



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
BONCODIN HALL, GEN.SOLANO ST., SAN MIGUEL, MANILA



CIRCULAR LETTER

No. 2017 - 13
November 22, 2017

TO : Heads of Departments/Agencies/State Universities and Colleges and Other Offices of the National Government, Budget Officers; Heads of Accounting Units; Heads of Modified Disbursement System-Government Servicing Banks (MDS-GSBs); and All Others Concerned

SUBJECT : Modification on Period for the Encashment of MDS Checks and Payment through Advice to Debit Account (ADA) under the MDS for the Rest of FY 2017

- 1.0 In order to facilitate settlement of valid government payables within the current year, and avoid spill-over pressure of outstanding payables to the incoming year's cash disbursement program through immediate payment to government creditors/payees through ADA or encashment of MDS checks issued, this circular is issued to prescribe the disbursement procedures to be observed for the rest of the current year, FY 2017.
- 2.0 In the disbursement of government funds, the following procedures are prescribed under existing Circular Letters (CLs):
 - 2.1 MDS Checks
 - 2.1.1 MDS checks issued by agencies/OUs shall be covered by Advice of Checks Issued and Cancelled (ACIC);
 - 2.1.2 Agencies shall release MDS checks the day after the covering ACIC has been submitted to the servicing bank concerned; and
 - 2.1.3 MDS checks shall be presented to the servicing bank **not earlier than 24 hours after the date of issue.**
 - 2.2 Advice to Debit Account (ADA)
 - 2.2.1 List of Due and Demandable Accounts Payable (LDDAP)- ADAs submitted by agencies/OUs to the MDS-GSB shall be covered by a Summary of LDDAP-ADAs Issued and Invalidated ADA Entries (SLIIE), the document equivalent to ACIC; and
 - 2.2.2 MDS-GSBs shall effect direct payment by crediting the creditor/payees' bank account, **not earlier than 24 hours but not later than 48 hours after receipt of the LDDAP-ADA**, chargeable against the agency's MDS sub-account.

- In the case of far-flung location of certain MDS-GSB branches specifically identified by the MDS-GSB Head Office (where fax/wire/cable cannot be used), the reckoning time for the crediting will be the actual receipt by the said specific MDS-GSB branch, of the copy of the LDDAP-ADA sent via pouch, from either its MDS-GSB HO for DBM CO releases or for the MDS-GSB RO branch for DBM RO releases.
- 3.0 To facilitate encashment of MDS checks and crediting of payments through ADA to creditor/payee's bank accounts, the **following procedures in the settlement of payables shall be observed for the period December 1 to December 31, of the current year:**
- 3.1 The **24-hour waiting period** for the encashment of MDS checks as well as the crediting of creditor/payee's bank accounts specified in the LDDAP-ADA **is hereby lifted/suspended for the specified period.** Thus, agencies/OUs are instructed to immediately/transmit without delay the properly accomplished ACICs/SLIIEs to their respective MDS-GSBs.
- 3.2 Upon receipt of the covering ACIC/SLIIE by the MDS-GSB concerned:
- 3.2.1 Agencies/OUs shall immediately release the MDS Checks to creditor/payees
- 3.2.2 MDS-GSB shall immediately effect payment to the creditors/payees and provide the NGA/OU concerned with a copy of the duly validated/posted ADA, to inform the NGA/OU of the following:
- Direct payments effected in favor of creditors, i.e., machine validation shown in the lower portion of the said document; and
 - Non-payment to creditor/payees indicated under "remarks" column, due to any inconsistency of information (i.e., bank branch, account name/number) between bank records and LDDAP-ADA.
- 4.0 Agencies/OUs are **encouraged to settle** their due and demandable obligations as soon as possible, **by issuing MDS checks/paying through ADA, not later than the Thursday immediately preceding December 25, of the current year, e.g., December 21 in FY 2017**, if practicable. However, **they may still issue MDS checks/pay through ADA up to the last working day of the year (e.g., December 29 in FY 2017).**
- 5.0 This Circular shall take effect starting December 1 of the current year until the last working day of the same year.


