

APPROVED in the City of Manila, Philippines, this 30th day of January, 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

MALACAÑANG
MANILA

EXECUTIVE ORDER No. 127

REORGANIZING THE MINISTRY OF FINANCE

RECALLING that the reorganization of the government is mandated expressly in Article II, Section 1 (a) and Article III of the Freedom Constitution;

HAVING IN MIND that pursuant to Executive Order No. 5 (1986), it is directed that the necessary and proper changes in the organizational and functional structures of the government, its agencies and instrumentalities, be effected in order to promote efficiency and effectiveness in the deliver of public services;

BELIEVING that it is necessary to reorganize the Ministry of Finance to make it more capable and responsive, organizationally and functionally, in its primary mandate of judiciously generating and efficiently managing the financial resources of the Government, its subdivisions and instrumentalities in order to attain the socio-economic objectives of the national development programs

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino People and the Freedom Constitution, do hereby order:

SECTION 1. *Title.*—This Executive Order shall otherwise be known as the Reorganization Act of the Ministry of Finance.

SEC. 2. *Reorganization.*—The Ministry of Finance, hereinafter referred to as Ministry, is hereby reorganized, structurally and functionally, in accordance with the provisions of this Executive Order.

SEC. 3. *Declaration of Policy.*—It is the policy of the State that the Ministry 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. 4. *Mandate.*—The Ministry 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 Ministry 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 a manner supportive of development objectives.

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

Finally, the Ministry 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. 5. *Powers and Functions.*—To accomplish its mandate, the Ministry shall have the following powers and functions:

- (a) In coordination with other concerned government agencies, formulate long-range, medium-term and annual plans covering the government's resource mobilization effort, involving all public sector resources whether generated by revenues and operations,

foreign and domestic borrowing, sale or privatization of corporations or assets, or from other sources; and supervise the implementation of such plans;

- (b) Formulate, institutionalize and administer fiscal and tax policies;
- (c) Supervise, direct and control the collection of government revenues;
- (d) Act as custodian and manage all financial resources of the national government;
- (e) Undertake and supervise activities related to the negotiation, servicing and restructuring of domestic and foreign debt incurred or guaranteed by the government and its instrumentalities, including taking part in activities which affect the country's capacity to service foreign debt;
- (f) Review and coordinate the policies, plans and programs of government financial institutions and thereafter recommend to them courses of action that dovetail these policies, plans and programs to national government fiscal policies, plans and programs;
- (g) Ensure the implementation of necessary policies and measures on local revenue administration;
- (h) Coordinate with other government agencies on matters concerning fiscal and monetary policies, credit, economic development, international finance, trade and investment;
- (i) Perform such other powers and functions as may be provided by law.

SEC. 6. *Minister of Finance.*—The authority and responsibility for the exercise of the mandate of the Ministry and for the discharge of its powers and functions shall be vested in the Minister of Finance, hereinafter referred to as Minister, who shall have supervision and control of the Ministry and shall be appointed by the President.

SEC. 7. *Structural Organization.*—The Ministry, aside from the Ministry Proper

comprising the Office of the Minister; the Offices of the Deputy and Assistant Ministers, the Economic Intelligence and Investigation Bureau and the Services, shall consist of the Operations Groups and their constituent units, and Regional Offices.

SEC. 8. *Office of the Minister.*—The Office of the Minister shall consist of the Minister, his deputies and their immediate staffs.

SEC. 9. *Deputy Ministers.*—The Minister shall be assisted by five (5) Deputy Ministers appointed by the President upon the recommendation of the Minister, each of whom shall head, respectively, the policy Development and Management Services Group mentioned in Section 11 hereof and the four (4) Operations Groups mentioned in Section 12 hereof.

SEC. 10. *Assistant Ministers.*—The Minister shall also be assisted by five (5) Assistant Ministers appointed by the President upon the recommendation of the Minister. The respective assignments of the Assistant Ministers and the reporting procedures to be followed by them shall be determined by the Minister.

SEC. 11. *Policy Development and Management Services Group.*—The Policy Development and Management Services Group, which shall be headed by a Deputy Minister, shall consist of the following:

- (a) Planning and Policy Research Office;
- (b) Central Management Information Office;
- (c) Central Administration Office;
- (d) Central Financial Management Office;
- (e) Public Information and Assistance Office;
- (f) Legal Office;
- (g) Regional Coordination Office.

