its field offices which are not produced by or beyond the production capacity of its in-house production facilities; and ensure the proper, adequate and timely flow of health products and service to the Department's field offices;

(5) Biological Production Services which shall formulate plans, policies, programs, standards and techniques for the processing, manufacture, standardization, and improvement of biological products for Departmental use; manufacture vaccines, sera, anti-toxins, and other biologicals; provide consultative, training and advisory services to implementing agencies; and conduct studies and research related to biological production, distribution and use;

(6) Administrative Service which shall provide the Department with efficient and effective services relating to personnel, records, collections, disbursement, security, custodial work, and other general services not covered by the preceding Services.

CHAPTER 4—Offices and Bureaus

SEC. 13. *Offices for Public Health Services.*—The Office Public Health Services, headed by an Undersecretary, shall include ten (10) staff services involved in policy formulation, standards development, program development, and program monitoring of disease control and service delivery programs implemented by the field offices. The Undersecretary for

Public Health Services, who shall be supported by an Assistant Secretary, shall supervise the following:

(1) Maternal and Child Health Service which shall formulate plans, policies, programs, standards and techniques relative to maternal and child health; provide consultative training and advisory services to implementing agencies; and conduct studies and research related to health services for mothers and children;

(2) Tuberculosis Control Service which shall formulate plans, policies, programs, standards and techniques relative to the control of morbidity and mortality from tuberculosis; provide consultative, training and advisory services to implementing agencies; and conduct studies and research related to tuberculosis;

(3) Family Planning Service which shall formulate plans, policies, programs, standards and techniques relative to family planning in the context of health and family welfare; provide consultative, training and advisory services to implementing agencies; and conduct studies and research related to family planning;

(4) Environmental Health Service which shall formulate plans, policies, programs, standards and techniques relative to environmental health and sanitation; provide consultative, training and advisory services to implementing agencies; and conduct studies and research related to environmental health;

(5) Nutrition Service which shall formulate plans, policies, programs, standards and techniques relative to nutrition services in the context of primary health care, provide consultative, training and advisory services to implementing agencies; and conduct studies and research related to nutrition;

(6) Dental Health Service which shall formulate plans, policies, programs, standards and techniques relative to dental health services; provide consultative, training and advisory services to implementing agencies; and conduct studies and research related to dental diseases and dental services;

(7) Malaria Control Service which shall formulate plans, policies, programs, standards and techniques relative to the control of malaria; provide consultative, training and advisory services to implementing agencies;

and conduct studies and research related to malaria and its control;

(8) Schistosomiasis Control Service which shall formulate plans, policies, programs, standards and techniques relative to the control of schistosomiasis; provide consultative, training and advisory services to implementing agencies; and conduct studies and research related to schistosomiasis and its control;

(9) Communicable Disease Control Service which shall formulate plans, policies, programs, standards and techniques relative to the control of communicable diseases, other than the major causes of mortality and morbidity, such as leprosy, sexually transmitted diseases, filariasis and others; provide consultative, training and advisory services to implementing agencies; and conduct studies and research related to these other communicable diseases.

(10) Non-communicable Diseases Control Service which shall formulate plans, policies, programs, standards and techniques relative to the control of non-communicable diseases; provide consultative, training and advisory services to implementing agencies; and conduct studies and research related to mental illness, cardiovascular disease, cancer, other non-communicable diseases, and occupational health.

SEC. 14. *Office for Hospital and Facilities Services.*—The Office for Hospital and Facilities Services, headed by an Undersecretary who shall be supported by an Assistant Secretary, shall include four (4) staff services involved in policy formulation, standards development, program monitoring and provisions of specialized assistance in the operations of hospitals and the management of facilities, which are as follows:

(1) Hospital Operations and Management Service which shall formulate and implement plans, programs, policies, standards and techniques related to management improvement and quality control of hospital operations; provided consultative, training and advisory services to field offices in relation to the supervision and management of hospital components; and conduct studies and research related to hospital operations and management;

(2) Radiation Health Service which shall formulate and implement plans, programs, policies, standards and techniques to ensure radiation health safety; provide consultative, monitoring, training and advisory services to private and government facilities with radiation-emitting apparatus; and conduct studies and research related to radiation health;

(3) Hospital Maintenance Service which shall formulate and implement plans, programs, policies, standards and techniques related to assuring the proper maintenance of Department equipment; provide consultative, training and advisory services to implementing agencies in relation to preservation, repair and maintenance of medical and non-medical equipment of the Department; and conduct studies and research related to equipment and facility maintenance;

(4) Health Infrastructures Service which shall formulate and implement plans, policies, programs, standards and techniques related to development and preservation of health infrastructure; provide consultative, training and advisory services to implementing agencies in relation to infrastructure projects to assure economical and efficient implementation; and conduct studies and research related to infrastructure development and utilization.

SEC. 15. Office for Standards and Regulations.—The Office for Standards and Regulations, headed by an Undersecretary and supported by an Assistant Secretary, shall include three (3) bureaus and one (1) national office that shall be responsible for the formulation of regulatory policies and standards over the various areas of concern in the health sector, whose implementation shall be the general responsibility of the Department's regional field offices. The same bureaus shall also be responsible for those area of activity covered by regulatory policy to provide the Secretary with current information on the status of these regulated areas of activity and to provide the Secretary with a basis for preliminary evaluation of the efficiency of the Department's field offices in performing their regulatory functions. The same bureaus shall conduct studies and research pertinent to their areas of responsibility. In certain instances the bureaus may also perform

consultative, training and advisory services to the practitioners and institutions in the area of regulated activity. The same bureaus and national office are the following:

(1) Bureau of Research and Laboratories which shall develop and formulate plans, standards and policies, for the establishment and accreditation and licensing of laboratories; blood banks and entities handling biological products; provide consultative, training and advisory services to public and private laboratories; and conduct studies and research related to laboratory procedures and operations;

(2) Bureau of Food and Drugs which shall act as the policy formulation and sector monitoring arm of the Secretary on matters pertaining to foods, drugs, traditional medicines, cosmetics and household products containing hazardous substances, and the formulation of rules, regulations and standards in accordance with Republic Act 3720 (1963), as amended by Executive Order No. 175, s. 1987, and other pertinent laws for their proper enforcement; prescribe general standards and guidelines with respect to the veracity of nutritional and medicinal claims in the advertisement of food, drugs and cosmetics in the various media, to monitor such advertisements; advise the Department's field offices to call upon any erring manufacturer, distributor, or advertiser to desist from such inaccurate or misleading nutritional or medicinal claims in their advertising; should such manufacturer, distributor, or advertiser refuse or fail to obey the desistance order issued by the Bureau, he shall be subject to the applicable penalties as may be prescribed by law and regulations; the Bureau shall provide consultative, training and advisory services to all agencies and organizations involved in food and drug manufacturing and distribution with respect to assuring safety and efficacy of food and drugs; conduct studies and research related to food and drug safety; maintain a corps of specially trained food and drugs inspectors for assignment to the various field offices of the Department; while these inspectors shall be under the technical supervision and guidance of the Bureau, they shall be under the administrative supervision of the head of the field offices to which they shall be assigned, the latter being

responsible for regulatory program implementation within the geographic area of his jurisdiction;

(3) Bureau of Licensing and Regulation which shall formulate policies and establish the standards for the licensing and regulation of hospitals, clinics and other health facilities; establish standards that shall be the basis of inspections and licensure procedures of the Department's field offices; and provide consultative, training and advisory services to field offices on the conduct of licensing and regulatory functions over hospitals, clinics and other health facilities.

(4) National Quarantine Office which shall formulate and implement quarantine laws and regulations and, through its field offices, exercise supervision over ratproof zones in designated international ports and airports and over medical examination of aliens for immigration purposes.

CHAPTER 5—Field Offices

SEC. 16. *Office for National Field Operations.*—The Office for National Field Operations, through an Executive Committee, shall supervise the operations of the various Regional Field Offices and the National Health Facilities, as enumerated in Section 17(3) and further described in Sections 18, 19 and 20 hereof.

SEC. 17. *Department Field Offices.*—The Department field offices, under the supervision and control of the Executive Committee for National Field Operations, shall be composed of the following:

(1) Regional Health Offices (other than the National Capital Region) and subordinate units that include regional medical centers, regional hospitals, provincial health offices including component hospitals and district health offices, city health offices.

(2) Regional Health Office for the National Capital Region: Municipal Health Offices of Makati, Mandaluyong, Pasig, Marikina, Las Piñas, Muntinlupa, San Juan, Valenzuela, Navotas, Malabon, Parañaque, Taguig, Pateros;

(3) National Health Facilities which are health facilities classified as National Health Resources because

their services and activities accrue to the whole country's health care and infrastructure. These facilities are of two classifications: National Medical Centers and the Special Research Centers and Hospitals, which are attached to the Department:

(a) National Medical Centers: San Lazaro Hospital, Tondo Medical Center, Jose Fabella Memorial Hospital, Quirino Memorial Hospital, Rizal Medical Center, National Children's Hospital, Jose Reyes Memorial Medical Center, and the East Avenue Medical Center.

(b) Special Research Centers and Hospital: Philippine Heart Center, Lung Center of the Philippines, National Orthopedic Hospital, National Center for Mental Health, Research Institute for Tropical Medicine, National Kidney Institute, and the Philippine Children's Medical Center.

SEC. 18. *Regional Health Offices.*—The Department is authorized to establish, operate, and maintain a Department-wide Regional Office, in each of the administrative regions of the country, under the supervision of an Executive Committee chaired by the Secretary. Each Regional Office shall be headed by a Regional Director to be appointed by the President, and supported by an Assistant Regional Director. The appointment of the Regional Director and Assistant Regional Director shall be to the Department-at-large and assignment shall be by administrative issuances of the Secretary. The Regional Health Office shall be responsible for the field operations of the Department in its administrative region and for providing the region with efficient and effective health and medical services. It shall supervise all Department agencies in its administrative region including whatever medical centers, regional hospitals, sanitarium, provincial health offices and city health offices are located in the region except those placed under the Department Proper.

In addition to the foregoing, a Regional Office shall have within its administrative region, the following functions:

(1) Implement laws and rules, regulations, policies, plans, programs and projects of the Department in the region;

(2) Provide efficient and effective health and medical services to people;

(3) Coordinate with regional offices of other departments, offices, and agencies in the region;

(4) Coordinate with local government units; and

(5) Perform such other functions as may be provided by law.

SEC. 19. Provincial Health Office.—The Provincial Health Office shall be the Department agency in the province. It shall exercise supervision and control over district health offices and other field units of the department in the province, except those otherwise placed under the Department Proper or directly under the Regional Health Office.

The Provincial Health Office shall be headed by a Provincial Health Officer. Depending on the size, population, and health facilities of the province as well as budgetary provisions, a province may have one Assistant Provincial Health Officer assisting the Provincial Health Officer, or two Assistant Provincial Health Officers, one assisting the Provincial Public Health Officer in public health activities and the other assisting in hospital operations. The Provincial Health Officers and Assistant Provincial Health Officers shall be appointed by the Secretary to a region, and their assignment to a province shall be made by the Secretary on recommendation of the Regional Health Director.

SEC. 20. District Health Office.—The District Health Office shall exercise supervision and control over district hospitals, municipal hospitals, rural health units, *barangay* health stations and all other Department units in the health district, except those otherwise placed directly under the Provincial Health Office, or Regional Health Office, or the Department Proper.

The District Health Office shall be headed by a District Health Officer who shall also serve as the Chief of the district hospital as well as the head of all field units in the district. District Health Officers shall be appointed by the Secretary to a region, and their assignments shall be made by the Secretary on the recommendation of the Regional Health Director.

SEC. 21. Local Health Agencies.—The Department shall review and monitor the establishment, operation and maintenance of health agencies funded by local governments. Proposals for integrating locally funded health agencies under the supervision and control of the Department without regard to the sourcing of funds shall be made by the Department for the appropriate local government's approval. Any such agreement shall be allowed and, whenever possible, funding from national sources may be extended to achieve a nationally integrated government health service under the Department.

SEC. 22. City Health Officers.—The City Health Officers and Assistant City Health Officers shall be appointed by the Secretary. Their compensation shall be paid out of national funds.

SEC. 23. Delegation of Power by Secretary.—The Secretary shall have the authority to delegate such substantive and administrative powers and authority as may be necessary to the heads of the Regional Health Offices, in addition to such administrative authority as have been mandated for delegation for all Departments by the President. The Secretary shall also delegate such powers and authority to the heads of the Provincial Health Offices and those of other subordinate units of the Regional Health Offices as in his sound judgment would make for a more efficient and effective administration of health and medical services.

CHAPTER 6—Attached Agencies

SEC. 24. Attached Entities.—The Philippine Medical Care Commission and the Dangerous Drugs Board shall be attached to the Department and shall continue to operate and function in accordance with the law creating them, except as otherwise provided in this Code.

SEC. 25. The Philippine Medical Care Commission.—The Philippine Medical Care Commission shall be composed of the Secretary of Health as Chairman, an Undersecretary of Health designated by the Secretary as Vice-Chairman, and the following members: the Administrator of the Social Security System, the President and General Manager of the

Government Service Insurance System, the Secretary of Finance, the Secretary of Local Government, the Secretary of Labor and Employment, and four (4) other members representing the beneficiaries, the private employers, the physicians and the hospitals. The four other members shall be appointed by the President of the Philippines for a term of six (6) years.

The *ex officio* members may designate their representatives who shall exercise the plenary powers of their principals as well as enjoy the benefits available to the latter.

SEC. 26. The Dangerous Drugs Board.—The Dangerous Drugs Board shall be composed of the Secretary of Health, who shall be *ex officio* chairman, an Undersecretary of Health designated by the Secretary, who shall be *ex officio* Vice-Chairman, an Executive Director and the following members: the Secretary of Justice or his representative; the Secretary of National Defense or his representative; the Secretary of Education or his representative; the Secretary of Finance or his representative; and the Secretary of the Department of Social Welfare and Development or his representative. The Director of the National Bureau of Investigation shall be the permanent consultant of the Board.

TITLE X—TRADE AND INDUSTRY

CHAPTER 1—General Provisions

SEC. 1. Declaration of Policy.—The State shall develop a self-reliant and independent national economy effectively controlled by Filipinos. It recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments.

The state shall promote industrialization and full employment based on sound agricultural development and agrarian reform, through industries that make full and efficient use of human and natural resources, and which are competitive in both domestic and foreign markets. It shall protect Filipino enterprises against unfair foreign competition and trade practices.

In pursuit of these goals, all sectors of the economy and all regions of the country shall be given optimum opportunity to develop. Private enterprises, including corporations, cooperatives, and similar collective organizations shall be encouraged to broaden the base of their ownership.

The state shall pursue a trade policy that serves the general welfare and utilizes all forms and arrangements of exchange on the basis of equality and reciprocity.

The State shall regulate or prohibit monopolies when the public interest so requires. No combinations in restraint of trade or unfair competition shall be allowed. The state shall protect consumers from trade malpractices and from substandard or hazardous products.

SEC. 2. Mandate.—The Department of Trade and Industry shall be the primary coordinative, promotive, facilitative and regulatory arm of the Executive Branch of government in the area of trade, industry and investments. It shall promote and develop an industrialization program effectively controlled by Filipinos and shall act as catalyst for intensified private sector activity in order to accelerate and sustain economic growth through; (a) comprehensive industrial growth strategy, (b) a progressive and socially responsible liberalization program, (c) policies designed for the expansion and diversification of trade, and (d) policies to protect Filipino enterprises against unfair foreign competition and trade practices.

SEC. 3. Powers and functions.—The Department of Trade and Industry; shall:

(1) Formulate and implement policies, plans and programs relative to the development, expansion, promotion and regulation of trade, industry, and investments;

(2) Consolidate and coordinate all functions and efforts pertaining to the promotion of exports, diversification and decentralization of industries, and development of foreign trade;

(3) Encourage and promote the growth and expansion of industries which make full use of human and natural resources and which are competitive in domestic and foreign markets;

(4) Adopt and implement measures to protect Filipino enterprises against unfair foreign competition and trade practices;

(5) Provide incentives to broaden the base of ownership of large-scale industrial enterprises and accelerate the formation and growth of small and medium-scale enterprises;

(6) Regulate the importation of essential consumer and producer items to maintain their fair and competitive prices to end-users;

(7) Protect consumers from trade malpractices and from substandard or hazardous products;

(8) Adopt and implement measures to prohibit combinations in restraint of trade and unfair competition;

(9) Develop the capabilities of industry to increase the domestic content of its products and upgrade the quality of products according to competitive international standards;

(10) Encourage and support the formation of People's Economic Councils at regional, provincial and municipal levels as well as other trade, industry and consumer protection institutions or associations;

(11) Upgrade and develop the manufacture of local capital goods and precision machinery components;

(12) Formulate the appropriate mechanics to guide and manage the transfer of appropriate industrial technology in the country;

(13) Formulate country and product export strategies which will guide the export promotion and development thrusts of the government; and implement programs and activities geared towards the overseas promotion of Philippine export in overseas markets;

(14) Take the primary role in negotiating and reviewing existing international trade agreements, particularly those affecting commodity quotas limiting existing exports of Philippine products to determine programs for renegotiations of more favorable terms;

(15) Administratively adjudicate and impose reasonable fines and penalties for violation of existing trade and industry laws;

(16) Prepare, for consideration of the Monetary Board, proposed programs in the commercial banking sector for directing commercial lending facilities towards priority areas of commercial and industrial development, as well as coordinate government direct funding and financial guarantee programs to achieve trade and industry growth;

(17) Issue *subpoena* and *subpoena duces tecum* to compel the attendance of witnesses and the production of the necessary information, paper and documents which it may deem necessary in the exercise of its powers and functions;

(18) Prescribe and enforce compliance with such rules and regulations as may be necessary to implement the intent and provisions of this Code, which rules and regulations shall take effect fifteen (15) days following their publication in the *Official Gazette*; and

(19) Perform such other functions as may be necessary or incidental in carrying into effect the provision of this Code and as may be provided by law.

SEC. 4. *Organizational Structure*.—The department shall consist of the offices of the secretary, undersecretaries and assistant secretaries, national service centers, regional offices, and line corporate agencies and government entities.

CHAPTER 2—Department Proper

SEC. 5. *Office of the Secretary*.—The Office of the Secretary shall consist of the Secretary, his immediate staff, the Undersecretary for Policy Planning and Support Services, and the Offices and Services directly supportive of the Office of the Secretary. The functions of the foregoing shall be as follows:

(1) The Undersecretary for Policy Planning and Support Services shall supervise the Office of Policy Research, the Office of Operational Planning, the Office of Legal Affairs, the Human Resource Development Service, the General Administrative Service, the Management Information Service, the Financial Management Service and the Public Relation Office;

(2) The Office of Policy Research shall coordinate and help formulate general trade and industry policies for the Department; evaluate the effectiveness of trade and industry programs as such, and their implementation by the Department's Line Operating Units; and research on trade and industry issues for policy analysis and formulation;

(3) The Office of Operational Planning shall develop operating plans, programs and projects of the Department as such; supervise the Annual Trade and Industry Development Planning Conferences between government and private sector; evaluate the cost-effectiveness of various projects and activities of the Department; coordinate the updating of the Department's operating plans in response to relevant environment changes; review the Department's performance against standards and targets previously established; and provide staff services related to the development, monitoring, reporting and assessment of foreign assisted projects of the Department;

(4) The Office of Legal Affairs shall provide the Secretary with legal advice on all policies, programs, and operational matters of the Department; serve as Counsel for the Department in cases in which it is a party; handle administrative cases against the Department personnel and submit recommendations pertaining thereto; and review legislative proposals;

(5) The Human Resource Development Service shall design and implement human resource development plans and programs for the personnel of the Department; provide for present and future manpower needs of the organizations; and maintain high morale and favorable employee attitude towards the organization through the continuing design and implementation of employee development programs;

(6) The Financial Management Service shall formulate and manage a financial program to ensure availability and proper utilization of funds; and provide for effective monitoring system of the financial operations of the Department;

(7) The General Administrative Service shall provide services relative to procurement and allocation of supplies and equipment, transportation, messengerial work, cashiering, payment of salaries and other Department obligations, office maintenance, property safety and security, and other utility services; and comply with government regulatory requirements in the areas of performance appraisal, compensation and benefits, employment records and reports;

(8) The Management Information Service shall design and implement a comprehensive management information system, both computerized and manual, for the Department; provide technical assistance to the various information generating units within the Department; and establish data exchange linkages with public and private agencies whenever feasible;

(9) The Public Relation Office shall perform the Departments' public relations function; provide a two-way flow of information between the Department and its constituencies; and coordinate the Secretary's regular press conferences and the Department's relations with the mass media;

(10) The Trade and Investment Information Center shall, as the primary information arm of the Department, design and operate a computerized system of collection, documentation, storage, retrieval, and timely dissemination of comprehensive and relevant information on trade, industry and investment for use by other government agencies and the business sector; coordinate and monitor the information campaigns on the Department's services, programs and projects; develop a communication program to promote Philippine investment opportunities and the country's export products which shall be directed at foreign audiences; and provide creative services to other units of the Department in support of their own information programs;

(11) The National Industrial Manpower Training Council shall act as the umbrella agency to coordinate and operate the Cottage Industry Technology Center, the

Construction Manpower Development Foundation, and the Construction Manpower Development Center and perform other functions such as initiating specialized industrial training centers and identifying supply-demand factors and industrial skills subject to the direction formulated by the National Manpower and Youth Council; and

(12) There is hereby created in the Office of the Secretary the Office of Special Concerns to attend to matters that require special attention, whether involving a matter that crosses several functional areas, demands urgent action, or otherwise necessitates, in the Secretary's opinion, attention by a special group.

SEC. 6. *Undersecretaries*.—The Secretary shall be assisted by five (5) Undersecretaries. They shall exercise supervision over the offices, services, operating units and individuals under their authority and responsibility.

The Secretary may designate any Undersecretary to supervise the bureaus, offices, and agencies, including the attached entities, consistent with the mandate of the Department.

SEC. 7. *Assistant Secretaries*.—The Secretary shall also be assisted by five (5) Assistant Secretary who shall be appointed by the President upon the recommendation of the Secretary. The Secretary is hereby authorized to delineate and assign the respective areas of functional responsibility, of the Assistant Secretaries. Within his functional area of responsibility, an Assistant Secretary shall assist the Secretary and the Undersecretaries in the formulation, determination and implementation of laws, policies, plans, programs and projects on trade and industry and shall oversee the day-to-day administration of the constituent units of the Department.

SEC. 8. *Staff Bureaus and Services*.—The Bureaus and Service Units shall be responsible for research, formulation of policy, development of standards, framing of rules and regulations, program formulation and program monitoring, related to the concerns covered by the Department's mandate, powers, and functions. Implementation of such

policies, standards, rules and regulations, and programs shall be the responsibility of the Department's Line Operating Units.

SEC. 9. *Department Line Operating Units*.—The Department Line Operating Unit shall be composed of the following:

(1) *Regional Offices*. These are offices which shall be located in the National Capital Region and each of the twelve (12) other administrative regions of the country. They shall be operated and maintained on a Department-wide basis, acting as implementing arms in the regions under their jurisdiction, of the Department's policies, programs, rules and regulations as well as those laws which the Department is mandated to enforce.

(2) *Line Corporate Agencies and Government Entities*. These are the government entities and the government-owned or controlled corporations under the Administrative supervision of the Department which are deemed to be integral parts of the Department structure notwithstanding their organizational form, and which perform a focal and implemental role in the Department's programs for the development of trade, industry and investment.

CHAPTER 3—Office of the Undersecretary for Domestic Trade

SEC. 10. *Office of the Undersecretary for Domestic Trade*.—The Office of the Undersecretary for Domestic Trade shall include all the staff bureaus and services involved in policy formulation, standards development, programs development, and program monitoring of the development, regulatory and service delivery programs pertinent to domestic trade and commerce being implemented by the Department's line operating units. The Undersecretary for Domestic Trade shall supervise the following:

(1) *Bureau of Trade Regulation and Consumer Protection*. This Bureau shall formulate and monitor the implementation of programs for the effective enforcement

of laws, correct interpretation and adoption of policies on monopolies and restraint of trade, mislabelling, product misrepresentation and other unfair trade practices; monitor the registration of business names and licensing and accreditation of establishments and practitioners; protect and safeguard the interest of consumers and the public, particularly the health and safety implications of intrinsic product features, product representation, and the like; and establish the basis or evaluating consumer complaints and product utility failures.

(2) Bureau of Domestic Trade Promotion. This Bureau shall prepare and monitor the implementation of plans and programs directed at the promotion and development of domestic trade, particularly in the area of efficiency, fairness and balance in the distribution of essential products and services and in the strengthening of the domestic base for export activities; conceptualize, monitor and evaluate programs, plans and projects intended to create awareness of domestic marketing opportunities for new projects, new technologies and investment.

(3) Bureau of Patents and Trademarks, and Technology Transfer. This Bureau shall examine applications for grant of letters, patent for inventions, utility models and industrial designs, and the subsequent grant or refusal of the same; register trademarks, tradenames, service marks and other marks of ownership; hear and adjudicate contested proceedings affecting rights to patents and trademarks; receive, process for registration and evaluate technology transfer arrangements as to their appropriateness and need for the technology or industrial property rights, reasonableness of the technology payment, and for the prohibition of restrictive business clauses, and comply with all its statutory publication requirement by publishing the same in a newspaper of general circulation or in the *Official Gazette*.

(4) Bureau of Product Standards. This Bureau shall review the products contained in the critical imports list in accordance with establishes national standards or relevant international standards and buyer-seller

specification; promulgate rules and regulations necessary for the country's shift to the international system of units; study and carry out research on the various reference materials to be used as basis for the start of whatever analysis or evaluation is demanded by the products under examination or investigation; establish standard for all products of the Philippines for which no standards have as yet been fixed by law, executive order, rules and regulations and which products are not covered by the standardization activities of other government agencies; participate actively in international activities on standardization, quality control and metrology; ensure manufacture, production, and distribution of quality products for protection of consumers; test and analyze standardized and unstandardized product for purposes of product standard formulation and certification; extend technical assistance to producers to improved the quality of their products; check length, mass and volume measuring instruments; and maintain consultative liaison with the International Organization for Standardization, Pacific Area Standards Congress, and other international standards organizations.

(5) Video Regulatory Board. This Board shall regulate videogram establishments; prevent unfair practices, unfair competition, pirating of legitimately produced video products, and other deceptive, unfair and unconscionable acts and practices to protect the viewing public and general public.

CHAPTER 4—*Office of the Undersecretary for International Trade*

SEC. 11. *Office of the Undersecretary for International Trade.*—The Office of the Undersecretary for International Trade shall include all the units involved in policy formulation, standards development, program development, and program monitoring of the development, regulatory, and service delivery programs of the Department pertinent to international trade and commerce being implemented by the Department's line operating units. The Undersecretary for International Trade shall supervise the following:

(1) **Bureau of International Trade Relations.** This Bureau shall be the primary agent responsible for all matters pertaining foreign trade relations, whether bilateral, regional or multilateral, especially market access and market access related matters; formulate positions and strategies for trade negotiations, consultations and conferences as well as supervise trade negotiations, consultations and conferences; coordinate with other Departments and agencies of the Philippine government with the view of assuring consistency in the government's position in trade negotiations and on other activities pertaining to foreign trade relations; consult with industry groups and provide technical advice and information on the above matters and activities; identify tariff and non-tariff barriers affecting products of export interest to the Philippines, and negotiate measures for liberalizing them at bilateral, regional and multilateral fora; and evaluate and submit recommendations on existing and proposed commercial policies of the Philippines.

(2) **Bureau of Export Trade Promotion.** This Bureau shall formulate and monitor programs, plans, and projects pertinent to the development, promotion, and expansion of the foreign trade of the Philippines; formulate country and product export strategies; conduct research on new product development and adaptation opportunities in the export markets, as well as identify the domestic supply base for such products; prepare situation reports on all exports production; prepare and update country and regional market profiles; maintain an integrated information system on all aspects of the product and commodities relevant to export marketing; formulate, plan, supervise, coordinate and monitor the implementation of both private and official incoming and outgoing missions, and review the results of such; promote and coordinate international subcontracting arrangements between and among foreign and Philippine investors whereby production operations and facilities may be located in the Philippines; formulate and monitor the implementation of policies and guidelines for the registration and certification of *bona fide* exporters

eligible for the various export incentive programs of the Philippines; and review and identify appropriate measures to minimize or deregulate-export-import procedures and other foreign trade laws necessary to stimulate the international marketing of the Philippine products.

(3) **Foreign Trade Service Corps.** This Corps shall assist Philippine businessmen, producers, and exporters with marketing information, project development support, and liaison with foreign government agencies; develop marketing and commercial intelligence for dissemination to Philippine businessmen through the Trade and Investment Information Center; provide direct support to the Department's overseas promotional programs; assist Philippine businessmen handle trade complaints against foreign firms and government; support Department units in import and export administration, monitoring of trade agreements, and investments promotion; and be accountable for establishment of foreign investment and export targets for their respective areas of responsibility.

In addition to the existing Foreign Trade Service Corps, the President may appoint Trade Commissioners with the rank of Assistant Secretary to coordinate trade and investment matters in the various continents to which they are assigned for the purpose of increasing trade and investments.

(4) **Bonded Export Marketing Board.** This Board shall promote the establishment of bonded manufacturing and trading facilities for the re-export of those products where a clear net value added may be generated base on the emerging comparative advantage of the Philippine export industry; study and analyze the international market for specific products where the Philippines has or can develop a comparative advantage; recommend to the Bureau of Customs the licensing of bonded manufacturing facilities and monitor all bonded manufacturing sites, with the objective of ensuring operational efficiency; identify and designate sites where bonded manufacturing sites shall be located with a view of

dispersal to the regions; initiate studies on the development and maintenance of the country's competitive advantage in exports products.

(5) **Philippine Shippers' Council.** This Council shall represent Philippine shippers in international liner conferences and negotiate in their behalf, for more favorable freight and shipping rates; evaluate and issue waivers to the use of Philippine flag carriers; and provide assistance and information to Philippine shippers, specially exporters, in matters related to shipping.

(6) **Philippine Trading Center.** This Center shall develop training modules on export and import techniques and procedures; raise the level of awareness of Philippine businessmen of export opportunities and the availability of alternative sources of import products or diversified markets for exports; offer specialized courses for specific industry groups directed at overcoming barriers to overseas market penetration; and conduct training programs in international trade and practices, inspection techniques and exhibition mounting.

(7) **Product Development and Design Center of the Philippines.** This Center shall provide product identification, research, and development services to private sector; conduct seminars and workshops on product design and development; set up design exhibitions; publish products design related material; and conduct continuing research on product and product packaging design trends and processing technologies.

CHAPTER 5—*Office of the Undersecretary for Industry and Investments.*

SEC. 12. Office of the Undersecretary for Industry and Investments.—The Office of the Undersecretary for Industry and Investments shall supervise all agencies involved in the formulation and implementation of programs and projects pertinent to the development of domestic industries and promotion of investments in activities or enterprises critical to the Department's trade and industry development program.

(1) **Bureau of Small and Medium Business Development.** This Bureau shall formulate and monitor development programs for private institutions involved in assisting the trade and industry sector, delivery mechanisms and linkages for marketing, financial and subcontracting services, and development programs for livelihood and micro, small and medium enterprises.

(2) **Board of Investment,** whose functions are defined below.

(3) **Export Processing Zone Authority,** whose functions are defined below.

(4) **Bureau of Import Services.** This Bureau shall monitor import levels and prices, particularly liberalized items; analyze and forecast import levels; analyze and publish import return statistics; perform annual reviews of the substantive components of the Philippine Tariff System and submit recommendations thereon; perform such other functions on import transactions as the President or the Central Bank of the Philippines shall delegate or authorize; and ensure that the Department's views on goods under the jurisdiction of other Departments are taken into consideration.

(5) **Iron and Steel Authority.**

(6) **Construction Industry Authority of the Philippines.**

CHAPTER 6—*Office of the Undersecretary for Regional Operations*

SEC. 13. Office of the Undersecretary for Regional Operations.—The Office of the Undersecretary for Regional Operations shall exercise supervision and control over the Department's Regional Offices described in Section 9, par. 1 hereof. It shall be responsible for the field operations of the Department, ensuring full compliance with Department policies, rigorous implementation of Department rules and regulations, and proper implementation of Department plans and programs by the Regional Offices in their respective administrative jurisdictions.

SEC. 14. Regional Offices.—The Department is hereby authorized to establish, operate and maintain a Department-wide regional office in each of the country's administrative regions. Each Regional Office shall be headed by a Regional Director who shall be assisted by an Assistant Regional Director. A Regional Office shall have, within its administrative region, the following functions:

- (1) Implement pertinent laws, and the rules, regulations, policies, plans, programs and projects of the Department;
- (2) Provide efficient and effective service to the people;
- (3) Coordinate with the regional offices of other departments, offices and agencies in the region;
- (4) Coordinate with the local government units; and
- (5) Perform such other functions as may be provided by law or appropriately assigned by the Secretary.

CHAPTER 7—Attached Agencies

SEC. 15. Line Corporate Agencies and Government Entities.—The following are the Line Corporate Agencies and Government Entities that will perform their specific regulatory functions, particular developmental responsibilities, and specialized business activities in a manner consonant with the Department's mandate, objectives, policies, plans, and programs:

(1) **National Development Company.** This Company shall promote investments in or establish enterprises for the express purposes of encouraging the private sector to follow suit by proving the financial viability of such enterprises; or of filling critical gaps in the input-output structure of Philippine commerce and industry when the private sector is unwilling or unable to engage in such enterprises because of the magnitude of investments required or the risk complexion of the undertaking.

(2) **Garments and Textile Export Board.** This Board, which shall be supervised by the Undersecretary for International Trade, shall oversee the implementation of the garments and textile agreements between the

Philippines and other countries, particularly garments and textile quotas; approve quota allocations and export authorization; issue export licenses and adopt appropriate measures to expedite their processing; provide the necessary information and statistic relating to the administration of garments and textiles export quotas and the flow of garments and textiles exports for monitoring purposes and for negotiations with other countries; implement rules and regulations for the administration of all international textile agreements entered into between the Philippines and importing countries; and fix and collect reasonable fees for the issuance of export quotas, export authorizations, export licenses, and other related services, in accordance with the Department policies, rules and regulations.

(3) **International Coffee Organization-Certifying Agency.** This Agency, which shall be supervised by the Undersecretary for International Trade, shall oversee the implementation of the coffee agreements between the Philippines and other countries, particularly coffee quotas.

(4) **Philippine International Trading Corporation.** This Corporation, which shall be supervised by the Undersecretary for International Trade, shall only engage in both export and import trading on new or non-traditional products and markets not normally pursued by the private business sector; provide a wide range of export oriented auxiliary services to the private sector; arrange for or establish comprehensive systems and physical facilities for handling the collection, processing and distribution of cargoes and other commodities; monitor or coordinate risk insurance services for existing institutions; promote or organize, whenever warranted, production enterprises and industrial establishments and collaborate or associate in joint venture with any person, association, company, or entity, whether domestic or foreign, in the fields of production, marketing, procurement, and other related businesses; and provide technical, advisory, investigatory, consultancy, and management services with respect to any and all of the functions, activities, and operations of the corporation.

(5) **Board of Investments.** This Board, which shall be supervised by the Undersecretary for Industry and Investments shall be responsible for coordinating the formulation and implementation of short, medium and long term industrial plans as well as promoting investments in the Philippines in accordance with national policies and priorities; register, monitor and grant investment incentives to individual enterprises; formulate policies and guidelines aimed at creating an environment conducive to the expansion of existing investments or attracting prospective investments in the Philippines, *Provided*, That the board shall place primary emphasis on its promotive functions.

(6) **Export Processing Zone Authority.** This Authority which shall be supervised by the Undersecretary for Industry and Investments, shall develop and manage export processing zones, in consonance with Department policies and programs.

(7) The Center for International Trade Expositions and Missions, Inc. is hereby merged with the Philippine Trade Exhibition Center. The latter shall be the surviving entity and is hereby renamed "Center for International Trade Expositions and Missions."

TITLE XI—AGRARIAN REFORM

CHAPTER 1—General Provisions

SECTION 1. *Declarations of Policy.*—The State shall undertake an agrarian reform program founded on the right of farmers and regular farmworkers who are landless to own directly or collectively the lands they till or, in the case of other farmworkers, to receive a just share of the fruits thereof.

The State shall recognize the right of farmers, farmworkers, and landowners, as well as cooperatives, and other independent farmers' organizations to participate in the planning, organization and management of the land reform program, and shall provide support to agriculture through appropriate technology and research, and through adequate financial, production, marketing, and other support services.

The State shall provide incentives for voluntary landsharing. It may resettle landless farmers and farmworkers in its own agricultural estates which shall be distributed to them in the manner provided by law.

SEC. 2. *Mandate.*—The Department shall provide central direction and coordination to the national agrarian reform program extended to transform farm lessees and farm tenants into owner-cultivators or economic family size farms to improved their living conditions.

The Department shall formulate and implement policies, plans and programs for the distribution and cultivation of all agricultural lands, including sugar and coconut lands, with the participation of farmers, farmworkers, landowners, cooperatives, and other independent farmers' organizations. It shall provide leadership in developing support services to tenant-owners, farm managers, and other cultivators, through appropriate research and development programs, and shall render adequate assistance in finance, marketing, production and other aspects of farm management.

SEC. 3. *Powers and Functions.*—To accomplish its mandate, the Department shall:

(1) Implement laws, programs and policies for the acquisition and distribution of all agricultural lands as provided by law;

(2) Resettle landless farmers and farmworkers in government-owned agricultural estates which shall be distributed to them as provided by law;

(3) Recommend and provide incentives for voluntary sharing of lands by owners of agricultural lands;

(4) Acquire, determine the value, subdivide into family-size farms, develop and distribute to qualified tillers, actual occupants and displaced urban poor, private agricultural lands regardless of area and crops planted;

(5) Administer and dispose of, under a settlement scheme, all portions of the public domain declared as alienable and disposable lands for speedy distribution to and development by deserving and qualified persons who do not own any land and under such terms and

conditions as the Department may prescribe, giving priority to qualified and deserving farmers in the province where such lands are located;

(6) Provide free legal assistance to farmers covered by agrarian reform and expedite the resolution of agrarian conflicts and land tenure problems either through conciliatory or adversary proceedings;

(7) Provide creative, responsive and effective information, education and communication programs and projects both for the tenant beneficiaries, landowners, the government and private sectors and the general public thereby generating a broad spectrum of support and understanding of the new agrarian reform program;

(8) Strengthen agrarian reform beneficiaries organizations to a degree of national viability that would enable them to share in the shaping of government policies and institutionalize farmers' participation in agrarian reform policy formulation, program implementation and evaluation;

(9) Promote the organization and development of cooperatives of agrarian reform beneficiaries and register the same;

(10) Implement all agrarian reform laws and for this purpose issue *subpoena*, *subpoena duces tecum* and writs of execution of its orders, and decisions and other legal processes to ensure compliance from all parties concerned for successful and expeditious program implementation;

(11) Undertake land surveys on lands covered by agrarian reform, and issue patents to farmers covered by agrarian reform, both on private and public lands;

(12) Develop, implement and undertake alternative and innovative land development schemes and land tenure systems such as, but not limited to land consolidation, land forming cooperative farming and agro-industrial estates;

(13) Approve or disapprove conversion of agricultural lands to non-agricultural uses such as residential and industrial conversions in accordance with the existing provisions of law;

(14) Undertake land use management studies;

(15) Compensate the landowners covered by agrarian reform;

(16) Integrate and synchronize program implementation of the Land Bank of the Philippines and other relevant civilian and military government and private entities involved and mandated to support the agrarian reform program through Inter-Agency Committees and Agrarian Reform Coordinating Councils; and

(17) Perform such other functions as may be provided by law.

SEC. 4. *Organizational Structure*.—The Department shall consist of the Office of the Secretary, the Undersecretary, the Assistant Secretary, the Services and Staff Bureaus, the Regional Offices, the Provincial Offices, and the Team Offices.

CHAPTER 2—Department Proper

SEC. 5. *Office of the Secretary*.—The Office of the Secretary shall consist of the Secretary and his immediate staff.

SEC. 6. *Undersecretary*.—The Secretary shall be assisted by one (1) Undersecretary who shall perform the functions:

(1) Oversee the operational activities of the Department delegated to him by and for which he shall be responsible to the Secretary;

(2) Coordinate programs and projects within the DAR and with other government agencies and farmer organizations when so delegated by the Secretary;

(3) Assist the Secretary in matters relating to the operations of the Department;

(4) Assist the Secretary in the preparation of reports; and

(5) Perform such other duties and functions as may be provided by law or assigned by the Secretary.

SEC. 7. *Assistant Secretary*.—The Secretary shall be assisted by one Assistant Secretary.