BENJAMIN E. DIOKNO
Secretary





REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
BONCODIN HALL, GENERAL SOLANO STREET, SAN MIGUEL, MANILA



CIRCULAR LETTER

No. 2017- 14
December 4 , 2017

TO : All Heads of Departments/Agencies/State Universities and Colleges (SUCs) including Commissions/Offices under the Constitutional Fiscal Autonomy Group (CFAG); Heads of Finance and Planning Units; and All Others Concerned

SUBJECT : Cash Management Reforms

1.0 RATIONALE

The Department of Budget and Management (DBM) issued Circular Letter (CL) No.2017- 12 (dated October 19, 2017), prescribing the guidelines and formats to be observed starting FY 2018, for the Budget Execution Documents (BEDs) following the implementation of the Program Expenditure Classification (PREXC)-based Performance-Informed Budgeting (PIB).

As part of government efforts to continuously explore measures to facilitate the timely and appropriate planning and execution of programs and projects, the shift from a multi-year obligation-based budget to a one-year cash-based budget, shall be pursued.

The adoption of the one-year cash based budget calls for the implementation of reforms in cash management to ensure the availability of accurate and timely estimates of agency cash disbursements required to support the Monthly Disbursement Programs (MDP) per Budget Execution Document (BED No. 3).

As a further refinement to enhance the management of cash, this CL requires the preparation and submission of more detailed estimates of cash requirements for each quarter, including updates considering actual disbursements as well as latest policy directions .

2.0 PURPOSES

2.1 To introduce new policies and procedures which will capacitate departments and agencies for better management of cash resources.

2.2 To provide the Bureau of the Treasury (BTr) and DBM with timely and accurate estimates of cash requirements of all NGAs.

- 2.3 To enable the NGAs to prepare more realistic cash programs consistent with the actual requirements for the execution/ implementation of their program/projects.

3.0 **COVERAGE**

- 3.1 Top ten spending Agencies such as: Department of Public Works and Highways (DPWH), Department of Transportation (DOTr), Department of Social Welfare and Development (DSWD), Department of Health (DOH), Department of Education (DepEd), Department of Agrarian Reform (DAR), Department of Agriculture (DA), Department of National Defense (DND), Department of Interior and Local Government (DILG), and Department of Labor and Employment (DOLE), including their attached Agencies.
- 3.2 Department of Budget and Management (DBM) and Bureau of the Treasury (BTr)

4.0 **IMPLEMENTING GUIDELINES**

- 4.1 The Agencies specified under item 3.0 shall be required to prepare a Cash Planning Report (CPR) which shall reflect the detailed daily cash estimate of the agency/department per quarter. The CPR shall be consistent with the Monthly Disbursement Plan (MDP) mandated under BED Form No. 3 submitted to and as evaluated by DBM. This form (attached as **ANNEX A**) shall be submitted to BTr-RIDD (ridd@treasury.gov.ph), copy furnished DBM-BTB, **every 10th day of the month** of the preceding quarter (e.g. December 10, 2017 for the January-March 2018 CPR, March 10, 2018 for the second quarter CPR).
- 4.2 The CPR shall be used for cash forecasting purposes by BTr to estimate the daily cash requirement of all the NGAs. The agency-submitted MDP as approved by DBM shall still be the basis for NCA releases and for assessing agency performance.
- 4.3 The CPR shall be jointly prepared by the Budget Officer and the Accountant in coordination with the Head of Planning/Planning Office and the Program/Project Implementing Office of the departments, bureau, offices, agencies and OUs.
- 4.4 The CPR shall reflect the cash requirements of an agency/department plotted daily for the month with the following details:
 - 4.4.1 **Recurring expenditures.** This shall include the regular cash requirements for Personnel Services (PS), MOOE (water, electricity, telephone bills, rental payments, supplies and materials, janitorial & security services and other similar recurring expenses for those ongoing programs and projects including FINEX.

4.4.2 **Non Recurring expenses.** These are expenditures under programs/projects that are based on new contracts and other ongoing/new CO/infrastructure projects for which payments are made on the basis of progress billings or agreed terms of payments and may include Accounts Payables.

4.5 Separate/additional CPR shall be submitted per additional MDP prepared/submitted by the agency/department.

5.0 OTHER PROCEDURAL GUIDELINES

5.1 The use of the Direct Payment Scheme via bank debit system through the issuance of Advice to Debit Account (ADA) supported with List of Due and Demandable Accounts Payables (LDDAP) is still the mode of choice in the settlement of obligations as this procedure ensures ease and efficiency in the payment to creditors.