SEC. 12. *Operations Groups.*—The Operations Groups, each of which shall be headed by a Deputy Minister, shall consist of the following:

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

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- (2) Bureau of Customs;
 (3) Revenue Service;
 (4) Legal Service;
- (b) Domestic Operations Group, composed of the following:

- (1) Bureau of Treasury;
 (2) Bureau of Local Government Finance;
 (3) Financial and Fiscal Policy and Planning Office;

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

- (1) International Finance Policy Office;
 (2) International Finance Operations Office.

SEC. 13. Planning and Policy Research

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

- (a) Formulate long-range and annual projections of revenue needs, cash position and borrowing capacity of the Government as basis for policy decisions of the Ministry;
- (b) Supervise policy research and development on fiscal and tax measures undertaken by the operating bureaus and offices of the Ministry;
- (c) Coordinate with other government agencies on policy research as it impacts on fiscal and tax measures;
- (d) Perform such other functions as may be assigned by the Minister or his deputies.

SEC. 14. Composition.—The Planning and Policy Research Office shall be composed of the following:

- (a) National Resource Planning Division;
 (b) Policy Research and Coordination Division;
 (c) Statistical Development and Coordination Division;
 (d) Special Studies Division.

SEC. 15. Central Management Information Office.—The Central Management Information Office shall have the following functions:

- (a) Establish a Management Information System and sub-systems for monitoring and evaluation of Ministry-wide programs and projects, including those that are executed by operating Bureaus and Offices;
- (b) Formulate policies, plans and procedures for data control and systems management;
- (c) Act as the central repository of existing and future computer files;
- (d) Perform such other appropriate functions as may be assigned by the Minister or his deputies.

SEC. 16. Composition.—The Central Management Information Office shall be composed of the following:

- (a) Project Monitoring and Evaluation Division;
 (b) Data Control and Systems Management Division;
 (c) Data Encoding and Processing Division;
 (d) Computer Operating Division.

SEC. 17. Central Administration Office.—The Central Administration Office shall have the following functions:

- (a) Supervise Ministry-wide services relating to internal cash management, personnel administration, property and supplies procurement and custody; and maintenance of central files, an corresponding reporting systems;
- (b) Assist in the formulation of policies and guidelines on the management of human and physical resources and general housekeeping activities for uniformity and standardization;
- (c) Serve as a center for the establishment and periodic evaluation of management operation systems, internal control and work outputs to determine Ministry-wide performance efficiency;
- (d) Design and develop training policies and guidelines, administer and eval-

uate training programs and, in coordination with external training institutions, screen and recommend to the Minister the participation of Ministry personnel in training programs, seminars and conferences in the country or abroad;

- (e) Ensure that Ministry-wide activities and efforts are focused towards a central direction as embodied in the national socio-economic development plans;
- (f) Perform such other appropriate functions as may be assigned by the Minister or his deputies.

SEC. 18. *Composition.*—The Central Administration Office shall be composed of the following:

- (a) Cash Management Division;
- (b) Personnel Services Division;
- (c) General Services Division;
- (d) Management Systems and Performance Evaluation Division;
- (e) Central Records Management Division;
- (f) Human Resources Development Division;
- (g) Ministry Plans and Programs Division.

All divisions enumerated above shall be replicated as sections or divisions under the Administration Division or Office, as the case may be, which each operating Bureau under the Ministry shall have.

SEC. 19. *Central Financial Management Office.*—The Central Financial Management Office shall have the following functions:

- (a) Supervise Ministry-wide activities relating to budget preparation and management, Ministry accounting, and internal audit;
- (b) Perform such other appropriate functions as may be assigned by the Minister or his deputies.

SEC. 20. *Composition.*—The Central Financial Management Office shall be composed of the following:

- (a) Budget Division;
- (b) Accounting Division;
- (c) Audit Division.

All divisions enumerated above shall be replicated as sections or divisions under the Financial Management Division or Office, as the case may be, which each operating Bureau of the Ministry shall have.