CHAPTER 3—*Department Services*

SEC. 8. *Management and Executive Services.*—The Management and Executive Services shall have the following functions:

(1) Recommend the implementation of appropriate systems and procedures as it relates to the overall monitoring and feedback mechanisms required by the Office of the Secretary;

(2) Gather, consolidate, appraise, prepare and submit regular top management reports pertaining to the Department and overall administration, financial, programs and projects implementation status for decision making purposes;

(3) Design and maintain a program/project display center(s) that will showcase the Department's various plans, programs and accomplishments;

(4) Prepare and review office orders, memoranda and other communications;

(5) Provide secretariat support during meetings and conferences including international conferences and seminars relative to agrarian reform;

(6) Supervise the implementation of department-wide records management and disposal system;

(7) Develop alternative management systems which will increase efficiency in the delivery of services, attain better means of control, maximize use of available human and physical resources;

(8) Conduct periodic systems and procedures audit of the various units of the Department;

(9) Prepare news items on agrarian reform accomplishments and handle press and media relations work for the Secretary; and

(10) Perform such other functions as may be assigned by the Secretary.

SEC. 9. *Legal and Public Assistance Service.*—The Legal and Public Assistance Service shall have the following functions:

(1) Prepare legal decisions and resolutions of administrative cases and under legal opinions, interpretation of contracts, laws, rules and other administrative issuances;

(2) Prepare legal decisions and resolutions of administrative cases; and

(3) Provide public assistance services.

SEC. 10. *Research and Strategic Planning Service.*—The Research and Strategic Planning Service shall have the following functions:

(1) Review, analyze and integrate submitted plans and programs and special project proposals by Bureaus, services, and field offices and determine if plans and programs are in accordance with priorities set for budgetary support;

(2) Review, coordinate and integrate all recommendations for reprogramming and revision of work programs of the Department to support fund releases or requests;

(3) Initiate, integrate, or prioritize research studies and recommend for funding in coordination with units concerned and review and interpret research findings for policy applicability;

(4) Conduct researches or case studies for policy recommendations and application;

(5) Coordinate, integrate and assist in the assessment of programs and projects against plans, costs and resources, standards and performance targets;

(6) Coordinate, integrate and analyze periodic accomplishment reports of the Department as may be required or necessary;

(7) Maintain liaison with public and private development and planning bodies, public and private; and

(8) Perform and other functions as may be provided by law or assigned by the Secretary.

SEC. 11. *Finance and Physical Assets Management Service.*—The Finance and Physical Assets Management Service shall have the following functions:

- (1) Prepare, execute and administer the Department's budget including standards and guidelines;
- (2) Monitor and evaluate the implementation of the Central and Regional budget;
- (3) Process all money claims related to all types of Department expenditures including personal services, maintenance and other operating expenses and capital outlays;
- (4) Prepare financial reports and maintain books of accounts;
- (5) Prepare, release and control check disbursements and index or monitor check payments;
- (6) Implement proper internal control mechanisms;
- (7) Formulate and implement policies and systems on the disposition of supplies, materials and equipment requirements of all operating units for their effective functioning;
- (8) Undertake repair and maintenance of all equipment, furniture, building facilities and grounds of the Department; and
- (9) Manage and maintain an inventory of physical assets in the Department's Central and Regional Offices.

SEC. 12. *Administrative and Personnel Service.*—The Administrative and Personnel Service shall exercise the following functions:

- (1) Formulate and implement policies and guidelines on personnel placement, appraisal and action;
- (2) Formulate and implement policies and guidelines on employee services, employee relations management and staff development;
- (3) Service the reproduction, utility and messengerial requirements of all Departmental groups and offices;
- (4) Provide the major operating units of the Department with basic equipment, supplies and materials including logistical support.
- (5) Engage in general canvassing and purchasing of supplies, materials and equipment;

- (6) Implement guidelines with respect to procurement services; and
- (7) Perform such other functions as the Secretary may assign.

CHAPTER 4—Bureaus

SEC. 13. *Bureau of Agrarian Legal Assistance.*—The Bureau of Agrarian Legal Assistance shall have the following functions:

- (1) Formulate guidelines, plans and programs for the effective delivery of legal assistance to the clientele;
- (2) Adopt the process of mediation and conciliation to judiciously settle agrarian problems;
- (2) Investigate cases, review, recommendations, and prepare orders, decisions and resolutions on matters involving agrarian dispute;
- (4) Maintain a docket of cases on claims and conflicts and issue clearance in relation thereto;
- (5) Provide legal information and prepare materials for publication;
- (6) Conduct and compile legal research and studies on agrarian reform and maintain a law library;
- (7) Prepare legal opinions on matters pertaining to agrarian reform program implementation;
- (8) Represent agrarian reform beneficiaries or members of their immediate farm households before all courts and quasi-judicial and administrative bodies, in civil, criminal or administrative cases instituted by or against them, arising from or are connected with, an agrarian dispute;
- (9) Develop, maintain and coordinate para-legal services for agrarian reform clientele;
- (10) Advise and assist the Office of the Secretary and field offices in agrarian legal matters;
- (11) Conduct a continuing follow-up and evaluation of the handling and disposition of judicial cases, claims and

conflicts adjudication, legal informational and para-legal services of the Department; and

- (12) Perform such other functions and duties as may be provided by law.

SEC. 14. *Bureau of Land Development.*—The Bureau shall have the following functions:

- (1) Draw up plans and programs of land surveys and determine which land survey projects can be done by administration or by contract;
- (2) Develop and prescribe procedures and techniques on land surveys in accordance with approved standards;
- (3) Develop plans and programs, guidelines, procedures and techniques for soil survey and classification and for complete aerial photogrammetry;
- (4) Analyze and compile soil data and survey reports essential for the production of soil maps and identify particular areas for soil research;
- (5) Develop land use patterns, procedures and compile adequate maps for proper land use;
- (6) Draw up plans, programs and designs for agricultural development under the scheme of land consolidation;
- (7) Formulate policies, guidelines and procedures for the regulation of conversion of private agricultural lands to non-agricultural use, in accordance with the provisions of existing laws, as amended, and other related issuances;
- (8) Establish a schedule of priorities in the construction of houses, waterworks, irrigation systems and other community facilities;
- (9) Formulate policies and guidelines in the procurement, maintenance or rehabilitation of agricultural machinery and equipment, and review, and evaluate plans, programs, specifications, and cost estimates of land development projects;
- (10) Provide functional and technical assistance on the implementation of land development;
- (11) Monitor and evaluate activities of field offices on land development; and
- (12) Perform such other functions as may be provided by law.

SEC. 15. *Bureau of Land Tenure Development.*—The Bureau shall have the following functions:

- (1) Develop policies, plans and programs, and standard operating procedures in the acquisition and distribution of and private agricultural lands, including measures to ensure that the lands distributed by the government to the beneficiaries of the agrarian reform program shall be subsequently transferred or sold only to qualified tenant-tillers, agricultural workers and other landless citizens;
- (2) Design socio-economic survey plans and prescribe standards, guidelines and procedures in the conduct of such surveys in areas sought to be acquired or administered by the Department of Agrarian Reform;
- (3) Develop standards for the valuation of lands placed under the agrarian reform program and formulate appropriate land compensation schemes for affected landowners;
- (4) Formulate general policies and guidelines in the identification of tillers and agricultural lands to be purchased or expropriated, subject of petitions or applications for the exercise of the right of pre-emption or redemption, or voluntarily offered for coverage under the agrarian reform program and portions of the public domain which may be opened for settlement;
- (5) Maintain a current inventory of tillers, landowners, landholdings, including crops and production thereon and other related records;
- (6) Streamline procedures governing the titling of lands transferred to the beneficiaries of agrarian reform and the documentation of leasehold and other tenurial arrangements;
- (7) Develop alternative tenurial or working arrangements or relationships in agrarian reform areas aimed at ensuring security of tenure and equitable distribution of income;
- (8) Formulate policies, guidelines, standards, procedures and programs in the development and conduct of land tenure research;

(9) Identify areas of research relevant to land tenure, determine priority needs, and prepare land tenure research designs/proposals;

(10) Undertake operational research and evaluation studies on land tenure programs and projects;

(11) Monitor research findings on land tenure and other related studies by various research agencies;

(12) Review and evaluate documents for the generation, registration, and issuance of Emancipation Patents/Titles, land valuation, and landowners compensation claims as to its completeness, accuracy and validity;

(13) Initiate verification and/or investigation of questionable or inconsistent documents as well as data or information critical for expeditious disposition of land transactions by authorities concerned; and

(14) Perform such other functions as may be provided by law.

SEC. 16. Bureau of Agrarian Reform Information Education.—The Bureau shall have the following functions:

(1) Provide policy guidance and develop plans and programs for effective and continuing information, education and promotional activities of the Department;

(2) Develop, conduct, assist and coordinate training and education programs to increase farmer, DAR and other governmental personnel and participation in program implementation;

(3) Coordinate or implement linkage training or education programs and projects;

(4) Integrate agrarian reform concepts into all levels of the national education system;

(5) Develop appropriate communication materials or aids to support agrarian reform promotion and training;

(6) Produce and disseminate media materials to implement the information program of the Department;

(7) Maintain and update a library of materials on agrarian reform;

(8) Provide for the establishment of a center for agrarian reform studies;

(9) Provide functional and technical assistance on farmer education and public information;

(10) Coordinate and evaluate the training programs and activities undertaken by the regional offices and other units of the Department; and

(11) Perform such other functions as may be provided by law.

SEC. 17. Bureau of Agrarian Reform Beneficiaries Development.—The Bureau shall have the following functions:

(1) Formulate plans, programs, policies and guidelines for the development of agrarian reform areas into viable agro-industrial estates, the promotion of cooperative systems of production, processing, marketing, distribution, credit and services;

(2) Formulate policies, programs and guidelines for the development and management of resettlement areas and landed estates;

(3) Promote the organization and participation of agrarian reform beneficiaries to enhance the dignity and welfare of the beneficiaries and to serve as sources of development information inputs and feedbacks as basis for policy formulation;

(4) Serve as liaison between the DAR and the legitimate organizations of agrarian reform beneficiaries and serve as receiving zone for request and proposals from legitimately organized agrarian reform beneficiaries associations for appropriate action by any of the Bureaus or Services;

(5) Develop and undertake research and pilot studies of alternative land tenure systems and as agro-industrial estates, cooperative farming and other cooperative-cultivatorship schemes;

(6) Develop project models such as but not limited to compact farms, and other income generating projects, and undertake research and pilot studies on these models and other innovative schemes in coordination with field offices;

(7) Establish linkages with concerned agencies for farm support services and to ensure immediate and effective project implementation;

(8) Provide functional and technical assistance on development and management of resettlement areas and landed estates, organization of agrarian reform beneficiaries and implementation of economic projects;

(9) Monitor and evaluate the activities of field offices on the development and management of resettlement areas and landed estates, and agrarian reform beneficiaries development; and

(10) Perform such other functions as may be provided by law.

CHAPTER 5—*Regional and District Offices and Attached Agencies*

SEC. 18. *Regional Office.*—The Regional Office shall be responsible for supporting the field units and supervising program implementation of the Department within the region. It shall:

(1) Implement laws, policies, plans, rules and regulations of the Department in the regional area;

(2) Develop and implement a regional personnel management program;

(3) Prepare, submit, execute and control the budget for the region;

(4) Prepare and properly maintain book of accounts;

(5) Pay salaries and wages and other approved vouchers;

(6) Provide administrative services to the regional and provincial offices;

(7) Prepare and submit plans and programs for the region on:

a. land tenure development

b. information and education

c. land use management and land development

d. legal services

e. agrarian reform beneficiaries development

(8) Provide technical assistance to the provincial offices and agrarian reform teams in the implementation of approved plans and programs;

(9) Extend effective legal assistance, advice or service to agrarian reform beneficiaries;

(10) Conduct operations research and evaluation of agrarian reform program implementation within the region;

(11) Coordinate with other government and private agencies and farmer organizations at the Regional level through the Agrarian Reform Coordinating Council, to carry out programs/projects for the general welfare of the agrarian reform beneficiaries;

(12) Coordinate para-legal services;

(13) Maintain a data-based information system in coordination with the established monitoring system;

(14) Review documents submitted by the Provincial and Team Offices or by the clientele;

(15) Submit periodic feedback and recommend policy changes and/or modification of procedures on program implementation; and

(16) Perform such other functions as may be necessary in the service of the clientele.

SEC. 19. *Provincial Offices.*—The Agrarian Reform Provincial Office is responsible for the direction and coordination of the operation and activities of the Agrarian Reform Teams operating within the province and has the following functions:

(1) Set priorities, specific targets, schedules and deadlines for the execution of approved plans, programs and projects on:

a. land acquisition, distribution, transfer of land ownership to actual tillers, including land tiller-landowners identification, tenurial security and leasehold arrangements, land surveys, land valuation and landowners compensation;

b. continuing information and education programs on agrarian reform;

c. organization and development of Agrarian Reform Beneficiaries Cooperatives and institutionalizing farmers-government partnership in agrarian reform policy formulation and program implementation;

d. landowner's compensation and diversion of landowner's capital to industrial development;

e. development and implementation of alternative land tenure systems such as cooperative farming, agro-industrial estates and cooperative-cultivatorship schemes;

f. land use management;

g. compact farming, land consolidation, land reclamation, integrated farming systems, sloping agricultural land technology, and other land conservation measures in agrarian reform covered areas;

h. legal services to farmers covered by agrarian reform and resolution of agrarian conflicts and land tenure problems;

(2) Provide administrative services to the Agrarian Reform Teams within the province;

(3) Provide legal services to agrarian reform beneficiaries in cases arising from or are connected with agrarian disputes, handling of expropriation proceedings, registering cooperatives organized by Agrarian Reform Teams and reviewing and acting on all matters initially investigated and elevated by Agrarian Reform Teams;

(4) Provide technical assistance to the Agrarian Reform Teams in the implementation of approved plans and programs;

(5) Coordinate with government, private agencies and farmer organizations at the provincial level to carry out programs;

(6) Conduct periodic performance audit surveys in collaboration with the regional office, and monitor agrarian reform program accomplishments of Agrarian Reform Teams including operational problems and constraints and recommended appropriate remedial measures for effective program implementation; and

(7) Perform such other functions as may be necessary in the service of the clientele.

Sec. 20. Team Offices.—The Agrarian Reform Team shall be responsible for directly implementing the agrarian reform programs and delivering expected results. It shall:

(1) Implement policies and programs on land acquisition, and distribution, and transfer of landownership to actual tillers, including farmer-landowner's identification, leasehold arrangements, land valuation and landowners compensation and transfer actions;

(2) Undertake continuing information and education programs on agrarian reform among the beneficiaries;

(3) Promote the organization and development of agrarian reform beneficiaries and assist in the registration of organized cooperatives;

(4) Institutionalize farmers participation in agrarian reform policy formulation and program implementation;

(5) Organize and establish compact farms, land consolidation, integrated farm systems, sloping agricultural land technology and other cooperative-cultivatorship schemes;

(6) Provide assistance in agrarian reform research;

(7) Provide assistance to various legal services, including legal information and legal counselling, documentation and preliminary processing of applications for free patent and applications to purchase lots, preliminary investigation on conflicting claims on lot boundaries and appraisal of properties, and mediation of different problems arising from tenancy relationship, execution and registration of lease contracts, initial investigation of administrative cases, and other legal services;

(8) Provide assistance on project identification, formulation and development that would uplift the socio-economic status of the beneficiaries including projects that would divert landlord capital to industrial development;

(9) Coordinate with other government and private agencies and farmer organizations within the area of coverage for effective program/project implementation;

(10) Submit periodic reports on program/project accomplishments including problems identified and recommended solutions thereto;

(11) Implement DAR commitment programs supportive of national priority programs; and

(12) Perform such other functions as may be assigned from time to time.

SEC. 21. Attached Agencies.—The following agencies are attached to the Department for administrative supervision and policy coordination;

- (1) Land Bank of the Philippines
- (2) Agricultural Credit Administration
- (3) Agrarian Reform Coordinating Council

TITLE XII—LOCAL GOVERNMENT

CHAPTER 1—General Provisions

SECTION 1. Declaration of Policy.—The State shall ensure the autonomy of local governments. For this purpose, it shall provide for a more responsive and accountable local government structure instituted through a system of decentralization. The allocation of powers and resources to local government units shall be promoted, and inter-local government grouping, consolidation and coordination of resources shall be encouraged. The State shall guarantee the local government units their just share in national taxes and their equitable share in proceeds from the use of natural resources, and afford them a wider latitude for resources generation.

SEC. 2. Mandate.—The Department shall assist the President in the exercise of general supervision over local governments and in ensuring autonomy, decentralization and community empowerment.

SEC. 3. Powers and Functions.—To accomplish its mandate, the Department shall:

- (1) Advise the President on the promulgation of policies, rules, regulations and other issuances relative to the general supervision of local government units;

(2) Establish and prescribe rules, regulations and other issuances and implementing laws on the general supervision of local government units and on the promotion of local autonomy and monitor compliance thereof by said units;

(3) Provide assistance in the preparation of national legislation affecting local government units;

(4) Establish and prescribe plans, policies, programs and projects to strengthen the administrative, technical and fiscal capabilities of local government offices and personnel;

(5) Formulate and implement policies, plans, programs and projects to meet national and local emergencies arising from natural and man-made disasters; and

(6) Perform such other functions as may be provided by law.

SEC. 4. Organization Structure.—The Department, shall be composed of the Office of the Secretary, and the staff and line offices which shall consist of the following:

- (1) Bureau of Local Government Supervision;
- (2) Bureau of Local Government Development;
- (3) National Barangay Operations Office;
- (4) Project Development Services;
- (5) Department Services;
- (6) Office of Public Affairs; and
- (7) Regional and Field Offices.

CHAPTER 2—Department Proper

SEC. 5. Office of the Secretary.—The Office of the Secretary shall consist of the Secretary and his immediate staff.

SEC. 6. Undersecretaries and Assistant Secretaries.—The Secretary shall be assisted by not more than three (3) Undersecretaries and three (3) Assistant Secretaries who shall be appointed by the President upon the recommendation of the Secretary. The Secretary is hereby authorized to delineate and assign the respective functional areas of responsibility of the Undersecretaries and Assistant Secretaries.

CHAPTER 3—Department Services

SEC. 7. Planning Service.—The Planning Service shall be responsible for providing the Department with efficient and effective services relating to planning, programming, research and statistics.

SEC. 8. Financial and Management Service.—The Financial and Management Service shall be responsible for providing the Department with efficient and effective staff advice and assistance on budgetary, financial and management improvement matters.

SEC. 9. Legal Service.—The Legal Service shall be responsible for providing the Department with efficient and effective legal counselling services, assistance to the Secretary in the review or determination of subordinate bodies or agencies, collaboration with Solicitor General in handling cases affecting the Department, and investigation of administrative cases involving Department personnel and local officials;

SEC. 10. Administrative Service.—The Administrative Service shall be responsible for providing the Department with efficient and effective services relative to personnel, information, records, supplies, equipment, collection, disbursements, security and custodial work, and other kinds of services not related to the other services above enumerated.

SEC. 11. Electronic Data Processing Service.—The Electronic Data Processing Service shall be responsible for providing adequate and up-to-date data and management information inputs, including monitoring of all field operations, to serve as basis for effective planning, management and control, policy formulation and decision-making.

CHAPTER 4—Bureau and Offices

SEC. 12. Bureau of Local Government Supervision.—The Bureau of Local Government Supervision, to be headed by a Bureau Director appointed by the President upon the recommendation of the Secretary, shall have the following functions:

(1) Advise and assist the Secretary in the exercise of the power of general supervision of the President over the local government units, particularly in the formulation and implementation of national laws, policies, and standards concerning local government operations and their personnel;

(2) Establish and prescribe guidelines for the administration of the Katarungang Pambarangay Laws;

(3) Monitor compliance with national laws and policies by local government units;

(4) Provide assistance in preparation of national legislation affecting local government units and in the promotion of local autonomy;

(5) Extend consultation service and advice to local government units involved in promoting local autonomy; and

(6) Provide assistance to local governments in the promotion of citizens participation in local government activities;

(7) Provide technical and financial assistance, as well as secretariat services to the Leagues of Provinces, Cities, and Municipalities; and

(8) Perform such other functions as may be provided by law.

SEC. 13. Bureau of Local Government Development.—The Bureau of Local Government Development, to be headed by a Bureau Director appointed by the President upon the recommendation of the Secretary, shall have the following functions:

(1) Establish and prescribe plans, policies, programs, and projects to strengthen the administrative and technical capabilities of local government offices and personnel;

(2) Provide technical assistance to enhance the administrative, fiscal and technical capabilities of local government officers and personnel;

(3) Formulate, prescribe and periodically evaluate local development policies, plans, programs and projects designed to enhance the participation of local government units in planning and implementation;

(4) Establish a system of incentives and grants to local governments and prescribe policies, procedures and guidelines in the implementation of self-help assistance projects;

(5) Formulate and develop models, standards and technical materials on local government development;

(6) Extend consultation service and advice to local government units involved in development programs;

(7) Establish a viable system of strategies and approaches for local governments anchored on citizen participation within a wholistic and integrated framework for the development of communities; and

(8) Perform such other functions as may be provided by law.

SEC. 14. Office of Public Affairs.—The Office of Public Affairs shall have the following functions:

(1) Provide technical assistance in the modernization and maintenance of a Department-wide micro-telecommunications systems;

(2) Provide mechanisms for the operationalization of the intent of the provisions of public information, coverages and documentation of the activities of the Department;

(3) Perform functional supervision over regional information centers in providing the citizenry with relevant information on the program of the Department and the Government's thrust towards the participation of the citizens in the democratic processes;

(4) Formulate plans and programs to implement the administrative and technical capabilities to public officers and personnel both on the central and regional levels;

(5) Establish and prescribe guidelines in the administration of Information and Public Assistance Services;

(6) Extend consultation services and advice in the implementation of Regional Information Services;

(7) Assess information needs of the people through opinion polls and surveys;

(8) Provide assistance on various public programs of the Department;

(9) Establish and implement policies, plans, programs and projects to meet local emergencies arising from natural and man-made disasters; and

(10) Perform such other duties and responsibilities and projects assigned or delegated by the Secretary in the effective delivery of public services or as may be required by law.

SEC. 15. Local Government Academy.—The Local Government Academy shall be responsible for human resource development and training of local government officials and Department personnel. The Academy shall be under the direct supervision of a Board of Trustees composed of the Secretary of Local Government as Chairman and four (4) other members to be appointed by the President upon the recommendation of the Secretary. The structure and staffing pattern of the Local Government Academy shall be prescribed and approved by the Secretary.

SEC. 16. National Barangay Operations Office.—The National Barangay Operations Office which shall be headed by a Director to be appointed by the President upon the recommendation of the Secretary, shall have the following functions:

(1) Formulate policies, plans and programs that will promote community and citizen participation in the political development of the barangay through the mobilization and participation of barangay assemblies;

(2) Initiate projects on innovative barangay development strategies and approaches in close coordination with the Bureau of Local Government Development;

(3) Provide secretariat services to the Association of Barangay Councils and serve as a clearing house on matters affecting barangay officials' insurance, hospitalization, educational and other benefits as provided by law;

(4) Provide continuing information dissemination to barangay units on national development efforts and issues in order for barangay assembly members to participate meaningfully in national development;

(5) Establish and maintain masterlists of barangays, barangay officials and barangay socio-economic profiles;

(6) Provide situational and political analysis for the Secretary on barangay affairs; and

(7) Perform other functions as may be delegated by the Secretary or as provided for by law.

SEC. 17. *Office of Project Development Services.*—The Office of Project Development Services shall have the following functions:

(1) Formulate innovative approaches and strategies designed to promote technical capabilities of local governments;

(2) Assist in the development of program components for the implementation of tested and appropriate systems and processes at the local levels; and

(3) Perform other functions as may be delegated by the Secretary or as provided by law.

CHAPTER 5—*Regional and Field Offices*

SEC. 18. *Regional and Field Offices.*—The Secretary is authorized to establish, operate and maintain one Regional Office in each of the administrative regions established by law. A Regional Office shall have, within its administrative region, the following functions:

(1) Implement laws, rules and regulations, other issuances, policies, plans, programs and projects of the Department;

(2) Provide efficient and effective service to local government;

(3) Coordinate with regional offices of other departments, offices and agencies affecting local administration and development;

(4) Assist local government units in developing their capabilities for local government administration and development; and

(5) Perform such other functions as may be delegated by the Secretary or as provided by law.

CHAPTER 6—*Leagues of Provinces, Cities and Municipalities*

SEC. 19. *Leagues of Provinces, Cities and Municipalities.*—There is hereby created the Leagues of Provinces, Cities and Municipalities.

The functions, budget and records of the *Katipunan ng mga Sanggunian* National Secretariat and the *Pambansang Katipunan ng mga Punong Bayan sa Pilipinas*, shall be transferred to the Leagues of Provinces, Cities and Municipalities. The Leagues shall be under the supervision of the Bureau of Local Government Supervision.

The Secretary is hereby authorized to promulgate the necessary implementing rules that will activate these Leagues.

TITLE XIII—TOURISM

CHAPTER 1—*General Provisions*

SECTION 1. *Declaration of Policy.*—The state shall promote encourage and develop tourism as a major national activity in which private sector investment, effort and initiative are fostered and supported, and through which socio-economic development may be accelerated, foreign exchange earned international visitors offered the opportunity to travel to the Philippines and appreciate the natural beauty, history and culture, and Filipinos themselves enabled to see more of their country and imbued with greater pride in and commitment to the nation.

SEC. 2. *Mandate.*—The Department of Tourism shall be the primary government agency charge with the responsibility to encourage, promote and develop tourism as a major socio-economic activity to generate foreign currency and employment and to spread the benefits of tourism to a wider segment of the population with the support, assistance and cooperation of both the private and public sectors, and to assure the safe, convenient, enjoyable stay and travel of the foreign and local tourists in the country.

SEC. 3. *Powers and Functions.*—The Department shall have the following powers and functions:

- (1) Formulate policies, plans, programs and projects for the development of the tourism industry;
- (2) Administer, coordinate and supervise all activities of the Government concerning tourism;
- (3) Advise the President on the promulgation of laws relative to the policy, plans, programs and projects designed to promote and develop the tourism industry;
- (4) Effect the removal of necessary barriers to travel, the integration and simplification of travel regulations as well as their efficient, fair and courteous enforcement to assure expeditious and hospitable reception of all tourist and travelers;
- (5) Represent the government in all such conferences and meetings concerning tourism and travel and discharge such responsibilities of the government as may arise from treaties, agreements and other commitments on tourism and travel to which it is signatory;
- (6) Formulate standards or tourism-oriented establishments that will prescribe minimum levels of operating quality and efficiency in order to ensure that facilities, personnel and services are maintained in accordance with acceptable local and international norms in the operations of tourism-oriented establishments;
- (7) Approve the construction standards of accredited tourism-oriented establishments including hotels, resorts, inns, motels and other related facilities and services and prescribe information reporting on the purchase, sale or lease of the said establishments and facilities;

(8) Provide the protection, maintenance and preservation of historical, cultural and natural assets which are tourist attractions with the appropriate government agencies or with private sector or with the owners of said assets or attractions;

(9) Undertake research studies and surveys for the continuing analysis of economic conditions and trends relating to tourism and maintain a statistical data bank on the tourism industry;

(10) Design programs to encourage private-sector investment and participation in tourism activities and projects;

(11) Set up and organize foreign field offices for the purpose of overseeing all marketing and promotional activities and implementing programs of the Department;

(12) Arrange, whenever deemed appropriate, for the reclamation of any land adjacent to or adjoining a tourist zone in coordination with appropriate government agencies;

(13) Delegate any specific powers and functions in favor of the regional offices to promote efficiency and effectiveness in the delivery of public service;

(14) Enlist the aid, assistance and support of any and all government agencies, civil or military, in the implementation of the provisions of laws pertaining to the Department or of its rules and regulations;

(15) Exercise such powers and functions as may be necessary, proper, or incidental to the attainment of its mandate;

(16) Perform such other functions as may be provided by law.

SEC. 4. *Organizational Structure.*—The Department shall consist of the Department Proper, Department Services, Bureaus and Offices, Regional Offices and Foreign Field Offices.

The Department Proper shall consist of the Offices of the Secretary and Undersecretaries which shall be responsible for the preparation and development of policies, plans, programs and projects of the Department.

CHAPTER 2—Department Proper

SEC. 5. Office of the Secretary.—The Office of the Secretary shall consist of the Secretary and his immediate staff.

SEC. 6. Undersecretaries.—The Secretary shall be assisted by four (4) Undersecretaries, namely:

(1) Undersecretary for Planning, Product Development and Coordination, who shall be responsible for the Office of Tourism Development Planning, Office of Product Development and Office of Tourism Coordination;

(2) Undersecretary for Tourism Services and Regional Offices, who shall be responsible for the Office of Tourism Standards and all Regional Offices;

(3) Undersecretary for Tourism Promotions, who shall be responsible for the Bureau of International Tourism Promotions, Bureau of Domestic Tourism Promotions and Office of Tourism Information; and

(4) Undersecretary for Internal Services, who shall be responsible for the Financial and Management Service, Administrative Service and Legal Service.

CHAPTER 3—Department Services

SEC. 7. Department Service Character and Head.—The Department Services shall be essentially staff in character, each of which shall be headed by a Service Chief. [(1987), Sec. 14]

SEC. 8. Financial and Management Service.—The Financial and Management Service shall provide the Department with staff advice and assistance on budgetary, financial and management matters and shall perform such other related functions as may be assigned or delegated to it by the Secretary.

SEC. 9. Administrative Service.—The Administrative Service shall provide the Department with staff advice and assistance on personnel information, records, communications; supplies, equipment; collection, disburse-

ments, security, other custodial work and such other related duties and responsibilities as may be assigned or delegated to it by the Secretary.

SEC. 10. Legal Service.—The Legal Service shall provide the Department with staff advice and assistance on all legal matters affecting the Department and perform such other related functions as may be assigned or delegated to it by the Secretary.

CHAPTER 4—Bureaus and Offices

SEC. 11. Bureau and Office Character and Head.—The Bureaus and Offices shall be essentially staff in character, each of which shall be headed by a Staff Director.

SEC. 12. Bureau of Domestic Tourism Promotions and Information.—The Bureau shall have the following functions;

(1) Organize and coordinate programs of public relations, promotions, and publicity; encourage domestic tourism and encourage overseas visitors to travel throughout the Philippines;

(2) Design and provide support or dissemination of materials for publicity as tourist attractions in the Philippines; promote educational and cultural tours to increase travel within the country;

(3) Promote, organize and provide support for tourist councils;

(4) Plan promotional campaigns through advertising and publicity and coordinate promotional efforts with the private sector through sales campaigns and information dissemination; and

(5) Organize special events for the promotion of local destinations.

SEC. 13. Bureau of International Tourism Promotions.—The Bureau of International Tourism promotions shall have the following functions:

(1) Generate favorable publicity on the Philippines;

(2) Disseminate current information on the country and its tourist products;

(3) Provide support for the private sector in the promotional campaign;

(4) Organize special events to promote the country as a tourist destination;

(5) Gather market intelligence and research information on tourist markets through the Foreign Field Offices;

(6) Monitor trends and development in international tourism through the Foreign Field Offices;

(7) Organize, set up and participate in international meetings, conferences and conventions on tourism; and

(8) Supervise foreign field offices charged with coordinating and assisting in the marketing and promotional activities and programs of the Department.

SEC. 14. Office of Tourism Information.—The Office of Tourism Information shall have the following functions:

(1) Promote a continuing wholesome and informative relationship between the Department and the traveling public;

(2) Cause the widest publicity of existing and forthcoming activities and programs of the Department through a functional relationship with the media; and

(3) Organize and disseminate promotional and tourist information materials to various tourist assistance centers.

SEC. 15. Office of Tourism Standards.—The Office of Tourism Standards shall have the following functions:

(1) Approve the construction standards of tourism oriented establishments including hotels, resorts, inns, motels, and other related facilities and services, prescribe information reporting on purchase, sale or lease of accredited tourism-oriented facilities and ensure a harmonious, positive and constructive development of the tourism industry;

(2) Formulate operating standards for tourism-oriented establishments including hotels and resorts, restaurants, inns, motels, and other related facilities and services, that will prescribe minimum levels of operating

quality and efficiency in order to ensure that facilities, personnel and services are maintained in accordance with acceptable local and international norms in the operations of tourism-oriented establishment;

(3) Regulate and issue licenses to qualified travel agencies in accordance with the rules and regulations promulgated by the Secretary;

(4) Encourage formation of industry associations for accreditations by the Department;

(5) Assist in auditioning Filipino entertainers in order to project properly and enhance the Filipino image in the entertainment field and thereby gain better international respect and reputation; and

(6) Coordinate with all agencies concerned on the enforcement of rules and regulations promulgated by the Department.

SEC. 16. Office of Tourism Development Planning.—The Office of Tourism Development Planning shall have the following functions:

(1) Formulate plans and policies for the development of the tourism industry, including but not limited to national tourism plans and the identification of master physical plans for tourism zones within the country;

(2) Monitor and evaluate plans, programs and projects of the Department to ensure their effective implementation;

(3) Undertake research studies and surveys for the continuing analysis of the tourism industry;

(4) Compile and integrate statistical data on the tourism industry and publish the same;

(5) Coordinate and assist in the implementation of tourism-oriented projects, plans or operations of local governments, governmental agencies, public corporations and where clearly necessary and feasible, those of private entities so as to make possible the accelerated and balanced growth and development of tourism in the Philippines which is responsible to the needs of targeted travel markets, domestic and foreign, and beneficial to a greater number of Filipino communities;

(6) Analyze specific geographic areas with potential tourism value leading to the preparation of a national tourism development plan which will establish the order of priority for the development plan of tourist zones;

(7) Formulate a government plan for each zone in coordination with other government agencies and local government units exercising political jurisdiction over the area, provided, that the plan of the zone to be developed shall cover specifically those aspects pertaining to tourism; provided further, that the tourism development plan is fully coordinated and integrated with other sectoral plans for the area; and

(8) Coordinate with appropriate local government units and other government agencies to assist in formulating and implementing zone regulations, including building codes, hotel standards and such other restrictions as may be necessary within a tourism zone to control its orderly development; preserve such historical, cultural or natural assets or relics giving the zone its tourism value and significance; and assure adherence to approved zone development plans;

Ensure through proper coordination with appropriate government agencies and local private agencies the social growth of the community within a tourist zone, carefully control possible negative social impact brought about by tourism development.

SEC. 17. Office of Product Development.—The Office of Product Development shall have the following functions:

(1) Develop and conceptualize new products which can lead to the enhancement of tourist sites and facilities;

(2) Undertake pilot tests for testing the viability and acceptability of new tourism-related products and programs; and

(3) Encourage and promote joint undertakings with the private sector of new tourism-related products and programs.

SEC. 18. Office of Tourism Coordination.—The Office of Tourism Coordination shall have the following functions:

(1) Initiate and coordinate with all sectors, both government and private, the development of the national tourism plans and policies;

(2) Coordinate priority activities and projects of the Department, and other government agencies, and the private sector;

(3) Enlist the assistance and support of any or all of the government agencies in the implementation of the policies of the Department; and

(4) Provide support to all tourism-related activities of the private sector needing government assistance.

CHAPTER 5—*Foreign and Regional Offices*

SEC. 19. Foreign Field Offices.—Subject to the approval of the President, the Department shall have foreign offices as may be necessary in the marketing and promotion of the Philippines as an international tourist destination, which shall oversee and implement the marketing and promotional programs of the Department.

SEC. 20. Regional Office.—The Department is authorized to establish, operate and maintain a Regional Office in each of the administrative regions of the country, under the immediate supervision of the Assistant Secretary for Tourism Services and Regional Offices. A Regional Office shall be headed by a Regional Director and shall, within its administrative region, have the following functions:

(1) Implement laws, policies, plans, programs, rules and regulations of the Department;

(2) Provide economical, efficient and effective service to the people;

(3) Coordinate with regional offices of other departments, bureaus and agencies;

(4) Coordinate with local government units; and

(5) Perform such other functions as may be provided by law.

CHAPTER 6—*Attached Agencies*

SEC. 21. *Attached Agencies.*—The Philippine Tourism Authority, and Philippine Convention Bureau, Intramuros Administration, and National Parks Development Committee are hereby attached to the Department and shall continue to operate and function in accordance with the respective charters/laws/orders provided in this Code.

TITLE XIV—ENVIRONMENT AND NATURAL RESOURCES

CHAPTER 1—*General Provisions*

SECTION 1. *Declaration of Policy.*—(1) The State shall ensure, for the benefit of the Filipino people, the full exploration and development as well as the judicious disposition, utilization, management, renewal and conservation of the country's forest, mineral, land, waters, fisheries, wildlife, off-shore areas and other natural resources, consistent with the necessity of maintaining a sound ecological balance and protecting and enhancing the quality of the environment and the objective of making the exploration, development and utilization of such natural resources equitably accessible to the different segments of the present as well as future generations.

(2) The State shall likewise recognize and apply a true value system that takes into account social and environmental cost implications relative to the utilization, development and conservation of natural resources.

SEC. 2. *Mandate.*—(1) The Department of Environment and Natural Resources shall be primarily responsible for the implementation of the foregoing policy.

(2) It shall, subject to law and higher authority, be in charge of carrying out the State's constitutional mandate to control and supervise the exploration, development, utilization, and conservation of the country's natural resources.

SEC. 3. *Guidelines for Implementation.*—In the discharge of its responsibility the Department shall be guided by the following objectives;

(1) Assure the availability and sustainability of the country's natural resources through judicious use and systematic restoration or replacement, whenever possible;

(2) Increase the productivity of natural resources in order to meet the demands for the products from forest, mineral, land and water resources of a growing population;

(3) Enhance the contribution of natural resources for achieving national economic and social development;

(4) Promote equitable access to natural resources by the different sector of the population; and

(5) Conserve specific terrestrial and marine areas representative of the Philippine natural and cultural heritage for present and future generations.

SEC. 4. *Powers and Functions.*—The Department shall:

(1) Advise the President and the Congress on the enactment of laws relative to the exploration, development, use, regulation and conservation of the country's natural resources and the control of pollution;

(2) Formulate, implement and supervise the implementation of the government's policies, plans, and programs pertaining to the management, conservation, development, use and replenishment of the country's natural resources;

(3) Promulgate rules and regulations in accordance with law governing the exploration, development, conservation, extraction, disposition, use and such other commercial activities tending to cause the depletion and degradation of our natural resources;

(4) Exercise supervision and control over forest lands, alienable and disposable public lands, mineral resources and, in the process of exercising such control, impose appropriate taxes, fees, charges, rentals, and any such form of levy and collect such revenues for the exploration, development, utilization or gathering of such resources;

(5) Undertake the exploration, assessment, classification and inventory of the country's natural resources, using ground surveys, remote sensing and complementary technologies;

(6) Promote proper and mutual consultation with the private sector on matters involving natural resources exploration, development, use and conservation;

(7) Undertake geological surveys of the whole country including its territorial waters;

(8) Issue licenses and permits for activities related to the use and development of aquatic resources, treasure hunting, salvaging of sunken vessels and other similar activities;

(9) Establish policies and implement programs for the:

(a) Accelerated inventory, survey and classification of lands, forest and mineral resources, using appropriate technology, to be able to come up with a more accurate assessment of resource quality and quantity;

(b) Equitable distribution of natural resources through the indicious administration, regulation, utilization, development and conservation of public lands, forest, water and mineral resources (including mineral reservation areas), that would benefit a greater number of Filipinos;

(c) Promotion, development and expansion of natural resource-based industries;

(d) Preservation of cultural and natural heritage through wildlife conservation and segregation of national parks and other protected areas;

(e) Maintenance of a wholesome natural environment by enforcing environmental protection laws; and

(f) Encouragement of greater people participation and private initiative in rural resource management;

(10) Promulgate rules and regulations necessary to:

(a) Accelerate cadastral and emancipation patent surveys, land use planning and public land titling;

(b) Harness forest resources in a sustainable manner, to assist rural development, support

forest-based industries, and provide raw materials to meet increasing demands, at the same time keeping adequate reserves for environmental stability;

(c) Expedite mineral resources surveys, promote the production of metallic and non-metallic minerals and encourage mineral marketing;

(d) Assure conservation and judicious and sustainable development of aquatic resources.