5.2 For transactions where MDS checks are to be used, agencies/departments are informed that effective January 1, 2018, all MDS checks shall be valid for three (3) months after issuance instead of the six-month validity period.

6.0 EFFECTIVITY

This Joint Circular shall be effective immediately and shall remain to be in force unless otherwise repealed/amended.

7.0 For the guidance of all concerned.

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BENJAMIN E. DIOKNO
Secretary



MARCH

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TOTAL FOR THE DAY																																

Prepared by:

Financial Officer / Budget Officer
 Date:

In coordination with:

Planning Head / Planning Officer
 Date:

Approved by:

Financial Service Head
 Date:



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
BONCODIN HALL, GENERAL SOLANO STREET, SAN MIGUEL, MANILA

BUDGET CIRCULAR

No. 2017 - 3
November 16, 2017

TO : Heads of Departments, Bureaus, Offices, and Agencies of the National Government, Including State Universities and Colleges (SUCs); Government-Owned or -Controlled Corporations (GOCCs) and Government Financial Institutions (GFIs); Local Water Districts (LWDs); Local Government Units (LGUs); and All Others Concerned

SUBJECT : Guidelines on the Grant of Collective Negotiation Agreement (CNA) Incentive for FY 2017

1.0 Background

1.1 Administrative Order (AO) No. 135¹, s. 2005 authorizes the grant of CNA Incentive to government employees and directs the Department of Budget and Management (DBM) to issue the necessary policy and procedural guidelines for its implementation.

1.2 Item (4)(h)(ii)(aa) of the Congress Joint Resolution (JR) No. 4, s. 2009², institutionalizes the grant of the CNA Incentive as a form of reward to motivate employee efforts toward higher productivity, to wit:

“(aa) Collective Negotiation Agreement (CNA) Incentive -This may be granted to both management and rank-and-file employees of agencies with approved and successfully implemented CNAs in recognition of their efforts in accomplishing performance targets at lesser cost, in attaining more efficient and viable operations through cost-cutting measures and systems improvement xxx.”

1.3 Section 71 of the General Provisions of the FY 2017 General Appropriations Act (GAA) authorizes the grant of CNA Incentive sourced from the allowable Maintenance and Other Operating

¹ Authorizing the Grant of Collective Negotiation Agreement (CNA) Incentive to Employees in Government Agencies

² Joint Resolution Authorizing the President of the Philippines to Modify the Compensation and Position Classification System of Civilian Personnel and the Base Pay Schedule of Military and Uniformed Personnel in the Government, and for Other Purposes

Expenses (MOOE) allotments identified by the DBM, as follows:

“Sec. 71. Rules in the Grant of Collective Negotiation Agreement Incentive. Departments, bureaus, and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs may grant collective negotiation agreement (CNA) Incentive sourced from the allowable MOOE allotments identified by the DBM, subject to the following:

- (a) There is a valid CNA executed between the agency and the recognized employee organization which includes a provision on cost-cutting measures to be undertaken collectively by the agency and its personnel;*
- (b) The one-time annual payment of CNA Incentive shall be made through a written resolution signed by agency representatives from both labor and management, and approved by the agency head;*
- (c) The CNA Incentive that may be granted shall be limited to the amount identified by the DBM; and*
- (d) The payment of CNA Incentive shall be subject to approval by the DBM and made only during the validity of appropriations. Any excess amounts therefrom after payment of the CNA Incentive shall revert to the General Fund.*

GOCCs and LGUs may likewise grant CNA Incentive to their respective personnel, subject to the policies, rules and regulations issued by the DBM.”

- 1.4 Section 3 of AO No. 25³ dated December 21, 2011 mandates that the harmonized Results-Based Performance Monitoring System shall be used as a basis for determining entitlement to performance-based allowances, incentives, or compensation of government personnel, which includes the CNA Incentive.

2.0 Purpose

This Circular is issued to consolidate and update the policy and procedural guidelines on the grant of the CNA Incentive, and to harmonize the same with the provisions of AO No. 25, s. 2011 and the General Provisions of the FY 2017 GAA.