SEC. 21. *Public Information and Assistance Office.*—The Public Information and Assistance Office shall have the following functions:

- (a) Provide policy direction and guidance to the operating Bureaus and Offices of the Ministry for the proper dissemination of appropriate information on Ministry-wide programs, operations and activities;
- (b) Provide the operating Bureaus and Offices with the general framework for rendering direct assistance to the general public;
- (c) Receive complaints and grievances from the general public; prepare referrals to concerned Bureaus and Offices and monitor responses or actions taken;
- (d) Perform such other appropriate functions as may be assigned by the Minister or Deputy Minister for Policy Development and Management Service.

SEC. 22. *Composition.*—The Public Information and Assistance Office shall be composed of the following:

- (a) Public Information Management Division;
- (b) Public Assistance Management Division.

SEC. 23. *Legal Office.*—The Legal Office shall have the following functions:

- (a) Prepare draft opinions/rulings for signature of the Minister or his deputy on matters elevated to it by the Bureaus and Offices of the Ministry;

Conduct legal researches on all matters referred to it by the Minister or his deputies;

- (c) Perform such other appropriate functions as may be assigned by the Minister or his deputies.

SEC. 24. *Composition.*—The Legal Office shall be composed of the following:

- (a) Legal Research Division;
(b) Opinions/Rulings Division.

All divisions enumerated above shall be replicated as sections under the Legal Division, which each operating Bureau of the Ministry shall have.

SEC. 25. *Regional Coordination Office.*—The function of the Regional Coordination Office is to coordinate the operations of the Regional Offices.

SEC. 26. *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 Commissioner who shall be appointed by the President upon the recommendation of the Minister, shall have the following functions:

- (a) 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, investigate the same and aid in the prosecution of cases;
- (b) Coordinate with external agencies in monitoring the financial and economic activities of persons or entities, whether domestic or foreign, which may adversely affect national financial interest with the goal of regulating, controlling or preventing said activities;
- (c) Provide all intelligence units of operating Bureaus or Offices under the Ministry with the general framework and guidelines in the conduct

of intelligence and investigation works;

- (d) Supervise, monitor and coordinate all the intelligence and investigation operations of the operating Bureaus and Office under the Ministry;
- (e) Investigate, hear and file, upon clearance by the Minister, anti-graft and corruption cases against personnel of the Ministry and its constituent units;
- (f) Perform such other appropriate functions as may be assigned by the Minister or his deputies.

SEC. 27. *Composition.*—The Economic and Investigation Bureau shall be composed of the following:

- (a) Intelligence Office;
(b) Investigation and Presecution Office;
(c) Internal Inquiry and Prosecution Office;
(d) Internal Administration Office.

All offices enumerated above except the Internal Administration Office shall be replicated as divisions under the Intelligence and Investigation Office, which each operating Bureau of the Ministry shall have.

SEC. 28. *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 Minister and hereinafter referred to as Commissioner shall have the functions of assessing and collecting all taxes, fees and charges, accounting for all revenues collected, exercising duly delegated police powers, administering all legal requirements that are appropriate, preventing and prosecuting tax evasions and other illegal economic activities, exercising supervision and control over its constituent units, and performing such other functions as may be provided by law. The Commissioner of Internal Revenue with the approval of the Minister of Finance will 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.

Letter of Instruction 204 which grants full authority to the Commissioner of Internal Revenue in matters of discipline and appointment of Internal Revenue personnel shall remain in effect.

SEC. 29. Deputy Commissioners.—The Commissioner shall be assisted by two (2) Deputy Commissioners. Each Deputy Commissioner shall supervise one (1) of the Groups defined in Section 30 below, to be assigned by the Commissioner.