(11) Assess, review and provide direction to, in coordination with concerned government agencies, energy research and development programs, including identification of sources of energy and determination of their commercial feasibility for development;

(12) Regulate the development, disposition, extraction, exploration and use of the country's forest, land, water and mineral resources;

(13) Assume responsibility for the assessment, development, protection, licensing and regulation as provided for by law, where applicable, of all energy and natural resources; the regulation and monitoring of service contractors, licensees, lessees, and permit for the extraction, exploration, development and use of natural resources products; the implementation of programs and measures with the end in view of promoting close collaboration between the government and the private sector; the effective and efficient classification and subclassification of lands of the public domain; and the enforcement of natural resources and environmental laws, rules and regulations;

(14) Promulgate rules, regulations and guidelines on the issuance of licenses, permits, concessions, lease agreements and such other privileges concerning the development, exploration and utilization of the country's marine, freshwater, and brackish water and over all aquatic resources of the country and shall continue to oversee, supervise and police our natural resources; cancel or cause to cancel such privileges upon failure, non-compliance or violations of any regulation, order, and

for all other causes which are in furtherance of the conservation of natural resources and supportive of the national interest;

(15) Exercise exclusive jurisdiction on the management and disposition of all lands of the public domain and serve as the sole agency responsible for classification, sub-classification, surveying and titling of lands in consultation with appropriate agencies;

(16) Implement measures for the regulation and supervision of the processing of forest products, grading and inspection of lumber and other forest products and monitoring of the movement of timber and other forest products;

(17) Promulgate rules and regulations for the control of water, air and land pollution;

(18) Promulgate ambient and effluent standards for water and air quality including the allowable levels of other pollutants and radiations;

(19) Promulgate policies, rules and regulations for the conservation of the country's genetic resources and biological diversity, and endangered habitats;

(20) Formulate an integrated, multi-sectoral and multi-disciplinary National Conservation Strategy, which will be presented to the Cabinet for the President's approval;

(21) Perform such other functions as may be provided by law.

SEC. 5. Organizational Structure.—The Department shall consist of the Department Proper, the Staff Offices, the Staff Bureaus, and the Regional Offices, Provincial Offices and Community Offices.

CHAPTER 2—The Department Proper

SEC. 6. Composition.—The Department Proper shall be composed of the Office of the Secretary, the Offices of the Undersecretaries and Assistant Secretaries, and the Public Affairs Office, Special Concerns Office, and the Pollution Adjudication Board.

SEC. 7. Office of the Secretary.—The Office of the Secretary shall consist of the Secretary and his immediate staff.

SEC. 8. The Secretary.—The Secretary shall:

(1) Advise the President on the promulgation of rules, regulations and other issuances relative to the conservation, management, development and proper use of the country's natural resources;

(2) Establish policies and standards for the efficient and effective operations of the Department in accordance with the programs of the government;

(3) Promulgate rules, regulations and other issuances necessary in carrying out the Department's mandate, objectives, policies, plans programs and projects.

(4) Exercise supervision and control over all functions and activities of the Department;

(5) Delegate authority for the performance of any administrative or substantive function to subordinate officials of the Department; and

(6) Perform such other functions as may be provided by law or assigned by the President.

SEC. 9. Undersecretaries.—The Secretary shall be assisted by five (5) Undersecretaries upon the recommendation of the Secretary. The Secretary is hereby authorized to delineate, assign and/or reassign the respective functional areas of responsibility of each Undersecretary, *Provided*, That such responsibility shall be with respect to the mandate and objectives of the Department; and *Provided, further*, That no Undersecretary shall be assigned primarily administrative responsibilities. Within his functional area of responsibility, an Undersecretary shall have the following functions:

(1) Advise the Secretary in the promulgation of Department orders, administrative orders and other issuances, with respect to his area of responsibility;

(2) Exercise supervision and control over the offices, services, operating units and officers and employees under his responsibility;

(3) Promulgate rules and regulations, consistent with Department policies, that will efficiently and effectively govern the activities of units under his responsibility;

(4) Coordinate the functions and activities of the units under his responsibility with those of other units under responsibility of other Undersecretaries;

(5) Exercise such authority on substantive and administrative matters related to the functions and activities of units under his responsibility to the extent granted by the Secretary through administrative issuances; and

(6) Perform such other functions as may be provided by law or assigned by the Secretary.

SEC. 10. Assistant Secretaries.—The Secretary and the Undersecretaries shall, in the formulation, management and implementation of natural resources laws, policies, plans, and programs and projects, also be assisted by seven (7) Assistant Secretaries who shall be responsible for the following: one (1) for Policy and Planning Studies, one (1) for Foreign Assisted and Special Projects, one (1) for Field Operations in Luzon, one (1) for Field Operations in the Visayas, and one (1) for Field Operations in Mindanao, one (1) for Legal Affairs, and one (1) for Management Services.

SEC. 11. Public Affairs Office.—The Public Affairs Office under the Office of the Secretary, shall be headed by a Director to be assisted by an Assistant Director, and shall serve as the public information arm of the Department. It shall be responsible for disseminating information on natural resources development policies, plans and programs and projects and respond to public queries related to the development and conservation of natural resources.

SEC. 12. Special Concerns Office.—The Special Concerns Office, also under the Office of the Secretary, shall be headed by a Director to be assisted by an Assistant Director, and shall be responsible for handling priority areas or subjects identified by the Secretary which necessitate special and immediate attention.

SEC. 13. Pollution Adjudication Board.—The Pollution Adjudication Board, under the Office of the Secretary, shall

be composed of the Secretary as Chairman, two Undersecretaries as may be designated by the Secretary, the Director of Environmental Management, and three others to be designated by the Secretary as members. The Board shall assume the powers and functions of the Commission/Commissioners of the National Pollution Control Commission with respect to the adjudication of pollution cases under Republic Act 3931 and Presidential Decree 984, particularly with respect to Section 6 letters (e), (f), (g), (j), (k), and (p) of P. D. 984. The Environment Management Bureau shall serve as the Secretariat of the Board. These powers and functions may be delegated to the regional officers of the Department in accordance with rules and regulations to be promulgated by the Board.

CHAPTER 3—The Staff Sectoral Bureaus

SEC. 14. Forest Management Bureaus.—The Forest Management Bureau shall be headed by a Director and assisted by an Assistant Director, and shall integrate and absorb the powers of the Bureau of Forest Development and the Wood Industry Development Authority which were abolished by Executive Order No. 131, except those line functions and powers thereof which are transferred to the regional field office.

It shall advise the Secretary on matters pertaining to forest development and conservation. As its primary functions, it shall:

(1) Recommend policies and/or programs for the effective protection, development, occupancy, management and conservation of forest lands and watersheds, including the grazing and mangrove areas; reforestation and rehabilitation of critically denuded or degraded forest reservations, improvement of water resource use and development, development of national parks, preservation of wilderness areas, game refuges and wildlife sanctuaries, ancestral lands, wilderness areas and other natural preserves, development of forest plantations, including rattan, bamboo, and other valuable non-timber forest resources; and rationalization of the wood based industries, regulation of the utilization and exploitation of forest resources, including wildlife, to ensure continuous supply of forest goods and services;

(2) Advise the regional offices in the implementation of the above policies and/or programs;

(3) Develop plans, programs, operating standards and administrative measures to promote the Bureau's objectives and functions;

(4) Assist in the monitoring and evaluation of forestry and watershed development projects to ensure efficiency and effectiveness;

(5) Undertake studies on the economics of forestry and forest-based industries, including supply and demand trends on the local, national and international levels, identifying investment problems and opportunities in various areas; and

(6) Perform such other functions as may be provided by law or assigned by the Secretary.

SEC. 15. *Lands Management Bureau.*—The Lands Management Bureau, to be headed by a Director and assisted by an Assistant Director, shall absorb the functions and powers of the Bureau of Lands abolished by Executive Order No. 131, except those line functions and powers thereof which are transferred to the regional field offices.

It shall advise the Secretary on matters pertaining to rational land management and disposition and shall have the following functions:

(1) Recommend policies and programs for the sufficient and effective administration, surveys, management and disposition of alienable and disposable lands of the public domain and other lands outside the responsibilities of other government agencies, such as reclaimed areas and other areas not needed for or are not being utilized for the purposes for which they have been established;

(2) Advise the Regional Offices on the efficient and effective implementation of policies, programs and projects for more effective public lands management;

(3) Assist in the monitoring and evaluation of land surveys, management and disposition of lands to ensure efficiency and effectiveness thereof;

(4) Issue standards, guidelines, regulations and orders to enforce policies for the maximization of land use and development;

(5) Develop operating standards and procedures to promote the Bureau's objectives and functions; and

(6) Perform such other functions as may be provided by law or assigned by the Secretary.

SEC. 16. *Mines and Geo-Sciences Bureau.*—The Mines and Geo-Sciences Bureau, to be headed by a Director and assisted by an Assistant Director shall absorb the functions of the Bureau of Mines and Geo-Sciences, Mineral Reservations Development Board, and the Gold Mining Industry Development Board which are abolished by Executive Order No. 131, except line functions and powers thereof which are transferred to the regional field offices.

It shall advise the Secretary on matters pertaining to geology and mineral resources exploration, development, utilization and conservation and shall:

(1) Recommend policies, regulations or programs pertaining to mineral resources development and geology.

(2) Advise the Secretary on the granting of mining rights and contracts over areas containing metallic and non-metallic mineral resources;

(3) Advise the Regional Offices on the effective implementation of mineral development and conservation programs as well as geological surveys;

(4) Recommend policies, regulations and oversee the development and exploitation of mineral resources of the sea within the country's jurisdiction such as silica sand, gold placer, magnetic and chromite sand, etc.;

(5) Assist in the monitoring and evaluation of the Bureau's programs and projects to ensure efficiency and effectiveness thereof;

(6) Develop and promulgate standards and operating procedures on mineral resources development and geology;

(7) Supervise and control the development and packaging of nationally applicable technologies on geological survey, mineral resource assessment, mining and metallurgy; the provision of geological, metallurgical,

chemical and rock mechanics laboratory services; the conduct of marine geological and geophysical survey and natural exploration drilling programs; and

(8) Perform such other functions as may be provided by law or assigned by the Secretary.

SEC. 17. *Environmental Management Bureau.*—The Environmental Management Bureau, to be headed by a Director who shall be assisted by an Assistant Director shall, subject to the provisions of this Code relative to the Pollution Adjudication Board, absorb and integrate the powers and functions of the National Environmental protection Council, the National Pollution Control Commission, and the Environmental Center of the Philippines which are hereby abolished.

It shall advise the Secretary on matters relating to environmental management, conservation and pollution control, and shall:

(1) Recommend possible legislation, policies and programs for environmental management and pollution control;

(2) Advise the Regional Offices in the efficient and effective implementation of policies, programs, and projects for the effective and efficient environmental management and pollution control;

(3) Formulate environmental quality standards such as the quality standards for water, air, land, noise and radiations;

(4) Recommend rules and regulations for environmental impact assessments and provide technical assistance for their implementation and monitoring;

(5) Formulate rules and regulations for the proper disposition and solid wastes, toxic and hazardous substances;

(6) Advise the Secretary on the legal aspects of environmental management and pollution control and assist in the conduct of public hearings in pollution cases;

(7) Provide secretariat assistance to the Pollution Adjudication Board;

(8) Coordinate the inter-agency committees that may be created for the preparation of the State of the Philippine Environment Report and the National Conservation Strategy;

(9) Provide assistance to the Regional Offices in the formulation and dissemination of information on environmental and pollution matters to the general public;

(10) Assist the Secretary and the Regional Officers by providing technical assistance in the implementation of environmental and pollution laws; and

(11) Provide scientific assistance to the Regional Offices in the conduct of environmental research programs.

SEC. 18. *Ecosystems Research and Development Bureau.*—The Ecosystems Research and Development Bureau, to be headed by a Director and assisted by an Assistant Director, shall absorb the powers and functions of the Forest Research Institute and the National Mangrove Committee, which are hereby abolished.

It shall:

(1) Formulate and recommend an integrated research program relating to Philippine ecosystems and natural resources such as minerals, lands, forests, as holistic and interdisciplinary fields of inquiry;

(2) Assist the Secretary in determining a system of priorities for the allocation of resources to various technological research programs of the department;

(3) Provide technical assistance in the implementation and monitoring of the aforementioned research programs;

(4) Generate technologies and provide scientific assistance in the research and development of technologies relevant to the sustainable uses of Philippine ecosystems and natural resources; and

(5) Assist the Secretary in the evaluation of the effectiveness of the implementation of the integrated research program.

The Ecosystems Research and Development Bureau shall directly manage and administer the Forest Research Institute Research Offices, laboratories, and forest experiment stations located at UP Los Baños and such other field laboratories as the Secretary may assign to its direct supervision. The Bureau shall coordinate all technological researches undertaken by the field offices, assess and translate all recommendable findings and disseminate such findings for all possible users and clientele.

SEC. 19. Protected Areas and Wildlife Bureau.—The Protected Areas and Wildlife Bureau, to be headed by a Director and assisted by an Assistant Director, shall absorb the Division of Parks and Wildlife and the marine Parks Program of the Bureau of Forest Development as well as the Calauit Game Preserve and Wildlife Sanctuary, Presidential Committee on the Conservation of Tamaraw, Ninoy Aquino Parks and Wildlife Center (formerly Parks and Wildlife Nature Center), shares in Kabuhayan Program and Agro Forestry State Projects of the KKK Processing Authority, all national parks, wildlife sanctuaries and game preserves previously managed and administered by the Ministry of Human Settlements including National Parks Reservation situated in the provinces of Bulacan, Rizal, Laguna and Quezon formerly declared as Bagong Lipunan Sites of said Ministry, Magat Forest Reservation and Mt. Arayat National Park, formerly with the Ministry of Tourism.

The Bureau shall:

- (1) Formulate and recommend policies, guidelines, rules and regulations for the establishment and management of an Integrated Protected Areas Systems such as national parks, wildlife sanctuaries and refuge, marine parks, and biospheric reserves;
- (2) Formulate and recommend policies, guidelines, rules and regulations for the preservation of biological diversity, genetic resources, the endangered Philippine flora and fauna;
- (3) Prepare an up-to-date listing of endangered flora and fauna and recommend a program of conservation and propagation of the same;

(4) Assist the Secretary in the monitoring and assessment of the management of the integrated Protected Areas System and provide technical assistance to the Regional Offices in the implementation of programs for these areas; and

(5) Perform such other functions as may be provided by law or assigned by the Secretary.

CHAPTER 4—The Department Field Offices

SEC. 20. Field Offices of the Department.—The field offices of the Department are the Environment and Natural Resources Regional Offices in the thirteen (13) administrative regions of the country; the Environment and Natural Resources Provincial Office in every province, and the Community Office in every municipality, whenever deemed necessary.

SEC. 21. Environment and Natural Resources Regional Office.—A Regional Office shall be directly under the supervision and control of the Undersecretary for Field Operations and shall be headed by a Regional Executive Director (with the rank of Regional Director) who shall be assisted by five (5) Assistant Regional Technical Directors (with the rank of Assistant Regional Director), one (1) each for forestry, for Lands Management, for Mines and Geo-Sciences, Environmental Management and Ecosystems Research, respectively, and who shall be Career Executive Service Officers.

An Environment and Natural Resources Regional Office shall be located in the identified regional capital and shall have the following functions:

- (1) Implement laws, policies, plans, programs, projects, rules and regulations of the Department to promote the sustainability and productivity of natural resources, social equity in natural resource utilization and environmental protection;
- (2) Provide efficient and effective delivery of services to the people;
- (3) Coordinate with regional offices of other departments, offices, agencies in the region and local government units in the enforcement of natural resource

conservation laws and regulations, and in the formulation/implementation of natural resource programs and projects;

(4) Recommend and, upon approval, implement programs and projects on forestry, minerals, and land management and disposition;

(5) Conduct a comprehensive inventory of natural resources in the region and formulate regional short and long-term development plans for the conservation, utilization and replacement of natural resources;

(6) Evolve respective regional budget in conformity with the priorities established by the Regional Development Councils;

(7) Supervise the processing of natural resources products, grade and inspect minerals, lumber and other wood processed products, and monitor the movement of these products;

(8) Conduct field researches for appropriate technologies recommended for various projects; and

(9) Perform such other functions as may be provided by law or assigned by the Secretary.

SEC. 22. Provincial and Community Offices.—The natural resources provincial and community offices shall each be headed by a provincial natural resource officer and community natural resource officer, respectively. They shall take over the functions of the district offices of the former Bureau of Forest Development, Bureau of Lands, and Bureau of Mines and Geo-Sciences.

CHAPTER 5—Attached Agencies and Corporations

SEC. 23. Attached Agencies and Corporations.—The following agencies and corporations shall be attached to and under the administrative supervision of the department:

- (1) National Mapping and Research Information Authority;
- (2) National Electrification Administration; and
- (3) National resources Development Corporation.

The agencies attached to the Department shall continue to operate and function in accordance with the respective laws creating them, except as otherwise provided in this Code.

TITLE XV—TRANSPORTATION AND COMMUNICATIONS

CHAPTER 1—General Provisions

SECTION 1. Declaration of Policy.—The State is committed to the maintenance and expansion of viable, efficient, fast, safe and dependable transportation and communications systems as effective instruments for national recovery and economic progress. It shall not compete as a matter of policy with private enterprise and shall operate transportation and communications facilities only in those areas where private initiatives are inadequate or non-existent.

SEC. 2. Mandate.—The Department of Transportation and Communications shall be the primary policy, planning, programming, coordinating, implementing, regulating and administrative entity of the Executive Branch of the government in the promotion, development and regulation of dependable and coordinated networks of transportation and communications systems as well as in the fast, safe, efficient and reliable postal, transportation and communications services.

SEC. 3. Powers and Functions.—To accomplish its mandate, the Department shall:

(1) Formulate and recommend national policies and guidelines for the preparation and implementation of integrated and comprehensive transportation and communications systems at the national, regional and local levels;

(2) Establish and administer comprehensive and integrated programs for transportation and communications, and for this purpose, it may call on any agency, corporation or organization, whether public or private, whose development programs include transportation and communications as integral part thereof, to participate and assist in the preparation and implementation of such programs;

(3) Assess, review and provide direction to transportation and communications research and development programs of the government in coordination with other concerned;

(4) Administer and enforce all laws, rules and regulations in the field of transportation and communications;

(5) Coordinate with the Department of Public Works and Highways in the design, location development, rehabilitation, improvement, construction, maintenance and repair of all infrastructure projects and facilities of the Department. However, government corporate entities attached to the Department shall be authorized to undertake specialized telecommunications, ports, airports and railways projects and facilities as directed by the President of the Philippines or as provided by law;

(6) Establish, operate and maintain a nationwide postal system that shall include mail processing, delivery services and money order services and promote the art of philately;

(7) Issue certificates of public convenience for the operation of public land and rail transportation utilities and services;

(8) Accredite foreign aircraft manufacturers or international organizations for aircraft certification in accordance with established procedures and standards;

(9) Establish and prescribe rules and regulations for identification of routes, zones or areas of operation of particular operators of public land services;

(10) Establish and prescribe rules and regulations for the establishment, operation, maintenance of such telecommunications facilities in areas not adequately served by the private sector in order to render such domestic and overseas services that are necessary with due consideration for advances in technology;

(11) Establish and prescribe rules and regulations for the issuance of certificates of public convenience of public land transportation utilities, such as motor vehicles, trimobiles and railways;

(12) Establish and prescribe rules and regulations for the inspection and registration of air and land transportation facilities, such as motor vehicles, trimobiles railways and aircraft;

(13) Establish and prescribe rules and regulations for the issuance of licenses to qualified motor vehicle drivers, conductors and airmen;

(14) Establish and prescribe the corresponding rules and regulations for enforcement of laws governing land transportation, air transportation and postal services, including the penalties for violations thereof, and for the deputation of appropriate law enforcement agencies in pursuance thereof;

(15) Determine, fix and prescribe charges or rates pertinent to postal services and to the operation of public air and land transportation utility facilities and services, except such rates or charges as may be prescribed by the Civil Aeronautics Board under its charter and, in cases where charges or rates are established by international bodies or associations of which the Philippines is a participating member or by bodies or associations recognized by the Philippine government as the proper arbiter of such charges or rates;

(16) Establish and prescribe rules, regulations, procedures and standards for the accreditation of driving schools;

(17) Administer and operate the Civil Aviation Training Center (CATC) and the National Telecommunications Training Institute (NTTI); and

(18) Perform such other powers and functions as may be provided by law.

SEC. 4. Organizational Structure.—The Department shall consist of the Department Proper, the Department Regional Offices, the Land Transportation Franchising and Regulatory Board, and the Attached Agencies.

CHAPTER 2—Department Proper

SEC. 5. Office of the Secretary.—The Office of the Secretary shall consist of the Secretary, his immediate staff, the Franchising Review Staff and the Investigation, Security and Law Enforcement Staff.

The Franchising Review Staff shall be headed by a Review Staff Director with the same rank, salary and privileges of a Department Regional Director who shall be appointed by the President upon recommendation of the Secretary. The Franchising Review Staff shall assist the Secretary in the review of cases and matters pertaining to, among others, grants and franchises and the regulation thereof.

The Investigation, Security and Law Enforcement Staff shall be headed by a Staff Director with the same rank, salary and privileges of a Department Service Chief. The Investigation, Security and Law Enforcement Staff shall be responsible for: (a) providing security and intelligence for the Department; (b) coordinating security and intelligence activities of security units of its offices and attached agencies; and (c) undertaking law enforcement, functions and activities relating to land transportation.

SEC. 6. Undersecretaries.—The Secretary shall be assisted by four (4) Undersecretaries. Each Undersecretary shall have control and supervision over the respective offices and services assigned to him by the Secretary.

SEC. 7. Assistant Secretaries.—The Secretary shall also be assisted by eight (8) Assistant Secretaries each of whom shall be responsible for the four (4) staff offices and four (4) line offices. Each Assistant Secretary shall report to the respective Undersecretary to whom he is assigned by the President.

SEC. 8. Staff Offices.—The Department shall have the following staff offices:

(1) The Office of the Assistant Secretary for Administrative and Legal Affairs composed of the Administrative Service and the Legal Service;

(2) The Office of the Assistant Secretary for Finance and Comptrollership composed of the Finance and Management Service and the Comptrollership Service;

(3) The Office of the Assistant Secretary for Planning and Project Development composed of the Planning Service and the Project Development Service; and

(4) The Office of the Assistant Secretary for Management Information and Project Management composed of the Management Information Service and the Project Management Service.

SEC. 9. Line Offices.—The Department shall have the following line offices:

(1) The Office of the Assistant Secretary for Land Transportation;

(2) The Office of the Assistant Secretary for Postal Services;

(3) The Office of the Assistant Secretary for Telecommunications; and

(4) The Office of the Assistant Secretary for Air Transportation.

The line offices shall have an Executive Director who shall assist the respective Assistant Secretary in the implementation and enforcement of the policies, programs and projects, and the pertinent laws on their respective areas of responsibilities.

SEC. 10. Service Units in the Office of the Assistant Secretary for Land Transportation.—There shall be two service units in the Office of the Assistant Secretary for Land Transportation, namely:

(1) Law Enforcement Service, and

(2) Traffic Adjudication Service.

Each of the aforesaid service units shall be headed by a Service Chief to be appointed by the President upon recommendation of the Secretary of Transportation and Communications.

SEC. 11. Functions of the Law Enforcement Service.—The Law Enforcement Service shall have the same functions and powers as those that the former Law Enforcement Division in the Office of the Assistant Secretary for Land Transportation exercised.

SEC. 12. Functions of the Traffic Adjudication Service.—The Traffic Adjudication Service shall have the following functions:

(1) To hear and decide cases involving violations of laws, rules and regulations governing land transportation and to impose fines and/or penalties therefor; provided that violations resulting in damage to property and/or physical injuries or violations constituting offenses punishable under the Revised Penal Code and other penal laws shall be under the jurisdiction of the regular courts;

(2) To order the impounding of motor vehicles and confiscation of plates or the arrest of violators of laws, rules and regulations governing land transportation;

(3) To issue *subpoena* and *subpoena duces tecum* and to summon witnesses to appear in any proceedings thereof, and to administer oaths and affirmations;

(4) To promulgate rules and regulations governing the proceedings before it; provided that except with respect to paragraph C, the rules of procedure and evidence prevailing in the courts of law shall not be controlling and all reasonable means to ascertain the facts in each case shall be used without regard to technicalities of law and procedures but all in the interest of due process; and

(5) To perform such other functions and duties as may be provided by law, or as may be necessary, or proper or incidental to its powers and functions.

CHAPTER 3—Department Services

SEC. 13. Department Services.—The Department Services shall include the following:

- (1) Administrative Service;
- (2) Legal Service;
- (3) Finance and Management Service;
- (4) Comptrollership Service;
- (5) Planning Service;
- (6) Project Development Service;
- (7) Management Information Service; and
- (8) Project Management Service.

Each of the above named services shall be headed by a Service Chief appointed by the President upon the recommendation of the Secretary.

CHAPTER 4—Regional Offices

SEC. 14. Regional Offices.—The Department shall have three (3) Regional Offices in each of the administrative regions of the country: the Regional Office for Land Transportation, the Regional Office for Telecommunications and the Regional Office for Postal Services. Each Regional Office shall be headed by a Regional Director to be assisted by an Assistant Regional Director.

The Regional Offices shall essentially be line in character and shall be responsible for the delivery of all front line services of the Department.

For such purposes, the Regional Offices shall have, within their respective administrative regions, the following functions:

- (1) Implement laws, policies, plans, programs, projects, rules and regulations of the Department;
- (2) Provide efficient and effective service to the people;
- (3) Coordinate with regional offices of other departments, offices and agencies;
- (4) Coordinate with local government units; and
- (5) Perform such other functions as may be provided by law.

The Office of the Secretary shall have direct line supervision and control over Regional Offices.

CHAPTER 5—Regulatory Board

SEC. 15. Land Transportation Franchising and Regulatory Board.—The quasi-judicial powers and functions with respect to land transportation shall be exercised through the Land Transportation and Regulatory Board, hereinafter referred to as the "Board".

SEC. 16. Composition of the Board.—The Board shall be composed of a Chairman and two (2) members with the rank, salary and privileges of an Assistant Secretary, all of whom shall be appointed by the President of the Philippines upon recommendation of the Secretary of Transportation.

and Communications. One (1) member of the Board shall be a member of the Bar and shall have been engaged in the practice of law in the Philippines for at least five (5) years, another a holder of a degree in civil engineering, and the other a holder of a degree in economics, finance or management both with the same number of years of experience and practice.

SEC. 17. Executive Director and Support Staff of the Board.—The Board shall have an Executive Director who shall also be appointed by the President of the Philippines upon the recommendation of the Secretary of Transportation and Communications. He shall have the rank, salary and privileges of a Department Service Chief. He shall assist the Board in the performance of its powers and functions.

The Board shall be supported by the Technical Evaluation Division, Legal Division, Management Information Division, Administrative Division and Finance Division.

SEC. 18. Supervision and Control Over the Board.—The Secretary of Transportation and Communications, through his duly designated Undersecretary, shall exercise administrative supervision and control over the Land Transportation Franchising and Regulatory Board.

SEC. 19. Powers and Functions of the Land Transportation Franchising and Regulatory Board.—The Board shall:

(1) Prescribe and regulate routes, economically viable capacities, and zones or areas of operation of public land transportation services provided by motorized vehicles in accordance with the public land transportation development plans and programs approved by the Department of Transportation and Communications;

(2) Issue, amend, revise, suspend or cancel Certificates of Public Convenience or permits authorizing the operation of public land transportation services provided by motorized vehicles, and prescribe the appropriate terms and conditions therefor;

(3) Determine, prescribe, approve and periodically review and adjust reasonable fares, rates and other

related charges, relative to the operation of public land transportation services provided by motorized vehicles;

(4) Issue preliminary or permanent injunction, whether prohibitory or mandatory, in all cases in which it has jurisdiction and in which cases the pertinent provisions of the Rules of Court shall apply;

(5) Punish for contempt of the Board, both direct and indirect, in accordance with the pertinent provisions of, and the penalties prescribed by, the Rules of the Court;

(6) Issue *subpoena* and *subpoena duces tecum* and to summon witnesses appear in any proceedings of the Board, to administer oaths and affirmations, and, in appropriate cases, to order the search and seizure of all vehicles and documents, upon probable cause and as may be necessary for the proper disposition of the cases before it;

(7) Conduct investigations and hearings of complaints and violation of public service laws on land transportation and of the Board's rules and regulations, orders, decisions or rulings and to impose fines or penalties for such violations;

(8) Review *motu proprio* the decisions/actions of the Regional Franchising and Regulatory Offices;

(9) Promulgate rules and regulations governing proceedings before the Board and the Regional Franchising and Regulatory Office. However, except with respect to paragraphs 4, 5, 6 and 7 hereof, the rules and procedure and evidence prevailing in the courts of law should not be controlling but rather the spirit and intention of said rules. The Board and the Regional Franchising and Regulatory Offices shall use every and all reasonable means to ascertain facts in each case speedily and objectively and without regard to technicalities of law and procedures, all in the interest of due process;

(10) Fix, impose and collect, and periodically review and adjust, reasonable fees and other related charges for services rendered;

(11) Formulate, promulgate, administer, implement and enforce rules and regulations on land transportation public utilities, standards of measurements or design, and rules and regulations requiring operators of any public land transportation service to equip, install and provide in their utilities and in their stations such devices, equipment, facilities and operating procedures and techniques as may promote safety, protection, comfort and convenience to persons and property in their charges as well as the safety of persons and property within their areas of operation;

(12) Coordinate and cooperate with other government agencies and entities concerned with any aspect involving public transportation services with the end in view of effecting continuing improvement of such services; and

(13) Perform such other functions and duties as may be provided by law, or as may be necessary, or proper or incidental to the purposes and objectives of the Department.

SEC. 20. *Decisions of the Board; Appeals therefrom or Review Thereof.*—The Board, in the exercise of its powers and functions, shall sit and render its decisions *en banc*. Every such decision, order, or resolution of the Board must bear the concurrence and signature of at least two (2) members thereof.

The decision order or resolution of the board shall be appealable to the Secretary within thirty (30) days from receipt of the decision. However, the Secretary may *motu proprio* review any decision or action of the Board before the same becomes final.

SEC. 21. *Regional Franchising and Regulatory Offices.*—There shall be a Regional Franchising and Regulatory Office in each of the administrative regions of the country which shall be headed by a Regional Director having the rank, salary and privileges of a Department Assistant Regional Director. The Regional Franchising and Regulatory Offices shall hear and decide uncontested applications/petitions for

routes, within their respective administrative regions but that applications/petitions for routes extending beyond their respective territorial jurisdictions shall be heard and decide by the Board.

SEC. 22. *Appeals.*—The decisions, orders or resolutions of the Regional Franchising and Regulatory Offices shall be appealable to the Board within thirty (30) days from receipt of the decision.

CHAPTER 6—Attached Agencies

SEC. 23. *Attached Agencies and Corporations.*—The following agencies and corporations are attached to the Department: The Philippine National Railways, the Maritime Industry Authority, the Philippine National Lines, the Philippine Aerospace Development Corporation, the Metro Manila Transit Corporation, the Office of Transport Cooperatives, the Philippine Ports Authority, the Philippine Merchant Marine Academy, the Toll Regulatory Board, the Light Rail Transit Authority, the Transport Training Center, the Civil Aeronautics Board, the National Telecommunications Commission and the Manila International Airport Authority.

SEC. 24. *Functions of Attached Agencies and Corporations.*—The Agencies attached to the Department shall continue to operate and function in accordance with the respective charters or laws creating them, except when they conflict with this Code.

TITLE XVI—SOCIAL WELFARE AND DEVELOPMENT

CHAPTER 1—General Provisions

SECTION 1. *Declaration of Policy.*—The State is committed to the care, protection, and rehabilitation of individuals, families and communities which have the least in life and need social welfare assistance and social work intervention to restore their normal functioning and enable them to participate in community affairs.

SEC. 2. *Mandate.*—The Department shall provide a balanced approach to welfare whereby the needs and interests of the population are addressed not only at the outbreak of crisis but more importantly at the stage which would inexorably lead to such crisis. Following such strategy, the Department's objectives shall be to:

(1) Care for, protect and rehabilitate the physically and mentally handicapped and socially disabled constituents, for effective social functioning;

(2) Provide an integrated welfare package to its constituents on the basis of their needs and coordinate the service facilities required from such departments or agencies, governmental and non-governmental, which can best provide them;

(3) Arrest the further deterioration of the socially disabling or dehumanizing conditions of the disadvantaged segment of the population at the community level; and

(4) Advocate for policies and measures addressing social welfare concerns.

SEC. 3. *Powers and Functions.*—To accomplish its mandate and objectives, the Department shall:

(1) Formulate, develop and implement plans, programs and projects in the field of social welfare and development;

(2) Adopt policies to ensure effective implementation of programs for public and private social welfare services;

(3) Promote, support and coordinate the establishment, expansion and maintenance of non-governmental social welfare facilities, projects and services;

(4) Establish, operate, maintain and otherwise support institutional facilities, projects and services for its constituents;

(5) Promote, build and strengthen people's organizations for a self-directing welfare system at the grassroots level;

(6) Promote, support and coordinate networks and facilities for the identification and delivery of appropriate interventions to its welfare constituents;

(7) Accredite institutions and organizations engaged in social welfare activities and provide consultative and information services to them;

(8) Undertake researches and studies on matters pertaining to its constituency;

(9) Initiate, promote and maintain bilateral and multilateral linkages, for technical cooperation, in coordination with the Department of Foreign Affairs;

(10) Provide advisory services and develop and implement training standards and programs for personnel, social workers and students and third-country participants for career and staff development in social welfare activities;

(11) Disseminate information and publish technical bulletins on social welfare and development;

(12) Deputize law enforcement agencies to assist in the implementation of laws, rules, and regulation for the protection of the rights of the exploited, abused and disadvantaged;

(13) Regulate fund drives, public solicitations and donations for charitable or welfare purposes;

(14) Set standards, accredit and monitor performance of all social welfare activities in both public and private sectors;

(15) Exercise functional and technical supervision over social workers in other government settings or agencies like courts, hospitals, schools and housing projects;

(16) Deputize local government units and other agencies of government as are necessary in providing disaster relief;

(17) Coordinate all activities pertaining to the implementation of programs and services for the disabled, the aging and other socially disadvantaged; and

(18) Perform such other functions as may be provided by law.

SEC. 4. Organizational Structure.—The Department, aside from the Department Proper comprising the Office of the Secretary, the Offices of the Undersecretaries and Assistant Secretaries and the Services, shall consist of the Bureaus, Regional Offices, Provincial/City Offices and Municipal/District Offices.

CHAPTER 2 —*Department Proper*

SEC. 5. Office of the Secretary.—The Office of the Secretary shall consist of the Secretary and the Secretary's immediate staff, and the Public Affairs and Liaison Service.

SEC. 6. Undersecretaries.—The Secretary shall be assisted by two (2) Undersecretaries, at least one of whom must belong to the career executive service. One Undersecretary shall supervise internal operations while the other Undersecretary shall handle the liaison between the Secretary and the attached agencies of the Department.

SEC. 7. Assistant Secretaries.—The Secretary shall also be assisted by three (3) career Assistant Secretaries who shall respectively perform the following functions:

(1) Supervise the Personnel Development Service; Administrative Service and Financial Service;

(2) Supervise the Bureau of Child and Youth Welfare; Bureau of Women's Welfare; Bureau of Family Community Welfare; Bureau of Emergency Assistance; and Bureau of Disabled Persons' Welfare;

(3) Supervise the Planning and Monitoring Service and the Legal Service, and assist the Undersecretary and the Secretary in matters pertaining to regional or field operations.

CHAPTER 3—*Department Services*

SEC. 8. Services of the Department.—The services listed in Section 7 (1) and (3) hereof and the Public Affairs and Liaison Service shall respectively have the following functions:

(1) The Personnel Development Service shall provide the Department with services relating to manpower, career planning and development, personnel transactions, and employee welfare;

(2) The Financial Service shall provide the Department with services relating to budget, collection disbursement, and other financial matters;

(3) The Administrative Service shall provide the Department with services relating to records, correspondence, supplies, property and equipment, security and general services;

(4) The Planning and Monitoring Service shall provide technical services to the Department in the areas of overall policy formulation, strategic and operational planning, management systems or procedures, and the evaluation and monitoring of Department programs, projects and internal operations;

(5) The Legal Service shall provide the Department with services on legal matters, especially on proposed legislations;

(6) The Public Affairs and Liaison Service in the Office of the Secretary shall provide public information services and publications as well as coordinate and mobilize volunteers, non-governmental organizations and cause-oriented groups in partnership with the Department.

Each of the Services shall be headed by a Staff Director and may have divisions whenever necessary for the performance of its functions.

CHAPTER 4—*Bureaus and Offices*

SEC. 9. Composition.—The staff bureaus listed in Section 7 (2) hereof shall be essentially staff in character and as such shall exercise technical supervision over the Regional Offices; shall be primarily involved in the development of policies and programs within their respective functional specializations; and shall formulate and develop related policies, guidelines and standards necessary in guiding the Regional Offices in the proper implementation of such policies and programs.

SEC. 10. Functions.—Each of the staff bureaus shall:

- (1) Formulate programs, policies, rules, regulations and standards relative to the implementation of their respective functional specialization;
- (2) Initiate and administer pilot or special projects for demonstration of the corresponding policies, programs, services, strategies, methods, procedures and guidelines prior to nationwide implementation;
- (3) Audit, evaluate, and provide technical assistance and consultative services to operating units and field offices and local government welfare departments on program implementation;
- (4) Develop standards and assess agencies for licensing and accreditation;
- (5) Review applications for regulatory purposes including tax exemptions for foreign donations;
- (6) Provide advisory services to non-governmental agencies implementing programs and services for welfare and development;
- (7) Formulate the substantive content of, and assist in the orientation and training on, the bureaus' programs, services, strategies, procedures, methods and guidelines;
- (8) Develop indigenous literature and other media materials for clients, volunteers and other audiences;
- (9) Promote and develop a system of networking and coordination with relevant welfare councils;
- (10) Undertake studies and action researches on matters pertaining to client welfare and development and propose relevant policies and amendments for legislation;
- (11) Maintain linkages relative to welfare programs or projects for national, regional and interregional cooperation.

SEC. 11. Areas of Specialization.—The substantive/functional areas of specialization of the staff bureaus shall be:

- (1) Bureau of Emergency Assistance—relief and rehabilitation of victims of natural calamities and social

disorganization and of cultural communities and other distressed and displaced persons;

(2) Bureau of Family and Community Welfare—assistance to socially disadvantaged families and communities including family planning, planning outreach programs to develop their capability in defining needs and formulating solutions as well as setting up viable community structures which bring about desired social changes;

(3) Bureau of the Disabled Persons' Welfare—disability prevention and rehabilitation of the physically, mentally and socially disabled persons;

(4) Bureau of Women's Welfare—promoting women's welfare, with specific attention to the prevention or eradication of exploitation of women in any form, such as but not limited to prostitution and illegal recruitment; as well as the promotion of skills for employment and self-actualization;

(5) Bureau of Child and Youth Welfare—care and protection of abandoned, neglected, abused or exploited children and youth, delinquents, offenders, the disturbed, street children, victims of prostitution and others, for their social adjustment and economic self-sufficiency.

CHAPTER 5—Regional Offices

SEC. 12. Regional Office.—The Department is hereby authorized to establish, operate and maintain a Regional Office in each of the administrative regions of the country.

SEC. 13. Functions.—A Regional Office shall:

(1) Provide within the region efficient and effective services to its constituents; and for such purposes, establish, operate, promote and support, at the minimum, the following welfare facilities:

- (a) Vocational Rehabilitation and Special Education Center for the Handicapped;
- (b) Reception and Study Center;
- (c) Rehabilitation Center for Youth Offenders;
- (d) Day Care Centers;

(2) Ensure the implementation of laws, policies, programs, rules and regulations regarding social welfare and development within the region;

(3) Secure effective coordination with other departments, agencies, institutions and organizations, especially local government units within the region;

(4) Conduct continuing studies and planning, to improve its services to its constituents.

SEC. 14. Welfare Facilities.—The Regional Offices are hereby authorized to establish, operate, and maintain the following, insofar as necessary and authorized by the Secretary:

(1) Other Vocational Rehabilitation and Special Education Centers for the Handicapped;

(2) "Street Children" Centers;

(3) Centers for Youth with Special Needs;

(4) Other Centers for Youth Offenders;

(5) Homes for the Aged;

(6) Homes for the Unwed Mothers;

(7) Drug Abuse Centers;

(8) Other Reception and Study Centers; and

(9) Such other facilities as may be necessary to assist the socially disadvantaged.

SEC. 15. Regional Director.—The Regional Office shall be headed by a Regional Director who shall be responsible for efficiently and effectively carrying out its functions. Toward this end, and in line with the policy of decentralization, the Regional Director shall be vested with the authority to exercise functional and administrative supervision over Department provincial operations as delegated by the Secretary including the authority to contribute resources and personnel to integrated region and province-wide development thrusts.

The Regional Director shall be assisted by two (2) Assistant Regional Directors, one for programs and one for administration.

CHAPTER 6—Provincial/City Offices

SEC. 16. Provincial/City Office.—The Department is hereby authorized to establish, operate and maintain Provincial/City Offices throughout the country with jurisdiction over all municipalities/districts within the province. The Provincial/City Offices shall have the following functions:

(1) Formulate and coordinate the implementation of operational, filed-level plans/programs of the Department;

(2) Provide specialized services and comprehensive assistance to other department/agency units whenever necessary;

(3) Secure all pertinent feedback and information from field units as well as appropriate department/agency units particularly local government units, and communicate the same regularly to the Regional Office;

(4) Establish and maintain a vocational rehabilitation and special education program for the handicapped in the form and magnitude appropriate for the needs of the province.