3.0 Coverage

This Circular covers the following civilian personnel occupying regular, contractual, or casual positions rendering services on full-time or part-time basis in national government agencies (NGAs), including SUCs, GOCCs,

³ Creating an Inter-Agency Task Force on the Harmonization of National Government Performance Monitoring, Information and Reporting Systems

GFI, LWD, and LGU, whether or not covered by Republic Act (RA) No. 6758⁴, s. 1989:

- 3.1 Rank-and-file employees who are members of an employees' organization accredited by the Civil Service Commission (CSC) as the sole and exclusive negotiating agent (hereinafter referred to as "negotiating agent") in accordance with rules and regulations issued by the Public Sector Labor Management Council (PSLMC);
- 3.2 Rank-and-file employees who are non-members of the CSC-accredited sole and exclusive negotiating agent but want to enjoy or accept benefits under the CNA, subject to payment of agency fee to the negotiating agent in accordance with PSLMC Resolution No. 1⁵, s. 1993; and
- 3.3 Those who perform managerial functions.

4.0 Policy Guidelines

4.1 Conditions for the Grant of the CNA Incentive

4.1.1 *Existence of a CNA* – (a) There should be a valid and subsisting CNA executed between the representatives of the management and the employees' organization accredited by the CSC as the sole and exclusive negotiating agent for the purpose of collective negotiations with the management of a department, line bureau, attached agency, GOCC/GFI, LWD, or LGU.

(b) The grant of the CNA Incentive must be stipulated in the CNA or in supplements thereto.

4.1.2 *Accomplishment of Targets* – (a) NGAs, SUCs, and GOCCs not covered by RA No. 10149⁶, s. 2011 should have accomplished, by October 31, 2017, at least an average of 70% of all the targets under the FY 2017 Major Final Outputs (MFOs), as specified in Annex 2 (Form A) of Memorandum Circular (MC) No. 2017-1⁷ dated March 9, 2017, that was issued by the AO No. 25 Inter-Agency Task Force.

(b) GOCCs covered by RA No. 10149, s. 2011 should have accomplished, by October 31, 2017, at least an average of 70% of all the targets under their respective Performance Scorecard, as agreed upon between the Governance Commission for

⁴ An Act Prescribing a Revised Compensation and Position Classification in the Government and for Other Purposes

⁵ Agency Fee From Non-Members of the Accredited/Recognized Collective Negotiation Agent

⁶ An Act to Promote Financial Viability and Fiscal Discipline in Government-Owned or –Controlled Corporations and to Strengthen the Role of the State in its Governance and Management to Make Them More Responsive to the Needs of Public Interest and for Other Purposes

⁷ Guidelines for the Grant of the Performance-Based Bonus for Fiscal Year 2017 under Executive Order (EO) No. 80 and EO No. 201

GOCCs (GCG) and the GOCC pursuant to GCG Memorandum Circular No. 2017-02⁸ dated June 30, 2017.

(c) LWDs should have a positive net balance in the average net income for the period January 1 to October 31, 2017, to be validated by the Local Water Utilities Administration.

(d) Similarly, an LGU should have accomplished, as of October 31, 2017, at least an average of 70% of all the targets under its programs/activities/projects approved in the LGU budget for FY 2017.

4.1.3 *Submission of Accountability Reports* – The NGAs and SUCs should have submitted to DBM their respective accountability reports as of October 31, 2017 pursuant to Commission on Audit (COA)-DBM Joint Circular No. 2014-1⁹ dated July 2, 2014.

4.2 Rate of the CNA Incentive

4.2.1 The rate of CNA Incentive shall not be pre-determined in the CNA since it is subject to compliance with the conditions in item 4.1 hereof and the availability of the allowable allotments.

4.2.2 The CNA Incentive may be given equally to all qualified employees under item 3.0 hereof or at varying rates in consideration of the employee's or his/her office's contribution to the accomplishment of performance targets, efficiency, productivity, or profitability, as determined by the agency head upon recommendation of the Employees' Organization-Management Consultative Committee.