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

(a) 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 Service Chief:

- (1) Assessment Service, composed of the following:
 - (i) National Audit Review Division;
 - (ii) Assessment Performance Control Division;
 - (iii) Tax Credit/Refund Division;
- (2) Collection Service, composed of the following:
 - (i) Collection Enforcement Division;
 - (ii) Accounts Receivable/Billing Division;
 - (iii) Collection Performance Evaluation Division;
 - (iv) Withholding Tax Division;
- (3) Excise Tax Service, composed of the following:
 - (i) Alcohol Tax Division;
 - (ii) Oil and Miscellaneous Tax Division;
 - (iii) Tobacco Tax Division;
 - (iv) Field Operations Division;
 - (v) BIR Laboratory;

(4) Special Operations Service, composed of the following:

- (i) Industry Audit Division;
- (ii) Banks, Financing and Insurance Division;
- (iii) International Tax Affairs Division;
- (iv) Value-Added Tax Division;

(5) Regional Offices

(b) 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:

- (1) Legal Service, composed of the following:
 - (i) Legislative, Ruling and Research Division;
 - (ii) Prosecution Division;
 - (iii) Appellate Division;
 - (iv) Litigation Division;
- (2) Financial Service, composed of the following:
 - (i) Revenue Accounting Division;
 - (ii) Budget Division;
 - (iii) Disbursement Accounting Division;
 - (iv) PO/CR Monitoring Division;
 - (v) Statistical Analysis Division;
- (3) Administrative Service, composed of the following:
 - (i) Personnel Division;
 - (ii) General Services Division;
 - (iii) Property Division;
 - (iv) Accountable Forms Division;
 - (v) Records Division;
 - (vi) Career Development Division;
 - (vii) Medical and Dental Division;
- (4) Planning and Research Service, composed of the following:
 - (i) Planning and Research Division;
 - (ii) Management Information and Data System Division;

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(iii) Public Information and Assistance Division;

(5) Inspection Service, composed of the following:

- (i) Internal Security Division;
- (ii) Fiscal Control Division;
- (iii) Personnel Inquiry Division.

SEC. 31. *Appointment by the President.*—The aforementioned Deputies shall be appointed by the President upon the recommendation of the Minister.

SEC. 32. *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. 33. *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 Minister and hereinafter referred to as Commissioner, shall have the function of collecting custom duties, taxes and the corresponding fees, charges and penalties, accounting for all customs revenues collected, exercising police authority for the enforcement of tariff and customs laws, preventing and suppressing smuggling, counterfeiting and all other economic frauds within all ports of entry, supervising and controlling exports, imports, foreign mails, and the clearance of vessels and aircrafts at all ports of entry administering all legal requirements that are appropriate, preventing and prosecuting smuggling and other illegal activities in all ports under its jurisdiction, exercising supervision and control over its constituent units, and performing other functions as may be provided by law. Executive Order No. 39 dated 6 August 1936 which grants autonomy to the Commissioner of Customs in matters of appointment and discipline of Customs personnel shall remain in effect.

SEC. 34. *Composition.*—The Bureau of Customs shall be composed of the following:

(a) Customs Revenue Collection Monitoring Group, headed and supervised by

a Deputy Commissioner and composed of the following services, each of which shall be headed by a Service Chief:

(1) Legal Service, composed of the following:

- (i) Ruling and Research Division;
- (ii) Prosecution and Litigation Division;
- (iii) Appellate Division;
- (iv) Tax Exempt Division.

(2) Financial Service, composed of the following:

- (i) Revenue Accounting Division;
- (ii) Statistical Analysis Division.

(3) Collection Service, composed of the following:

- (i) Collection Performance/Evaluation Division;
- (ii) Liquidation and Assessment Audit Division;
- (iii) Bonds Audit, Division.

(b) Customs Assessment and Operations Coordinating Group, headed and supervised by a Deputy Commissioner and composed of the following services, each of which shall be headed by a Service Chief:

(1) Imports and Assessment Service, composed of the following:

- (i) Valuation and Classification Division;
- (ii) Assessment Coordination and Monitoring Division;
- (iii) Warehouse Coordination Division.

(2) Ports Operations Service composed of the following:

- (i) Auction and Cargo Disposal Division;
- (ii) Export Coordination Division;
- (iii) Port Operations Division.

(c) Intelligence and Enforcement Group, headed and supervised by a Deputy

Commissioner and composed of the following services, each of which shall be headed by a Service Chief:

- (1) Intelligence and Investigation Service, composed of the following:
 - (i) Intelligence Division;
 - (ii) Investigation and Prosecution Division;
 - (iii) Internal Inquiry and Prosecution Division.
- (2) Enforcement and Security Service, composed of the following:
 - (i) Customs Police Division;
 - (ii) Water Patrol Division;
 - (iii) Radio Communication Division.
- (d) Internal Administration Group, headed and supervised by an Assistant Commissioner and composed of the following:
 - (1) Financial Management Office;
 - (2) Administration Office;
 - (3) Planning and Policy Research Division
 - (4) Management Information and Data Systems Division;
 - (5) Public Information and Assistance Division;
 - (6) Medical and Dental Division;
 - (7) Human Resources Management Division.