SEC. 17. Provincial/City Welfare Office.—The Provincial/City Office shall be headed by a Provincial/City Social Welfare Officer who shall be accountable for the efficient and effective performance of its functions and implementation of programs of the Department, within the province. The Provincial/City Social Welfare officer shall exercise functional administrative supervision over field operations of the Department, including the authority to recommend that field resources and personnel be contributed to integrated, municipality-wide development efforts.

CHAPTER 7—Municipal/District Offices

SEC. 18. Municipal/District Office.—The Department is hereby authorized to establish, operate and maintain a Municipal/District Office to service a municipality or city

district which shall be headed by the Supervising Social Welfare Officer and shall be primarily responsible for the efficient and effective implementation of the Department's field programs in the municipality or city, under the supervision of the Provincial/City Office.

CHAPTER 8—Attached Agencies

SEC. 19. *Agencies Under Administrative Supervision and Attached Agencies.*—The Population Commission Council for the Welfare of Children, National Nutrition Council and the National Council for the Welfare of Disabled Persons and the agencies attached to the Department shall continue to operate and function in accordance with their respective charters or laws creating them, except as otherwise provided in this Code.

CHAPTER 9—Fund Drives

SEC. 20. *Solicitation.*—Any person, corporation, organization, or association desiring to solicit or receive contributions for charitable or public welfare purposes shall first secure a permit from the Regional Offices of the Department. Upon the filing of a written application for a permit in the form prescribed by the Regional Offices of the Department, the Regional Director or his duly authorized representative may, in his discretion, issue a permanent or temporary permit or disapprove the application. In the interest of the public, he may in his discretion renew or revoke any permit issued under Act 4075.

SEC. 21. *Requirements.*—The Regional Director of the Department may require the person, corporation, organization or association duly authorized to solicit contributions for the above mentioned purposes to submit from time to time a verified report or information regarding their activities, the period covered by the report, the collection and expenditures made and the names and addresses of the contributors and persons to whom assistance was rendered from the funds obtained. This report or information shall be open for inspection of the

general public. The Regional Director or his duly authorized representative may, for the protection of the public, likewise investigate the books, papers, affairs and activities related to the aforesaid purposes of any such person, corporation, organization, or association: *Provided, however,* That the provisions of the preceding Section shall not apply to any organization or institution established for charitable or public welfare purposes in its campaign for raising funds or soliciting public subscriptions or any means for collecting funds which has been authorized by Executive Proclamation.

SEC. 22. *Fees.*—Upon approval of the application for a solicitation permit, a fee of Twenty-Five Pesos (P25.00) shall be paid to the cashier of the Department. The money collected as fee for the issuance of solicitation permits shall accrue to the Department as aid for the maintenance of its institutions and social services for its clientele.

CHAPTER 10—Social Welfare Agencies and Services

SEC. 23. *Social Welfare Services by Others.*—Social Welfare services by the Ministry shall be without prejudice to similar efforts by any local government unit or private agency, institution or group. All Department units shall actively promote and extend maximum assistance, including the provision of counterpart or supplementary funds and resources, upon approval by the Secretary, to such efforts.

SEC. 24. *Social Work Agency.*—(1) No social work agency shall operate and be accredited as such unless it is registered with the Department which shall issue the corresponding certificate of registration.

(2) Before any social work agency shall be duly registered, the following requirements must have been complied with:

(a) The applicant must be engaged mainly or generally in social work activity or social services;

(b) The applicant has employed a sufficient number of duly qualified and registered social worker to supervise and take charge of its social service functions in accordance with accepted social work standards;

(c) The applicant must show, in a duly certified financial statement that at least sixty (60) percent of its funds are disbursed for direct social work services; and

(d) The applicant keeps a social work record of all cases and welfare activities handled by it.

(3) A certificate of registration may be revoked if after due investigation, the Department finds that the social work agency has failed to perform its function or has violated existing laws, rules and regulations.

SEC. 25. Child Welfare Agency.—(1) No person, natural or juridical, shall establish any child welfare agency without first securing a license from the Department. Such license shall not be transferable and shall be used only by the person or institution to which it was issued at the place stated therein. No license shall be granted unless the purpose or function of the agency is clearly defined and stated in writing. Such definition shall include the geographical area to be served, the children to be accepted for care, and the services to be provided.

If the applicant is a juridical person, it must be registered in accordance with Philippine laws.

(2) The work of all registered and licensed child welfare agencies shall be supervised and coordinated by the Department.

(3) The Department may, after notice and hearing, suspend or revoke the license of a child welfare agency on any of the following grounds:

(a) That the agency is being used for immoral purposes;

(b) That said agency is insolvent or is not in a financial position to support and maintain the children therein or to perform the functions for which it was granted;

(c) That the children therein are being neglected or are undernourished;

(d) That the place is so unsanitary as to make it unfit for children;

(e) That said agency is located in a place or community where children should not be, or is physically dangerous

to children or would unduly expose children to crime, vice, immorality, corruption or severe cruelty; or

(f) That said agency has by any act or omission shown its incompetence or unworthiness to continue acting as a child welfare agency. During the period of suspension, the agency concerned shall not accept or admit any additional children. In any case, the Department shall make such order as to the custody of the children under the care of such agency as the circumstances may warrant. The suspension may last for as long as the agency has not complied with any order of the Department to remove or remedy the conditions which have given rise to the suspension. The aggrieved agency may appeal the suspension or revocation in a proper court action. In such a case, the court shall within fifteen (15) days from the filing of the Department's answer, conduct a hearing and decide the case, either by lifting the suspension, or continuing it for such period of time as it may order, or by revoking the license of the agency where the Department has proven the revocation to be justified.

SEC. 26. Foster Homes.—No foster home, day care center and other substitute parental arrangement shall operate unless it is first registered with and licensed by the Department.

TITLE XVII—BUDGET AND MANAGEMENT

CHAPTER 1—General Provisions

SECTION 1. Declaration of Policy.—The national budget shall be formulated and implemented as an instrument of national development, reflective of national objectives and plans, supportive of and consistent with the socio-economic development plans and oriented towards the achievement of explicit objectives and expected results, to ensure that the utilization of funds and operations of government entities are conducted effectively; formulated within the context of a regionalized governmental structure and within the totality of revenues and other receipts, expenditures and borrowings

of all levels of government and of government-owned or controlled corporations; and prepared within the context of the national long-term plans and budget programs of the Government.

SEC. 2. *Mandate.*—The Department shall be responsible for the formulation and implementation of the National Budget with the goal of attaining our national socio-economic plans and objectives.

The Department shall be responsible for the efficient and sound utilization of government funds and revenues to effectively achieve our country's development objectives.

SEC. 3. *Powers and Functions.*—The Department of Budget and Management shall assist the President in the preparation of a national resources and expenditures budget, preparation, execution and control of the National Budget, preparation and maintenance of accounting systems essential to the budgetary process, achievement of more economy and efficiency in the management of government operations, administration of compensation and position classification systems, assessment of organizational effectiveness and review and evaluation of legislative proposals having budgetary or organizational implications.

CHAPTER 2—*Department Proper*

SEC. 4. *Office of the Secretary.*—The Office of the Secretary shall consist of his immediate staff, the Budget Control Staff, Research Staff, a Regional Coordination Staff for Luzon, and a Regional Coordination Staff for Visayas and Mindanao.

SEC. 5. *Undersecretaries.*—The Secretary shall be assisted by five (5) Undersecretaries, who shall all be appointed by the President upon the recommendation of the Secretary. They shall exercise supervision over the offices, services, operating units and individuals under their authority and responsibility.

SEC. 6. *Assistant Secretaries.*—There shall be five (5) Assistant Secretaries, each of whom shall assist the Secretary and the Undersecretaries in the formulation, determination and implementation of laws, policies, plans,

programs and projects on budget and management and shall oversee the day-to-day administration of the constituent units of the Department.

CHAPTER 3—*Department Services*

SEC. 7. *Management Services Office.*—The Management Services Office shall consist of the following bureaus:

(1) The Systems and Procedures Bureau which shall review and design the management reporting systems, review and evaluate the applicability and economics of computerization, purchasing/inventory systems, formulate measures on internal controls to ensure accuracy, integrity and reliability of records systems, and develop a system of controls for capital operational and cash budgeting;

(2) The Organization and Productivity Improvement Bureau which shall develop performance standards as bases for agency budgeting and performance evaluation, conduct studies on work simplification and methods improvement, review the equipment procurement programs of agencies, and prepare operations manuals and conduct continuing studies on organizational changes of government agencies;

(3) The Compensation and Position Classification Bureau which shall classify positions and determine appropriate salaries for specific position classes and review the compensation benefits programs of agencies and shall design job evaluation programs.

SEC. 8. *The Legislative, Administrative and Procurement Services Office.*—The Legislative, Administrative, Procurement and Services Office shall consist of:

(1) The Legislative Services which shall provide legal advice and service to the Department Officers and employees, review legislative proposals and provide clarificatory opinions on budget laws;

(2) The Administrative Services which shall provide the services relative to personnel, records management, allocation of property and supplies, and shall perform security and custodial functions;

(3) The Procurement Services which shall implement an integrated programs for the procurement of supplies and materials for the Department;

SEC. 9. *The Financial and Computer Services.*—The Financial and Computer Services shall consist of:

(1) The Financial Services which shall provide services relative to cash management, budgetary and financial matters.

(2) The Data Processing Service which shall provide computer services, prepare and generate management reports, maintain and operate computer-based information monitoring systems.

CHAPTER 4—Bureaus

SEC. 10. *The Budget Operations Office.*—The Budget Operations Office shall review and analyze the work and financial flows, the budgetary proposals of national and local government agencies and corporations, check each agency's compliance with the budgetary policies and project priorities, determine the budgetary implications of foreign assisted projects from time of project design to the negotiation for financial assistance, prepare recommendations for fund releases, formulate and implement fiscal policies and plans for budget preparation and control, and conduct studies on economic trends and factors affecting government revenues, expenditures and borrowings. It shall consist of the following Bureaus:

(1) National Government Budget Bureaus A and B which shall evaluate and review the budgetary proposals, work and financial flows of the national government and ensure its compliance with budgetary policies and project priorities of the bureaus assigned to each group.

(2) Local Government Budget Bureau which shall recommend and effect the release of National Assistance for Local Government (NALGU) funds and those for autonomous regions based on approved work and financial plans as limited by the Secretary.

(3) Government Corporation Budget Bureau which shall evaluate and analyze the budgetary proposals, plans

and financial flows of government corporations and agencies and ensure its compliance with budgetary policies and project priorities.

(4) Budget Planning Bureau which shall assist the Secretary in the preparation and management of fiscal policies and plans for budget coordination, conduct studies on economic trends and factors affecting government revenues, expenditures and borrowings, and shall collaborate with the Office of the President, Department of Finance, Central Bank, National Economic and Development Authority, and other agencies in the formulation of financial plans.

(5) Foreign Assisted Projects Bureau which shall review and evaluate foreign assisted projects to determine the annual funding requirements of certain projects identified by implementing agencies and supported by foreign funding; assist the Secretary in determining the budgetary implications of foreign assisted projects from the time of project design to negotiations for financial assistance; ensure the concurrence of the Secretary of Budget on all loan agreements; evaluate the work-financial plan of projects chargeable against the Foreign Assistance Projects (FAPS) support fund; and recommend and effect the releases from such fund based on the approved work financial plans as may be directed by the Secretary.

SEC. 11. *National Accounting and Finance Office.*—The National Accounting and Finance Office shall take charge of the maintenance of the data bank of financial information and shall provide the necessary data required by the President, fiscal agencies and international financial institutions, analyze and evaluate the accounts and overall financial performance of the government, and supervise the management of the accounts of government agencies and instrumentalities. It shall consist of the following Bureaus:

(1) National Government Account and Finance Bureau;

(2) Local Government Accounting and Finance Bureau; and

(3) Government Corporate Accounting and Finance Bureau.

SEC. 12. *Regional Offices.*—The Regional Offices shall implement the policies, programs, standards and guidelines on budget administration and management in the regions.

TITLE XVIII—SCIENCE AND TECHNOLOGY

CHAPTER 1—General Provisions

SECTION 1. *Declaration of Policy.*—The State shall:

(1) Support and encourage local scientific and technological efforts that address national and local problems and positively contribute to national development;

(2) Promote the development of local capability in science and technology to achieve technological self-reliance in selected areas that are vital to national development;

(3) Support and encourage public and private sector partnership aimed at accelerating self-reliance in the selected areas; and

(4) Encourage and support private sector initiatives in science and technology and provide the necessary incentives and assistance to enable the private sector to take increasing responsibility and a greater role in the country's research and development efforts.

SEC. 2. *Mandate.*—The Department shall provide central direction, leadership and coordination of scientific and technological efforts and ensure that the results therefrom are geared and utilized in areas of maximum economic and social benefits for the people.

The Department shall formulate and implement policies, plans, programs and projects for the development of science and technology and for the promotion of scientific and technological activities for both the public and private sectors and ensure that the results of scientific and technological activities are properly applied and utilized to accelerate economic and social development.

The Department shall continually review the state and needs of science and technology in the context of the country's developmental goals.

SEC. 3. *Powers and Functions.*—To accomplish its mandate, the Department shall:

(1) Formulate and adopt a comprehensive National Science and Technology Plan including specific goals, policies, plans, programs and projects based on the recommendation of the Inter-Council Review Board and, upon approval by the President, monitor and coordinate its funding and implementation by all government agencies and instrumentalities;

(2) Promote, assist and where appropriate, undertake scientific and technological research and development in those areas which are determined to be vital to the country's development and offer optimum returns for the resources employed;

(3) Promote the development of indigenous technology and adaptation and innovation of suitable imported technology, and in this regard, undertake technology development up the commercial state, preferably in joint venture with the private sector or with public agencies;

(4) Undertake design and engineering work to complement its research and development functions;

(5) Promote, assist and where appropriate undertake the transfer of the results of scientific and technological research and development, to their end-users;

(6) Promote, assist and where appropriate undertake technological services needed by agriculture, industry, transport, and the general public;

(7) Develop and maintain an information system and databank on science and technology for use by both the public and private sectors;

(8) Develop and implement, together with other entities concerned, programs for strengthening scientific and technological capabilities in the relevant disciplines through manpower training, and through infrastructure and institution building and rationalization, in both the public and private sectors;

(9) Promote public consciousness of science and technology;

(10) Undertake policy research, technology assessment studies, feasibility studies and technical studies; and

(11) Perform such other functions as may be provided by law.

SEC. 4. Structural Organization.—The Department shall consist of the Office of the Secretary, Undersecretaries and Assistant Secretaries, the Services, Inter-Council Review Board, Sectoral Planning, Councils, Institutes and Regional Offices. The Secretary shall have supervision and control of the Department except the Inter-Council Review Board and the Sectoral Planning Councils over which he shall only exercise administrative supervision.

CHAPTER 2—Department Proper

SEC. 5. Office of the Secretary.—The Office of the Secretary shall consist of the Secretary and his immediate staff.

SEC. 6. Undersecretaries.—The Secretary shall be assisted by three (3) Undersecretaries, one for research and development, one for regional operations and one for scientific and technical services. The Undersecretaries shall have supervision over the Institutes under their respective functional areas of responsibility.

SEC. 7. Assistant Secretaries.—The Secretary shall also be assisted by three (3) Assistant Secretaries.

CHAPTER 3—Services

SEC. 8. Services.—The Services of the Department shall consist of the following:

(1) Planning and Evaluation Service, which shall be responsible for providing the Department with efficient and effective services relating to planning, programs and project monitoring and development;

(2) Financial and Management Service, which shall be responsible for providing the Department with efficient and effective staff advice and assistance on budgetary, financial, and management improvement matters;

(3) Administrative and Legal Service, which shall be responsible for providing the Department with efficient and effective services relating to personnel, information, records, supplies, equipment collection, disbursement, security and custodial work, and all legal matters.

CHAPTER 4—Board, Councils and Institutes

SEC. 9. Inter-Council Review Board.—There shall be an Inter-Council Review Board, composed of the Secretaries or their designated Undersecretaries who are members of the sectoral planning councils under Sections 10, 11, 12, 13, 14, and 15, and shall be chaired by the Secretary of Science and Technology.

The main function of the Board shall be to review the plans of the sectoral planning councils and the National Science and Technology Plan and, in connection therewith, shall be assisted by the Planning and Evaluation Service.

SEC. 10. Sectoral Planning Councils.—There shall be five (5) sectoral planning councils as follows:

(1) Philippine Council for Industry and Energy Research and Development, for industry and energy and mineral resources;

(2) Philippine Council for Health Research and Development for health;

(3) Philippine Council for Agriculture, Forestry and Natural Resources Research and Development, for agriculture and forestry resources;

(4) Philippine Council for Aquatic and Marine Research and Development, for aquatic and marine resources; and

(5) Philippine Council for Advanced Science and Technology Research and Development, for advanced science and technology.

Each of the councils shall be responsible, in its respective sector, for the formulation of strategies, policies, plans, programs and projects for science and technology development; for programming and allocation of government

and external funds for research and development; for monitoring of research and development projects; and for the generation of external funds.

Each council shall have a secretariat which shall be headed by an Executive Director who shall be appointed by the President upon the recommendation of the Secretary.

SEC. 11. *Philippine Council for Industry and Energy Research and Development.*—The Philippine Council for Industry and Energy Research and Development shall be under the administrative supervision of the Department, and shall consist of the Secretary as Chairman and eight (8) members, as follows: Secretary of Trade and Industry, Secretary of Transportation and Communications, Secretary of Public Works and Highways or their designated Undersecretaries, and Executive Director of the Council Secretariat, and four (4) representatives of the private sector in the field of industry or energy who are chief executive officers of their respective companies in the field of industry and energy, or are acknowledged leaders in their professions to be appointed by the President, in their personal capacity, upon recommendation of the Secretary, each of whom shall be for a term of two (2) years; *Provided, however,* That the tenure of the members first appointed by the President shall be as follows: two (2) for one (1) year and two (2) for two (2) years, as fixed in their respective appointments.

The members shall serve and continue to hold office until their respective successors shall have been duly appointed and qualified. Appointment to any vacancy in the Council shall be by the President and shall only be for the unexpired portion of the term of the predecessor.

SEC. 12. *Philippine Council for Agriculture and Forestry Research and Development.*—The Philippine Council for Agriculture and Forestry Research and Development shall be under the administrative supervision of the Department, and shall consist of the Secretary as Chairman and eight (8) members, as follows: secretary of Agriculture and Food, Secretary of Natural Resources or their designated Undersecretaries, Chancellor of the University of the Philippines at Los Baños, Administrator of the National

Food Authority and Executive Director of the Council Secretariat and three (3) representatives of the private sector in the fields of agriculture or forestry, who are chief executive officers of their respective companies in the field of agriculture or forestry or are acknowledged leaders in their professions to be appointed by the President, in their personal capacity, upon recommendation of the Secretary, each of whom shall be for a term of two (2) years; *Provided, however,* That the tenure of the members first appointed by the President shall be as follows: one (1) for one (1) year and two (2) for two (2) years, as fixed in their respective appointments. The members shall serve and continue to hold office until their successors shall have been duly appointed and qualified. Appointment to any vacancy in the Council shall be by the President and shall only be for the unexpired portion of the term of the predecessor.

SEC. 13. *Philippine Council for Health Research and Development.*—The Philippine Council for Health Research and Development shall be under the administrative supervision of the Department, and shall consist of the Secretary as Chairman and eight (8) members, as follows: Secretary of Health or his designated Undersecretary, Chancellor of the University of the Philippines of Manila, Executive Director of the National Nutrition Council, Executive Director of the Council Secretariat and four (4) representatives of the private sector in the field of health, who are chief executive officers of their respective companies in the field of health or are acknowledged leaders in their professions to be appointed by the President, in their personal capacity, upon recommendation of the Secretary, each of whom shall be for a term of two (2) years, *Provided, however,* that the tenure of the members first appointed by the President shall be as follows: two (2) for one (1) year and two (2) for two (2) years, as fixed in their respective appointments. The members shall serve and continue to hold office until their successors shall have been duly appointed and qualified. Appointment to any vacancy in the Council shall be by the President and shall only be for the unexpired portion of the term of the predecessor.

SEC. 14. *Philippine Council for Aquatic and Marine Research and Development.*—The Philippine Council for Aquatic and Marine Research and Development shall be under the administrative supervision of the Department, and shall consist of the Secretary as Chairman, and eight (8) members as follows: Secretary of Agriculture and Food, Secretary of Natural Resources or their designated Undersecretaries, Executive Director of the Council Secretariat, two (2) representatives from the academic/research institution and three (3) representatives from the private sector who are chief executive officers of their respective companies in the field of aquaculture or marine research or development or are acknowledged leaders of their professions to be appointed by the President, in their personal capacity, upon recommendation of the Secretary, each of whom shall be for a term of two (2) years; *Provided, however,* that the terms of the members first appointed by the President shall be as follows: two (2) for one (1) year and the other three (3) for two (2) years, as fixed in their respective appointments. The members shall serve and continue to hold office until their successors shall have been duly appointed and qualified. Appointment to any vacancy in the Council shall be by the President and shall only for the unexpired portion of the term of the predecessor.

SEC. 15. *Philippine Council for Advanced Science and Technology Research and Development.*—The Philippine Council for Advanced Science and Technology Research and Development shall be under the Administrative supervision of the Department and shall consist of the Secretary as Chairman and eight (8) members, as follows: Secretary of Education, Culture and Sports or his designated Undersecretary, President of the University of the Philippines System, two (2) representatives from the government sector, and four (4) representatives from the private sector in the field of advanced science research, all of whom shall be appointed by the President, in their personal capacity, upon recommendation of the Secretary, each of whom shall serve for a term of two (2) years.

SEC. 16. *Institutes.*—The Institutes of the Department are the following, which shall be line in character: Industrial

Technology Development Institute; Philippine Nuclear Research Institute; Food and Nutrition Research Institute; Forest Products Research and Development Institute; Philippine Textile Research Institute; Advanced Science and Technology Institute; Science Education Institute; Science and Technology Information Institute; and Technology Application Promotion Institute; Philippine Atmospheric, Geophysical and Astronomical Services Administration, and Philippine Institute of Volcanology and Seismology. Each Institute shall be headed by a Director, who shall be appointed by the President upon the recommendation of the Secretary and shall be assisted by one or more Deputy Directors as may be necessary.

SEC. 17. *Industrial Technology Development Institute.*—The Industrial Technology Development Institute shall have the following functions:

- (1) Undertake applied research and development to develop technologies and technological innovations in the field of industrial manufacturing, mineral processing and energy;
- (2) Undertake the transfer of research results directly to end-users or preferably via linkage units of their government agencies;
- (3) Undertake technical services, such as but not limited to, standards, analytical and calibration services mandated by law or as needed by industry; and
- (4) Conduct training and provide technical advisory and consultancy services to industry clientele and end-users.

SEC. 18. *Philippine Nuclear Research Institute.*—The Philippine Nuclear Research Institute shall have the following functions:

- (1) Conduct research and development on the application of radiation and nuclear materials, processes and techniques in agriculture, food, health, nutrition and medicine and in industrial or commercial enterprises;
- (2) Undertake the transfer of research results to end-users, including technical extension and training services;

(3) Operate and maintain nuclear research reactors and other radiation facilities; and

(4) License and regulate activities relative to production, transfer, and utilization of nuclear and radioactive substances.

SEC. 19. Food Nutrition Research Institute.—The Food Nutrition Research Institute shall have the following functions:

(1) Undertake research that defines the citizenry's nutritional status, with reference particularly to the malnutrition problem, its causes and effects, and identify alternative solutions to them;

(2) Develop and recommend policy options, strategies, programs and projects, which address the malnutrition problem for implementation by the appropriate agencies; and

(3) Disseminate research findings and recommendations to the relevant end-users.

SEC. 20. Forest Products Research and Development Institute.—The Forest Products Research and Development Institute shall have the following functions:

(1) Conduct applied research and development in secondary and tertiary processing for the forest-based industry to generate information and technology which can improve the utility value of wood and other forest product;

(2) Undertake the transfer of completed researches directly to the end-users or via linkage units of other government agencies;

(3) Undertake technical services and provide training programs.

SEC. 21. Philippine Textile Research Institute.—The Philippine Textile Research Institute shall have the following functions:

(1) Conduct applied research and development for the textile industry sector;

(2) Undertake the transfer of completed researches to end-users or via linkage units of other government agencies; and

(3) Undertake technical services and provide training programs.

SEC. 22. Advanced Science and Technology Institute.—The Advanced Science and Technology Institute shall have the following functions:

(1) Undertake long-term researches to strengthen and modernize science and technology infrastructure;

(2) Conduct research and development work in the advanced fields of studies including biotechnology; and

(3) Complement the overall endeavor in the scientific field with intensive activities in the computer and information technologies.

SEC. 23. Science Education Institute.—The Science Education Institute shall have the following functions:

(1) Undertake science education and training;

(2) Administer scholarships, awards and grants;

(3) Undertake science and technology manpower development; and

(4) Formulate plans and establish programs and projects for the promotion and development of science and technology education and training in coordination with the Department of Education, Culture and Sports, and other institutions of learning in the field of science and technology.

SEC. 24. Science and Technology Information Institute.—The Science and Technology Information Institute shall have the following functions:

(1) Establish a science and technology databank and library;

(2) Disseminate science and technology information; and

(3) Undertake training on science and technology information.

SEC. 25. Technology Application and Promotion Institute.—The Technology Application and Promotion Institute (TAPI) whose primary responsibility is to serve as the implementing arm of the Department in promoting the commercialization of technologies and in marketing the services of the other operating units in the Department shall have the following functions:

- (1) Undertake contract research, particularly at the pilot plant and semi-commercial stage;
- (2) Provide technical consultancy including engineering design services, patenting and licensing services; and
- (3) Provide grants and/or venture-financing for new and/or emerging projects.

SEC. 26. Philippine Atmospheric, Geophysical and Astronomical Services Administration.—The Philippine Atmospheric, Geophysical and Astronomical Services Administration shall have the following functions:

- (1) Maintain a nationwide network pertaining to observation and forecasting of weather and other climatological conditions affecting national safety, welfare and economy;
- (2) Undertake activities relative to observation, collection, assessment and processing of atmospheric and allied data for the benefit of agriculture, commerce and industry;
- (3) Engage in studies of geophysical and astronomical phenomena essential to the safety and welfare of the people;
- (4) Undertake researches on the structure, development and motion of typhoons and formulate measures for their moderation; and
- (5) Maintain effective linkages with scientific organizations here and abroad, and promote exchange of scientific information and cooperation among personnel engaged in atmospheric, geophysical and astronomical studies.

SEC. 27. Philippine Institute of Volcanology and Seismology.—The Philippine Institute of Volcanology and Seismology shall have the following functions:

- (1) Predict the occurrence of volcanic eruptions and earthquakes and their geotectonic phenomena;
- (2) Determine how eruption and earthquakes shall occur and the likely areas to be affected;
- (3) Exploit the positive aspects of volcanoes and volcanic terrain in furtherance of the socio-economic development efforts of the government;
- (4) Generate sufficient data for forecasting volcanic eruptions and earthquakes;
- (5) Formulate appropriate disaster-preparedness plans; and
- (6) Mitigate hazards of volcanic activities through appropriate detection, forecast, and warning systems.

CHAPTER 5—Regional Offices

SEC. 28. Regional Offices.—The Department is authorized to establish, operate and maintain a Regional Office, whenever appropriate, in each of the administrative regions of the country, to be headed by a Regional Director who shall report and be subject to the supervision of the Undersecretary for Regional operations. A Regional office shall have, within its administrative region, the following functions:

- (1) Implement laws, rules, regulations, policies, plans, programs and projects of the Department;
- (2) Provide efficient and effective service to the people;
- (3) Coordinate with regional offices of other ministries, offices and agencies in the administrative region;
- (4) Coordinate with local government units; and
- (5) Perform such other functions as may be provided by law.

SEC. 29. Department Offices in other Countries.—The Department may also have such offices and representatives in other countries in places where its presence is considered necessary, subject to the approval of the President for each of them.

CHAPTER 6—Attached Agencies

SEC. 30. Attached Agencies.—The following agencies shall be attached to the Department: the Philippine National Science Society, the National Academy of Science and Technology, the Philippine Science High School, and the Metals Industry Research and Development Center.

SEC. 31. The Philippine National Science Society.—The Philippine National Science Society shall be a corporate body composed of prominent scientists and technical men and shall have the following functions:

(1) To stimulate research in the mathematical, physical, biological and other basic sciences and in the application of these sciences to engineering, agricultural, medicine, and other useful arts, with the object of increasing knowledge and of contributing in other ways to the public welfare;

(2) To give encouragement to individual initiative in research as fundamentally important to the advancement of science; and

(3) To gather and collate scientific and technical information at home and abroad, in cooperation with governmental and other agencies and to render such information available to duly accredited persons.

SEC. 32. Powers of the Philippine National Science Society.—The Philippine National Science Society shall have the power to:

(1) Make its own organization, including its Constitution, by laws and rules and regulations;

(2) Fill all vacancies created by death, resignation or otherwise;

(3) Provide for the election of members, division into classes, and for all other matters needful or usual in such institutions;

(4) Receive bequests and donations and hold the same in trust, to be applied in aid of scientific investigations according to the will of the donors;

(5) Be exempt from the payment of all internal-revenue taxes, fees, assessments and other charges of the Government in carrying out its aims, functions, and powers;

(6) Submit an annual report to the Congress and to the President of the Philippines an accurate account of its works and activities during the corresponding fiscal year; and

(7) Perform such powers as may be provided by law or necessary to carry out its purposes and functions.

SEC. 33. The National Academy of Science and Technology.—The National Academy of Science and Technology shall be composed of outstanding scientists to serve as reservoir of competent and technological manpower for the country. The total membership of the Academy shall not exceed fifty (50) at any one time; however, this number may be increased by a two-thirds vote of all the members and approval thereof by the President.

The Academy shall have its own Secretariat/Administrative staff and shall have the following functions and powers:

(1) Provide its members the following benefits and privileges:

(a) free publications of scientific and technological works;

(b) travel support for attendance and participation in international conference, and

(c) such other incentives, financial or otherwise designed to promote a scientific and technological effort and achievement.

(2) Recommend annually for Presidential awards not more than ten (10) scientists for distinguished individual or collaborative achievement in science or technology who shall be accorded by the President the rank and title of "National Scientists." Said "National Scientist" shall each be given gratuity in such amount to be fixed by the Academy and entitled to other privileges as enjoyed by the National Artists.

(3) Engage in other projects and programs designed to recognize outstanding achievements in science to promote scientific productivity.

SEC. 34. *The Philippine Science High School.*—The Philippine Science High School shall offer on a free scholarship basis a secondary course with special emphasis on subjects pertaining to the sciences with the end view of preparing its students for a science career. The exercise of its corporate powers is vested exclusively in the Board of Trustees and in the Director of the High School insofar as authorized by said Board. The Board of Trustees shall be composed of the Secretary of Science and Technology, who shall be *ex officio* Chairman of the Board, the Secretary of Education, who shall be *ex officio* Vice-Chairman, and the following members: the President of the University of the Philippines, the Chairman of the UNESCO National Commission of the Philippines, the Director of the Philippine Science High School, all *ex officio* members, a representative from the American-Philippine Science Foundation, Inc., to be designated by the President, one representative from the Philippine National Science Society, one representative from the National Academy of Science and Technology, one member representing industry, and one member representing agriculture.

The members of the Board representing the Philippine National Science Society, the National Academy of Science and Technology, industry and agriculture shall be appointed by the President of the Philippines upon the recommendation of the Secretary of Science and Technology.

SEC. 35. *The Metals Industry and Research Development Center.*—The Metals Industry and Research Development Center shall be a non-profit research and technological institution which shall provide both the government and the private sector with professional management and technical expertise on such vital activities for the development of the industry as training of engineers and technicians, information exchange, trade accreditation service, quality control and testing of metal products, research and business economic advisory services.

The Administration of the Center and the exercise of its corporate powers are vested exclusively in the Board of Trustees which shall be composed of the Secretary of Science and Technology, who shall be *ex officio* Chairman, the Secretary of Trade and Industry, who shall be *ex officio* Co-Chairman, and the following members: the Executive Director of the Philippine Council for Industry and Energy Research and Development, a representative each from the Department of Natural Resources, the National Economic and Development Authority, the Metals Industry Research and Development Center and three representatives from the metals, engineering and allied industries sub-sector to be appointed by the Secretary of Science and Technology.

The Center shall have the powers and functions assigned to it by law.

BOOK V

TITLE I—CONSTITUTIONAL COMMISSIONS

SUBTITLE A—CIVIL SERVICE COMMISSION

CHAPTER I—*General Provisions*

SECTION 1. *Declaration of Policy.*—The State shall insure and promote the Constitutional mandate that appointments in the Civil Service shall be made only according to merit and fitness; that the Civil Service Commission, as the central personnel agency of the Government shall establish a career service, adopt measures to promote morale,

efficiency, integrity, responsiveness, and courtesy in the civil service, strengthen the merit and rewards system, integrate all human resources development programs for all levels and ranks, and institutionalize a management climate conducive to public accountability; that public office is a public trust and public officers and employees must at all times be accountable to the people; and that personnel functions shall be decentralized, delegating the corresponding authority to the departments, offices and agencies where such functions can be effectively performed.

SEC. 2. Duties and Responsibilities of Public Officers and Employees.—Public Officers and employees shall have the duties, responsibilities, and accountability provided in Chapter 9, Book I of this Code.

SEC. 3. Terms and Conditions of Employment.—The terms and conditions of employment of all government employees, including those in government-owned or controlled corporations with original charters, shall be fixed by law. The terms and conditions of employment which are not fixed by law may be subject of negotiation between recognized employees' organizations and appropriate government authorities.

SEC. 4. Compensation.—The Congress shall provide for the standardization of compensation of government officials and employees including those in government-owned or controlled corporations with original charters, taking into account the nature of the responsibilities pertaining to, and the qualifications required for the position concerned.

SEC. 5. Definitions of Terms.—As used in this title, the following shall be construed thus:

(1) *Agency* means any bureau, office, commission, administration, board, committee, institute, corporation with original charter, whether performing governmental or proprietary function, or any other unit of the National Government, as well as provincial, city, municipal government, except as hereinafter otherwise provided.

(2) *Appointing officer* is the person or body authorized by law to make appointments in the Philippine Civil Service.

(3) *Class* includes all positions in the government service that are sufficiently similar as to duties and responsibilities and require similar qualifications that can be given the same title and salary and for all administrative and compensation purposes, be treated alike.

(4) *Commission* refers to the Civil Service Commission.

(5) *Chairman* refers to the Chairman of the Commission.

(6) *Commissioner* refers to either of the two other members of the Commission.

(7) *Department* includes any of the executive departments or entities having the category of a department including the judiciary, Commission on Elections and Commission on Audit.

(8) *Eligible* refers to a person who obtains a passing grade in a civil service examination or is granted a civil service eligibility and whose name is entered in the register of eligibles.

(9) *Examination* refers to a civil examination conducted by the Commission and its regional offices or by other departments or agencies with the assistance of the Commission, or in coordination or jointly with it, and those that it may delegate to departments and agencies pursuant to this Title, or those that may have been delegated by law.

(10) *Form* refers to those prescribed by the Civil Service Commission.

CHAPTER 2—Coverage of the Civil Service

SEC. 6. Scope of the Civil Service.—(1) The Civil Service embraces all branches, subdivisions, instrumentalities, and agencies of the Government, including government-owned or controlled corporations with original charters.

(2) Position in the Civil Service shall be classified into career service and non-career service.

SEC. 7. Career Service.—The Career Service shall be characterized by (1) entrance based on merit and fitness to be determined as far as practicable by competitive examination, or based on highly technical qualifications; (2) opportunity for advancement to higher career positions; and (3) security of tenure.

The Career Service shall include:

(1) Open Career positions for appointment to which prior qualification in an appropriate examination is required;

(2) Close Career positions which are scientific, or highly technical in nature; these include the faculty and academic staff of state colleges and universities, and scientific and technical positions in scientific or research institutions which shall establish and maintain their own merit systems;

(3) Positions in the Career Executive Service; namely Undersecretary, Assistant Secretary, Bureau Director, Assistant Bureau Director, Regional Director, Assistant Regional Director, Chief of Department Service and other officers of equivalent rank as may be identified by the Career Executive Service Board, all of whom are appointed by the President;

(4) Career officers, other than those in the Career Executive Service, who are appointed by the President, such as the Foreign Service Officers in the Department of Foreign Affairs;

(5) Commission officers and enlisted men of the Armed Forces which shall maintain a separate merit system;

(6) Personnel of government-owned or controlled corporations, whether performing governmental or proprietary functions, who do not fall under the non-career service; and

(7) Permanent laborers, whether skilled, semi-skilled, or unskilled.

SEC. 8. Classes of Positions in the Career Service.—

(1) Classes of positions in the career service appointment to which requires examinations shall be grouped into three major levels as follows:

(a) The first level shall include clerical, trades, crafts, and custodial service positions which involve non-professional or subprofessional work in a non-supervisory or supervisory capacity requiring less than four years of collegiate studies;

(b) The second level shall include professional, technical, scientific positions which involve professional, technical, or scientific work in a non-supervisory or supervisory capacity requiring at least four years of college work up to Division Chief level; and

(c) The third level shall cover positions in the Career Executive Service.

(2) Except as herein otherwise provided, entrance to the first two levels shall be through competitive examinations, which shall be open to those inside and outside the service who meet the minimum qualification requirements. Entrance to a higher level does not require previous qualification in the lower level. Entrance to the third level shall be prescribed by the Career Executive Service Board.

(3) Within the same level, no civil service examination shall be required for promotion to a higher position in one or more related occupational groups. A candidate for promotion should, however, have previously passed the examination for that level.

SEC. 9. Non-Career Service.—The Non-Career Service shall be characterized by (1) entrance on bases other than those of the usual tests of merit and fitness utilized for the career service; and (2) tenure which is limited to a period specified by law, or which is co-terminous with that of the appointing authority or subject to his pleasure, or which is limited to the duration of a particular project for which purpose employment was made.

The Non-Career Service shall include:

(1) Elective officials and their personal or confidential staff;

(2) Secretaries and other officials of Cabinet rank who hold their positions at the pleasure of the President and their personal or confidential staff (s);

(3) Chairman and members of commissions and boards with fixed terms of office and their personal or confidential staff;

(4) Contractual personnel or those whose employment in the government is in accordance with a special contract to undertake a specific work or job, requiring special or technical skills not available in the employing agency, to be accomplished within a specific period, which in no case shall exceed one year, and performs or accomplishes the specific work or job, under his own responsibility with a minimum of direction and supervision from the hiring agency; and

(5) Emergency and seasonal personnel.

CHAPTER 3—*Organization and Functions of the Civil Service Commission*

SEC. 10. Composition.—The Commission shall be composed of a Chairman and two Commissioners who shall be natural born citizens of the Philippines and, at the time of their appointment, at least thirty-five years of age, with proven capacity for public administration, and must not have been candidates for any elective position in the elections immediately preceding their appointment.

SEC. 11. Appointment of Chairman and Commissioners.—The Chairman and the Commissioners shall be appointed by the President with the consent of the Commission on Appointments for a term of seven years without reappointment. Of the first appointed, the Chairman shall hold office for seven years, a Commissioner for five years, and another Commissioner for three years, without reappointment. Appointment to any vacancy shall be only for the unexpired term of the predecessor. In no case shall any Member be appointed or designated in a temporary or acting capacity.

SEC. 12. Powers and Functions.—The Commission shall have the following powers and functions:

(1) Administer and enforce the constitutional and statutory provisions on the merit system for all levels and ranks in the Civil Service;

(2) Prescribe, amend and enforce rules and regulations for carrying into effect the provisions of the Civil Service Law and other pertinent laws;

(3) Promulgate policies, standards and guidelines for the Civil Service and adopt plans and programs to promote economical, efficient and effective personnel administration in the government;

(4) Formulate policies and regulations for the administration, maintenance and implementation of position classification and compensation and set standards for the establishment, allocation and reallocation of pay scales, classes and positions;

(5) Render opinion and rulings on all personnel and other Civil Service matters which shall be binding on all heads of departments, offices and agencies and which may be brought to the Supreme Court on certiorari;

(6) Appoint and discipline its officials and employees in accordance with law and exercise control and supervision over the activities of the Commissions;

(7) Control, supervise and coordinate Civil Service examinations. Any entity or official in government may be called upon by the Commission to assist in the preparation and conduct of said examinations including security, use of buildings and facilities as well as personnel and transportation of examination materials which shall be exempt from inspection regulations;

(8) Prescribe all forms for Civil Service examinations, appointments, reports and such other forms as may be required by law, rules and regulations;

(9) Declare positions in the Civil Service as may properly be primarily confidential, highly technical or policy determining;

(10) Formulate, administer and evaluate programs relative to the development and retention of qualified and competent work force in the public service;

(11) Hear and decide administrative cases instituted by or brought before it directly or on appeal, including contested appointments, and review decisions and actions of its offices and of the agencies attached to it. Officials

and employees who fail to comply with such decisions, orders, or rulings shall be liable for contempt of the Commission. Its decisions, orders, or rulings shall be final and executory. Such decisions, orders, or rulings may be brought to the Supreme Court on certiorari by the aggrieved party within thirty (30) days from receipt of a copy thereof;

(12) Issue *subpoena* and *subpoena duces tecum* for the production of documents and records pertinent to investigations and inquiries conducted by it in accordance with its authority conferred by the Constitution and pertinent laws;

(13) Advise the President on all matters involving personnel management in the government service and submit to the President an annual report on the personnel programs;

(14) Take appropriate action on all appointments and other personnel matters in the Civil Service including extension of Service beyond retirement age;

(15) Inspect and audit the personnel actions and programs of the departments, agencies, bureaus, offices, local government units and other instrumentalities of the government including government-owned or controlled corporations; conduct periodic review of the decisions and actions of offices or officials to whom authority has been delegated by the Commission as well as the conduct of the officials and the employees in these offices and apply appropriated sanctions whenever necessary;

(16) Delegate authority for the performance of any function to departments, agencies and offices where such function may be effectively performed;

(17) Administer the retirement program for government officials and employees, and accredit government services and evaluate qualifications for retirement;

(18) Keep and maintain personnel records of all officials and employees in the Civil Service; and

(19) Perform all functions properly belonging to a central personnel agency and such other functions as may be provided by law.