4.2.3 In all cases, the CNA Incentive shall not exceed ₱25,000 per qualified employee.

4.3 Fund Sources of the CNA Incentive

4.3.1 *For NGAs* – The CNA Incentive shall be sourced solely from the allowable MOOE allotments in FY 2017, provided the same have become available as a result of cost-cutting and systems improvement measures undertaken by the agencies, which are identified in their respective CNA and supplements thereof. Such fund sources shall be limited to the following MOOE items as defined in the Government Accounting and Auditing Manual:

- a. Traveling Expenses;
- b. Communication Expenses;

⁸ Interim Performance Evaluation System for the GOCC Sector

⁹ Guidelines Prescribing the Use of Modified Formats of the Budget and Financial Accountability Reports

- c. Repairs and Maintenance;
 - d. Transportation and Delivery Expenses;
 - e. Supplies and Materials; and
 - f. Utility Expenses.
- 4.3.2 The following shall, in no case, be used as fund source of the CNA Incentive:
- a. Balances of allotment for programs/activities/projects which were later discontinued or deferred; and
 - b. Released allotments intended for acquisition of goods and services to be distributed/delivered to, or to be used by agency clients.
- 4.3.3 The modification of any available MOOE allotments for the payment of the CNA Incentive shall, pursuant to Section 70 of the General Provisions of the FY 2017 GAA, be subject to the approval of the Secretary of DBM.
- 4.3.4 *For GOCCs and GFIs* – The CNA Incentive shall be sourced solely from the allowable MOOE allotments in FY 2017 as enumerated in sub-item 4.3.1 under their respective approved Corporate Operating Budgets (COBs), provided that the following conditions are complied with:
- a. Actual operating income for the period January 1 to October 31, 2017 shall, at least, meet the targeted operating income in the approved COB for the same period. For GOCCs/GFIs, which by the nature of their functions consistently incur losses, the current year's operating loss should have been minimized or reduced compared to or at most equal to that of the prior year's level;
 - b. Actual operating expenses as of October 31, 2017, are less than the DBM-approved level of operating expenses in the COB so as to generate sufficient source of funds for the payment of CNA Incentive; and
 - c. For income generating GOCCs/GFIs required to remit earnings, an amount equivalent to at least 50% of the annual earnings of the immediately preceding year should have been remitted to the National Treasury in accordance with Section 3 of RA No. 7656, s. 1993¹⁰.

¹⁰ An act Requiring Government-Owned or –Controlled Corporations to Declare Dividends under Certain Conditions to the National Government, and for Other Purposes

4.3.5 *For LWDs* – The CNA Incentive shall be sourced solely from the allowable MOOE allotments in FY 2017 as enumerated in sub-item 4.3.1, under their Board of Directors-approved COBs, subject to the provision of Item 4.1.2(c) hereof.

4.3.6 *For LGUs* – The CNA Incentive shall be sourced solely from the allowable MOOE allotments in FY 2017 as enumerated in sub-item 4.3.1, under their respective approved LGU budgets.

4.4 Payment of the CNA Incentive

4.4.1 The CNA Incentive for the year shall be a **one-time benefit to be granted not earlier than December 15, 2017.**

4.4.2 It cannot be given immediately upon signing and ratification of the CNA as this will transform the CNA Incentive into a CNA Signing Bonus which the Supreme Court, in the case of *Social Security System vs. COA*¹¹, has prohibited for not being a truly reasonable compensation.

4.4.3 The CNA Incentive for the year shall be granted only during the validity of appropriations from which the available MOOE allotments shall be sourced.

4.4.4 The amount paid as CNA Incentive shall be recorded in the agency books under the account code “Collective Negotiation Agreement Incentive-Civilian,” “Other Benefits,” and “Collective Negotiation Agreement Incentive” for NGAs, LGUs, and GOCCs/GFIs, respectively.

5.0 Procedural Guidelines

5.1 An Employees’ Organization-Management Consultative Committee (Committee, for brevity) or a similar body composed of representatives from management and the negotiating agent shall determine if the agency is qualified for the grant of CNA Incentive based on compliance with the requirements under this Circular.

If qualified, the Committee shall review the agency’s financial records and submit recommendations on the following, for approval of the agency head:

5.1.1 The total amount of allowable MOOE allotments in item 4.3 hereof which has become available as a result of cost-cutting and systems improvement measures identified in the CNAs and supplements thereto, and which was the result of the joint efforts of management and employees;

¹¹ 384 SCRA 548

5.1.2 The internal guidelines to be followed in the grant of the CNA Incentive, such as: (i) the specific criteria for determining who are entitled; and (ii) the distribution of the amount available and the rate of the CNA Incentive in accordance with item 4.2 hereof.

5.1.3 As provided in Section 71(d) of the General Provisions of the FY 2017 GAA, any excess amount from the allowable MOOE allotments after payment of the CNA Incentive shall revert to the General Fund.