SEC. 35. *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. 39.

SEC. 36. *Definition of Functions.*—

- (a) Customs Revenue Collection Monitoring Group. The Customs Revenue Collection Monitoring Group shall have the following functions:
 - (1) Maintain an updated accounting for all Customs revenues collected;
 - (2) Administer legal requirements of the Bureau of Customs to include litigation and prosecution of cases;

- (3) Provide the Commissioner of Customs with accurate and timely information and analysis of collection statistics;
 - (4) Conduct continuing audit of liquidated entries and outstanding bonds;
 - (5) Perform such other appropriate functions consistent with the assigned tasks of the group and others which may be given by the Commissioner.
- (b) Customs Assessment and Operations Coordinating Group. The Customs Assessment and Operations Coordinating Group shall have the following functions:
 - (1) 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;
 - (2) Monitor for decision making purposes the implementation of rules and regulations governing assessment, warehousing and support operations;
 - (3) Monitor auction and disposal activities together with port/airport operations related activities for decision-making purposes;
 - (4) Perform other appropriate functions consistent with the assigned tasks of the Group which may be given by the Commissioner.
 - (c) Intelligence and Enforcement Group shall have the following functions:
 - (1) Regularly and consistently gather intelligence information related to customs and economic activities for proper dissemination to the Customs offices concerned;
 - (2) Conduct internal inquiry and investigation which may serve as the basis for prosecution;

(3) Exercise police authority conferred by the Tariff and Customs Code or other laws which include the enforcement of seizures and forfeitures and the imposition of penalties and fines;

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

SEC. 37. *The Collection Districts.*—

(a) The Bureau shall have 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:

(1) Collect duties, taxes, fees, charges, penalties and fines accruing to the Government under the Tariff and Customs Code and related laws;

(2) Exercise police powers conferred to him/her by the Tariff and Customs Code or other laws which include the enforcement of penalties and fines;

(3) Examine goods, assess duties, fees, charges, penalties and fines accruing to the Government under the Tariff and Customs Code and other related laws;

(4) Supervise the entrance and clearance of vessels and aircrafts engaged in foreign commerce;

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

(6) Supervise all import and export cargoes landed and or stored in

piers, airports, terminal facilities, yards and freight stations;

(7) 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. 38. *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 Commissioner, to render technical and secretarial support services.

SEC. 39. *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 Minister, shall have the following functions:

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

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

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

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

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

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

(g) Exercise line supervision over its Regional Offices/field units within Ministry Regional Administrative Coordination Offices;

(h) Perform such other appropriate functions as may be assigned by the Minister or Deputy Minister for Domestic Operations.

SEC. 40. *Composition.*—The Bureau of Treasury shall be composed of the following:

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

(1) Administrative Service which shall be composed of:

- (a) Legal, Intelligence and Investigation Division;
- (b) Human Resources Management Division;
- (c) General Services Division;
- (d) Internal Security Division;
- (e) Public Information and Assistance Division.

(2) Financial and Management Service which shall be composed of:

- (a) Accounting Division;
- (b) Budget Division;
- (c) Management and Audit Division;
- (d) Fidelity Bond Division.

(3) Management Information and Data Systems Service which shall be composed of:

- (a) Data Control Division;
- (b) Data Encoding and Processing Division;
- (c) Computer Operations Division;
- (d) E.D.P. Systems Management Division;

(4) Planning and Policy Research Division;

(5) Public Information and Assistance Division;

(6) Legal Division.

(b) National Government Affairs Sub-Sector under the direct supervision and control of an Assistant National

Treasurer and composed of the following:

(1) Public Debt Management Service which shall be composed of:

- (i) Internal Debt Management Division;
- (ii) External Debt Management Division;
- (iii) Debt Servicing Division;
- (iv) Backpay Division.