SEC. 13. Duties and Responsibilities of the Chairman.—Subject to policies and rules adopted by the Commission, the Chairman shall:

(1) Direct all operations of the Commission;

(2) Establish procedures for the effective operations of the Commission;

(3) Transmit to the President rules and regulations, and other guidelines adopted by the Chairman which require Presidential attention including annual and other periodic reports;

(4) Issue appointments to, and enforce decisions on administrative discipline involving officials and employees of the Commission;

(5) Delegate authority for the performance of any function to officials and employees of the Commission;

(6) Approve and submit the annual and supplemental budget of the Commission; and

(7) Perform such other functions as may be provided by law.

SEC. 14. Membership of the Chairman in Boards.—The Chairman shall be a member of the Board of Directors or of other governing bodies of government entities whose functions affect the career development, employment status, rights, privileges, and welfare of government officials and employees, such as the Government Service Insurance System, Foreign Service Board, Foreign Trade Service Board, National Board for Teachers, and such other similar boards as may be created by law.

SEC. 15. Duties and Responsibilities of the Members of the Commission.—Jointly with the Chairman, the two (2) Commissioners shall be responsible for the effective exercise of the rule-making and adjudicative functions of the Commission. They shall likewise perform such functions as may be delegated by the Commission. In case of the absence of the Chairman owing to illness or other cause, the senior member shall perform the functions of the Chairman.

SEC. 16. Offices in the Commission.—The Commission shall have the following offices:

(1) The *Office of the Executive Director* headed by an Executive Director, with a Deputy Executive Director shall implement policies, standards, rules and regulations promulgated by the Commission; coordinate the programs of the offices of the Commission and render periodic reports on their operations, and perform such other functions as may be assigned by the Commission.

(2) The *Merit System Protection Board* composed of a Chairman and two (2) members shall have the following functions:

(a) Hear and decide on appeal administrative cases involving officials and employees of the Civil Service. Its decision shall be final except those involving dismissal or separation from the service which may be appealed to the Commission;

(b) Hear and decide cases brought before it on appeal by officials and employees who feel aggrieved by the determination of appointing authorities involving personnel actions and violations of the merit system. The decision of the Board shall be final except those involving division chiefs of officials of higher ranks which may be appealed to the Commission;

(c) Directly take cognizance of complaints affecting functions of the Commission, those which are unacted upon by the agencies, and such other complaints which require direct action of the Board in the interest of justice;

(d) Administer oaths, issue *subpoena* and *subpoena duces tecum*, take testimony in any investigation or inquiry, punish for contempt in accordance with the same procedures and penalties prescribed in the Rules of Court; and

(e) Promulgate rules and regulations to carry out the functions of the Board subject to the approval of the Commission.

(3) The *Office of Legal Affairs* shall provide the Chairman with legal advice and assistance; render counselling services; undertake legal studies and researches; prepare opinions and rulings in the

interpretation and application of the Civil Service law, rules and regulations; prosecute violations of such laws, rules and regulations; and represent the Commission before any Court or tribunal.

(4) The *Office of Planning and Management* shall formulate development plans, programs and projects; undertake research and studies on the different aspects of public personnel management; administer management improvement programs; and provide fiscal and budgetary services.

(5) The *Central Administrative Office* shall provide the Commission with personnel, financial, logistics and other basic support services.

(6) The *Office of Central Personnel Records* shall formulate and implement policies, standards, rules and regulations pertaining to personnel records maintenance, security, control and disposal; provide storage and extension service; and provide and maintain library services.

(7) The *Office of Position Classification and Compensation* shall formulate and implement policies, standards, rules and regulations relative to the administration of position classification and compensation.

(8) The *Office of Recruitment, Examination and Placement* shall provide leadership and assistance in developing and implementing the overall Commission programs relating to recruitment, examination and placement, and formulate policies, standards, rules and regulations for the proper implementation of the Commission's examination and placement programs.

(9) The *Office of Career Systems and Standards* shall provide leadership and assistance in the formulation and evaluation of personnel systems and standards relative to performance appraisal, merit promotion, and employee incentive benefits and awards.

(10) The *Office of Human Resource Development* shall provide leadership and assistance in the development and retention of qualified and efficient work force in the Civil

Service; formulate standards for training and staff development; administer service-wide scholarship programs; develop training literature and materials; coordinate and integrate all training activities and evaluate training programs.

(11) *The Office of Personnel Inspection and Audit* shall develop policies, standards, rules and regulations for the effective conduct or inspection and audit of personnel and personnel management programs and the exercise of delegated authority; provide technical and advisory services to Civil Service Regional Offices and government agencies in the implementation of their personnel programs and evaluation systems.

(12) *The Office of Personnel Relations* shall provide leadership and assistance in the development and implementation of policies, standards, rules and regulations in the accreditation of employee associations or organizations and in the adjustment and settlement of employee grievances and management employee disputes.

(13) *The Office of Corporate Affairs* shall formulate and implement policies, standards, rules and regulations governing corporate officials and employees in the areas of recruitment, examination, placement, career development, merit and awards systems, position classification and compensation, performing appraisal, employee welfare and benefits, discipline and other aspects of personnel management on the basis of comparable industry practices.

(14) *The Office of Retirement Administration* shall be responsible for the enforcement of the constitutional and statutory provisions, relative to retirement and the regulation for the effective implementation of the retirement of government officials and employees.

(15) *The Regional and Field Offices.* The Commission shall have not less than thirteen (13) Regional offices each to be headed by a Director, and such field offices as may be needed, each to be headed by an official with at least the rank of an Assistant Director. Each Regional Office shall have the following functions:

(a) Enforce Civil Service law and rules, policies, standards on personnel management within their respective jurisdiction;

(b) Provide technical advice and assistance to government offices and agencies regarding personnel administration; and

(c) Perform such other functions as may be delegated by the Commission.

SEC. 17. Organizational Structure.—Each office of the Commission shall be headed by a Director with at least one (1) Assistant Director, and may have such divisions as are necessary to carry out their respective functions. As an independent constitutional body, the Commission may effect changes in the organization as the need arises.

CHAPTER 4—Interdepartment Relations

SEC. 18. Civil Service Assistance to Departments and Agencies.—Each Secretary or head of office, agency, government-owned or controlled corporation with original charter and local government shall be responsible for personnel administration in his office which shall be in accordance with the provision relating to civil service embodied in the Constitution, this Title and the rules, principles, standards, guidelines and regulations established by the Commission. The Civil Service Commission shall, whenever it deems in the interest of the public service, organize in each department, office, agency, government-owned or controlled corporation, and provincial and city government a Civil Service Staff which shall be headed by an officer of the Commission. The necessary staff personnel and office facilities and equipment shall be provided by the department, government-owned or controlled corporation or local government where the staff is established but the Commission may augment these with its own. The staff shall serve as the principal liaison between the Civil Service and the Department concerned and shall perform the following specific functions and those functions which may hereafter be assigned to it by the Commission:

(1) Provide technical assistance in all aspects of personnel management;

(2) Monitor and audit periodically the personnel practices and performance of the Department or agency concerned as well as those of public officers and employees thereat;

(3) Determine agency compliance with Civil Service Law and rules; and

(4) In the performance of these functions, the staff shall welcome and receive from the public any suggestions, observations and complaints pertaining to the conduct of public officers and employees.

In the performance of their functions, the units so organized shall avail of the technical assistance and guidelines of the Civil Service Commission.

SEC. 19. Council of Personnel Officers.—There shall be a Council of Personnel Officers to be composed of Chief personnel officers of the different executive departments and of agencies with the category of department that the Chairman of the Commission shall select for membership. Except for its Executive Officer who shall be designated by the Chairman from among the appropriate officials in the Civil Service Commission, the Council is authorized to elect such other officer from among its members and to fix its own rules or procedures concerning attendance at meetings, approval of policy declaration, and other business matters. Provisions for necessary facilities and clerical assistance for the Council shall be made in the annual budget of the Commission.

The Council shall have the following functions:

(1) Offer advice, upon request of the Secretary of a Department or the Commission, in developing constructive policies, standards, procedures, and programs as well as on matters relating to the improvement of personnel methods and to the solution of personnel problems confronting the various departments and agencies of the government;

(2) Promote among the departments and agencies, through study and discussion, uniform and consistent interpretation and application of personnel policies; and

(3) Serve as a clearing house of information and stimulate the use of methods of personnel management that will contribute most to good government.

SEC. 20. Inspection and Audit.—The Commission, through its designated representatives, shall conduct a periodic inspection and audit of the personnel management program of each department, agency, province or city, in order to: (a) determine compliance with the Civil Service law, rules and standards; (b) review discharge of delegated authority; (c) make an adequate evaluation of the progress made and problems encountered in the conduct of the merit system in the national and local governments; (d) give advice and provide assistance in developing constructive policies, standards and procedures, and (e) stimulate improvement in all areas of personnel management.

Periodic inspection and audit include an appraisal of personnel management operations and activities relative to: (a) formulation and issuance of personnel policy; (b) recruitment and selection of employees; (c) personnel action and employment status; (d) career and employee development; (e) performance evaluation systems; (f) employee suggestions and incentive award; (g) employee relations and services; (h) discipline; (i) personnel records and reporting; and (j) program evaluation.

CHAPTER 5—Personnel Policies and Standards

SEC. 21. Recruitment and Selection of Employees.—(1) Opportunity for government employment shall be open to all qualified citizens and positive efforts shall be exerted to attract the best qualified to enter the service. Employees shall be selected on the basis of fitness to perform the duties and assume the responsibilities of the positions.

(2) When a vacancy occurs in a position in the first level of the Career Service as defined in Section 8, the employees in the department who occupy the next lower positions in the occupational group under which the vacant position is classified, and in other functionally related occupational groups and who are competent, qualified and with the appropriate civil service eligibility shall be considered for promotion.

(3) When a vacancy occurs in a position in the second level of the Career Service as defined in Section 8, the employees in the government service who occupy the next

lower positions in the occupational group under which the vacant position is classified and in other functionally related occupational groups and who are competent, qualified and with the appropriate civil service eligibility shall be considered for promotion.

(4) For purposes of this Section, each department or agency shall evolve its own screening process, which may include tests of fitness, in accordance with standards and guidelines set by the Commission. Promotion boards shall be formed to formulate criteria for evaluation, conduct tests or interviews, and make systematic assessment of training experience.

(5) If the vacancy is not filled by promotion as provided herein the same shall be filled by transfer of present employees in the government service, by reinstatement by re-employment of persons separated through reduction in force, or by appointment of persons with the civil service eligibility appropriate to the positions.

(6) A qualified next-in-rank employee shall have the right to appeal initially to the Secretaries or heads of agencies or instrumentalities including government-owned or controlled corporations with original charters, then to the Merit System Protection Board, and finally to the Civil Service Commission and the appointment made in favor of another employee if the appellant is not satisfied with the written special reason or reasons given by the appointing authority for such appointment; *Provided, however*, That the decision of the Civil Service Commission may be reviewed on certiorari only by the Supreme Court within thirty (30) days from receipt of the decision of the aggrieved party. For purposes of this Section, "qualified next in rank" refers to an employee appointed on a permanent basis to a position previously determined to be next-in-rank and who meets the requirements for appointment thereto as previously determined by the appointing authority and approved by the Commission.

(7) Qualification in an appropriate examination shall be required for appointment to position in the first and second levels in the career service in accordance with the Civil Service rules, except as otherwise provided in this Title: *Provided*, That whenever there is a civil service eligible

actually available for appointment, no person who is not such an eligible shall be appointed even in a temporary capacity to any vacant position in the career service in the government or in any government-owned or controlled corporation with original charter, except when the immediate filling of the vacancy is urgently required in the public interest, or when the vacancy is not permanent, in which cases temporary appointments of non-eligibles may be made in the absence of eligibles actually and immediately available.

(8) The appropriate examinations herein referred to shall be those given by the Commission and the different agencies: *Provided, however*, That nothing herein shall affect those eligibilities acquired prior to the effectivity of the Civil Service Law: *Provided, further*, That a person with a civil service eligibility acquired by successfully passing an examination shall be qualified for a position requiring a lower eligibility if he possesses the other requirements for appointment to such position.

SEC. 22. *Qualification Standards*.—(1) A qualification standard expresses the minimum requirements for a class of positions in terms of education, training and experience, civil service eligibility, physical fitness, and other qualities required for successful performance. The degree of qualifications of an officer or employee shall be determined by the appointing authority on the basis of the qualification standard for the particular position.

Qualification standard shall be used as basis for civil service examinations for positions in the career service, as guides in appointment and other personnel actions, in the adjudication of protested appointments, in determining training needs, and as aid in the inspection and audit of the agencies' personnel work programs.

It shall be administered in such manner as to continually provide incentives to officers and employees towards professional growth and foster the career system in the government service.

(2) The establishment, administration and maintenance of qualification standards shall be the responsibility of the

department or agency, with the assistance and approval of the Civil Service Commission and in consultation with the Wage and Position Classification Office.

SEC. 23. Release of Examination Results.—The results of any particular civil service examination held in a number of places on the same date shall be released simultaneously.

SEC. 24. Register of Eligibles.—The names of the competitors who pass an examination shall be entered in a register of eligibles arranged in the order of their general ratings and containing such information as the Commission may deem necessary.

SEC. 25. Cultural Communities.—In line with the national policy to facilitate the integration of the members of cultural communities and accelerate the development of the areas occupied by them, the Commission shall give special civil service examinations to qualify them for appointment in the civil service.

SEC. 26. Personnel Actions.—All appointments in the career service shall be made only according to merit and fitness, to be determined as far as practicable by competitive examinations. A non-eligible shall not be appointed to any position in the civil service whenever there is a civil service eligible actually available for and ready to accept appointment.

As used in this Title, any action denoting the movement or progress of personnel in the civil service shall be known as personnel action. Such action shall include appointment through certification, promotion, transfer, reinstatement, re-employment, detail, reassignment, demotion, and separation. All personnel actions shall be in accordance with such rules, standards and regulations as may be promulgated by the Commission.

(1) *Appointment through certification.*—An appointment through certification to a position in the civil service, except as herein otherwise provided, shall be issued to a person who has been selected from a list of qualified persons certified by the Commission from an appropriate register of eligibles, and who meets all the other requirements of the position.

All such persons must serve a probationary period of six months following their original appointment and shall undergo a thorough character investigation in order to acquire permanent civil service status. A probationer may be dropped from the service for unsatisfactory conduct or want of capacity any time before the expiration of the probationary period: *Provided*, That such action is appealable to the Commission.

(2) *Promotion.*—A promotion is a movement from one position to another with an increase in duties and responsibilities as authorized by law and usually accompanied by an increase in pay. The movement may be from one department or agency to another or from one organization unit to another in the same department or agency.

(3) *Transfer.*—A transfer is a movement from one position to another which is of equivalent rank, level, or salary without break in service involving the issuance of an appointment.

It shall not be considered disciplinary when made in the interest of public service, in which case, the employee concerned shall be informed of the reasons therefore. If the employee believes that there is no justification for the transfer, he may appeal his case to the Commission.

The transfer may be from one department or agency to another or from one organizational unit to another in the same department or agency: *Provided, however*, That any movement from the non-career service to the career service shall not be considered a transfer.

(4) *Reinstatement.*—Any person who has been permanently appointed to a position in the career service and who has, through no delinquency or misconduct, been separated therefrom, may be reinstated to a position in the same level for which he is qualified.

(5) *Reemployment.*—Names of persons who have been appointed permanently to positions in the career service and who have been separated as a result of reduction in force or reorganization, shall be entered in a list from which selection for reemployment shall be made.

(6) *Detail.*—A detail is the movement of an employee from one agency to another without the issuance of an appointment and shall be allowed, only for a limited period in the case of employees occupying professional, technical and scientific positions. If the employee believes that there is no justification for the detail, he may appeal his case to the Commission. Pending appeal, the decision to detail the employee shall be executory unless otherwise ordered by the Commission.

(7) *Reassignment.*—An employee may be reassigned from one organizational unit to another in the same agency: *Provided*, That such reassignment shall not involve a reduction in rank, status or salary.

SEC. 27. *Employment Status.*—Appointment in the career service shall be permanent or temporary.

(1) *Permanent status.*—A permanent appointment shall be issued to a person who meets all the requirements for the positions to which he is being appointed, including the appropriate eligibility prescribed, in accordance with the provisions of law, rules and standards promulgated in pursuant thereof.

(2) *Temporary appointment.*—In the absence of appropriate eligibles and it becomes necessary in the public interest to fill a vacancy, a temporary appointment shall be issued to a person who meets all the requirements for the position to which he is being appointed except the appropriate civil service eligibility: *Provided*, That such temporary appointment shall not exceed twelve months, but the appointee may be replaced sooner if a qualified civil service eligible becomes available.

SEC. 28. *Salary Increase or Adjustment.*—All adjustments in salaries as a result of increase in pay levels or upgrading of positions which do not involve a change in qualification requirements shall not require new appointments except that copies of the salary adjustment notices shall be submitted to the Commission for record purposes.

SEC. 29. *Reduction in Force.*—Whenever it becomes necessary because of lack of work or funds due to a change in the scope or nature of an agency's program or as a result

of reorganization, to reduce the staff of any department or agency, those in the same group or class of positions in one or more agencies within the particular department or agency wherein the reduction is to be effected, shall be reasonably compared in terms of relative fitness, efficiency and length of service, and those found to be least qualified for the remaining positions shall be laid off.

SEC. 30. *Career and Personnel Development.*—The development and retention of a competent and efficient work force in the public service is a primary concern of government. It shall be the policy of the government that a continuing program of career and personnel development be established for all government employees at all levels. An integrated national plan for career and personnel development shall serve as the basis for all career and personnel development activities in the government.

SEC. 31. *Career and Personnel Development Plans.*—Each department or agency shall prepare a career and personnel development plan which shall be integrated into a national plan by the Commission. Such career and personnel development plans which shall include provisions on merit promotions, performance evaluation, in-service training, including overseas and local scholarships and training grants, job rotation, suggestions and incentive award systems, and such other provisions for employees' health, welfare, counseling recreation and similar services.

SEC. 32. *Merit Promotion Plans.*—Each department or agency shall establish merit promotion plans which shall be administered in accordance with the provisions of the Civil Service law and the rules, regulations and standards to be promulgated by the Commission. Such plans shall include provisions for a definite screening process, which may include tests of fitness, in accordance with standards and guidelines set by the Commission. Promotion Boards may be organized subject to criteria drawn by the Commission.

SEC. 33. *Performance Evaluation System.*—There shall be established a performance evaluation system, which shall be administered in accordance with rules, regulations and standards, promulgated by the Commission for all officers and employees in the career service. Such performance

evaluation system shall be administered in such manner as to continually foster the improvement of individual employee efficiency and organizational effectiveness.

Each department or agency may, after consultation with the Commission, establish and use one or more performance evaluation plans appropriate to the various groups of positions in the department or agency concerned. No performance evaluation shall be given, or used as a basis for personnel action, except under an approved performance evaluation plan: *Provided*, That each employee shall be informed periodically by his supervisor of his performance evaluation.

SEC. 34. *Responsibility for Training.*—The Commission shall be responsible for the coordination and integration of a continuing program of personnel development for all government personnel in the first and second levels.

Central staff agencies and specialized institutes shall conduct continuing centralized training for staff specialists from the different agencies. However, in those cases where there is sufficient number of participants to warrant training at department or agency or local government level, such central staff agencies and specialized institutes shall render the necessary assistance, and consultative services.

To avoid duplication of effort and overlapping of training functions, the following functional responsibilities are assigned:

(1) Public and private colleges and universities and similar institutions shall be encouraged to organize and carry out continuing programs of executive development.

(2) The Commission, the Commission on Audit, the Department of Budget and Management, the General Services Administration, and other central staff agencies shall conduct centralized training and assist in the training program of the Departments or agencies along their respective functional areas of specialization.

(3) In coordination with the Commission, the Department of Local Government and Community Development shall undertake local government training programs.

(4) In coordination with the Commission, each department or agency, province or city shall establish, maintain and promote a systematic plan of action for personnel training at all levels in accordance with standards laid down by the Commission. It shall maintain appropriate training staffs and make full use of available training facilities.

Whenever it deems it necessary, the Commission shall take the initiative in undertaking programs for personnel development.

SEC. 35. *Employee Suggestions and Incentive Award System.*—There shall be established a government-wide employee suggestions and incentive awards system which shall be administered under such rules, regulations, and standards as may be promulgated by the Commission.

In accordance with rules, regulations, and standards promulgated by the Commission, the President or the head of each department or agency is authorized to incur whatever necessary expenses involved in the honorary recognition of subordinate officers and employees of the government who by their suggestions, inventions, superior accomplishment, and other personal efforts contribute to the efficiency, economy, or other improvement of government operations, or who perform such other extraordinary acts or services in the public interest in connection with, or in relation to, their official employment.

SEC. 36. *Personnel Relations.*—(1) It shall be the concern of the Commission to provide leadership and assistance in developing employee relations programs in the department or agencies.

(2) Every Secretary or head of agency shall take all proper steps toward the creation of an atmosphere conducive to good supervisor-employee relations and the improvement of employee morale.

SEC. 37. *Complaints and Grievances.*—Employees shall have the right to present their complaints or grievances to management and have them adjudicated as expeditiously as possible in the best interest of the agency, the government

as a whole, and the employee concerned. Such complaint or grievances shall be resolved at the lowest possible level in the department or agency, as the case may be, and the employee shall have the right to appeal such decision to higher authorities.

Each department or agency shall promulgate rules and regulations governing expeditious, fair and equitable adjustment of employees' complaints or grievances in accordance with the policies enunciated by the Commission.

In case any dispute remains unresolved after exhausting all the available remedies under existing laws and procedures, the parties may jointly refer the dispute to the Public Sector Labor Management Council constituted under Section 46, for appropriate action.

CHAPTER 6—*Right to Self-Organization*

SEC. 38. Coverage.—(1) All government employees, including those in government-owned or controlled corporations with original charters, can form, join or assist employees organizations of their own choosing for the furtherance and protection of their interests. They can also form, in conjunction with appropriate government authorities, labor-management committees, work councils and other forms of workers' participation schemes to achieve the same objectives.

(2) The provisions of this Chapter shall not apply to the members of the Armed Forces of the Philippines, including police officers, policemen, firemen and jail guards.

SEC. 39. Ineligibility of High-Level Employees to Join Rank-and-File Employees' Organization.—High-level employees whose functions are normally considered as policy-making or managerial or whose duties are of highly confidential in nature shall not be eligible to join the organization of rank-and-file government employees.

SEC. 40. Protection of the Right to Organize.—(1) Government employees shall not be discriminated against in respect of their employment by reason of their membership in employees' organizations or participation in

the normal activities of their organizations. Their employment shall not be subject to the condition that they shall not join or shall relinquish their membership in the employees' organizations.

(2) Government authorities shall not interfere in the establishment, functioning or administration of government employees' organizations through acts designed to place such organizations under the control of government authority.

SEC. 41. Registration of Employees' Organization.—Government employees' organizations shall register with the Civil Service Commission and the Department of Labor and Employment. The application shall be filed with the Bureau of Labor Relations of the Department which shall process the same in accordance with the provisions of the Labor Code of the Philippines. Applications may also be filed with the Regional Offices of the Department of Labor and Employment which shall immediately transmit the said applications to the Bureau of Labor Relations within three (3) days from receipt thereof.

SEC. 42. Certificate of Registration.—Upon approval of the application, a registration certificate shall be issued to the organization recognizing it as a legitimate employees' organization with the right to represent its members and undertake activities to further and defend its interests. The corresponding certificates of registration shall be jointly approved by the Chairman of the Civil Service Commission and the Secretary of Labor and Employment.

SEC. 43. Appropriate Organizational Unit.—The appropriate organizational unit shall be the employer's unit consisting of rank-and-file employees unless circumstances otherwise require.

SEC. 44. Sole and Exclusive Employees' Representatives.—(1) The duly registered employees' organization having the support of the majority of the employees in the appropriate organizational unit shall be designated as the sole and exclusive representative of the employees.

(2) A duly registered employees' organization shall be accorded voluntary recognition upon a showing that no other

employees' organization is registered or is seeking registration, based on the records of the Bureau of Labor Relations, and that the said organization has the majority support of the rank-and-file employees in the organizational unit.

(3) Where there are two or more duly registered employees' organizations in the appropriate organizational unit, the Bureau of Labor Relations shall, upon petition, order the conduct of a certification election and shall certify the winner as the exclusive representative of the rank-and-file employees in said organizational unit.

SEC. 45. The Public Sector Labor-Management Council.—A Public Sector Labor-Management Council is hereby constituted to be composed of the following: The Chairman of the Civil Service Commission, as Chairman; the Secretary of Labor and Employment, as Vice-Chairman; and the Secretary of Finance, the Secretary of Justice and the Secretary of Budget and Management, as members.

The Council shall implement and administer the provisions of this Chapter. For this purpose, the Council shall promulgate the necessary rules and regulations to implement this Chapter.

CHAPTER 7—Discipline

SEC. 46. Discipline: General Provisions.—(a) No Officer or employee in the Civil Service shall be suspended or dismissed except for cause as provided by law and after due process.

(b) The following shall be grounds for disciplinary action:

- (1) Dishonesty;
- (2) Oppression;
- (3) Neglect of duty;
- (4) Misconduct;
- (5) Disgraceful and immoral conduct;
- (6) Being notoriously undesirable;
- (7) Discourtesy in the course of official duties;
- (8) Inefficiency and incompetence in the performance of official duties;

- (9) Receiving for personal use of a fee, gift or other valuable thing in the course of official duties or in connection therewith when such fee, gift, or other valuable thing is given by any person in the hope of expectation of receiving a favor or better treatment than that accorded other persons, or committing acts punishable under the anti-graft laws;
- (10) Conviction of a crime involving moral turpitude;
- (11) Improper or unauthorized solicitation of contributions from subordinate employees and by teachers or school officials from school children;
- (12) Violation of existing Civil Service Law and rules or reasonable office regulations;
- (13) Falsification of official document;
- (14) Frequent unauthorized absences or tardiness in reporting for duty, loafing or frequent unauthorized absences from duty during regular office hours;
- (15) Habitual drunkenness;
- (16) Gambling prohibited by law;
- (17) Refusal to perform official duty or render overtime service;
- (18) Disgraceful, immoral or dishonest conduct prior to entering the service;
- (19) Physical or mental incapacity or disability due to immoral or vicious habits;
- (20) Borrowing money by superior officers from subordinates or lending by subordinates to superior officers;
- (21) Lending money at usurious rates of interest;
- (22) Wilful failure to pay just debts or wilful failure to pay taxes due to the government;
- (23) Contracting loans of money or other property from persons with whom the office of the employee concerned has business relations;

- (24) Pursuit of private business, vocation or profession without the permission required by Civil Service rules and regulations;
- (25) Insubordination;
- (26) Engaging directly or indirectly in partisan political activities by one holding a non-political office;
- (27) Conduct prejudicial to the best interest of the service;
- (28) Lobbying for personal interest or gain in legislative halls or offices without authority;
- (29) Promoting the sale of tickets in behalf of private enterprises that are not intended for charitable or public welfare purposes and even in the latter cases if there is no prior authority;
- (30) Nepotism as defined in Section 60 of this Title.

(c) Except when initiated by the disciplining authority, no complaint against a civil service official or employee shall be given due course unless the same is in writing and subscribed and sworn to by the complainant.

(d) In meting out punishment, the same penalties shall be imposed for similar offenses and only one penalty shall be imposed in each case. The disciplining authority may impose the penalty of removal from the service, demotion in rank, suspension for not more than one year without pay, fine in an amount not exceeding six months' salary, or reprimand.

SEC. 47. Disciplinary Jurisdiction.—(1) The Commission shall decide upon appeal all administrative disciplinary cases involving the imposition of a penalty of suspension for more than thirty days, or a fine in an amount exceeding thirty days' salary, demotion in rank or salary or transfer, removal or dismissal from office. A complaint may be filed directly with the Commission by a private citizen against a government official or employee in which case it may hear and decide the case or it may deputized any department or agency or official or group of officials to conduct the investigation. The results of the investigation shall be

submitted to the Commission with recommendation as to the penalty to be imposed or other action to be taken.

(2) The Secretaries and heads of agencies and instrumentalities, provinces, cities and municipalities shall have jurisdiction to investigate and decide matters involving disciplinary action against officers and employees under their jurisdiction. Their decisions shall be final in case the penalty imposed is suspension for not more than thirty days or fine in an amount not exceeding thirty days' salary. In case the decision rendered by a bureau or office head is appealable to the Commission, the same may be initially appealed to the department and finally to the Commission and pending appeal, the same shall be executory except when the penalty is removal, in which case the same shall be executory only after confirmation by the Secretary concerned.

(3) An investigation may be entrusted to regional director or similar officials who shall make the necessary report and recommendation to the chief of bureau or office or department within the period specified in Paragraph (4) of the following Section.

(4) An appeal shall not stop the decision from being executory, and in case the penalty is suspension or removal, the respondent shall be considered as having been under preventive suspension during the pendency of the appeal in the event he wins an appeal.

SEC. 48. Procedures in Administrative Cases Against Non-Presidential Appointees.—(1) Administrative proceedings may be commenced against a subordinate officer or employee by the Secretary or head of office of equivalent rank, or head of local government, or chiefs of agencies, or regional directors, or upon sworn, written complaint of any other person.

(2) In the case of a complaint filed by any other persons, the complainant shall submit sworn statements covering his testimony and those of his witnesses together with his documentary evidence. If on the basis of such papers a *prima facie* case is found not to exist, the disciplining authority shall dismiss the case. If a *prima facie* case exist,

he shall notify the respondent in writing, of the charges against the latter, to which shall be attached copies of the complaint, sworn statements and other documents submitted, and the respondent shall be allowed not less than seventy-two hours after receipt of the complaint to answer the charges in writing under oath, together with supporting sworn statements and documents, in which he shall indicate whether or not he elects a formal investigation if his answer is not considered satisfactory. If the answer is found satisfactory, the disciplining authority shall dismiss the case.

(3) Although a respondent does not request a formal investigation, one shall nevertheless be conducted when from the allegations of the complaint and the answer of the respondent, including the supporting documents, the merits of the case cannot be decided judiciously without conducting such investigation.

(4) The investigation shall be held not earlier than five days nor later than ten days from the date of receipt of respondent's answer by the disciplining authority, and shall be finished within thirty days from the filing of the charges, unless the period is extended by the Commission in meritorious cases. The decision shall be rendered by the disciplining authority within thirty days from the termination of the investigation or submission of the report of the investigator, which report shall be submitted within fifteen days from the conclusion of the investigation.

(5) The direct evidence for the complainant and the respondent shall consist of the sworn statement and documents submitted in support of the complaint or answer, as the case may be, without prejudice to the presentation of additional evidence deemed necessary but was unavailable at the time of the filing of the complaint or answer, upon which the cross-examination, by respondent and the complainant, respectively shall be based. Following cross-examination, there may be redirect and recross-examination.

(6) Either party may avail himself of the services of counsel and may require the attendance of witnesses and the production of documentary evidence in his favor through the compulsory process of *subpoena* or *subpoena duces tecum*.

(7) The investigation shall be conducted only for the purpose of ascertaining the truth and without necessarily adhering to technical rules applicable in judicial proceedings. It shall be conducted by disciplining authority concerned or his authorized representatives.

The phrase "any other party" shall be understood to be a complainant other than those referred to in subsection (a) hereof.

SEC. 49. *Appeals*.—(1) Appeals, where allowable, shall be made by the party adversely affected by the decision within fifteen days from receipt of the decision unless a petition for reconsideration is seasonably filed, which petition shall be decided within fifteen days. Notice of the appeal shall be filed with the disciplining office, which shall forward the records of the case, together with the notice of appeal, to appellate authority within fifteen days from filing of the notice of appeal, with its comment, if any. The notice of appeal shall specifically state the date of the decision appealed from and the date of receipt thereof. It shall also specifically set forth clearly the grounds relied upon for excepting from the decision.

(2) A petition for reconsideration shall be based only on any of the following grounds: (a) new evidence has been discovered which materially affects the decision rendered; (b) the decision is not supported by the evidence on record; or (c) errors of law or irregularities have been committed which are prejudicial to the interest of the respondent; *Provided*, That only one petition for reconsideration shall be entertained.

SEC. 50 *Summary Proceedings*.—No formal investigation is necessary and the respondent may be immediately removed or dismissed if any of the following circumstances is present:

(1) When the charge is serious and the evidence of guilt is strong;

(2) When the respondent is a recidivist or has been repeatedly charged and there is reasonable ground to believe that he is guilty of the present charge; and

(3) When the respondent is notoriously undesirable.

Resort to summary proceedings by the disciplining authority shall be done with utmost objectivity and impartiality to the end that no injustice is committed: *Provided*, That removal or dismissal except those by the President, himself or upon his order, may be appealed to the Commission.

SEC. 51. *Preventive Suspension*.—The proper disciplining authority may be preventively suspend any subordinate officer or employee under his authority pending investigation, if the charge against such officer or employee involves dishonesty, oppression or grave misconduct, or neglect in the performance of duty, or if there are reasons to believe that the respondent is guilty of charges which would warrant his removal from the service.

SEC. 52. *Lifting of Preventive Suspension Pending Administrative Investigation*.—When the administrative case against the officer or employee under preventive suspension is not finally decided by the disciplining authority within the period of ninety (90) days after the date of suspension of the respondent who is not a presidential appointee, the respondent shall be automatically reinstated in the service; *Provided*, That when the delay in the disposition of the case is due to the fault, negligence or petition of the respondent, the period of delay shall not be counted in computing the period of suspension herein provided.

SEC. 53. *Removal of Administrative Penalties or Disabilities*.—In meritorious cases and upon recommendation of the Commission, the President may commute or remove administrative penalties or disabilities imposed upon officers or employees in disciplinary cases, subject to such terms and conditions as he may impose in the interest of the service.

CHAPTER 8—Prohibitions

SEC. 54. *Limitation on Appointment*.—(1) No elective official shall be eligible for appointment or designation in any capacity to any public office or position during his tenure.

(2) No candidate who has lost in any election shall, within one year after election, be appointed to any office in the Government or any government-owned or controlled corporations or in any of its subsidiaries.

(3) Unless otherwise allowed by law or by the primary functions of his position, no appointive official shall hold any other office or employment in the Government or any subdivision, agency or instrumentality thereof, including government-owned or controlled corporations or their subsidiaries.

SEC. 55. *Political Activity*.—No officer or employee in the Civil Service including members of the Armed Forces, shall engage directly or indirectly in any partisan political activity or take part in any election except to vote nor shall he use his official authority or influence to coerce the political activity of any other person or body. Nothing herein provided shall be understood to prevent any officer or employee from expressing his views on current political problems or issues, or from mentioning the names of candidate for public office whom he supports: *Provided*, That public officers and employees holding political offices may take part in political and electoral activities but shall be unlawful for them to solicit contributions from their subordinates or subject them to any of the acts involving subordinates prohibited in the Election Code.

SEC. 56. *Additional or Double Compensation*.—No elective or appointive public officer or employees shall receive additional or double compensation unless specifically authorized by law nor accept without the consent of the President, any present, emolument, office, or title of any kind from any foreign state.

Pensions and gratuities shall not be considered as additional, double or indirect compensation.

SEC. 57. *Limitations on Employment of Laborers*.—Laborers, whether skilled, semi-skilled or unskilled, shall not be assigned to perform clerical duties.

SEC. 58. *Prohibition on Detail or Reassignment*.—No detail or reassignment whatever shall be made within three (3) months before any election.

SEC. 59. Nepotism.—(1) All appointment in the national, provincial, city and municipal governments or in any branch or instrumentality thereof, including government-owned or controlled corporations, made in favor of a relative of the appointing or recommending authority, or of the chief of the bureau or office, or of the persons exercising immediate supervision over him, are hereby prohibited.

As used in this Section, the word "relative" and members of the family referred to are those related within the third degree either of consanguinity or of affinity.

(2) The following are exempted from the operation of the rules on nepotism: (a) persons employed in a confidential capacity, (b) teachers, (c) physicians, and (d) members of the Armed Forces of the Philippines: *Provided, however,* That in each particular instance full report of such appointment shall be made to the Commission.

The restriction mentioned in subsection (1) shall not be applicable to the case of a member of any family who, after his her appointment to any position in an office or bureau, contracts marriage with someone in the same office of bureau, in which event the employment or retention therein of both husband and wife may be allowed.

(3) In order to give immediate effect to these provisions, cases of previous appointment which are in contravention hereof shall be corrected by transfer, and pending such transfer, no promotion or salary increase shall be allowed in favor of the relatives or relatives who were appointed in violation of these provisions.

CHAPTER 9—Leave of Absence

SEC. 60. Leave of Absence.—Officers and employees in the Civil Service shall be entitled to leave of absence, with or without pay, as may be provided by law and the rules and regulations of the Civil Service Commission in the interest of the service.

CHAPTER 10—Miscellaneous Provisions

SEC. 61. Examining Committee, Special Examiners and Special Investigators.—Subject to approval by the proper

head of a department or agency, the Commission may select suitable persons in the government service to act as members of examining committees, special examiners or special investigators. Such person shall be designated examiners or investigators of the Commission and shall perform such duties as the Commission may require, and in the performance of such duties they shall be under its exclusive control.

Examining committees, special examiners or special investigators so designated may be given allowances or per diems for their services, to be paid out of the funds of, and at a rate to be determined by, the Commission.

SEC. 62. Fees.—The Commission shall collect and charge fees for civil service examinations, certifications of civil service ratings, service records, and other civil service matters, training courses, seminars, workshops in personnel management and other civil service matters. For this purpose, the Commission shall prescribe standard and reasonable rates for such examinations, certifications, training courses, seminars, and workshops: *Provided,* That no examination fees shall be collected in examinations given for the selection of scholars.

SEC. 63. Income.—The income of the Commission from fees, costs for services it may assess and levy, and such other proceeds generated in the performance of its functions shall be directly utilized by the Commission for its expenses.

SEC. 64. Authority of Officers to Administer Oaths, Take Testimony, Prosecute and Defend Cases in Court.—Members of the Commission, chiefs of offices, and other officers and employees of the Commission designated in writing by the Chairman may administer such oath as may be necessary in the transactions of official business and administer oaths and take testimony in connection with any authorized investigation. Attorneys of the Commission may prosecute and defend cases in connection with the functions of the Commission before any court or tribunal.

SEC. 65. Liability of Appointing Authority.—No person employed in the Civil Service in violation of the Civil Service Law and rules shall be entitled to receive pay from the

government; but the appointing authority responsible for such unlawful employment shall be personally liable for the pay that would have accrued had the employment been lawful, and the disbursing officials shall make payment to the employee of such amount from the salary of the officers so liable.

SEC. 66. Liability of Disbursing Officers.—Except as may otherwise be provided by law, it shall be unlawful for a treasurer or other fiscal officer to draw or retain from the salary due an officer or employee any amount for contribution or payment of obligations other than those due the government or its instrumentalities.

SEC. 67. Penal Provision.—Whoever makes any appointment or employs any person in violation of any provision of this Title or the rules made thereunder or whoever commits fraud, deceit or intentional misrepresentation of material facts concerning other civil service matters, or whoever violates, refuses or neglects to comply with any of such provisions or rules, shall upon conviction be punished by a fine not exceeding one thousand pesos or by imprisonment not exceeding six (6) months, or both such fine and imprisonment in the discretion of the court.

SUBTITLE B—THE COMMISSION ON AUDIT

CHAPTER 1—General Provisions

SECTION 1. Declaration of Policy.—All resources of the government shall be managed, expanded, or utilized in accordance with law and regulations and safeguarded against loss or wastage through illegal or improper disposition to ensure efficiency, economy and effectiveness in the operations of government. The responsibility to take care that such policy is faithfully adhered to rests directly with the chief or head of the government agency concerned.