5.2 In large departments wherein regional offices have been accredited by the CSC as the negotiating agent, the Department Secretary or his duly authorized representative should provide internal guidelines to ensure uniformity and equity in the negotiation process, monitor the progress of simultaneous negotiations, and ensure compliance with the provisions of this Circular.

6.0 Reportorial Requirement

Each NGA and SUC shall submit to the DBM's Budget and Management Bureau or Regional Office concerned not later than January 31, 2018, the annual report on the grant of the CNA Incentive by following the template in Annex "A."

7.0 Responsibility of Agency Heads

Agency heads shall be responsible for the implementation of the provisions of this Circular in their respective offices. They shall be held administratively, civilly, and/or criminally liable, as the case may be, for any payment of the CNA Incentive not in accordance with the provisions of this Circular, without prejudice to refund by the employees concerned of any unauthorized or excess payment thereof.

8.0 Repealing Clause

All existing circulars or issuances on the grant of the CNA Incentive, which are inconsistent herewith, are hereby repealed or modified accordingly.

9.0 Effectivity

This Circular shall take effect immediately.

S. C. S.
BENJAMIN E. DIOKNO
Secretary

AW



**Report on the Payment
of Collective Negotiation Agreement (CNA) Incentive For
FY _____**

Department/Agency: _____

I. If CNA Incentive Was Granted

Total Amount Paid for the CNA Incentive:

Number of Qualified Personnel	
Regular	xxx
Contractual	xxx
Casual	xxx
Total	xxxx
Rate of CNA Incentive	_____
Total Amount Paid	_____

Fund Sources:

Object of Expenditures	
	xxx
	xxx
	xxx
	xxx
Total	xxxx

II. If the CNA Incentive Was Not Granted

Please state reason/s for non-grant

Submitted by:

Certified Correct:

Head, Finance/Administrative Unit

Agency Head



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
BONCODIN HALL, GENERAL SOLANO STREET, SAN MIGUEL, MANILA

BUDGET CIRCULAR

No. 2017 - 4
December 4, 2017

TO : All Heads of Departments, Bureaus, and Agencies of the National Government, Including State Universities and Colleges (SUCs), and Government-Owned or -Controlled Corporations (GOCCs); Local Water Districts (LWDs); Local Government Units (LGUs); and All Others Concerned

SUBJECT : Guidelines on the Grant of the Productivity Enhancement Incentive (PEI) to Government Employees for Fiscal Year (FY) 2017 and Years Thereafter

1.0 Purpose

This Circular is issued to prescribe the rules and regulations on the grant of the **PEI to government personnel for FY 2017 and years thereafter**, pursuant to Executive Order (EO) No. 201, s. 2016 entitled, "Modifying the Salary Schedule for Civilian Government Personnel and Authorizing the Grant of Additional Benefits for Both Civilian and Military and Uniformed Personnel," as approved by the President on February 19, 2016.

Section 6 of the EO states, to wit:

"Beginning FY 2016, the Productivity Enhancement Incentive shall be given not earlier than December 15 of every year to all qualified government employees at Five Thousand Pesos (P5,000) each for the purpose of improving the government employees' productivity."

2.0 Coverage

This Circular shall apply to the following positions and personnel:

- 2.1 All positions of civilian personnel, whether regular, casual, or contractual in nature, appointive or elective, full-time or part-time, now existing or hereafter created in the Executive, Legislative, and Judicial Branches, the Constitutional Commissions and other Constitutional Offices, SUCs, GOCCs not covered by Republic Act (RA) No. 10149, s. 2011 which are under the jurisdiction of the Department of Budget and Management (DBM), and LWDs; and in LGUs.

- 2.2 Military personnel of the Armed Forces of the Philippines and the Department of National Defense; and uniformed personnel of the Philippine National Police, Philippine Public Safety College, Bureau of Fire Protection, and Bureau of Jail Management and Penology under the Department of the Interior and Local Government; Philippine Coast Guard under the Department of Transportation; and National Mapping and Resource Information Authority under the Department of Environment and Natural Resources.

3.0 Exclusions

Excluded from the coverage of this Circular are those hired without employee-employer relationships and funded from non-Personnel Services appropriations/budgets, as follows:

- 3.1 Consultants and experts hired for a limited period to perform specific activities or services with expected outputs;
- 3.2 Laborers hired through job contracts (*pakyaw*) and those paid on piecework basis;
- 3.3 Student workers and apprentices; and
- 3.4 Individuals and groups of people whose services are engaged through job orders, contracts of service, or others similarly situated.