(2) Debt Clearing Service which shall be composed of:

- (i) National Government Accounts Division;
- (ii) Government Corporate and Private Individual/Corporations Division;
- (iii) Local Government Accounts Division;

(3) National Cash Accounts Service which shall be composed of:

- (i) Fiscal Management Division;
- (ii) National Cash Accounting Division;
- (iii) Treasury Accounts Reconciliation Division;
- (iv) Treasury Miscellaneous Accounting Division.

(4) Treasury Banking Service which shall be composed of:

- (i) Cash Division;
- (ii) Special Clearing Division;
- (iii) Claims and Documents Division.

(5) Operations Planning Service shall be composed of:

- (i) Fiscal Planning and Evaluation Division;
- (ii) Financial Planning and Evaluation Division;
- (iii) Statistical Analysis and Information Division.

(6) Regional Offices which shall have under their supervision all provincial offices and shall be under the

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SEC. 41. *Assistance to National Treasurer.*—The National Treasurer shall be directly assisted by the:

- (a) Management and Technical Staff, which shall perform the functions of rendering technical and secretarial support services;
- (b) Intelligence and Investigation Office, which shall perform the following functions:
 - (1) Monitor, gather and evaluate reports on financial and economic activities of persons or entities, foreign and domestic, which may adversely affect national financial interests;
 - (2) Perform such other appropriate functions as may be assigned by the National Treasurer.

SEC. 42. *Appointment by the President.*—The aforementioned two (2) Assistant National Treasurers shall be appointed by the President upon the recommendation of the Minister.

SEC. 43. *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 Minister, shall have the following functions:

- (a) Assist in the formulation and implementation of policies on local government revenue administration and fund management;
- (b) Exercise administrative and technical supervision and coordination over the treasury and assessment operations of local governments;
- (c) Develop and promote plans and programs for the improvement of resource management systems, collection enforcement mechanisms, and

credit utilization schemes at the local levels;

- (d) Provide consultative services and technical assistance to the local governments and the general public on local taxation, real property assessment and other related matters;
- (e) Exercise line supervision over its Regional Offices/field units within the Ministry Regional Administrative Coordination Office and the local treasury and assessment services;
- (f) Perform such other appropriate functions as may be assigned by the Minister or Deputy Minister for Domestic Operations.

SEC. 44. *Composition.* The Bureau of Local Government Finance shall be composed of the following:

- (a) Internal Administration Office, under the direct supervision and control of the Director and composed of the following:
 - (1) Planning and Policy Research Division;
 - (2) Management Information and Data Systems Division;
 - (3) Public Information and Assistance Division;
 - (4) Financial Management Division;
 - (5) Administrative Division;
 - (6) Legal Division.
- (b) Policy Enforcement and Special Projects Group, headed and supervised by a Deputy Director and composed of the following Services, each of which shall be headed by a Service Chief:
 - (1) Local Finance Policy Enforcement Service, composed of the following:
 - (i) Local Treasury Operations Division;
 - (ii) Local Tax Policy Research and Review Division;
 - (iii) Local Assessment Operations Division;

(iv) Local Government Loan Review Division;

(2) Special Projects Management Service, composed of the following:

- (i) Plans and Programs Development Division;
- (ii) Project Execution and Management Division;
- (iii) Project Monitoring and Evaluation Division;
- (iv) Central Fund Management Division;

(c) Field Operations Examination Group, headed by a Deputy Director and composed of the following:

- (i) Management Systems Examination Division;
- (ii) Real Property Assessment Examination Division;
- (iii) Financial Operations Examination Division;
- (iv) Local Revenue Enforcement Examination Division.

SEC. 45. *Assistance to the Executive Director.*—The Executive Director shall be directly assisted by the:

- (a) Management and Technical Staff, which shall perform the functions of rendering technical and secretarial support services;
- (b) Intelligence and Investigation Office, which shall perform the following functions:

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

SEC. 46. *Financial and Fiscal Policy and Planning Office.*—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 Minister, shall have the following functions:

- (a) 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;
- (b) Monitor and review the implementation of such financial and fiscal plans in relation to recent development in the economy;
- (c) Coordinate with other government agencies involved in financial, fiscal and economic planning and policy formulation;
- (d) Undertake special studies and research projects on financial and fiscal policies;
- (e) Coordinate the formulation and assessment of Ministry policies affecting domestic finance operations with the different bureaus and offices of the Ministry;
- (f) Perform such other appropriate functions as may be assigned by the Minister, the Deputy Minister for Domestic Operations or the Assistant Minister directly assisting the Deputy Minister for Domestic Operations.