SEC. 2. Definition of Terms.—Unless the context otherwise requires, when used in this Title:

- (1) "Fund" is a sum of money or other resources set aside for the purpose of carrying out specific activities or

attaining certain objectives in accordance with special regulations, restrictions, or limitations, and constitutes an independent fiscal and accounting entity.

- (2) "Government funds" includes public moneys or every sort and other resources pertaining to any agency of the Government.

- (3) Revenue funds" comprises all funds derived from the income of any agency of the Government and available for appropriation or expenditure in accordance with law.

- (4) "Trust funds" refers to funds which have come officially into the possession of any agency of the Government or of a public officer as trustee, agent, or administrator, or which have been received for the fulfillment of some obligation.

- (5) "Depository funds" comprised funds over which the officer accountable therefor may retain control for the lawful purposes for which they came into his possession. It embraces moneys in any and all depositories.

- (6) "Depository" refers to any financial institution lawfully authorized to receive government moneys upon deposit.

- (7) "Resources" refers to the actual assets of any agency of the Government such as cash, instruments representing or convertible to money, receivables, lands, buildings, as well as contingent assets, such as estimated revenues applying to the current fiscal period not accrued or collected, and bonds authorized and unissued.

- (8) "Government agency" or "agency of the government," or "agency" refers to any department, bureaus or office of the National Government, or any of its branches and instrumentalities, or any political subdivision, as well as any government-owned or controlled corporation, including its subsidiaries, or other self-governing board or commission of the Government.

CHAPTER 2—Organization of the Commission on Audit

SEC. 3. The Commission Proper.—The Commission Proper shall be composed of the Chairman and two

Commissioners. It shall sit as a body to formulate policies, promulgate rules and regulations, and prescribe standards governing the discharge of its powers and functions.

SEC. 4. The Chairman.—The Chairman shall act as Presiding Officer of the Commission Proper and Chief Executive Officer of the Commission. The Chairman may be assisted by the commissioners in the general administration of the Commission. He shall perform the following duties:

- (1) Control and supervise the general administration of the commission;
- (2) Direct and manage the implementation and execution of policies, standards, rules and regulations of the commission;
- (3) Control and supervise the audit of highly technical or confidential transactions or accounts of any government agency;
- (4) Perform such other related functions as may be assigned from time to time by the Chairman.

SEC. 5. Offices of the Commissioners.—There shall be two (2) Commissioners who shall assist the Chairman, upon proper delegation in the general administration of the Commission. They shall assist in the review and evaluation of existing policies as well as in the formulation of new ones.

SEC. 6. The Commission Secretariat.—The Commission Secretariat shall be headed by the Secretary to the Commission who shall have the privileges of a COA service chief. The Commission Secretariat shall perform the following functions:

- (1) Prepare the agenda for the sessions of the Commission Proper;
- (2) Prepare and keep the minutes of all sessions, hearings and conferences of the Commission Proper;
- (3) Maintain the records of the Commission proper; and
- (4) Perform such related functions as may be assigned by the Chairman of the Commission Proper.

CHAPTER 3—Offices

SEC. 7. Central Offices.—The Commission shall have the following central offices:

(1) The Administrative Office shall be headed by a Director and shall perform the following functions:

- (a) Develop and maintain a personnel program which shall include recruitment, selection, appointment, performance evaluation, employee relations, and welfare services;
- (b) Provide the Commission with services related to personnel, records, supplies, equipment, medical, collections and disbursements, and other related services; and
- (c) Perform such other related functions as may be assigned from time to time by the Chairman.

(2) The Planning, Financial and Management Office shall:

- (a) Formulate long range and annual plan and programs for the Commission;
- (b) Formulate basic policies and guidelines for the preparation of the budget of the Commission, coordinate with the Department of Budget and Management, and the Office of the President in the preparation of the said budget;
- (c) Maintain and administer the accounting system pertaining to the accounts of the Commission;
- (d) Develop and maintain the management information system of the Commission;
- (e) Develop and administer a management improvement program, including a system for measurement of performance of auditing units on which an annual report shall be submitted to the Chairman not later than the 31st of January of each year;
- (f) Render consultancy services related to the discharge of government auditing functions; and
- (g) Perform such other related functions as may be assigned from time to time by the Chairman.

(3) The State Accounting and Auditing Development Office shall be headed by a Director and shall perform the following functions:

(a) Formulate long range plans for a comprehensive training program for all personnel of the Commission and personnel of the agencies of government, with respect to Commission rules and regulations and audit matters;

(b) Prepare and implement annual training programs, consistent with its long range plans;

(c) Develop its capabilities to implement training programs;

(d) Publish the professional journal of the Commission;

(e) Establish and maintain such training centers and libraries as may be authorized by the Commission; and

(f) Perform such other related functions as may be assigned from time to time by the Chairman.

(4) The Accountancy Office shall be headed by a Director and shall perform the following functions:

(a) Prepare for the Commission, the Annual Financial Report of the National Government and such other financial or statistical works as may be required by the Commission;

(b) Maintain the accounts of the current surplus of the general fund of the national government;

(c) Verify appropriations of national government agencies and control fund releases pertaining thereto; and

(d) Assist in the formulation of the accounting rules and regulations and supervise the implementation of such rules and regulations in government agencies.

(5) The Special Audits Office shall be headed by a Director and shall perform the following functions:

(a) Conduct, consistent with the exercise by the Commission of its visitorial powers conferred by the valuable scope audit of non-governmental firms

subsidized by the government (1) required to pay levies or government shares; (2) those funded by donations through the government; and (3) those for which the government has put up a counterpart fund. Such audits shall be limited to the funds coming from the government;

(b) Undertake, on a selective basis, financial compliance, economy, efficiency and effectiveness audit of national agencies and local government units, government-owned or controlled corporations, and other self-governing boards, commissions, or agencies of government, as well as specific programs and projects of the government;

(c) Audit financial operations of public utilities and franchise grantees for rate determination and franchise tax purposes;

(d) Conduct such other special audits as may be directed by the Chairman; and

(e) Perform such other related functions as may be assigned from time to time by the Chairman.

(6) The Technical Services Office shall perform the following functions:

(a) Review and evaluate contracts with emphasis on the engineering and other technical aspects;

(b) Inspect and appraise infrastructure projects, deliveries of materials and equipment, and property for disposal;

(c) Develop and administer a system for monitoring the prices of materials, supplies, and equipment purchased by the government;

(d) Initiate special studies on technical matters related to auditing; and

(e) Perform such other related functions as may be assigned from time to time by the Chairman.

(7) The Legal Office shall be headed by a General Counsel with the rank and privileges of a director and which shall perform the following functions:

(a) Perform advisory and consultative functions and render legal services with respect to the performance of the functions of the Commission and the interpretation of the pertinent laws and regulations;

(b) Handle the investigation of administrative cases filed against the personnel of the Commission, evaluate and act on all reports of involvement of the said personnel in anomalies or irregularities in government transactions, and perform any other investigative work required by the Commission upon assignment by the Chairman;

(c) Represent the Commission in preliminary investigation of malversation and similar cases discovered in audit, assist and collaborate with the prosecuting agencies of Government in the prosecution thereof, and assist and collaborate with the Solicitor General in handling civil cases involving the Chairman or any of the Commissioners and other officials and employees of the Commission in their official capacity;

(d) Extend assistance by way of legal advice or counsel to auditors of the Commission who face harassment or retaliatory suits, whether civil or criminal, in consequence of the performance of their official functions;

(e) Coordinate and initiate for the Commission, with appropriate legal bodies of government with respect to legal proceedings towards the collection and enforcement of debts and claims, and the restitution of funds and property, found to be due any government agency in the settlement and adjustment of its accounts by the Commission; and

(f) Perform such other related functions as may be assigned from time to time by the Chairman.

(8) The National Government Audit Offices I and II shall be headed by a Director and which shall perform the following functions:

(a) Exercise control and supervision over the implementation of auditing rules and regulations in agencies of national government in the National Capital Region (NCR), including self-governing boards, commission or agencies funded from national appropriations;

(b) Review audit reports covering agencies of the national government under its audit jurisdiction;

(c) Exercise control and supervision over personnel, planning, financial (budgetary and accounting), and legal matters pertaining to the Office and the Auditing Units under it;

(d) Formulate and develop plans, operating standards, methods and techniques for the implementation of auditing rules and regulations for agencies of the national government;

(e) Formulate accounting and auditing rules and regulations for agencies of the national government;

(f) Advise and assist the Chairman on matters pertaining to the audit of agencies of the national government under their respective jurisdictions; and

(g) Perform such other related functions as may be assigned from time to time by the Chairman.

(9) The Corporate Audit Office shall be headed by a Director and shall perform the following functions:

(a) Exercise control and supervision over the implementation of auditing rules and regulation in the government-owned or controlled corporations in the National Capital Region;

(b) Review audit reports covering government-owned or controlled corporations;

(c) Exercise control and supervision over personnel, planning, financial (budgetary and accounting), and legal matters pertaining to the Office and the Auditing units under it;

(d) Formulate and develop plans, operating standards, methods and techniques for the implementation of accounting and auditing rules and regulation in government-owned or controlled corporations;

(e) Formulate accounting and auditing rules and regulations for government-owned or controlled corporations;

(f) Prepare for the Commission, the annual financial report of government-owned or controlled corporations; and

(g) Advise and assist the Chairman on matters pertaining to the audit of government-owned or controlled corporations; and

(h) Perform such other related functions as may be assigned from time to time by the Chairman.

(10) The Local Governments Audit Office shall be headed by a director and shall perform the following functions:

(a) Exercise control and supervision over the implementation of auditing rules and regulations in local government units in the National Capital Region;

(b) Review audit reports covering local government units in the National Capital Region;

(c) Exercise control and supervision over personnel, planning, financial (budgetary and accounting), and legal matters pertaining to the Office and Auditing units under it;

(d) Formulate and develop plans, operating standards, methods and techniques for the implementation of auditing rules and regulations in local government units;

(e) Formulate accounting and auditing rules and regulations for local government units;

(f) Prepare for the Commission, the annual financial report of local government units;

(g) Advise and assist the Chairman on matters pertaining to the audit of local government units; and

(h) Perform such other related functions as may be assigned from time to time by the Chairman.

SEC. 8. Auditing Units in Regional Offices: Structure and Functions.—The Regional Offices in Regions I to XII, each to be headed by a Director shall perform the following functions:

(1) Exercise supervision and control over the implementation of auditing rules and regulations in any agency of the government with principal office or place of operations within the regions;

(2) Review local, national and corporate audit reports pertaining to the region;

(3) Exercise control and supervision over personnel, planning, financial (budgetary and accounting), and legal matters pertaining to the region; and

(4) Perform such other related functions as may be assigned by the Chairman.

SEC. 9. Auditing Units in Government Agencies: Structure and Functions.—The Auditing Units in government agencies shall perform the following functions:

(1) Examine, audit and settle all accounts, funds, financial transactions and resources of government agencies under their jurisdiction;

(2) Submit audit reports and such other reports as may be required by the Commission;

(3) Keep and preserve expense vouchers, journal vouchers, stubs of treasury warrants and checks, reports of collections and disbursements and similar documents together with their supporting papers, under regulations of the Commission; and

(4) Perform such other functions as may be assigned to them by the Chairman.

CHAPTER 4—Jurisdiction, Powers and Functions of the Commission

SEC. 10. Statement of Objectives.—In keeping with the constitutional mandate, the Commission adheres to the following objectives:

(1) Determine whether or not the fiscal responsibility that rests directly with the head of the government agency has been properly and effectively discharged;

(2) Develop and implement a comprehensive audit program that shall encompass an examination of financial transactions, accounts and reports, including evaluation of compliance with applicable laws and regulations;

(3) Institute control measures through the promulgation of auditing and accounting rules and regulations governing the receipts, disbursement, and uses of funds and property, consistent with the total economic development efforts of the Government;

(4) Promulgate auditing and accounting rules and regulations so as to facilitate the keeping, and enhance the information value of the accounts of the Government;

(5) Institute measures designed to preserve and ensure the independence of its representatives; and

(6) Endeavor to bring its operations close to the people by the delegation of authority through decentralization, consistent with the provision of the Constitutions and the laws.

SEC. 11. *General Jurisdiction.*—(1) The Commission on Audit shall have the power, authority, and duty to examine, audit, and settle all accounts pertaining to the revenue and receipts of, and expenditures or uses of funds and property, owned or held in trust by, or pertaining to, the Government, or any of its subdivisions, agencies, or instrumentalities, including government-owned or controlled corporations with original charters, and on a post-audit basis: (a) constitutional bodies, commissions and offices that have been granted fiscal autonomy under this Constitution; (b) autonomous state colleges and universities; (c) other government-owned or controlled corporations and their subsidiaries; and (d) such non-governmental entities receiving subsidy or equity, directly or indirectly, from or through the Government, which are required by law or the granting institution to submit to such audit as a condition of subsidy or equity. However, where the internal control system of the audited agencies is inadequate, the Commission may adopt such measures, including temporary or special pre-audit, as are necessary and appropriate to correct the deficiencies. It shall keep the general accounts of the Government and, for such period as may be provided by law, preserve the vouchers and other supporting papers pertaining thereto.

(2) The Commission shall have exclusive authority, subject to the limitations in this Article, to define the scope of its audit and examination, establish the techniques and methods required therefor, and promulgate accounting and auditing rules and regulations, including those for the prevention and disallowance or irregular, unnecessary, excessive, extravagant, or unconscionable expenditures, or uses of government funds and properties.

SEC. 12. *Appointing Power.*—The Commission Proper shall appoint in accordance with the Civil Service Law, the officials and employees of the Commission whenever they are stationed or assigned.

SEC. 13. *Examining Authority.*—the Commission shall have authority to examine books, papers, documents filed by individuals and corporations with, and which are in the custody of, government offices in connection with government revenue collection operations, for the sole purpose of ascertaining that all funds determined by the appropriate agencies and collectible and due the Government have actually been collected, except as otherwise provided in the Internal Revenue Code of 1977.

SEC. 14. *Visitorial Authority.*—(1) The Commission shall have visitorial authority over non-governmental entities subsidized by the Government, those required to pay levies or have government shares, those which have received counterparts funds from the Government or are partly funded by donations through the Government. This authority, however, shall pertain only to the audit of those funds or subsidiaries coming from or through the Government; and

(2) Upon direction of the President, the Commission shall likewise exercise visitorial authority over non-governmental entities whose loans are guaranteed by the Government, provided that such authority shall pertain only to the audit of the government's contingent liability.

SEC. 15. *Fee for Audit and other Services.*—(1) The Commission shall fix and collect reasonable fees for the different services rendered to non-government entities that shall be audited in connection with their dealings with the Government arising from subsidiaries, counterpart funding by Government, or where audited records become the basis for a government levy or share. Fees of this nature shall be remitted to the Treasurer of the Philippines within ten (10) days following the completion of the audit; and

(2) Whenever the Commission contracts with any government entity to render audit related services beyond the normal scope of such services, the Commission is empowered to fix and collect reasonable fees. Such fees

shall either be appropriated in the agency's current budget, charged against its savings, or appropriated in its succeeding year's budget. Remittance shall accrue to the General Fund and shall be made to the Treasurer of the Philippines within the time provided for in the contract of service, or the billing rendered by the Commission.

SEC. 16. Deputization of Private Licensed Professionals to Assist Government Auditors.—(1) The Commission may, when the exigencies of the service so require, deputized and retain in the name of the Commission such certified public accountants and other licensed professionals not in the public service as it may deem necessary to assist government auditors in undertaking specialized audit engagements; and

(2) The deputized professionals shall be entitled to such compensation and allowances as may be stipulated, subject to pertinent rules and regulations on compensation and fees.

SEC. 17. Government Contracts for Auditing, Accounting and Related Services.—(1) No government agency shall enter into contract with any private person or firm for services to undertake studies and services relating to government auditing, including services to conduct, for a fee, seminars or workshops for government personnel on these topics, unless the proposed contract is first submitted to the Commission to enable it to determine if it has the resources to undertake such studies or services. The Commission may engage the services of experts from the public or private sectors in the conduct of those studies; and

(2) Should the Commission decide not to undertake the study or service, it shall nonetheless have the power to review the contract in order to determine the reasonableness of its costs.

SEC. 18. Settlement of Accounts Between Agencies.—The Commission shall have the power, under such regulation as it may prescribe, to authorize and enforce the settlement of accounts subsisting between agencies of the Government.

SEC. 19. Collection of Indebtedness Due to the Government.—The Commission shall, through proper

channels, assist in the collection and enforcement of all debts and claims, and the restitution of all funds or the replacement or payment as a reasonable price of property, found to be due the Government, or any of its subdivisions, agencies or instrumentalities, or any government-owned or controlled corporations or self-governing board, commission or agency of the Government, in the settlement and adjustment of its accounts. If any legal proceeding is necessary to that end, the Commission shall refer the case to the Solicitor General, the Government Corporate Counsel, or the Legal Staff of the Creditor Government Office or agency concerned to institute such legal proceeding. The Commission shall extend full support in the litigation. All such moneys due and payable shall bear interest at the legal rate from date of written demand by the Commission.

SEC. 20. Power to Compromise Claims.—(1) When the interest of the government so requires, the Commission may compromise or release in whole or in part, any settled claim or liability to any government agency not exceeding ten thousand pesos arising out of any matter or case before it or within its jurisdiction, and with the written approval of the President, it may likewise compromise or release any similar claim or liability not exceeding one hundred thousand pesos. In case the claim or liability exceeds one hundred thousand pesos, the application for relief therefrom shall be submitted, through the Commission and the President, with their recommendation to the Congress;

(2) The Commission may, in the interest of the Government, authorize the charging or the crediting to an appropriate account in the National Treasury, small discrepancies (overage or shortage) in the remittances to, and disbursements of, the National Treasury, subject to the rules and regulations as it may prescribe.

SEC. 21. Retention of Money for the Satisfaction of Indebtedness to Government.—When any person is indebted to any government agency, the Commission may direct the proper officer to withhold the payment of any money due such person or his estate to be applied in satisfaction of the indebtedness.

SEC. 22. Authority to Examine Accounts of Public Utilities.—(1) The Commission shall examine and audit the books, records and accounts of public utilities in connection with the fixing of rates of every nature, or in relation to the proceedings of the proper regulatory agencies, for the purpose of determining franchise taxes;

(2) Any public utility refusing to allow an examination and audit of its books of accounts and pertinent records, or offering unnecessary obstruction to the examination and audit, or found guilty of concealing any material information concerning its financial status shall be subject to the penalties provided by law; and

(3) During the examination and audit, the public utility concerned shall produce all the reports, records, books of accounts and such other papers as may be required. The Commission shall have the power to examine under oath any official or employee of the said utility.

SEC. 23. Submission of Papers Relative to Obligations.—

(1) The Commission shall have the power, for purposes of inspection, to require the submission of the original of any order, deed, contract, or other document under which any collection, or payment from, government funds may be made, together with any certificate, receipt, or other evidence in connection therewith. If authenticated copy is needed for record purposes, the copy shall upon demand be furnished;

(2) In the case of deed to property purchased by any other government agency, the Commission shall require a certificate of title entered in favor of the Government or other evidence satisfactory to it that the title is in the Government; and

(3) It shall be the duty of the officials or employees concerned, including those in non-government entities under audit, or affected in the audit of government and non-government entities, to comply with these requirements. Failure or refusal to do so without justifiable cause shall be a ground for administrative disciplinary action as well as for disallowing permanently a claim under examination, assessing additional levy or government share, or withholding or withdrawing government funding or donations through the Government.

SEC. 24. Investigatory and Inquisitorial Powers.—The Chairman or any Commissioner, the Central Office Managers, the Regional Directors, the Auditors of any government agency, and any other official or employee of the Commission specially deputed in writing for the purpose by the Chairman shall, in compliance with the requirement of due process, have the power to summon the parties to a case brought before the Commission for resolution, issue subpoena and *subpoena duces tecum*, administer oaths, and otherwise take testimony in any investigation or inquiry on any matter within jurisdiction of the Commission.

SEC. 25. Power to Punish Contempt.—The Commission shall have the power to punish contempt provided for in the Rules of Court under the same procedure and with the same penalties provided there. Any violation of any final and executory decision, order or ruling of the Commission shall constitute contempt of the Commission.

SEC. 26. Annual Report of the Commission.—(1) The Commission shall submit to the President, and the Congress not later than the last day of September of each year an annual report on the financial condition and results of operation of all agencies of the Government which shall include recommendations of measures necessary to improve the efficiency and effectiveness of these agencies;

(2) To carry out the purposes of this section, the Chief Accountant or the official in charge of keeping the accounts of government agency shall submit to the Commission year-end trial balances and such other supporting or subsidiary statements as may be required by the Commission not later than the fourteenth (14) day of February. Trial balances returned by the Commission for revision due to non-compliance with accounting rules and regulations shall be resubmitted within three days after the date of receipt by the official concerned; and

(3) Failure on the part of any official and employee to comply with the provisions of the immediately preceding paragraph shall cause the automatic suspension of the payment of his salary and other emoluments until he shall have complied therewith. The violation of these provisions for at least three (3) times shall subject the offender to administrative disciplinary action.

SEC. 27. Statement of Monthly Receipts and Disbursements.—The Commission shall forward to the Secretary of Finance, as soon as and within sixty (60) days after the expiration of each month, a statement of all receipts of the national government of whatever class, and payments of moneys made on warrants or otherwise during the preceding month.

SEC. 28. Powers, Functions, Duties of Auditors as Representatives of the Commission.—(1) The Auditors shall exercise such powers and functions as may be authorized by the Commission in the examination, audit and settlement of the accounts, funds financial transactions and resources of the agencies under their respective audit jurisdiction;

(2) A report of audit for each calendar year shall be submitted on the last working day of February following the close of the year by the head of each auditing unit through the Commission to the head or the governing body of the agency concerned, and copies thereof shall be furnished the government officials concerned or authorized to receive them. Subject to such rules and regulations as the Commission may prescribe, the report shall set forth the scope of audit and shall include statements of financial conditions, surplus or deficit analysis, operations, changes in financial position, and such comments and information as may be necessary together with such recommendations with respect thereto as may be advisable, including a report of any impairment of capital noted in the audit. It shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of audit which in the opinion of the auditor has been carried out or made without authority of law. The auditor shall render such other reports as the Commission may require;

(3) In the performance of their respective audit functions as herein specified, the auditors shall employ such auditing procedures and techniques as are determined by the Commission under regulations that it may promulgate; and

(4) The auditors in all auditing units shall have the custody and be responsible for the safekeeping and preservation of paid expense vouchers, journal vouchers,

stubs of treasury warrants or checks, reports of collections and disbursements and similar documents, together with their respective supporting papers, under regulations of the Commission.

SEC. 29. Check and Audit of Property or Supplies.—The auditor shall from time to time conduct a careful and thorough check and audit of all property or supplies of the agency to which he is assigned. Such check and audit shall not be confined to a mere inspection and examination of the pertinent vouchers, inventories, and other papers but shall include an ocular verification of the existence and condition of the property or supplies. The recommendation of the auditor shall be embodied in the proper report.

SEC. 30. Annual Audit and Work Program.—Each Auditor who is head of an auditing unit shall develop and devise as annual work program and the necessary audit program for his unit in accordance with regulations of the Commission.

SEC. 31. Seizure of Office by Auditor.—(1) The books, accounts, papers and cash of any local treasurer or other accountable officer shall at all times be open to the inspection of the Commission or its authorizing representative;

(2) In case an examination of an accounts of a local treasurer discloses a shortage in cash which should be on hand, it shall be the duty of the examining officer to seize the office and its contents, notify the Commission and the local chief executive, thereupon immediately take full possession of the office and its contents, close and render his accounts to the date of taking possession, and temporarily continue the public business of such office; and

(3) The auditor who takes possession of the office of the local treasurer under this section shall *ipso facto* supersede the local treasurer until the officer involved is restored, or another person has been appointed or designated to the position or other provision has been lawfully made for filing the office.

SEC. 32. Constructive Distrain of Property of Accountable Officer.—(1) Upon discovery of a shortage in the accounts of

any accountable officer and upon finding of a *prima facie* case of malversation of public funds or property against him, in order to safeguard the interest of the Government, the Commission may place under constructive distraint personal property of the accountable officer concerned where there is reasonable ground to believe that the said officer is retiring from the government service or intends to leave the Philippines or remove his property therefrom or hide or conceal his property;

(2) The constructive distraint shall be effected by requiring the accountable officer concerned or any other person having possession or control of the property to accomplish a receipt, in the form prescribed by the Commission, covering the property distrained and obligate himself to preserve the same intact and unaltered and not to dispose of its in any manner whatever without the express authority of the Commission; and

(3) In case the said accountable officer or other person having the possession and control of the property sought to be placed under constructive distraint refuses or fails to accomplish the receipt herein referred to, the representative of the Commission effecting the constructive distraint shall proceed to prepare a list of such property and, in the presence of two (2) witnesses, leave a copy thereof in the premises where the property distrained is located, after which the said property shall be deemed to have been placed under constructive distraint.

CHAPTER 5—Decisions of the Commission

SEC. 33. *Appeal from Decision of Auditors.*—Any person aggrieved by the decision of an auditor of any government agency in the settlement of an account or claim may, within six(6) months from receipt of a copy thereof, appeal in writing to the Commission.

SEC. 34. *Period for Rendering Decisions of the Commission.*—The Commission shall decide any case brought before it within sixty (60) days from the date of its submission for resolution. If the account or claim involved

in the case needs reference to other persons or offices, or to a party interested, the period shall be counted from the time the last comment necessary to a proper decision is received by it.

SEC. 35. *Appeal from Decisions of the Commission.*—Any decision, order or ruling of the Commission may be brought to the Supreme Court on *certiorari* by the aggrieved party within thirty days from his receipt of a copy thereof in the manner provided by law and the Rules of Court. When the decision, order or ruling adversely affects the interest of any government agency, the appeal may be taken by the proper head of that agency.

SEC. 36. *Finality of Decision of the Commission or Any Auditor.*—A decision of the Commission or of any Auditor upon any matter within its or his jurisdiction, if not appealed as herein provided, shall be final and executory.

SEC. 37. *Opening and Revision of Settled Accounts.*—(1) At any time before the expiration of three (3) years after the settlement of any account by an auditor, the Commission may *motu proprio* review and revise the account or settlement and certify a new balance. For this purpose, it may require any account, vouchers or other papers connected with the matter to be forwarded to it;

(2) When any settled account appears to be tainted with fraud, collusion, or error of calculation, or when new and material evidence is discovered, the Commission may, within three (3) years after the original settlement, open the account and, after a reasonable time for reply or appearance of the party concerned, certify thereon a new balance. An auditor may exercise the same power with respect to settled accounts pertaining to the agencies under his audit jurisdiction; and

(3) Accounts once finally settled shall in no case be opened or reviewed except as herein provided.

CHAPTER 6—Government Auditing and Accounting

SEC. 38. *Definition of Government Auditing.*—Government auditing is the analytical and systematic examination and verification of financial transactions,

operations, accounts and reports of any government agency for the purpose of determining their accuracy, integrity and authenticity, and satisfying the requirements of law, rules and regulations.

SEC. 39. General Standards.—(1) The audit shall be performed by a person possessed with adequate technical training and proficiency as auditor;

(2) In all matters relating to the audit work, the auditor shall maintain complete independence, impartiality and objectivity and shall avoid any possible compromise of his independence or any act which may create a presumption of lack of independence or the possibility of undue influence in the performance of his duties; and

(3) The auditor shall exercise due professional care and be guided by applicable laws, regulations and the generally accepted principles of accounting in the performance of the audit work as well as in the preparation of audit and financial reports.

SEC. 40. Definition of Government Accounting.—Government accounting includes the processes of analyzing, recording, classifying, summarizing and communicating all transactions involving the receipt and dispositions of government funds and property, and interpreting the results thereof.

SEC. 41. Objectives of Government Accounting.—Government accounting shall aim to produce information concerning past operations and present conditions; provide a basis for guidance for future operations; provide for control of the acts of public bodies and officers in the receipt, disposition and utilization of funds and property; and report on the financial position and the results of operations of government agencies for the information of all persons concerned.

CHAPTER 7—Receipt and Disposition of Funds and Property

SEC. 42. Accounting for Money and Property Received by Public Officials.—Except as may otherwise be specifically provided by law or competent authority, all moneys and

property officially received by a public officer in any capacity or upon any occasion must be accounted for as government funds and government property: Government property shall be taken up in the books of the agency concerned at acquisition cost or an appraised value.

SEC. 43. Special, Fiduciary and Trust Funds.—Receipts shall be recorded as income of Special, Fiduciary or Trust Funds or Funds other than the General Fund only when authorized by law as implemented pursuant to law.

SEC. 44. Issuance of Official Receipts.—(1) No payment of any nature shall be received by a collecting officer without immediately issuing an official receipt in acknowledgement thereof. The receipt may be in the form of postage, internal revenue or documentary stamps and the like, or officially numbered receipts, subject to proper custody, accountability and audit; and

(2) Where mechanical devices are used to acknowledge cash receipts, the Commission may approve, upon request, exemption from the use of accountable forms.

CHAPTER 8—Application of Appropriated Funds

SEC. 45. Disbursement of Government Funds.—(1) Revenue funds shall not be paid out of any public treasury or depository except in pursuance of an appropriation law or other specific statutory authority;

(2) Trust funds shall not be paid out of any public treasury or depository except in fulfillment of the purpose for which the trust was created or funds received, and upon authorization of the government having control thereof, and subject to pertinent budget laws, rules and regulations;

(3) National revenue and trust funds shall not be withdrawn from the National Treasury except upon warrant or other instruments of withdrawal approved by the Secretary of Finance as recommended by the Treasurer of the Philippines; and

(4) Temporary investment of investible cash in the National Treasury in any securities issued by the National Government and its political subdivisions and

instrumentalities, including government-owned or controlled corporations as authorized by the Secretary of Finance, shall not be construed as disbursements of funds.

SEC. 46. Appropriation Before Entering into Contract.—

(1) No contract involving the expenditure of public funds shall be entered into unless there is an appropriation therefor, the unexpended balance of which, free of other obligations, is sufficient to cover the proposed expenditure; and

(2) Notwithstanding this provision, contracts for the procurement of supplies and materials to be carried in stock may be entered into under regulations of the Commission provided that when issued, the supplies and materials shall be charged to the proper appropriations account.

SEC. 47. Certificate Showing Appropriation to Meet Contract.—Except in the case of a contract for personal service, for supplies for current consumption or to be carried in stock not exceeding the estimated consumption for three (3) months, or banking transactions of government-owned or controlled banks, no contract involving the expenditure of public funds by any government agency shall be entered into or authorized unless the proper accounting official of the agency concerned shall have certified to the officer entering into the obligation that funds have been duly appropriated for the purpose and that the amount necessary to cover the proposed contract for the current calendar year is available for expenditure on account thereof, subject to verification by the auditor concerned. The certificate signed by the proper accounting official and the auditor who verified it, shall be attached to and become an integral part of the proposed contract, and the sum so certified shall not thereafter be available for expenditure for any other purpose until the obligation of the government agency concerned under the contract is fully extinguished.

SEC. 48. Void Contract and Liability of Officers.—Any contract entered into contrary to the requirements of the two (2) immediately preceding sections shall be void, and the officers entering into the contract shall be liable to the Government or other contracting party for any consequent damage to the same as if the transaction had been wholly between private parties.

SEC. 49. Countersigning of Warrants or Checks by Auditors.—No warrant or check shall be paid by the Treasurer of the Philippines, local treasurer, or any government depository unless it countersigned by a duly authorized official of the Commission. When, in the opinion of the Commission, the interest of the service so requires, the warrant or check may be paid without the countersignature under such rules and regulations as it may prescribe from time.

CHAPTER 9—Accountability and Responsibility for Government Funds and Property

SEC. 50. Accountable Officers; Board Requirements.—

(1) Every officer of any government agency whose duties permit or require the possession or custody of government funds shall be accountable therefor and for safekeeping thereof in conformity with law; and

(2) Every accountable officer shall be properly bonded in accordance with law.

SEC. 51. Primary and Secondary Responsibility.—(1) The head of any agency of the Government is immediately and primarily responsible for all government funds and property pertaining to his agency;

(2) Persons entrusted with the possession or custody of the funds or property under the agency head shall be immediately responsible to him, without prejudice to the liability of either party to the Government.

SEC. 52. General Liability for Unlawful Expenditures.—Expenditures of government funds or uses of government property in violation of law or regulations shall be a personal liability of the official or employee found to be directly responsible thereof.

SEC. 53. Prohibition Against Pecuniary Interest.—No accountable or responsible officer shall be pecuniarily interested, directly or indirectly, in any contract or transaction of the agency in which he is such an officer.

CHAPTER 10—Miscellaneous Provisions

SEC. 54. Duty to Respect the Commission's Independence.—It shall be the duty of every person to respect, protect and preserve the independence of the Commission.

SEC. 55. Administrative Disciplinary Action.—Subject to rules and regulations as may approved by the President, any unjustified failure by the public officer concerned to comply with any requirement imposed in Title I-B, Book V of this Code shall constitute neglect of duty and shall be a ground for administrative disciplinary action against said public officer who, upon being found guilty thereof after hearing, shall be meted out such penalty as is commensurate with the degree of his guilt in accordance with the Civil Service Law. Repeated unjustified failure to comply with the requirement imposed in Title I-B, Book V of this Code shall be conclusive proof that the public officer concerned is notoriously undesirable.

SUBTITLE C—COMMISSION ON ELECTIONS

CHAPTER 1—General Provisions

SECTION 1. Declaration of Policy.—The State shall at all times ensure free, orderly, honest, peaceful and credible elections under a free and open party system which shall be allowed to evolve according to the free choice of the people subject to the provisions of Article IX-C of the 1987 Constitution of the Philippines.

SEC. 2. Powers and Functions.—In addition to the powers and functions conferred upon it by the Constitution, the Commission shall have exclusive charge of the enforcement and administration of all laws relative to the conduct of elections for the purpose of insuring free, orderly, honest, peaceful and credible elections, and shall:

(1) Promulgate rules and regulations implementing the provisions of the Omnibus Elections Code or other laws which the Commission is required to enforce and administer;

(2) Fix other reasonable periods for certain pre-election requirements in order that voters shall not be deprived of their right of suffrage and certain groups of right granted them in the Omnibus Election Code.

Unless indicated in the Omnibus Election Code, the Commission is hereby authorized to fix the appropriate period for the various prohibited acts enumerated therein consistent with the requirements of free, orderly, honest, peaceful and credible elections.

(3) Exercise direct and immediate supervision and control over national and local officials or employees including members of any national or local law enforcement agency and instrumentality of the government required by law to perform duties relative to the conduct of elections, plebiscite, referendum, recall and initiative. In addition, it may authorized CMT cadets, eighteen years of age and above to act as its deputies for the purpose of enforcing its orders;

The Commission may relieve any officer or employee referred to in the preceding paragraph from the performance of his duties relating to the electoral processes who violate the election law or fails to comply with its instructions, orders, decisions or rulings, and appoint his substitute. Upon recommendation of the Commission, the corresponding proper authority shall suspend or remove from office any or all such officers or employees who may, after due process, be found guilty of such violations or failure.

(4) During the period of campaign and ending thirty days thereafter, when in any area of the country there are persons committing acts of terrorism to influence people to vote for or against any candidate or political party, the Commission shall have the power to authorized any member or members of the Armed Forces of the Philippines, the National Bureau of Investigation, the Integrated National Police or any similar agency or instrumentality of the government, except civilian home defense forces, to act as deputies for the purpose of insuring the holding of free, orderly, honest, peaceful and credible election;

(5) Publish at least ten (10) days before an election in a newspaper of general circulation certified data on the number of official ballots and election returns and the names and address of the printers and the number printed by each;

(6) Refuse, *motu proprio* or upon verified petition, to give due course to or cancel a certificate of candidacy if it shown that said certificate has been filed to put the election process in mockery or disrepute or to cause confusion among the voters by the similarity of the names of the registered candidates or by other circumstances or acts which clearly demonstrate that the candidate has no *bona fide* intention to run for the office which the certificate of candidacy has been filed and thus prevent a faithful determination of the true will of the electorate;

(7) Postpone, *motu proprio* or upon verified petition and after due notice and hearing whereby all interested parties are afforded equal opportunity to be heard, the election to a date which should be reasonably close to the date of the election not held, suspended or which resulted in a failure to elect but not later than thirty days after the cessation of the cause for such postponement or suspension of the election or failure to elect, when for any serious cause such as violence, terrorism, loss or destruction of election paraphernalia or records, *force majeure*, and other analogous causes the holding of a free, orderly, honest, peaceful and credible election should become impossible in any political subdivision.

(8) Call for the holding or continuation of election not held in any polling place where on account of *force majeure*, violence, terrorism, fraud or other analogous causes the election has not been held on the date fixed, or had been suspended before the hour fixed by law for the closing of the voting, or after the voting and during the preparation and the transmission of the election returns or in the custody or canvass thereof, such election results in a failure to elect, and in any of such cases the failure or suspension of election would affect the result of the election. Such call should be on the basis of a verified petition by any interested party and after due notice and hearing, and the new date should be reasonably close to the date of the election not held, suspended or which resulted in a failure to elect but not later than thirty (30) days after the cessation of the cause of such postponement or suspension of the election or failure to elect.

(9) Call a special election to elect the member to serve the unexpired portion in case a vacancy arises in the Senate or in the House of Representatives eighteen (18) months or more before a regular election, to be held within sixty (60) days after the vacancy occurs;

(10) Summon the parties to a controversy pending before it, issue *subpoena duces tecum* and take testimony in any investigation of hearing before it, and delegate such power to any officer of the Commission who shall be a member of the Philippine Bar. In case of failure of a witness to attend, the Commission, upon proof of service of the *subpoena* to said witness, may issue a warrant to arrest the witness and bring him before the Commission or the officer before whom his attendance is required;

Any controversy submitted to the Commission shall, after compliance with the requirements of due process, be immediately heard and decided by it within sixty (60) days from the date of its submission for decision or resolution. No decision or resolution shall be rendered by the Commission either *en banc* or by division unless taken up in a formal session properly convened for the purpose;

The Commission may when necessary, avail itself of the assistance of any national or local law enforcement agency and or instrumentality of the government to execute under its direct and immediate supervision any of its final decisions, orders, instructions or rulings;

(11) Punish for contempt according to the procedure, and with the same penalties provided, in the Rules of Court. Any violation of any final and executory decision, order or ruling of the Commission shall constitute contempt thereof;

(12) Enforce and execute its decisions, directives, orders and instructions which shall have precedence over those emanating from any other authority, except the Supreme Court and those issued in *habeas corpus* proceedings;

(13) Prescribe the forms to be used in the election, plebiscite or referendum, recall or initiatives;

(14) Procure any supplies, equipment, materials or services needed for the holding of the election by public bidding; but if it finds the requirements of public bidding impractical to observe, then by negotiations or sealed bids, and in both cases, the accredited parties shall be duly notified;

(15) Prescribe the use or adoption of the latest technological and electronic devices, taking into account the situation prevailing in the area and funds available for the purpose. The Commission shall notify the authorized representatives of accredited political parties and candidates in areas affected by the use or adoption of technological and electronic devices not less than thirty days prior to the effectivity of the use of such devices;

(16) Constitute a pool of standby-teachers from which substitutes shall be drawn in case a member/s of the Board of Election Inspectors who, for one reason or another, failed to report or refused to act as such on the day of election.

(17) Carry out a continuing systematic campaign through newspapers of general circulation, radio and other media forms to educate the public and fully inform the electorate about election laws, procedures, decisions, and other matters relative to the works and duties of the Commission and the necessity of clean, free, orderly, honest, peaceful and credible electoral processes;

(18) Accredite non-partisan groups or organizations of citizens from the civic, youth, professional, education, business or labor sectors known for their probity, impartiality and integrity with the membership and capability to undertake a coordinated operation and activity to assist it in the implementation of the provisions of Omnibus Election Code and the resolution, orders and instructions of the Commission for the purpose of ensuring free, orderly, honest, peaceful and credible elections in any constituency. Such groups or organizations shall function under the direct and immediate control and supervision of the Commission;

(19) Conduct hearing on controversies pending before it in the cities or provinces upon the proper motion of any party, taking into consideration the materiality and

number of witnesses to be presented, the situation prevailing in the area and the fund available for the purpose;

(20) Have exclusive jurisdiction over all pre-proclamation controversies. It may *motu proprio* or upon written petition, and after due notice and hearing, order the partial or total suspension of the proclamation of any candidate-elect or annul partially or totally any proclamation, if one has been made, as the evidence shall warrant. Notwithstanding the pendency of any pre-proclamation controversy, the Commission may, *motu proprio* or upon filing of a verified petition and after due notice and hearing, order the proclamation of other winning candidates whose election will not be affected by the outcome of the controversy.