4.0 Guidelines on the Grant of the Productivity Enhancement Incentive

4.1 The **Productivity Enhancement Incentive** of **P5,000** shall be given to personnel **not earlier than December 15 of the current year**, subject to the following conditions:

- 4.1.1 The employees are still in the service as of **November 30** of the current year; and
- 4.1.2 The employees have rendered at least a total or an aggregate of **four (4) months** of at least satisfactory service as of November 30 of the current year, including leaves of absence with pay.

4.2 Those who have rendered less than the total or aggregate of four (4) months of service but still in the service as of November 30 of the current year shall be entitled to pro-rated PEI, as follows:

Length of Service	Percentage of the PEI
3 months to less than 4 months	50%
2 months to less than 3 months	40%
1 month to less than 2 months	30%
Less than 1 month	20%

4.3 The PEI of an employee on part-time basis shall be pro-rated corresponding to the services rendered. If employed on part-time basis with two (2) or more agencies, an employee shall be entitled to proportionate amounts corresponding to the services in each

agency, provided that the total PEI shall not exceed the authorized amount.

- 4.4 The PEI of an employee who transferred from one agency to another shall be granted by the new agency.
- 4.5 The PEI of an employee on detail to another government agency shall be granted by the parent agency.
- 4.6 A compulsory retiree, on service extension as of November 30 of the current year, may be granted the PEI, subject to the pertinent conditions and guidelines under this Circular.
- 4.7 Personnel Charged With Administrative and/or Criminal Cases

Personnel who were formally charged with administrative and/or criminal cases, which are still pending for resolution, shall be entitled to PEI until found guilty by final and executory judgment, provided that:

4.7.1 Those found guilty shall not be entitled to PEI in the year of finality of the decision. The personnel shall return the PEI received for that year.

4.7.2 If the penalty imposed is only a reprimand, the personnel concerned shall be entitled to the PEI.

5.0 Grant of PEI to Employees in GOCCs under the Jurisdiction of the DBM and in LWDs

Personnel of GOCCs under the jurisdiction of the DBM and those in the LWDs may be granted the PEI at rates not exceeding P5,000 as determined by their respective governing boards, subject to the following considerations:

- 5.1 The conditions under Item 4.0 hereof on the entitlement of personnel to the PEI shall be strictly observed.
- 5.2 If funds are insufficient, PEI may be granted at lower but uniform rate for all employees of a GOCC or LWD.

6.0 Grant of PEI to Employees in LGUs

Personnel of LGUs may be granted the PEI at rates not exceeding P5,000 as determined by their respective *sanggunian*, subject to the following considerations:

- 6.1 The conditions under Item 4.0 hereof on the entitlement of personnel to the PEI shall be strictly observed.
- 6.2 The Personnel Services (PS) limitation in LGU budgets under Sections 325 and 331 of RA No. 7160 shall be complied with.
- 6.3 If funds are insufficient, the PEI may be granted at lower but uniform rate for all employees of an LGU.

7.0 Grant of PEI to Employees in GOCCs covered by RA No. 10149, s. 2011

The policy and procedural guidelines on the grant of the PEI to personnel of GOCCs that are covered by RA No. 10149, s. 2011 shall be issued separately by the **Governance Commission for GOCCs**.

8.0 Fund Sources

8.1 For **National Government Agencies**, including SUCs, the amounts required for the payment of the PEI shall be charged against agency appropriations for the purpose in the current year's General Appropriations Act. Any deficiency shall be charged against the Miscellaneous Personnel Benefits Fund.

8.2 For **GOCCs under the jurisdiction of the DBM and for LWDs**, the amounts required to grant the PEI shall be charged against their approved corporate operating budgets (COBs), provided that the national government shall not release funds for the PEI or any related expenditures; provided, further, that the GOCCs shall not resort to borrowings for the purpose; and provided, furthermore, that the performance targets of GOCCs as stipulated in their DBM-approved COBs are met and their programs/projects for the year are not adversely affected.

8.3 For **LGUs**, the amounts required to grant the PEI shall be charged against their respective local government funds, subject to the PS limitation in LGU budgets pursuant to Sections 325(a) and 331(b) of RA No. 7160.