SEC. 47. *Composition.*—The Financial and Fiscal Policy and Planning Office shall be composed of the following:

- (a) Financial and Fiscal Planning Division;
- (b) Policy Research and Coordination Division;
- (c) Statistics Division;
- (d) Special Studies Division;
- (e) Administrative and Support Services Staff.

SEC. 48. *International Finance Policy Office.*—The International Finance Policy

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Office, headed by a Director who shall be appointed by the President upon recommendation of the Minister, shall have the following functions:

- (a) 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;
- (b) 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;
- (c) Formulate and monitor a foreign financing program on the basis of domestic requirements and trends in development assistance and other capital flows;
- (d) 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;
- (e) Coordinate with other appropriate ministries and government agencies in areas concerning international finance and foreign trade;
- (f) Perform such other appropriate functions as may be assigned by the Minister or Deputy Minister for International Finance.

SEC. 49. *Composition.*—The International Finance Policy Office shall be composed of the following:

- (a) International Economy Division;
- (b) External Adjustments Division.

SEC. 50. *International Finance Operations Office.*—The International Finance Operations Office, headed by a Director, shall have the following functions:

- (a) Assist in the formulation of policy and guidelines for foreign borrowings including provision of government guarantees and monitor compliance with these policies;
- (b) 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;
- (c) 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;
- (d) Assist in the structuring and conduct of international conferences and meetings of the Ministry'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;
- (e) Perform such other appropriate functions as may be assigned by the Minister or Deputy Minister for International Finance.

SEC. 51. *Composition.*—The International Finance Operations Office shall be composed of the following:

- (a) Commercial Credits and Legal Services Division;
- (b) Bilateral Assistance Division;
- (c) Multilateral Assistance Division.

SEC. 52. *Administrative Staff and Finance Attache Division.*—The Deputy Minister for International Finance shall be directly assisted by a Finance Attache Division and Administrative Staff.

SEC. 53. *Legal Service, Revenue Service and Regional Offices.*—The existing Legal

Service, Revenue Service and Regional Offices for internal revenue, customs, national treasury, and local government finance shall continue to be operated and maintained by the Ministry. Each Regional Office shall be headed by a Regional Director.

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

- (a) Implement laws, rules and regulations, policies, plans, programs and projects of the Ministry;
- (b) Provide efficient and effective service to the people;
- (c) Coordinate with regional offices of other ministries, offices and agencies in the region;
- (d) Coordinate with local government units;
- (e) Perform such other functions as may be provided by law.

SEC. 54. *MOF-RACO*.—For purposes of achieving maximum utilization of resources, management coordination and administrative integration at the regional levels, there is hereby created a Ministry of Finance Regional Administrative Coordination Office (MOF-RACO) in each of the administrative regions of the country, to be headed by a Regional Executive Director who shall report directly to the Deputy Minister for Internal Administration. The Minister shall define the appropriate functions to be delegated to the MOF-RACO.

The MOF-RACO shall provide coordinative and administrative support services to all the Regional Offices of the operating Bureaus of the Ministry in its administrative region and shall be composed of the following:

- (a) Planning and Policy Research Division;
- (b) Intelligence and Investigation Division;
- (c) Management Information and Data Systems Division;

- (d) Public Information and Assistance Division;
- (e) Financial Management Division;
- (f) Administrative and Personnel Division;
- (g) Records Management Division;
- (h) General Services Division.

The constituent units of the foregoing divisions shall be similar to the constituent units of their respective central offices in the Ministry.

The Regional Offices of each operating Bureau under the Ministry, 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 MOF-RACO as required.