(21) Have the exclusive power, through its duly authorized legal officers, to conduct preliminary investigation of all election offenses punishable under the Omnibus Election Code and to prosecute the same. The Commission may avail itself of the assistance of other prosecuting arms of the government: *Provided, however*, That in the event that the Commission fails to act on any complaint within four (4) months from its filing, the complainant may file the complaint with the office of the fiscal or with the Department of Justice for proper investigation and prosecution, if warranted; and

(22) Perform such other functions as may be provided by law.

SEC. 3. Enforcement Powers.—For the effective enforcement of the provisions of the Omnibus Election Code, the Commission is further vested and charged with the following powers, duties and responsibilities:

1. To stop any illegal activity, or confiscate, tear down, and to stop any unlawful, libelous, misleading or false election propaganda, after due notice and hearing; and

2. To inquire into the financial records of candidates and any organization or group of persons, *motu proprio* or

upon written representation for probable cause by any candidate, organization or group of persons or qualified voter, after due notice and hearing.

For purposes of this Section, the Commission may avail itself of the assistance of the Commission on Audit, the Central Bank, the National Bureau of Investigation, the Bureau of Internal Revenue, the Armed Forces of the Philippines, the Integrated National Police of the Philippines, barangay officials and other agencies of the government.

CHAPTER 2—*The Commission Proper*

SEC. 4. *Composition and Qualification.*—There shall be a Commission on Elections composed of a Chairman and six (6) Commissioners who shall be natural born citizens of the Philippines and, at the time of their appointment, at least thirty-five (35) years of age, holders of a college degree, and must not have been candidates for any elective position in the immediately preceding elections. However, a majority thereof, including the Chairman, shall be members of the Philippine Bar who have been engaged in the practice of law at least ten (10) years.

SEC. 5. *Appointment and Term of Office.*—The Chairman and the Commissioners shall be appointed by the President with the consent of the Commission on Appointments for a term of seven (7) years without reappointment. Of those first appointed, three (3) Members shall hold office for seven (7) years, two (2) members for five (5) years, and the last members for three (3) years, without reappointment. Appointment to any vacancy shall be only for the unexpired term of the predecessor. In no case shall any Member be appointed or designated in a temporary or acting capacity.

SEC. 6. *Disqualifications.*—The Chairman and members of the Commission shall be subject to the canons of judicial ethics in the discharge of their functions.

No chairman or commissioner shall sit in any case in which he has manifested bias or prejudice or antagonism against any party thereto and in connection therewith, or in any case in which he would be disqualified under the Rules

of Court. If it be claimed that the chairman or a commissioner is disqualified as above provided, the party objecting to his competency may file his objection in writing with the Commission stating the ground therefor. The official concerned shall continue to participate in the hearing or withdraw therefrom in accordance with his determination of the question of his disqualification. The decision shall forthwith be made in writing and filed with the other papers of the case in accordance with the Rules of Court. If a disqualification should result in a lack of quorum in the Commission sitting en banc, the Presiding Justice of the Court of Appeals shall designate a justice of said court to sit in said case for the purpose of hearing and reaching a decision thereon.

SEC. 7. *Chairman as Executive Officer; Power and Duties.*—The Chairman, who shall be the Chief Executive Officer of the Commission, shall:

- (1) Execute and administer the policies, decisions, orders and resolutions approved by the Commission;
- (2) Direct and supervise the operations and internal administration of the Commission;
- (3) Sign appointments of subordinate officials and employees made by the Commission and enforce decisions on administrative discipline involving them;
- (4) Make temporary assignments, rotate and transfer personnel in accordance with the provisions of the civil service law;
- (5) Submit an annual budget to the Commission for its approval;
- (6) Delegate his authority, in whole or in part, to other officials of the Commission, in accordance with the rules and regulations of the Commission; and
- (7) Perform such other duties as may be authorized by the Commission.

SEC. 8. *Executive Director; Powers and Duties.*—The Executive Director of the Commission shall:

- (1) Advise and assist the Chairman in the formulation and implementation of the objectives, policies, plans and programs of the Commission;

(2) Serve as the principal assistant of the Chairman in the overall supervision of the administrative business of the Commission;

(3) Oversee all the operational activities of the Commission;

(4) Coordinate the programs and projects of the Commission and be responsible for its economical, efficient and effective administration;

(5) Serve as deputy to the Chairman in all matters relating to the operational activities of the Commission;

(6) Administer oaths in connection with all matters relating to the business of the Commission; and

(7) Perform such other duties as may be assigned by the Chairman.

SEC. 9. Staff and Operating Units.—The Commission shall have the following staff and operating units: Office of the Chairman, Office of the Executive Director, Office of Electoral Contests Adjudication, Regional Offices, Election and Barangay Affairs Department, Law Department, Election Records and Statistics Department, Administrative Service Department, Planning Department, Personnel Department, Finance Services Department and Education and Information Department.

SEC. 10. Duties and Functions of Offices and Departments of the Commission.—The different offices and departments of the Commission shall operate in accordance with their respective duties and functions assigned to them by the Commission, subject to the requirements of efficiency, economy and effectiveness, and pertinent Budget and Civil Service Law, rules and regulations.

CHAPTER 3—The Field Offices

SEC. 11. Field Office of the Commission.—The Commission shall have the following field offices:

(1) Regional Election Office, headed by the Regional Election director and assisted by the Assistant Regional Director and such other subordinate officers or employees as the Commission may appoint;

(2) Provincial Election Office, headed by the Provincial Election Supervisor and assisted by such subordinate officers or employees as the Commission may appoint;

(3) City Municipal Election office, headed by the City/Municipal Election Registrar who shall be assisted by an election clerk and such other employees as the Commission may appoint.

The Commission may delegate its powers and functions or order the implementation or enforcement of its orders, ruling or decisions through the heads of its field offices.

SEC. 12. Qualifications of Heads of Field Offices.—Only the members of the Philippine Bar shall be eligible for appointment to the position of regional director, assistant regional director, provincial election supervisor and election registrar. However, if there are no members of the Philippine Bar available for appointments as election registrar, except in cities and capital towns, graduates of duly recognized schools of law, liberal arts, education or business administrative who possess the appropriate civil service eligibility may be appointed to said position.

SEC. 13. Changes in the Composition, Distribution of Assignment of Field Offices.—The Commission may make changes in the composition, distribution and assignment of field offices, as well as its personnel, whenever the exigencies of the service and the interest of free, orderly, honest, peaceful and credible election so require: *Provided*, That such changes shall be effective and enforceable only for the duration of election period concerned and shall not affect the tenure of office of the incumbents of positions affected and shall not constitute a demotion, either in rank or salary, nor result in a change of status; and *Provided, further*, That there shall be no changes in the composition, distribution or assignment within thirty (30) days before election, except for cause and after due notice and hearing, and that in no case shall a regional or assistant regional director be assigned to a region, or a provincial election supervisor to a province, or a city municipal election registrar to a city or municipality, where he and/or his spouse are related to any candidate within the fourth civil degree of consanguinity or affinity as the case may be.

TITLE II—OTHER BODIES

SUBTITLE A—COMMISSION ON HUMAN RIGHTS

SECTION 1. *Composition and Qualification.*—The Commission on Human Rights shall be composed of a Chairman and four (4) Members who must be natural-born citizens of the Philippines and, at the time of their appointment, at least thirty-five years of age, and must not have been candidates for any elective position in the elections immediately preceding their appointment. However, a majority thereof shall be members of the Philippine Bar.

SEC. 2. *Powers and Functions.*—The Commission on Human Rights shall:

(1) Investigate, on its own or on complaint by any party, all forms of human rights violations involving civil and political rights;

(2) Adopt its operational guidelines and rules of procedure, and cite for contempt violations thereof in accordance with the Rules of Court;

(3) Provide appropriate legal measures for the protection of human rights of all persons within the Philippines, as well as Filipinos residing abroad, and provide for preventive measures and legal aid services to the under-privileged whose human rights have been violated or need protection;

(4) Exercise visitatorial powers over jails, prisons, or detention facilities;

(5) Establish a continuing program of research, education and information to enhance respect for the primacy of human rights;

(6) Recommend to the Congress effective measures to promote human rights and to provide for compensation to victims of violations of human rights, or their families;

(7) Monitor the Philippine Government's compliance with international treaty obligations on human rights;

(8) Grant immunity from prosecution to any person whose testimony or whose possession of documents or other evidence is necessary or convenient to determine the truth in any investigation conducted by it or under its authority;

(9) Request the assistance of any department, bureau, office, or agency in the performance of its functions;

(10) Appoint its officers and employees in accordance with law; and

(11) Perform such other duties and functions as may be provided by law.

SEC. 3. *Inhibitions Against Commissioners.*—The Chairman and the Members of the Commission on Human Rights shall not, during their tenure, hold any other office or employment. Neither shall they engage in the practice of any profession or in the active management or control of any business which in any way will be affected by the functions of their office, nor shall they be financially interested, directly or indirectly, in any contract with, or in any franchise or privilege granted by the government, any of its subdivisions, agencies, or instrumentalities, including government-owned or controlled corporations or their subsidiaries.

SEC. 4. *Term of Office.*—The Chairman and the Members of the Commission on Human Rights shall be appointed by the President for a term of seven year without reappointment. Appointment to any vacancy shall be only for the unexpired term of the predecessor.

SEC. 5. *Compensation.*—The Chairman and the Members of the Commission on Human Rights shall receive the same salary as the Chairman and Members, respectively, of the Constitutional Commissions, which shall not be decreased during their term of office.

SEC. 6. *Annual Appropriations.*—The approved annual appropriations of the Commission on Human Rights shall be automatically and regularly released.

SUBTITLE B—OFFICE OF THE OMBUDSMAN

SECTION 1. Composition.—(1) The Office of the Ombudsman shall be headed by the Ombudsman to be known as the *Tanodbayan*, who shall be assisted by one overall Deputy and at least by one Deputy each for Luzon, Visayas and Mindanao. A separate Deputy for the military establishment may likewise be appointed.

(2) It shall have such other officials and employees, to be appointed by the Ombudsman according to the Civil Service Law.

SEC. 2. Powers and Functions.—The Office of the Ombudsman shall:

(1) Investigate on its own, or on complaint by any person, any act or omission of any public official, employee, office or agency, when such act or omission appears to be illegal, unjust, improper, or inefficient;

(2) Direct, upon complaint or at its own instance, any public official or employee of the Government, or any subdivision, agency or instrumentality thereof, as well as of any government-owned or controlled corporation with original charter, to perform and expedite any act or duty required by law, or to stop, prevent, and correct any abuse or impropriety in the performance of duties;

(3) Direct the officer concerned to take appropriate action against a public official or employee at fault, and recommend his removal, suspension, demotion, fine, censure, or prosecution, and ensure compliance therewith;

(4) Direct the officer concerned, in any appropriate case, and subject to such limitations as may be provided by law, to furnish it with copies of documents relating to contracts or transactions entered into by his office involving the disbursement or use of public funds or properties, and report any irregularity to the Commission on Audit for appropriate action;

(5) Request any government agency for assistance and information necessary in the discharge of its responsibilities, and to examine, if necessary, pertinent records and documents;

(6) Publicize matters covered by its investigation when circumstances so warrant and with due prudence;

(7) Determine the causes of inefficiency, red tape, mismanagement, fraud, and corruption in the Government and make recommendations for their elimination and the observance of high standards of ethics and efficiency;

(8) Promulgate its rules of procedure and exercise such other powers or perform such functions or duties as may be provided by law.

SEC. 3. Action and Complaints.—The Ombudsman and his Deputies, as protectors of the people, shall act promptly on complaints filed in any form or manner against public officials or employees of the Government, or any subdivision, agency or instrumentality thereof, including government-owned or controlled corporations, and shall, in appropriate cases, notify the complainants of the action taken and the result thereof.

SEC. 4. Fiscal Autonomy.—The Office of the Ombudsman shall enjoy fiscal autonomy. Its approved annual appropriations shall be automatically and regularly released.

SUBTITLE C—THE NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

CHAPTER 1—General Provisions

SECTION 1. Declaration of Policy.—The State shall ensure that all socio-economic programs and activities of the government shall be programmed within the context of well-formulated and consistent long, medium, and short-term development plans and policies to promote both the growth of the economy and the equitable distribution of the benefits of such growth to the members of society. To this end, it is recognized that the formulation of the required socio-economic development policies and plans is a vital process that calls for the participation of the various government agencies and private sector institutions and individuals concerned, both on national, regional, and local levels. This

process of policy and plan formulation, however, needs to be coordinated closely by a central government agency to ensure consistency of these plans and policies and optimal use of the nation's scarce resources.

SEC. 2. National Economic and Development Authority.—The National Economic and Development Authority shall serve as an independent planning agency of the government.

SEC. 3. Powers and Functions of the Authority.—The powers and functions of the Authority are vested in the NEDA Board.

The Authority shall primarily be responsible for formulating continuing, coordinated and fully integrated social and economic policies, plans and programs, on the basis of the following:

(1) The State aims to achieve objectives of growth coupled with equity;

(2) Development leading to the attainment of the above mentioned goals is a multi-faceted process that calls for the coordination and integration of policies, plans, programs and projects of all sectors of society;

(3) In the formulation of basic policies, plans, programs and projects, there shall be maximum participation by and consultation with concerned private sector groups, community organizations and beneficiaries and local government units in order to ensure that priority needs are incorporated into such policies, plans, programs and projects;

(4) National plans shall be in fact the sum of nationally and regionally identified targets and strategies and locally formulated approaches to perceived local needs and priorities, carried out within the framework of national strategies;

(5) Major socio-economic policies, plans, programs and projects of different government agencies must be properly coordinated with the Authority at both the national and regional levels prior to their adoption, in order to ensure their consistency with established national priorities and coordination with other policies, plans, programs and projects of the government; and

(6) The linkage between development planning, programming and budgeting shall be of the highest priority in planning and budgeting activities.

The Authority, after due consultation with the private sector, community organizations and beneficiaries, local government units and appropriate public agencies, shall be responsible for studying, reviewing, formulating and recommending continuing, coordinated and fully integrated economic and development policies, plans and programs, including the formulation of annual and medium-term public investment programs, programming official development assistance in the form of grants and concessional loans from foreign governments and multilateral agencies and organizations and the monitoring and evaluation of plan implementation.

SEC. 4. Composition of the Authority.—The Authority shall be composed of two separate and distinct entities: The Board and the Secretariat:

CHAPTER 2—NEDA Board

SEC. 5. Composition of the NEDA Board.—The NEDA Board shall be composed of the following:

The President	Chairman
Director-General of the NEDA Secretariat	Vice-Chairman
Executive Secretary	Member
Secretary of Finance	Member
Secretary of Trade & Industry	Member
Secretary of Agriculture	Member
Secretary of Environment & Natural Resources	Member
Secretary of Public Works and Highways	Member
Secretary of Budget and Management	Member
Secretary of Labor & Employment	Member
Secretary of Local Government	Member

The President may, however, revise the membership of the NEDA Board whenever the same is deemed necessary for the effective performance of the Board's functions through an administrative or memorandum order.

SEC. 6. Meetings.—The NEDA Board shall meet at least once a month or as frequently as is necessary to discharge its responsibilities as called for by the President. When the President is unable to attend a meeting, the Director-General of the NEDA may preside as Chairman, in the absence of any Presidential preference.

The President however continues to have the power to designate from among the members of the NEDA Board the Chairman that can appropriately represent the President, to preside over specific meetings.

SEC. 7. National Economic Development Authority Inter-agency Committees.—To assist the NEDA Board in the performance of its functions, there are hereby created the following committees which shall hereafter be under the direct control of the NEDA Board and shall submit all their recommendations to the President for approval on matters involving their respective concerns. The Chairmen of these committees shall be designated by the President. The NEDA Board shall likewise determine where the technical staff of the said committees shall be based.

(1) **Development Budget Coordination Committee (DBCC)**—The DBCC, to be composed of the Director-General of the National Economic Development Authority Secretariat, the Executive Secretary and the Secretaries of Finance and of Budget and Management, shall have the following functions:

(a) Recommend for Presidential approval the level of the annual government expenditure program and the ceiling of government spending for economic and social development, national defense, general government and debt service;

(b) Recommend to the President the proper allocation of expenditures for each development activity between current operating expenditures and capital outlay; and

(c) Recommend to the President the amount set to be allocated for capital outlay under each development activity for the various capital or infrastructure projects.

(2) **Investment Coordination Committee (ICC)**—The ICC to be composed of the Director-General of the National Economic Development Authority Secretariat, the Executive Secretary, the Secretaries of Finance, Agriculture, Trade and Industry and of Budget and Management and the Governor of the Central Bank shall have the following functions:

(a) Evaluate the fiscal, monetary and balance of payments implications of major national projects and recommend to the President the timetable for the implementation of these projects on a regular basis; and

(b) Recommend to the President a domestic and foreign borrowing program updated each year, and subsequently submit to the President a status of the fiscal, monetary and balance of payments implications of major national projects.

(3) **Committee on Social Development (SDC)**—The SDC to be composed of the Director-General of the National Economic Development Authority Secretariat, the Executive Secretary, and the Secretaries of Education, Culture and Sports, Labor and Employment, Health, Local Government, Agrarian Reform, Agriculture and Social Welfare and Development shall have the following functions:

(a) Advise the President and the NEDA Board on matters concerning social development, including education, manpower, health and nutrition, population and family planning, housing, human settlements and the delivery of other social services;

(b) Coordinate the activities of government agencies concerned with social development; and

(c) Recommend to the President government policies, programs and projects on social development consistent with national development objectives and priorities.

(4) **Committee on Infrastructure (INFRACOM)**—The INFRACOM to be composed of the Director-General of the National Economic Development Authority Secretariat, the Executive Secretary, and the Secretaries of Public Works and Highways, Transportation and Communications, Finance, and Budget and Management shall have the following functions:

(a) Advise the President and the NEDA Board on matters concerning infrastructure development including highways, airports, seaports and shore protection; railways; power generation, transmission and distribution; telecommunications; irrigation, flood control and drainage, water supply; national buildings for government offices; hospitals, sanitation and related buildings; state colleges and universities, elementary and secondary school buildings; and other public works;

(b) Coordinate the activities of agencies, including government-owned or controlled corporations concerned with infrastructure development; and

(c) Recommend to the President government policies, programs and projects concerning infrastructure development consistent with national development objectives and priorities.

(5) Committee on Tariff and Related Matters (TRM)—The TRM to be composed of the Director-General of the National Economic Development Authority Secretariat, the Executive Secretary, the Secretaries of Trade and Industry, Foreign Affairs, Agriculture, Environment and Natural Resources and Budget and Management, the Governor of the Central Bank and the Chairman of the Tariff Commission shall have the following functions:

(a) Advise the President and the NEDA Board on tariff and related matters, and on the effects on the country of various international developments;

(b) Coordinate agency positions and recommend national positions for international economic negotiations; and

(c) Recommend to the President a continuous rationalization program for the country's tariff structure.

CHAPTER 3—NEDA Secretariat

SEC. 8. *The NEDA Secretariat.*—The Secretariat of NEDA shall have the following functions:

(1) Serve as the research and technical support arm of the NEDA Board;

(2) Provide through its various organizational units, technical staff support and assistance, including the conduct of studies and development of policy measures and other recommendations, on the various aspects of the substantive functions of development planning and policy formulation, and coordination, evaluation and monitoring of plan implementation;

(3) Serve as the Secretariat of the NEDA Board; and

(4) Perform such other functions as may be assigned to it by the NEDA Board to achieve its goals and objectives.

SEC. 9. *Structural Organization.*—The NEDA Secretariat shall be composed of the Director-General, three (3) Deputy Directors-General, five (5) Assistant Director-General, the National Development Office, the Regional Development Office, the Central Support Office and the Regional Offices.

SEC. 10. *Director-General.*—The Director-General shall head the Secretariat and shall likewise serve as Vice-Chairman of the NEDA Board. He shall be appointed by the President and shall carry the rank and title of Secretary of Socio-Economic Planning and shall be a member of the Cabinet.

As Chief Executive Officer, he shall exercise general supervision and control over its technical and administrative personnel.

SEC. 11. *Deputy Directors-General.*—The Director-General shall be assisted by three (3) Deputy Directors-General to be appointed by the President, one to be responsible for the National Development Office, one, for the Regional Development Office and one, for the Central Support Office.

SEC. 12. *Assistant Directors-General.*—The Director General shall also be assisted by five (5) Assistant Directors-General to be appointed by the President, who shall be assigned to assist the Deputy Directors-General in their tasks of coordinating and supervising their respective Offices.

SEC. 13. *National Development Office.*—The National Development Office shall provide technical staff support as may be required by the NEDA Board in coordinating the

formulation of national and sectoral policies, plans and programs; monitor macro-economic and sectoral performances, prepare the necessary economic reports; conduct economic and development studies on macro-level plans and policies; and perform such other appropriate planning tasks as may be assigned by the Director-General.

It shall be composed of the following:

- (1) National Planning and Policy Staff;
- (2) Agriculture Staff;
- (3) Trade, Industry and Utilities Staff;
- (4) Infrastructure Staff;
- (5) Social Development Staff; and
- (6) Public Investment Staff.

SEC. 14. Regional Development Office.—The Regional Development Office shall provide technical staff support as may be required by the implementing agencies in the regions; monitor regional and inter-regional development policies, plans and programs; prepare integrated reports on regional planning; conduct studies on regional development policies; and perform such other planning tasks as may be assigned by the Director-General.

It shall be composed of the following:

- (1) Regional Development Coordination Staff;
- (2) Project Monitoring Staff; and
- (3) Regional Offices.

In each of the administrative regions, there shall be a regional office which shall be headed by a Regional Director who shall report to the Deputy Director-General for Regional Development Office. The Regional Director shall be appointed by the President.

SEC. 15. Central Support Office.—The Central Support Office shall be responsible for providing technical assistance and support services to the Secretariat's organizational units in the areas of development administration, internal management improvement, legal services, development information, administrative services, and perform such other service tasks as may assigned by the Director-General.

It shall be composed of the following:

- (1) Management Staff;
- (2) Legal Staff;
- (3) Administrative Staff;
- (4) Management Information System Staff; and
- (5) Development Information Staff.

CHAPTER 4—Attached Agencies

SEC. 16. Retained Agencies.—The following agencies, currently attached to the Authority, shall continue to be so attached for purposes of supervision:

- (1) Philippine Institute for Development Studies;
- (2) Philippine National Volunteer Service Coordinating Agency; and
- (3) Tariff Commission.

The Authority shall arrange for the transfer of the functions of the following agencies to the Regional Development Council concerned or other agencies as may be appropriate:

- (1) Kalinga Special Development Region;
- (2) Laguna Lake Development Authority;
- (3) Leyte Sab-A Basin Development Authority.

The National Council for Integrated Area Development (NACIAD) and the Central Visayas Regional Projects Office (CVRPO) are hereby transferred to the Authority which shall, within one (1) year from the date of effectivity of this Code, recommend their transfer to the appropriate department in conjunction with the Department of Budget and Management. The Authority shall further review the functions and activities of all other Integrated Area Development programs and projects and any other programs requiring multi-sectoral and/or multi-disciplinary approaches in order to recommend the appropriate disposition and supervision of the same.

The Authority shall furthermore review the mandate, objectives and functions of all development authorities in order to recommend such dispositions or revisions of their charters, as may be deemed advisable.

BOOK VI

NATIONAL GOVERNMENT BUDGETING

CHAPTER 1—General Provisions

SECTION 1. *Constitutional Policies on the Budget.*—(1) All appropriations, revenue or tariff bills, bills authorizing increase of the public debt, bills of local application, and private bills shall originate exclusively in the House of Representatives but the Senate may propose or concur with amendments.

(2) The congress may not increase the appropriations recommended by the President for the operation of the Government as specified in the budget. The form, content and manner of preparation of the budget shall be prescribed by law.

(3) No provisions or enactment shall be embraced in the general appropriations bill unless it relates specifically to some particular appropriation to which it relates.

(4) The procedures in approving appropriations for the Congress shall strictly follow the procedure for approving appropriations for other departments and agencies.

(5) A special appropriations bill shall specify the purpose for which it is intended, and shall be supported by funds actually available as certified by the National Treasurer or to be raised by a corresponding revenue proposal therein.

(6) No law shall be passed authorizing any transfer of appropriations. However, the President, the President of the Senate, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court and the heads of Constitutional Commissions may, by law, be authorized to augment any item in the general appropriations law for their respective offices from savings in other items of their respective appropriations.

(7) Discretionary funds appropriated for particular official shall be disbursed only for public purposes to be supported by appropriate vouchers and subject to such guidelines as may be prescribed by law.

(8) If, by the end of any fiscal year, the Congress shall have failed to pass the general appropriations bill for the ensuing fiscal year, the general appropriations law for the preceding fiscal year shall be deemed reenacted and shall remain in force and effect until the general appropriations bill is passed by the Congress.

(9) Fiscal autonomy shall be enjoyed by the Judiciary, Constitutional Commissions, Office of the Ombudsman, Local Government and Commission on Human Rights.

SEC. 2. *Definitions of Terms.*—When used in this Book:

(1) "Appropriation" refers to an authorization made by law or other legislative enactment, directing payment out of government funds under specified conditions or for specified purposes.

(2) "Allotment" refers to an authorization issued by the Department of Budget to an agency, which allows it to incur obligations for specified amounts contained in a legislative appropriation.

(3) "Budget" refers to a financial plan required to be prepared pursuant to Section 16 (1), Article VIII of the Constitution, reflective of national objectives, strategies and programs.

(4) "Current operating expenditure" refers to appropriations for the purchase of goods and services for current consumption or for benefits expected to terminate within the fiscal year.

(5) "Capital outlay" or "capital expenditures" refers to an appropriation for the purchase of goods and services, the benefits of which extend beyond the fiscal year and which add to the assets of the Government, including investments in the capital of government-owned or controlled corporations and their subsidiaries.

(6) "Continuing appropriation" refers to an appropriation available to support obligations for a specified purpose or project, even when these obligations are incurred beyond the budget year.

(7) "Expected result" means service, product, or benefit that will accrue to the public, estimated in terms of performance measures or targets.

(8) "Fiscal year" refers to the period beginning with the first day of January and ending with the thirty-first day of December of each calendar year.

(9) The "Government" means the National Government, including the Executive, the Legislative and the Judicial Branches, and the Constitutional Commission.

(10) "Department and agency" and "department or agency" include all departments, bureaus, offices, boards, commissions, courts, tribunals, councils, authorities, administrations, centers, institutes, state colleges and universities, and all other establishments and instrumentalities of the National Government as defined in the preceding paragraph.

(11) "Obligation" refers to an amount committed to be paid by the Government for any lawful act made by an authorized officer for and in behalf of the government.

(12) "Program" refers to the functions and activities necessary for the performance of a major purpose for which a government agency is established.

(13) "Project" means a component of a program covering a homogeneous group of activities that results in the accomplishment of an identifiable output.

CHAPTER 2—Budget Policy and Approach

SEC. 3. Declaration of Policy.—It is hereby declared the policy of the State to formulate and implement a National Budget that is an instrument of national development, reflective of national objectives, strategies and plans. The budget shall be supportive of and consistent with the socio-economic development plan and 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 national budget shall be formulated with the context of a regionalized government structure and of the totality of revenues and other receipts, expenditures and borrowings of all levels of government and of government-owned or controlled corporations. The budget shall likewise be

prepared within the context of the national long-term plan and of a long-term budget program.

SEC. 4. Planning and Budgeting Linkage.—The budget shall be formulated as an instrument for attainment of national development goals and as part of the planning-programming-budgeting continuum. Levels of revenue, expenditure and debt shall be established in relation to macro-economic targets of growth, employment levels, and price level change, and shall be developed consistent with domestic and foreign debt, domestic credit and balance of payments objectives for the budget period. The aggregate magnitudes of the budget shall be determined in close consultation among the planning and fiscal agencies of government. Budgetary priorities shall be those specified in the approved national plans, keeping in mind the capability and performance of the implementing agencies concerned. Agency budget proposals shall explicitly state linkage to approved agency plans.

SEC. 5. National Resource Budget.—The finances of government shall be analyzed and determined as the aggregate of revenue, expenditure and debt of all units of government, including the national government and its agencies and instrumentalities, local government units and government-owned or controlled corporations. The national government budget shall be evolved within the framework of the total impact of government activity on the national economy. The budgets of government corporations and local governments shall be consistent in form and timing with that of the national government, to facilitate comprehensive evaluation.

SEC. 6. Regional Budgeting.—The budgets of national government agencies shall take into full and explicit consideration the goals, plans and requirements of their respective regional offices, in the interest of full government response to local thinking and initiative. The budget preparation process shall originate at regional and local levels, and shall be consolidated and reviewed by the central offices of the various national agencies. The regional development strategies and plans, including physical framework and resource-use plans, shall be considered in the preparation of the budget.

SEC. 7. Long Term Budgeting.—The annual budgets of the national government shall be prepared as an integral part of a long-term budget picture. The long-term economic and physical framework plans of government, multi-year requirements of approved programs and projects, organizational and personnel development strategies, and other commitments entered into or otherwise assumed by government shall be specified in the budget process.

SEC. 8. Development Projects.—The development process requires the implementation of major development projects of such size as to significantly affect the infrastructure program, debt ceilings, balance of payments, domestic credit, and government expenditure levels. The budget process shall formally consider the timing of major national projects, in order to ensure the observance of established fiscal, monetary, international payments, and other constraints.

SEC. 9. Performance and Financial Review.—The analysis of agency operating performance, the evaluation of performance relative to costs incurred and the review of agency operating systems and procedures are inherent parts of the budget process. Agencies shall therefore design and implement (1) management information systems yielding both performance and financial information which will adequately monitor and control budget implementation, and (2) improvements in operating systems, procedures and practices, so as to ensure that the targets approved in budget authorization are in fact attained at minimum cost.

SEC. 10. Compensation and Position Classification.—The size of personnel services expenditures relative to the total budget and the number of agencies and personnel in government call for an effective national compensation and position classification policy. The Constitutional principle of a single compensation scheme for the government and its instrumentalities is one of the bases of the government budget process.

CHAPTER 3—Budget Preparation

SEC. 11. Submission of the Budget.—The President shall, in accordance with Section 22(1), article VII of the

Constitution, submit within thirty (30) days from the opening of each regular session of the Congress as the basis for the preparation of the General Appropriations Act, a national government budget estimated receipts based on existing and proposed revenue measures, and of estimated expenditures.

The President shall include in the budget submission the proposed expenditure level of the Legislative and Judicial Branches and of Constitutional bodies, which shall have undergone the same process of evaluation and which shall have been subject to the same budgetary policies and standards applicable to agencies in the Executive Branch.

The President may transmit to the Congress from time to time, such proposed supplemental or deficiency appropriations as are, in his judgment, (1) necessary on account of laws enacted after the transmission of the Budget, or (2) otherwise needed in the public interest.

SEC. 12. Form and Content of the Budget.—The budget proposal of the President shall include current operating expenditures and capital outlays. It shall comprise such funds as may be necessary for the operation of the programs, projects and activities of the various departments and agencies. The proposed General Appropriations Act and other Appropriations Acts necessary to cover the budget proposals shall be submitted to the Congress to accompany the President's budget submission.

The budget shall be presented to the Congress in such form and content as may be approved by the President and may include the following:

(1) A budget message setting forth in brief the government's budgetary thrusts for the budget year, including their impact on development goals, monetary and fiscal objectives, and generally on the implications of the revenue, expenditure and debt proposals; and

(2) Summary financial statements setting forth:

(a) Estimated expenditures and proposed appropriations necessary for the support of the Government for the ensuing fiscal year, including those financed from operating revenues and from domestic and foreign borrowings;

(b) Estimated receipts during the ensuing fiscal year under laws existing at the time the budget is transmitted and under the revenue proposals, if any, forming part of the year's financing program;

(c) Actual appropriations, expenditures, and receipts during the last completed fiscal year;

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

(e) 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, taking into account the adoption of financial proposals contained in the budget and showing, at the same time, the unencumbered and unobligated cash resources;

(f) Essential facts regarding the bonded and other long-term obligations and indebtedness of the Government, both domestic and foreign, including identification of recipients of loan proceeds; and

(g) Such other financial statements and data as are deemed necessary or desirable in order to make known in reasonable detail the financial condition of the government.

SEC. 13. Budget Levels.—The ordinary income of government shall be used primarily to provide appropriations for current operations, except in case of a national emergency or serious financial stress, the existence of which has been duly proclaimed by the President.

The level of aggregate revenue expenditure and debt shall be jointly recommended to the President by the Department of Budget and Management, the Department of Finance, the National Economic and Development Authority and the Central Bank of the Philippines, acting within the Development Budget Coordination Committee of the National Economic and Development Authority.

No appropriations for current operations and capital outlays of the Government shall be proposed unless the

amount involved is covered by the ordinary income, or unless it is supported by a proposal creating additional sources of funds or revenue, including those generated from domestic and foreign borrowings, sufficient to cover the same. Likewise, no appropriation for any expenditure, the amount of which is not covered by the estimated income from the existing sources of revenue or available current surplus, may be proposed, unless it is supported by a proposal creating an additional source of funds sufficient to cover the same.

Proposals creating additional sources of funds shall be prepared in the form of revenue bills.

The provisions of this section shall not be construed as impairing in any way the power of the Congress to enact revenue and appropriation bills, nor the authority of the President to propose special revenue and appropriation bills after the submission of the budget.

SEC. 14. Budget Estimates.—Each head of department, office or agency of the National Government, including the Legislative and Judicial Branches, and including government-owned or controlled corporations, shall submit his request for appropriations to the Department of Budget in accordance with the budget calendar, format, and such rules and regulations as may be issued in implementation of this Decree.

The budget estimates of agencies include the following information:

(1) Objectives, 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 cost involved;

(2) Linkage of the work and financial proposals to approved development plans;

(3) Estimated current opening expenditures and capital outlays, with comparative data for the preceding and current budget years;

(4) Identification by region, pursuant to policies on the regionalization of government operations;

(5) Financial sources, reflecting all revenues, proceeds of foreign and domestic borrowings, and other sources, particularly those which accrue to the General Fund;

(6) Contingent liabilities, including national government guarantees of obligations of government-owned or controlled corporations and their subsidiaries;

(7) Brief description of the major thrusts and priority programs and projects for the budget year, results expected for each budgetary program and project, the nature of work to be performed, estimated costs per unit of work measurement, including the various objects of expenditure for each project;

(8) Organization charts and staffing patterns indicating the list of existing and proposed positions with corresponding salaries, and proposals for position classification and salary changes, duly supported by adequate justification.

SEC. 15. Regional Budget.—The Budgets of national government agencies shall be prepared taking into full and careful consideration the opportunities and requirements specific to the various regions of the country. Where they are organized, regional offices shall originate agency budget proposals, in accordance with approved priorities and guidelines.

Agencies which are not regionalized shall nonetheless estimate the amounts planned to be spent for each region of the country.

The Secretary shall identify by region the expenditure programs of the national government agencies in the national government budget, and release funds to national government agencies in accordance with the approved regional distribution of expenditures, specifying the region of destination.

Departments and agencies shall sub-allot in full and without the imposition of reserves, the approved budget allocation of their various regional offices, except as may be authorized by the Secretary, in case realignment of expenditures prove to be necessary in the course of budget execution. The Secretary shall issue the rules and regulations needed to implement the provisions of this section.

SEC. 16. Budget Evaluation.—Agency proposals shall be reviewed on the basis of their own merits and not on the basis of a given percentage or peso increase or decrease from a prior year's budget level, or other similar rule of thumb that is not based on specific justification. Proposed activities, whether new or ongoing, shall be evaluated using a zero-base approach and on the basis of (1) relationship with the approved development plan, (2) agency capability as demonstrated by past performance, (3) complementary role with related activities of other agencies, and (4) other similar criteria. The realization of savings in a given budget year and the consequent non-utilization of funds appropriated or released to a given agency shall not be a negative factor in the budget evaluation for a subsequent year.

SEC. 17. Foreign-Assisted Projects.—The budgetary implications of foreign-assisted projects shall be explicitly considered at the time of project design and financing negotiation. The project study shall specify the cash flow requirements of the project, among others, for (1) payment of principal and interest, (2) peso component of capital costs and project preparation, (3) infrastructure and support facilities needed to be directly financed by government, (4) operating and other expenditures which will be ultimately required for General Fund support when the project is implemented, and (5) peso requirements needed as counterpart. The concurrence of the Department of Budget and Management shall be obtained with respect to peso requirements and implication on expenditure ceilings.

SEC. 18. Coordinating Bodies.—The budgets of coordinating agencies, councils, task forces, authorities, committees, or other similar bodies shall be limited to and used to fund only such planning, coordinating and monitoring functions as are assigned to it. Funds for implementation shall be budgeted and released to the line implementing agencies concerned: *Provided*, That the budgets of a coordinating bodies may include a lump-sum for purposes related to their assigned functions, which lump-sum shall be sub-allotted to implementing agencies and not used by the agency for its own operations:

Provided, further, That funds budgeted for a given agency falling within the jurisdiction of a coordinating body, may be subject to release upon approval by the coordinating agency of such release or of the agency's work program.

SEC. 19. Budgetary Requirements of Government-Owned or Controlled Corporations.—The internal operating budgets of government-owned or controlled corporations and of chartered institutions shall be approved by their respective governing boards in accordance with a budget calendar and format as may be approved by the President: *Provided,* That such budgets shall be subject to review and approval as part of the budget process in cases where national government budgetary support is needed, in terms of (a) capital or equity inputs, (b) operating contributions to support specific activities undertaken by the institution as part of its regular functions, and (c) guarantee of the national government for obligations or contracts entered into by the corporations: *Provided, further,* That the submission of interim financial statements may be required by the Secretary.

SEC. 20. Tax and Duty Exemption.—All units of government, including government-owned or controlled corporations, shall pay income taxes, customs duties and other taxes and fees as are imposed under revenue law: *Provided,* That organizations otherwise exempted by law for the payment of such taxes/duties may ask for a subsidy from the General Fund in the exact amount of taxes/duties due: *Provided, further,* That a procedure shall be established by the Secretary of Finance and the Secretary of the Budget, whereby such subsidies shall automatically be considered as both revenue and expenditure of the General Fund.

SEC. 21. Appropriation for Personal Services.—Appropriations for personal services shall be considered as included in the amount specified for each budgetary program and project of each department, bureau, office or agency, and shall not be itemized. The itemization of personal services shall be prepared by the Secretary for consideration and approval of the President as provided in Section 23 hereof: *Provided,* That the itemization of personal services shall be prepared for all agencies of the Legislative, Executive and Judicial Branches and the

Constitutional bodies, except as may be otherwise approved by the President for positions concerned with national security matters.

SEC. 22. Department Approval of Proposed Appropriations.—No legislative proposal which, if enacted, would authorize subsequent appropriations, shall be transmitted to the President by any bureau or agency, without the prior approval of the Head of the Department concerned or by the Chairman or Chief Executive Officer of a Cabinet level body which coordinates the multi-sectoral formulation and implementation of a particular program of expenditure involving one or more departments. No legislative proposal involving the appropriation of funds shall be transmitted to the Congress without the approval of the President.

CHAPTER 4—Budget Authorization

SEC. 23. Content of the General Appropriations Act.—The General Appropriations Act shall be presented in the form of budgetary programs and projects for each agency of the government, with the corresponding appropriations for each program and project, including statutory provisions of specific agency or general applicability. The General Appropriations Act shall not contain any itemization of personal services, which shall be prepared by the Secretary after enactment of the General Appropriations Act, for consideration and approval of the President.

SEC. 24. Prohibition Against the Increase of Appropriation.—The Congress shall in no case increase the appropriation of any project or program of any department, bureau, agency or office of the Government over the amount submitted by the President in his budget proposal. In case of any reduction in the proposed appropriation for a project or program, a corresponding reduction shall be made in the total appropriation of the department, office or agency concerned and in the total of the General Appropriations Bill.

SEC. 25. Prohibition Against Enactment of Additional Special Provisions.—The Congress shall not add special provisions in the budget earmarking the use of

appropriations for specific programs or activities nor shall it increase the amounts specified in special provisions, beyond those proposed by the President.

SEC. 26. Automatic Appropriations.—All expenditures for (1) personnel retirement premiums, government service insurance, and other similar fixed expenditures, (2) principal and interest on public debt, (3) national government guarantees of obligations which are drawn upon, are automatically appropriated: *Provided*, That no obligations shall be incurred or payments made from funds thus automatically appropriated except as issued in form of regular budgetary allotments.

SEC. 27. Supplemental Appropriations.—All appropriation proposals shall be included and considered in the budget preparation process. After the President shall have submitted the Budget, no supplemental appropriation measure supported from existing revenue measures shall be passed by the Congress. However, supplemental or deficiency appropriations involving the creation of new offices, programs or activities may be enacted if accompanied and supported by new revenue sources.

SEC. 28. Reversion of Unexpended Balances of Appropriations, Continuing Appropriations.—Unexpended balances of appropriations authorized in the General Appropriation Act shall revert to the unappropriated surplus of the General Fund at the end of the fiscal year and shall not thereafter be available for expenditure except by subsequent legislative enactment: *Provided*, That appropriations for capital outlays shall remain valid until fully spent or reverted: *Provided, further*, That continuing appropriations for current operating expenditures may be specifically recommended and approved as such in support of projects whose effective implementation calls for multi-year expenditure commitments: *Provided, finally*, That the President may authorize the use of savings realized by an agency during a given year to meet non-recurring expenditures in a subsequent year.

The balances of continuing appropriations shall be reviewed as part of the annual budget preparation process and the President may approve upon recommendation of the

Secretary, the reversion of funds no longer needed in connection with the activities funded by said continuing appropriations.

SEC. 29. Loan Proceeds.—Expenditures funded by foreign and domestic borrowings shall be included within the expenditure program of the agency concerned. Loan proceeds, whether in cash or in kind, shall not be used without the corresponding release of funds through a Special Budget as herein provided.

SEC. 30. Contingent Liabilities.—Government agencies, particularly government-owned or controlled corporations, shall periodically report to the Secretary of Finance and the Secretary of Budget on the status of the obligations they have entered into and which are subject of government guarantees.

SEC. 31. Liability for Unauthorized Printing Press Revisions.—It shall be unlawful for any person to make any unauthorized revision in any figure, text or provision in the General Appropriations Act and in the other budget documents during or in the process of the printing. Any unauthorized change made either by addition, modification or deletion, shall be null and void.

Persons who, in violation of this section, make any unauthorized revision in the budget documents, shall be criminally liable for falsification of legislative documents under the Revised Penal Code. When the offender is a government official or employee, he shall, in addition to criminal prosecution, be dismissed from the service.

CHAPTER 5—Budget Execution

SEC. 32. Use of Appropriated Funds.—All moneys appropriated for functions, activities, projects and programs shall be available solely for the specific purposes for which these are appropriated.

SEC. 33. Allotment of Appropriations.—Authorized appropriations shall be allotted in accordance with the procedure outlines hereunder:

(1) Appropriations authorized for any Department of agency of the Government may be made available for

expenditure when the head for each of the Department or agency submits to the Secretary a request for allotment of funds showing the estimated amounts needed for each function, activity or purpose for which the funds are to be expended during the applicable allotment period. The form and the time of submission of the request for allotment showing the proposed quarterly allotments of the whole authorized appropriation for the ministry or agency, shall be prescribed by the Secretary.

(2) In the administration of the allotment system herein provided, each calendar year shall be divided into four quarterly allotment periods beginning, respectively, on the first day of January, April, July and October. In any case where the quarterly allotment period is found to be impractical or otherwise undesirable, the Secretary may prescribe a different period suited to the circumstances.

(3) Request for allotment shall be approved by the Secretary who shall ensure that expenditures are covered by appropriations both as to amount and purpose and who shall consider the probable needs of the department or agency for the remainder of the fiscal year or period for which the appropriation was made.

(4) At the end of every quarter, each department or agency shall report to the Secretary the current status of its appropriations, the cumulative allotments, obligations incurred or liquidated, total disbursements, unliquidated, obligated and unexpended balances and the result of expended appropriations.

(5) Releases of funds appropriated for a given agency may be made to its regional offices if dictated by the need and urgency of regional activities.

(6) The Secretary shall have the authority to modify or amend any allotment previously issued. In case he shall find at any time that the probable receipts from taxes or other sources of any fund will be less than anticipated and that as a consequence the amount available for the remainder of the term of the appropriations or for any allotment period will be less than the amount estimated or allotted therefore he shall,

with the approval of the President and after notice to the department or agency concerned, reduce the amount or amounts allotted so as to conform to the targeted budgetary goals.

(7) The Secretary shall maintain a control record showing quarterly by funds, accounts, and other suitable classifications, the amounts appropriated, the estimated revenues, the actual revenues or receipts, the amounts allotted and available for expenditures, the unliquidated obligations, actual balances on hand, and the unencumbered balance of the allotments for each department or agency of the Government.

SEC. 34. Program of Expenditure.—The Secretary of Budget shall recommend to the President the year's program of expenditure for each agency of the government on the basis of authorized appropriations. The approved expenditure program shall constitute the basis for fund release during the fiscal period, subject to such policies, rules and regulations as may be approved by the President.

SEC. 35. Special Budgets for Lump-Sum Appropriations.—Expenditures from lump-sum appropriations authorized for any purpose or for any department, office or agency in any annual General Appropriations Act or other Act and from any fund of the National Government, shall be made in accordance with a special budget to be approved by the President, which shall include but shall not be limited to the number of each kind of position, the designations, and the annual salary proposed for which an appropriation is intended. This provision shall be applicable to all revolving funds, receipts which are automatically made available for expenditure for certain specific purposes, aids and donations for carrying out certain activities, or deposits made to cover the cost of special services to be rendered to private parties. Unless otherwise expressly provided by law, when any Board, head of department, chief of bureau or office, or any other official, is authorized to appropriate, allot, distribute or spend any lump-sum appropriation or special, bond, trust, and other funds, such authority shall be subject to the provisions of this section.

In case of any lump-sum appropriation for salaries and wages of temporary and emergency laborers and employees, including contractual personnel, provided in any General Appropriation Act or other Acts, the expenditure of such appropriation shall be limited to the employment of persons paid by the month, by the day, or by the hour.

SEC. 36. Cash Budgets.—An operational cash budget shall be implemented to ensure the availability of cash resources for priority development projects and to establish a sound basis for determining the level, type and timing of public borrowings. The procedure, format, accounts, and other details necessary for the execution, monitoring and control aspects of the system shall be determined jointly by the Secretary of Finance, the Secretary of Budget and the Chairman of the Commission on Audit.

SEC. 37. Creation of Appropriation Reserves.—The Secretary may establish reserves against appropriations to provide for contingencies and emergencies which may arise later in the calendar year and which would otherwise require deficiency appropriations.

The establishment of appropriation reserves shall not necessarily mean that such portion of the appropriation will not be made available for expenditure. Should conditions change during the fiscal year justifying the use of the reserve, necessary adjustments may be made by the Secretary when requested by the department, office or agency concerned.

SEC. 38. Suspension of Expenditure of Appropriations.—Except as 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 further expenditure of funds allotted for any agency, or any other expenditure authorized in the General Appropriations Act, except for personal services appropriations used for permanent officials and employees.

SEC. 39. 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 for programs and projects of any department, office or agency, may, with the approval of the President, be used to cover a deficit in any other item of the regular appropriations: *Provided*, That the creation of new positions or increase of salaries shall not be allowed to be funded from budgetary savings except when specifically authorized by law: *Provided, further*, That whenever authorized positions are transferred from one program or project to another within the same department, office or agency, the corresponding amounts appropriated for personal services are also deemed transferred, without, however increasing the total outlay for personal services of the department, office or agency concerned.

SEC. 40. Certification of Availability of Funds.—No funds shall be disbursed, and no expenditures or obligations chargeable against any authorized allotment shall be incurred or authorized in any department, office or agency without first securing the certification of its Chief Accountant or head of accounting unit as to the availability of funds and the allotment to which the expenditure or obligation may be properly charged.

No obligation shall be certified to accounts payable unless the obligation is founded on a valid claim that is properly supported by sufficient evidence and unless there is proper authority for its incurrence. Any certification for a non-existent or fictitious obligation and/or creditor shall be considered void. The certifying official shall be dismissed from the service, without prejudice to criminal prosecution under the provisions of the Revised Penal Code. Any payment made under such certification shall be illegal and every official authorizing or making such payment, or taking part therein or receiving such payment, shall be jointly and severally liable to the government for the full amount so paid or received.

SEC. 41. Prohibition Against the Incurrence of Overdraft.—Heads of departments, bureaus, offices and agencies shall not incur nor authorized the incurrence of expenditures or obligations in excess of allotments released by the Secretary for their respective departments, offices and agencies. Parties responsible for the incurrence of overdrafts shall be held personally liable therefore.

SEC. 42. Adjustment of Appropriations for Reorganization.—When under authority of law, a function or an activity is transferred or assigned from one agency to another, the balances of appropriations which are determined by the head of such department to be available and necessary to finance or discharge the function or activity so transferred or assigned may, with the approval of the President, be transferred to and be made available for use by the agency to which said functions or activity is transferred or assigned for the purpose for which said funds were originally available. Balances so transferred shall be credited to any applicable existing appropriation account or to new appropriation accounts which are hereby authorized to be established, and shall be merged with any fund already in applicable existing or newly established appropriation account or accounts and thereafter accounted for as one fund.

The funding requirement of the agencies reorganized in accordance with approved reorganization plans or reorganized pursuant to law enacted after the Approval of the General Appropriations Act, are deemed appropriated and shall be available for expenditure as soon as the reorganization plans are approved. The Secretary of Budget is hereby authorized to make necessary adjustments in the appropriations to carry out the provisions of this section. The department head concerned, with the approval of the Secretary of Budget, is hereby authorized to make necessary salary adjustments 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, subject to the provisions of Presidential Decree No. 985.

SEC. 43. Liability for Illegal Expenditures.—Every expenditure of obligation authorized or incurred in violation of the provisions of this Code of the general and special provisions contained in annual General or other Appropriations Act shall be void. Every payment made in violation of said provisions shall be illegal and every official or employee authorizing or making such payment, or taking part therein, and every person receiving such payment shall be jointly and severally liable to the Government for the full amount so paid or received.

Any official or employee of the Government knowingly incurring any obligation, or authorizing any expenditure in violation of the provisions herein, or taking part therein, shall be dismissed from the service, after due notice and hearing by the duly authorized appointing official. If the appointing official is other than the President and should he fail to remove such official or employee, the President may exercise the power of removal.

SEC. 44. Accrual of Income to Unappropriated Surplus of the General Fund.—Unless otherwise specifically provided by law, all income accruing to the departments, offices and agencies by virtue of the provisions of existing laws, orders and regulations shall be deposited in the National Treasury or in the duly authorized depository of the Government and shall accrue to the unappropriated surplus of the General Fund of the Government: *Provided*, That amounts received in trust and from the business type activities of government may be separately recorded and be disbursed in accordance with such rules and regulations as may be determined by the Permanent Committee created under this Act.

SEC. 45. Special, Fiduciary and Trust Funds.—Receipts shall be recorded as income of Special, Fiduciary or Trust Funds or Funds other than the General Fund, only when authorized by law and following such rules and regulations as may be issued by a Permanent Committee consisting of the Secretary of Finance as Chairman, and the Secretary of Budget and the Chairman, Commission on Audit as members. The same Committee shall likewise monitor and evaluate the activities and balances of all Funds of the national government other than the General fund and may recommend for consideration and approval of the President, the reversion of the General fund of such amounts as are (1) no longer necessary for the attainment of the purposes for which said Funds were established, (2) needed by the General fund in times of emergency, or (3) violative of the rules and regulations adopted by the Committee: *Provided*, That the conditions originally agreed upon at the time the funds were received shall be observed in case of gifts or donations or other payments made by the private parties for specific purposes.

SEC. 46. Service Fees and Honoraria.—Agencies are authorized to charge fees, including honoraria and other reasonable allowances as compensation for consultation, seminars or training programs, or technical services rendered to other government agencies or private parties. Such fees or honoraria shall be recorded as income of the government and subject to the usual accounting, auditing and other pertinent requirements.

SEC. 47. Administration of Lump-Sum Funds.—The Department of Budget shall administer the Lump-Sum appropriated in the General Appropriations Act, except as otherwise specified therein, including the issuance of Treasury Warrants covering payments to implementing agencies or other creditors, as may be authorized by the President.

SEC. 48. Cost Reduction.—Each head of a department, bureau, office or agency shall implement a cost reduction program for his department, bureau, office or agency for the purpose of reducing cost of operations and shall submit to the President reports on the results of the implementation thereof. The Department of Budget shall provide technical and other necessary assistance in the design and implementation of cost reduction activities. 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. 49. Authority to Use Savings for Certain Purposes.—Savings in the appropriations provided in the General Appropriations Act may be used for the settlement of the following obligations incurred during a current fiscal year or previous fiscal years as may be approved by the Secretary in accordance with rules and procedures as may be approved by the President:

(1) Claims of officials, employees and laborers who died or were injured in line of duty, including burial expenses as authorized 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 suspended or dismissed as a result of administrative or disciplinary action, or separated from the service through no fault of their own and who have been subsequently exonerated and reinstated by virtue of decisions of competent authority;

(5) Cash awards to deserving officials and employees in accordance with civil service law;

(6) Salary adjustments of officials and employees as a result of classification action under, and implementation of, the provisions of the Compensation and Position Classification Act, including positions embraced under the Career Executive Service;

(7) Peso support to any undertaking that may be entered into by the government with international organizations, including administrative and other incidental expenses;

(8) Covering any deficiency in peso counterpart fund commitments for foreign-assisted projects, as may be approved by the President;

(9) Priority activities that will promote the economic well-being of the nation, including food production, agrarian reform, energy development, disaster relief, and rehabilitation;

(10) Repair, improvement and renovation of government buildings and infrastructure and other capital assets damaged by natural calamities;

(11) Expenses in connection with official participation in trade fairs, civic parades, celebrations, athletic competitions and cultural activities, and payment of expenses for the celebration of regular or special official holidays;

(12) Payment of obligations of the government or any of its departments or agencies as a result of final judgment of the Courts; and

(13) Payment of valid prior year's obligations of government agencies with any other government office or agency, including government-owned or controlled corporations.

SEC. 50. Appointment of Budget Officers.—No person shall be appointed as budget officer in any department, bureau, office or agency unless he meets the qualification and training requirements established by the Budget Commission as prerequisite to appointment, in addition to other qualification requirements prescribed by the Civil Service Commission for the position.

CHAPTER 6—Budget Accountability

SEC. 51. Evaluation of Agency Performance.—The President, through the Secretary shall evaluate on a continuing basis the quantitative and qualitative measures of agency performance as reflected in the units of work measurement and other indicators of agency performance, including the standard and actual costs per unit of work.

SEC. 52. Budget Monitoring and Information System.—The Secretary of Budget shall determine accounting and other items information, financial or otherwise, needed to monitor budget performance and to assess effectiveness of agencies' operations and shall prescribe the forms, schedule of submission, and other components of reporting systems, 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 Secretary of Budget, 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 issued by the Commission on Audit within a period of thirty (30) days after the Department of Budget and Management prescribes the reporting requirements.

SEC. 53. Monitoring of Expenditures.—Expenditures of national government agencies shall be recorded so as to identify expenditures as classified into such categories as may be determined by the Department of Budget and Management, including but not limited to the following: (1) agency incurring the obligation, (2) program project and activity, (3) object of expenditure, including personal services, operating and maintenance expenditures, equipment, and capital outlays, (4) region or locality of use, (5) economic or functional classification of the expenditure, (6) obligational authority and cash transactions arising from fund releases, and such other classifications as may be necessary for the budget process. The Secretary of Budget shall determine the date and information requirements thus needed and the Commission on Audit shall formulate the accounting rules and regulations, including changes in the Chart of Accounts and the general or subsidiary accounting records, as may be necessary to generate the desired data and information. The Chief Accountants of Agencies and where necessary, accountants of regional offices, shall submit the data needed by the Department of Budget and Management in accordance with such rules and regulations as it may formulate.

SEC. 54. Standard Costs.—The Department of Budget and Management shall develop standard costs for duly approved units of work measurement for each agency's budgetary projects or activities. These standard costs shall be compared with actual unit costs and utilized in the evaluation of agency budgetary performance.

SEC. 55. Review of Budgetary Programs.—The Secretary of Budget shall conduct a continuing review of the budgetary program and project structure of each department, office or agency, the result of which shall be the basis for modifying or amending such structure for incorporation in the President's budget proposals to the Congress.

SEC. 56. Semi-Annual Report on Accomplishments of Government Agencies.—The heads of departments, bureaus,

offices or agencies of the government shall submit a semi-annual report of their accomplishments, both work and financial results, in accordance with such content and format as may be prescribed by the Secretary. These reports shall be designed and used for the purpose of monitoring the efficiency and effectiveness with which budgeted funds are being utilized, and generally for verifying the attainment of goals established in the budget process.

SEC. 57. *Failure to Submit Reports.*—Failure on the part of agency heads, chief accountants, budget officers, cashiers, disbursing officers, administrative and personnel officers, and other responsible officers of departments, bureaus, offices and agencies to submit trial balances, work and financial plans, special budgets, reports of operation and income, 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 Department of Budget shall automatically cause the suspension of payment of their salaries until they have complied with the requirements of the Department of Budget. No appropriation authorized in the General Appropriations Act shall be made 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 erring official or employee.

CHAPTER 7—Expenditure of Appropriated Funds

SEC. 58. *Contracting of Activities.*—Agencies may enter into contracts with individuals or organizations, both public and private, subject to provisions of law and applicable guidelines approved by the President: *Provided*, That contracts shall be for specific services which cannot be provided by the regular staff of the agency, shall be for a specific period of time, and shall have a definite expected output: *Provided, further*, That implementing, monitoring and other regular and recurring agency activities shall not be contracted for, except for personnel hired on an individual and contractual basis and working as part of the organization, or as otherwise may be approved by the President: *Provided, finally*, That the cost of contracted

services shall not exceed the amount that would otherwise be incurred had the work been performed by regular employees of government, except as may be authorized under this section.

SEC. 59. *Authority to Receive Additional Compensation.*—Officials and employees who are duly appointed by competent authority to any position in another government office or agency in a concurrent capacity, may, in the discretion of the President, be allowed to receive additional compensation in the form of allowance or honorarium at such rates he shall fix and subject to such conditions as he may prescribe. Such additional compensation shall be paid from the appropriations of the office or agency benefiting from the concurrent service.

SEC. 60. *Restrictions on Salary Increases.*—No portion of the appropriations provided in the General Appropriations Act shall be used for payment of any salary increase or 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 for under the Compensation and Position Classification Act, be paid unless the positions have been classified by the Budget Commission.

SEC. 61. *Merit Increases.*—The budgets of national government agencies may provide for a lump-sum for merit increases, subject to such terms and conditions as may be approved by the President. Such lump-sum shall be used to fund salary increases approved by the head of agency in recognition of meritorious performance; *Provided*, That the Civil Service Commission and the Department of Budget shall jointly issue the rules and regulations governing the granting of such merit increases.

SEC. 62. *Salary for Substitutionary Service.*—When an official or employee is issued a duly approved appointment in a temporary or acting capacity to take the place and perform the duties of another who is temporarily absent from his post with pay, savings in the appropriations of the department, bureau or office may be used for the payment of his salary or differential, subject to the approval of the Secretary.

SEC. 63. *Additional Compensation for Overtime Service.*—Officials and employees of the national Government, when required to work overtime after regular working hours during ordinary days, during half-day sessions, or on Saturdays, Sundays and holidays, by the heads of departments concerned, to finish work that must be completed within a specified time, may be paid overtime compensation from any unexpected balance of the appropriation for salaries and wages authorized in the General Appropriations Act and under such guidelines as may be issued by the President.

SEC. 64. *Compensation of Persons Receiving Pension.*—A person receiving life pension, annuity, or gratuity as a result of service in the national government or any local government unit, or from any government-owned or controlled corporation, who is reappointed to any position, the appropriation for the salary of which is provided from funds of the office, shall have the option to receive either the compensation for the position, or the pension, gratuity or annuity, but in no case shall he received both.

SEC. 65. *Prohibition of Voluntary Service.*—Unless otherwise specifically approved by the President, no person shall be employed or appointed in the government under the guise of voluntary service, with compensation below the authorized hiring rate for the position, but with privilege of transportation and/or representation expenses in any form, or of receiving per diems, allowances, honoraria, subsistence, quarters in cash or in kind, payable from government funds: *Provided*, That the application of this provisions may be waived to authorize voluntary service in the Armed Forces of the Philippines or in connection with relief operations.

SEC. 66. *Additional Compensation for School Faculty Members.*—Professors, instructors, teachers or members of the faculty of government schools, colleges and universities, when required to teach more than their regular teaching loads may be paid additional compensation not exceeding seventy-five per centum of their basic salary.

SEC. 67. *Laundry.*—At the discretion of the department head concerned, any official or employee of the national government serving in any hospital, penal institution, or

other similar institution, who is required to wear a uniform during the performance of his duties, may be granted laundry allowance in kind, or which may be commuted at such rates as may be authorized by the Department of Budget.

SEC. 68. *Hazard Pay.*—Upon recommendation of the department head concerned and approval of the Secretary, hazard pay may be allowed to employees who are actually assigned to danger or strife-torn areas, disease-infested places, or in distressed or isolated stations and camps, which expose them to great danger of contagion or peril to life. Such hazard pay shall be paid from savings of the department concerned at such rates, terms and conditions as the Secretary may prescribe.

SEC. 69. *Subsistence.*—No official or employee of the national government shall be given subsistence, the cost of which is payable from any fund, except the following and only when an appropriation therefore is specifically provided:

(1) Marine officers, engineers and crew of government vessels, launches, and motorboats who shall take their meals on the mess when aboard the said vessels, launches, or motorboats;

(2) Lightkeepers and other employees in light stations duly authorized by the head of the department to receive subsistence, who shall be furnished raw canned, or preserved food supplies;

(3) Officials and employees who are required to render service within the premises of hospitals, penal institutions, leper institutions, military installations, and other similar institutions, for a continuous period that includes meal time, may be allowed full subsistence when required to live in said premises to make their services available at any and all times;

(4) Laborers temporarily fielded to isolated or unsettled districts shall be furnished the usual rations or the equivalent in cash, at the expense of the government.

In hospitals and leper institutions where there are no mess halls or whenever these are inadequate personnel entitled to subsistence allowance in kind may commute such

subsistence upon request of the personnel concerned subject to the approval of the department head at authorized rates chargeable against the appropriation for supplies and materials authorized in the General Appropriations Act.

SEC. 70. *Subsistence of Crew of Government Vessels.*—The subsistence allowance for the officers and crew of the coast guard and revenue cutters and lighthouse tenders and other large vessels operated by the Government shall be spent for conducting a mess under the charge and administration of one or more members of the complement in each vessel to be designated by the corresponding head of department, and in accordance with regulations to be issued by him. The person or persons so designated shall keep an account of the advances of funds received and expenditures made therefrom for the operation of the mess and shall render such report to the corresponding Accounting Officer promptly at the end of each month.

SEC. 71. *Furnished Quarters.*—When the position of any official and employee is provided with "furnished quarters", such official or employee shall be entitled to the use of such government-owned furniture and equipment as are necessary for his board and lodging and those for his family including children below twenty-one years of age.

SEC. 72. *Per Diems of Government Officials and Employees.*—When a government official or employee is authorized to travel on official business outside of his permanent station, he shall be entitled to per diems to cover his board and lodging in accordance with his schedule: *Provided*, That in addition to per diems, the official or employee may be entitled to transportation expenses in going to and coming from his destination and to a daily allowance while in the field: *Provided, further*, That officials and employees on travel status whose expenses for board and lodging are paid directly or indirectly by government may not be entitled to receive the per diems and allowances corresponding to such payments.

Department secretaries, heads of Constitutional bodies, undersecretaries and all other positions of equivalent rank are authorized the reimbursement of actual expenses supported by receipts, within such limits as may be imposed under the provisions of this section.

Officials and employees authorized to travel abroad may be granted clothing allowance: *Provided*, That no official or employee shall be granted such clothing allowance oftener than once every twenty-four (24) months.

The rates of per diems and other allowances as authorized in this section shall be determined by the President. The rates may be changed from time to time upon recommendation of a Travel Rates Committee which is hereby created, consisting of the Secretary of Budget as Chairman and the Secretary of Foreign Affairs, the Secretary of Tourism and the Chairman, Commission on Audit, or their representatives, as members.

The Committee shall review travel rates and shall recommend to the President for consideration and approval modification in rates and policy when found to be warranted by actual domestic or foreign travel costs, as the case may be.

Government-owned or controlled corporations shall observe the rates established under this section: *Provided*, That profit-making corporations may adopt their own scales as may be provided by law. The Travel Rates Committee shall issue the necessary rules and regulations to enforce the provisions of this section.

SEC. 73. *Additional Conditions for Payment of Travel Expenses.*—When travel is done by water and subsistence is not included in the transportation cost, the amount actually and necessarily spent for subsistence during such travel time shall be paid, and no per diems shall be allowed in lieu thereof.

Per diems and travel allowances shall not be granted to members of field parties or others for whom subsistence and allowances in kind are supplied or other special provision made to cover travel expenses.

The travel expenses of a government official or employee who is assigned to render a special service to any private person or entity, the expenses for which are payable by the latter, shall be paid from a deposit which the private party shall be required to make before the performance of the special service is commenced, subject to the limitations and requirements herein provided for travel expenses payable from government funds.

No official or employee of the Government who remains temporarily at one station for a period longer than one (1) month shall be paid per diems in excess of one (1) month except upon approval of the head of department and, in case his temporary stay in any one place exceeds three (3) months, payment of per diems in excess of three (3) months shall be made only upon the previous approval of the Secretary.

SEC. 74. *Transportation of Members of Family of an Employee Transferred from One Station to Another.*—Whenever, due to the exigencies of the service and not at his own request, an official or employee is transferred from one station to another, said official or employee and his spouse and children below twenty-one years of age shall be entitled to transportation and freight for reasonable and necessary baggage and household effects, at the expense of the Government, to be paid from the appropriation for traveling expenses of the bureau or office concerned.

SEC. 75. *Purchase, Use Operation and Maintenance of Motor Transport Equipment.*—No appropriation for equipment authorized in the General Appropriations Act shall be used directly or indirectly for the purchase of automobiles, jeeps, jitneys, station wagons, motorcycles, trucks, launches, speedboats, airplanes, helicopters and other types of motor transport equipment unless otherwise specifically authorized by the President.

All departments, bureaus, offices, and agencies authorized to purchase motor transport equipment including those acquired through donations, gifts or gratuitous title are likewise authorized to use, operate and maintain them for purposes of carrying out the official functions and activities of the agency. These motor vehicles shall be used strictly for official business, bear government plates only, and after office hours to be kept in garage provided therefore by the office or agency to which they belong, except, when in use for official business outside office hours. The President, however, may authorize exceptions from these provisions for officials of government who work under extended hours or whose activities call for special security arrangements. Any violation of the provisions of this section shall subject the erring official or

employee to administrative disciplinary action and he shall be personally liable for any loss or damage caused to the government or third persons.

The Commission on Audit shall issue rules and regulations governing the use, operation and maintenance of government motor transport equipment.

SEC. 76. *Limitation of Rental of Motor Vehicles.*—No appropriations authorized in the General Appropriations Act shall be used for renting motor transport equipment for a continuous period of more than fifteen days, except as may be authorized by the Secretary.

SEC. 77. *Limitation of Purchase of Supplies, Materials, and Equipment Spare Parts.*—Except as otherwise provided in the General Appropriations Act, the stock on hand of supplies, materials and equipment spare parts, acquired through ordinary and emergency purchase, shall at no time exceed normal three-month requirements, subject to the pertinent rules and regulations issued by competent authority: *Provided*, That department heads may approve the build-up of stocks on hand of critical supplies and materials, in anticipation of cost increases or requirements of a national emergency, and specifying maximum quantities of individual items, but in no case shall these stocks exceed more than one year's supply, unless otherwise approved by the President.

SEC. 78. *Purchase of Locally Manufactured Products.*—All appropriations for the purchase of equipment, supplies and materials authorized in the General Appropriations Act shall be available only 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 exceed those determined by the Flag Law.

SEC. 79. *Availability of Appropriations for Rental of Building and Grounds.*—Any appropriation authorized in any Act for rental of buildings and grounds for any department, bureau, office or agency shall be available for expenditure only when authorized by the department head concerned. Such appropriation may also be used for lease-purchase arrangements.

With the concurrence of the Secretary of Budget and Management and the Secretary of Finance, the head of the department may contract with any government financial institution for loans intended for the acquisition of land for the construction of an office building for any of the agencies under the department. Annual amortization of the loans shall be taken from the appropriation for rental authorized under any Act for the department, bureau or office concerned.

SEC. 80. Misuse of Government Funds and Property.—Any public official or employee who shall apply any government fund or property under his administration or control to any use other than for which such fund or property is appropriated by law, shall suffer the penalty imposed under the appropriate penal laws.

BOOK VII

ADMINISTRATIVE PROCEDURE

CHAPTER 1—General Provisions

SECTION 1. Scope.—This Book shall be applicable to all agencies as defined in the next succeeding section, except the Congress, the Judiciary, the Constitutional Commissions, military establishments in all matters relating exclusively to Armed Forces personnel, the Board of Pardons and Parole, and state universities and colleges.

SEC. 2. Definitions.—As used in this Book:

(1) "Agency" includes any department, bureau, office, commission, authority or officer of the National Government authorized by law or executive order to make rules, issue licenses, grant rights, privileges, and adjudicate cases; research institutions with respect to licensing functions; government corporations with respect to functions regulating private right, privilege, occupation or business; and officials in the exercise of disciplinary power as provided by law.

(2) "Rule" means any agency statement of general applicability that implements or interprets a law, fixes and describes the procedures in, or practice requirements

of, an agency, including its regulations. The term includes memoranda or statements concerning the internal administration or management of an agency not affecting the rights of, or procedure available to, the public.

(3) "Rate" means any charge to the public for a service open to all and upon the same terms, including individual or joint rates, tolls, classifications, or schedules thereof, as well as commutation, mileage, kilometerage and other special rates which shall be imposed by law or regulation to be observed and followed by any person.

(4) "Rule making" means an agency process for the formulation, amendment, or repeal of a rule.

(5) "Contested Case" means any proceeding, including licensing, in which the legal rights, duties and privileges asserted by specific parties as required by the Constitution or by law are to be determined after hearing.

(6) "Person" includes an individual, partnership, corporation, association, public or private organization of any character other than an agency.

(7) "Party" includes a person or agency named or admitted as party, or properly seeking or entitled as of right to be admitted as a party, in any agency proceeding; but nothing herein shall be construed to prevent an agency from admitting any person or agency as a party for limited purposes.

(8) "Decision" means the whole or any part of the final disposition, not of an interlocutory character, whether affirmative, negative or injunctive in form, of an agency in any matter, including licensing, rate fixing and granting of rights and privileges.

(9) "Adjudication" means an agency process for the formulation of an order.

(10) "License" includes the whole or any part of any agency permit, certificate, passport, clearance, approval, registration, character, membership, statutory exemption or other form of permission, or regulation of the exercise of a right or privilege.

(11) "Licensing" includes agency process involving the grant, renewal, denial, revocation, suspension,

annulment, withdrawal, limitation, amendment, modification, or conditioning of a license.

(12) "Sanction" includes the whole or part of a prohibition, limitation or other condition affecting the liberty of any person; the withholding of relief; the imposition of penalty or fine; the destruction, taking, seizure or withholding of property; the assessment of damages, reimbursement, restitution, compensation, cost, charges or fees; the revocation or suspension of license; or the taking of other compulsory or restrictive action.

(13) "Relief" includes the whole or part of any grant of money, assistance, license, authority, privilege, exemption, exception, or remedy; recognition of any claim, right, immunity, privilege, exemption or exception; or taking of any action upon the application or petition of any person.

(14) "Agency proceeding" means any agency process with respect to rule-making, adjudication, and licensing.

(15) "Agency action" includes the whole or part of every agency rule, order, license, sanction, relief or its equivalent or denial thereof.

CHAPTER 2—Rules and Regulations

SEC. 3. Filing.—(1) Every agency shall file with the University of the Philippines Law Center three(3) certified copies of every rule adopted by it. Rules in force on the date of effectivity of this Code which are not filed within three (3) months from the date shall not thereafter be the basis of any sanction against any part or persons.

(2) The records officer of the agency, or his equivalent functionary, shall carry out the requirements of this section under pain or disciplinary action.

(3) A permanent register of all rules shall be kept by the issuing agency and shall be open to public inspection.

SEC. 4. Effectivity.—In addition to other rule-making requirements provided by law not inconsistent with this Book, each rule shall become effective fifteen (15) days from the date of filing as above provided unless a different date is fixed by law, or specified in the rule in the cases of

imminent danger to public health, safety and welfare, the existence of which must be expressed in a statement accompanying the rule. The agency shall take appropriate measures to make emergency rules known to persons who may be affected by them.

SEC. 5. Publication and Recording.—The University of the Philippines Law Center shall:

(1) Publish a quarterly bulletin setting forth the text of rules filed with it during the preceding quarter; and

(2) Keep an up-to-date codification of all rules thus published and remaining effect, together with a complete index and appropriate tables.

SEC. 6. Omission of Some Rules.—(1) The University of the Philippines Law Center may omit from the bulletin or the codification any rule if its publication would be unduly cumbersome, expensive or otherwise inexpedient, but copies of that rule shall be made available on application to the agency which adopted it, and the bulletin shall contain a notice stating the general subject matter of the omitted rule and how copies thereof may be obtained.

(2) Every rule establishing an offense or defining an act which, pursuant to law is punishable as a crime or subject to a penalty shall in all cases be published in full text.

SEC. 7. Distribution of Bulletin and Codified Rules.—The University of the Philippines Law Center shall furnish one (1) free copy each of every issue of the bulletin and of the codified rules or supplements to the Office of the President, Congress, all appellate courts and the National Library. The bulletin and the codified rules shall be made available free of charge to such public officers or agencies as the Congress may select, and to other persons at a price sufficient to cover publication and mailing or distribution costs.

SEC. 8. Judicial Notice.—The court shall take judicial notice of the certified copy of each rule duly filed or as published in the bulletin or the codified rules.

SEC. 9. Public Participation.—If not otherwise required by law, an agency shall, as far as practicable, publish or

circulate notices of proposed rules and afford interested parties the opportunity to submit their views prior to the adoption of any rule.

(2) In the fixing of rates, no rule or final order shall be valid unless the proposed rates shall have been published in a newspaper of general circulation at least two (2) weeks before the first hearing thereon.

(3) In case of opposition, the rules on contested cases shall be observed.

CHAPTER 3—Adjudication

SEC. 10. *Compromise and Arbitration.*—To expedite administrative proceedings involving conflicting rights or claims and onviate expensive litigations, every agency shall, in the public interest, encourage amicable settlement, compromise and arbitration.

SEC. 11. *Notice and Hearing in Contested Cases.*—(1) In any contested case all parties shall be entitled to notice and hearing. The notice shall be served at least five (5) days before the date of the hearing and shall state the date, time and place of the hearing.

(2) The parties shall be given opportunity to present evidence and argument on all issues. If not precluded by law, informal disposition may be made of any contested case by stipulation, agreed settlement or defaults.

(3) The agency shall keep an official record of its proceedings.

SEC. 12. *Rules of Evidence.*—In a contested case:

(1) The agency may admit and give probative value to evidence commonly accepted by reasonably prudent men in the conduct of their affairs.

(2) Documentary evidence may be received in the form of copies or excerpts, if the original is not readily available. Upon request, the parties shall be given opportunity to compare the copy with the original. If the original is in the official custody of a public officer, a certified copy thereof may be accepted.

(3) Every party shall have the right to cross-examine witnesses presented against him and to submit rebuttal evidence.

(4) The agency may take notice of judicially cognizable facts and of generally cognizable technical or scientific facts within its specialized knowledge. The parties shall be notified and afforded an opportunity to contest the facts so noticed.

SEC. 13. *Subpoena.*—In any contested case, the agency shall have the power to require the attendance of witnesses or the production of books, papers, documents and other pertinent data, upon request of any party before or during the hearing upon showing of general relevance. Unless otherwise provided by law, the agency may, in case of disobedience, invoke the aid of the Regional Trial Court within whose jurisdiction the contested case being heard falls. The Court may punish contumacy or refusal as contempt.

SEC. 14. *Decision.*—Every decision rendered by the agency in a contested case shall be in writing and shall state clearly and distinctly the facts and the law on which it is based. The agency shall decide each case within thirty (30) days following its submission. The parties shall be notified of the decision personally or by registered mail addressed to their counsel of record, if any, or to them.

SEC. 15. *Finality of Order.*—The decision of the agency shall become final and executory fifteen (15) days after the receipt of a copy thereof by the party adversely affected unless within that period an administrative appeal or judicial review, if proper, has been perfected. One motion for reconsideration may be filed, which shall suspend the running of the said period.

SEC. 16. *Publication and Compilation of Decisions.*—(1) Every agency shall publish and make available for public inspection all decisions or final orders in the adjudication of contested cases.

(2) It shall be the duty of the records officer of the agency or his equivalent functionary to prepare a register or compilation of those decisions or final orders for use by the public.

SEC. 17. *Licensing Procedure.*—(1) When the grant, renewal, denial or cancellation of a license is required to be preceded by notice and hearing, the provisions concerning contested cases shall apply insofar as practicable.

(2) Except in cases of willful violation of pertinent laws, rules and regulations or when public security, health or safety require otherwise, no license may be withdrawn, suspended, revoked or annulled without notice and hearing.

SEC. 18. Non-expiration of License.—Where the license has made timely and sufficient application for the renewal of a license with reference to any activity of a continuing nature, the existing license shall not expire until the application shall have been finally determined by the agency.

CHAPTER 4—Administrative Appeal in Contested Cases

SEC. 19. Appeal.—Unless otherwise provided by law or executive order, an appeal from a final decision of the agency may be taken to the Department Head.

SEC. 20. Perfection of Administrative Appeals.—(1) Administrative appeals under this Chapter shall be perfected within fifteen (15) days after receipt of a copy of the decision complained of by the party adversely affected, by filing with the agency which adjudicated the case a notice of appeal, serving copies thereof upon the prevailing party and the appellate agency, and paying the required fees.

(2) If a motion for reconsideration is denied, the movant shall have the right to perfect his appeal during the remainder of the period for appeal, reckoned from receipt of the resolution of denial. If the decision is reversed on reconsideration, the aggrieved party shall have fifteen (15) days from receipt of the resolution of reversal within which to perfect his appeal.

(3) The agency shall, upon perfection of the appeal transmit the records of the case to the appellate agency.

SEC. 21. Effect of Appeal.—The appeal shall stay the decision appealed from unless otherwise provided by law, or the appellate agency directs execution pending appeal, as it may deem just, considering the nature and circumstances of the case.

SEC. 22. Action on Appeal.—The appellate agency shall review the records of the proceedings and may, on its own initiative or upon motion, receive additional evidence.

SEC. 23. Finality of Decisions of Appellate Agency.—In any contested case, the decision of the appellate agency shall become final and executory fifteen (15) days after the receipt by the parties of a copy thereof.

SEC. 24. Hearing Officers.—(1) Each agency shall have such number of qualified and competent members of the base as hearing officers as may be necessary for the hearing and adjudication of contested cases.

(2) No hearing officer shall engage in the performance of prosecuting functions in any contested case or any factually related case.

SEC. 25. Judicial Review.—(1) Agency decisions shall be subject to judicial review in accordance with this chapter and applicable laws.

(2) Any party aggrieved or adversely affected by an agency decision may seek judicial review.

(3) The action for judicial review may be brought against the agency, or its officers, and shall be indispensable and necessary parties as defined in the Rules of Court.

(4) Appeal from an agency decision shall be perfected by filing with the agency within fifteen (15) days from receipt of a copy thereof a notice of appeal, and with the reviewing court a petition for review of the order. Copies of the petition shall be served upon the agency and all parties of record. The petition shall contain a concise statement of the issues involved and the grounds relied upon for the review, and shall be accompanied with a true copy of the order appealed from, together with copies of such material portions of the records as are referred to therein and other supporting papers. The petition shall be under oath and shall show, by stating the specific material dates, that it was filed within the period fixed in this chapter.

(5) The petition for review shall be perfected within fifteen (15) days from receipt of the final administrative decision. One (1) motion for reconsideration may be allowed. If the motion is denied, the movant shall perfect his appeal during the remaining period for appeal reckoned from receipt of the resolution of denial. If the decision is reversed on reconsideration, the appellant shall have fifteen (15) days from receipt of the resolution to perfect his appeal.

(6) The review proceeding shall be filed in the court specified by statute or, in the absence thereof, in any court of competent jurisdiction in accordance with the provisions on venue of the Rules of Court.

(7) Review shall be made on the basis of the record taken as whole. The findings of fact of the agency when supported by substantial evidence shall be final except when specifically provided otherwise by law.

SEC. 26. *Transmittal of Record*.—Within fifteen (15) days from the service of the petition for review, the agency shall transmit to the court the original or a certified copy of the entire records of the proceeding under review. The record to be transmitted may be abridged by agreement of all parties to the proceedings. The court may require or permit subsequent correction or additions to the record.

FINAL PROVISIONS

SEC. 27. *Repealing Clause*.—All laws, decrees, orders, rules and regulations, or portions thereof, inconsistent with this Code are hereby repealed or modified accordingly.

SEC. 28. *Separability Clause*.—In the event that any of the provisions of this Code is declared unconstitutional the validity of the other provisions shall not be affected by such declaration.

SEC. 29. *Effectivity*.—This Code shall take effect one year after its publication in the *Official Gazette*.

DONE in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO
President of the Philippines

By the President:

(Sgd.) JOKER P. ARROYO
Executive Secretary