SEC. 55. *Abolition of Units Integral to Ministry*.—All units not included in the structural organization as herein provided and all positions thereof are hereby deemed abolished. Their appropriations and funds shall revert to the General Fund, while their records, equipment, facilities and other assets shall be allocated to such appropriate units as the Minister shall determine. Their liabilities, if any, shall be treated in accordance with the Auditing Code and other pertinent laws, rules and regulations. Their personnel shall be entitled to the benefits provided in the second paragraph of Section 59 hereof.

SEC. 56. *Securities and Exchange Commission*.—The Securities and Exchange Commission is hereby detached from the Ministry.

SEC. 57. *Attached Agencies*.—The following agencies are hereby attached to the Ministry:

- (a) Philippine Crop Insurance Corporation;
- (b) Philippine Export and Foreign Loan Guarantee Corporation;
- (c) Insurance Commission;

- (d) National Tax Research Center;
- (e) Central Board of Assessment Appeals;
- (f) Fiscal Incentives Review Board.

SEC. 58. *Abolished Agencies.*—The following agencies, presently attached to the Ministry, are treated as follows:

- (a) Export Credit Corporation is hereby abolished and its functions are transferred to the Philippine Export and Foreign Loan Guarantee Corporation, together with its appropriations, funds, records, equipment, facilities, other assets and personnel as may be necessary to the proper discharge of the transferred functions. Its remaining appropriations and funds, if any, shall revert to the General Fund and its remaining records, equipment, facilities and other assets thereof, if any, shall be allocated to such appropriate units as the Minister shall determine or shall otherwise be disposed in accordance with the Auditing Code and other pertinent laws, rules and regulations. Its liabilities, if any shall likewise be treated in accordance with the Auditing Code and other pertinent laws, rules and regulations. Its personnel shall, in a holdover capacity, continue to perform their duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Its personnel whose positions are not included in the new position structure and staffing pattern of the Philippine Export and Foreign Loan Guarantee Corporation or who are not reappointed shall be entitled to the benefits provided in the second paragraph of Section 59 hereof;
- (b) Gold Mining Industry Assistance Board is hereby abolished, its functions are discontinued and its records,

equipment, facilities and other assets are transferred to the Bureau of Mines and Geosciences of the Ministry of Natural Resources. Its appropriations and funds shall revert to the General Fund, while its personnel shall be entitled to the benefits provided in the second paragraph of Section 59 hereof.

SEC. 59. *New Structure and Pattern.*—Upon approval of this Executive Order, the officers and employees of the Ministry shall, in a holdover capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from government service pursuant to Executive Order No. 17 (1986) or article III of the Freedom Constitution.

The new position structure and staffing pattern of the Ministry shall be approved and prescribed by the Minister within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created hereunder shall be filled with regular appointments by him or by the President, as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one month basic salary for every year of service, or the equivalent nearest fraction thereof favorable to them on the basis of highest salary received, but in no case shall such payment exceed the equivalent of 12 months salary.

No court or administrative body shall issue any writ or preliminary injunction or restraining order to enjoin the separation/replacement of any officer or employee effected under this Executive Order.

SEC. 60. *Periodic Performance Evaluation.*—The Minister is hereby required to formulate and enforce a system of mea-

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suring and evaluating periodically and objectively the performance of the Ministry and submit the same annually to the President.

SEC. 61. *Notice or Consent Requirement.*—If any reorganizational change herein authorized is of such substance or materiality as to prejudice third persons with rights recognized by law or contract such that notice to or consent of creditors is required to be made or obtained pursuant to any agreement entered into with any of such creditors, such notice or consent requirement shall be complied with prior to the implementation of such reorganizational change.

SEC. 62. *Change of Nomenclatures.*—In the event of the adoption of a new Constitution which provides for a presidential form of government, the Ministry shall be called Department of Finance and the titles of Minister, Deputy Minister, and Assistant Minister shall be changed to Secretary, Undersecretary and Assistant Secretary respectively.

SEC. 63. *Prohibition Against Change.*—No change in the reorganization herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

SEC. 64. *Funding.*—Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Ministry.

SEC. 65. *Implementing Authority of Minister.*—The Minister shall issue such rules, regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

SEC. 66. *Separability.*—Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SEC. 67. *Repealing Clause.*—All laws, ordinances, rules, regulations and other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SEC. 68. *Effectivity.*—This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, Philippines, this 30th day of January, 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