9.0 When to Pay the PEI

Payment of the PEI shall be made **not earlier than December 15** of the current year.

10.0 Responsibility of Agencies

Agencies shall be responsible for the proper implementation of the provisions of this Circular. The responsible officers shall be held liable for any payment not in accordance with the provisions of this Circular, without prejudice to the refund by the employees concerned of any excess or unauthorized payments.

11.0 Resolution of Cases

Cases not covered by the provisions of this Circular shall be referred to the DBM for resolution.

12.0 Effectivity

This Circular shall take effect immediately.


BENJAMIN E. DIOKNO
Secretary







REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
BONCODIN HALL, GEN. SOLANO ST., SAN MIGUEL, MANILA

NATIONAL BUDGET CIRCULAR

No. 571
December 4, 2017

TO : All Heads of Departments, Bureaus, Offices and Agencies of the National Government, Including State Universities and Colleges (SUCs); Government –Owned or –Controlled Corporations (GOCCs); and All Others Concerned

Subject : **GUIDELINES ON THE PROVISION OF FREE QUARTERS TO CERTAIN OFFICIALS**

1.0 Purpose

This Circular is issued to prescribe the guidelines on the provision of free quarters to certain officials, consistent with Section 56 of the General Provisions of the FY 2017 General Appropriations Act (GAA), and pertinent provisions of subsequent GAAs.

2.0 Definition of Free Quarters

As used in this Circular, free quarters shall mean the free use of government-owned or leased place of lodging (fully furnished) which may include telephone, water and electricity for basic needs.

3.0 Coverage

This Circular shall apply to the following officials and those of equivalent rank who are assigned or transferred to a place other than that of their domicile and do not own houses or rooms therein, by virtue of agency policies of reshuffling or rotation:

	Category
• Department Regional Directors	A
• Department Assistant Regional Directors	A
• Bureau Regional Directors	B
• Bureau Assistant Regional Directors	B

4.0 Exemptions

The following are not covered by this Circular:

- 4.1 Those who are covered by RA 7305 (Magna Carta of Public Health Workers);
- 4.2 Uniformed personnel of the Department of the Interior and Local Government, Department of Justice, Department of National Defense, Philippine Coast Guard, and the National Mapping and Resource Information Authority;

- 4.3 Those who are expressly provided free quarters under existing laws, rules and regulations; and
- 4.4 Those who are stationed abroad.

5.0 Guidelines

- 5.1 Heads of national government agencies, government-owned or –controlled corporations and financial institutions may provide free quarters within their office premises to officials covered under this Circular who are reassigned or transferred to a place other than that of their domicile and do not own houses or rooms therein, subject to the guidelines prescribed in this Circular, without the need for approval by the Department of Budget and Management.
- 5.2 Where there is not enough space in government premises to be used as quarters, the agency concerned may rent houses or rooms which shall serve as quarters at reasonable rates based on the prevailing cost of rental in the area or locality, but not to exceed the following rates:

Area/Locality	Category	
	A	B
National Capital Region	P 5,500	P 5,000
Other Highly Urbanized Cities	4,500	4,000
Other Areas	4,000	3,500

The rental contract shall be entered into by and between the agency concerned and the owner of the dwelling unit. The rental payment shall be paid to the latter and not commuted in favor of the officials concerned.

- 5.3 The above rates shall be inclusive of the amount for telephone, water, and electricity bills.
- 5.4 Those who desire a more expensive/extensive quarters other than what are provided by the agency or rented in the amount prescribed herein, may secure such preferred quarters, provided that the difference between the actual rental cost and the amount authorized herein shall be paid by the official concerned.

6.0 Funding Source

The funding source for the amount necessary for the implementation of the provisions of this Circular shall be as follows:

- 6.1 For national government agencies, the amount shall be charged against the released allotment for Maintenance and Other Operating Expenses.
- 6.2 For government -owned or –controlled corporations and financial institutions, the amount shall be charged against their respective corporate operating budgets.

7.0 Responsibility Clause

It shall be the responsibility of the Department Secretaries and Agency Heads to strictly implement the provisions of this Circular.



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8.0 **Resolution of Cases**

Cases not covered by the provisions of this Circular shall be submitted to the Department of Budget and Management for resolution.

9.0 **Repealing Clause**

All other circulars and issuances or parts thereof that are inconsistent with this Circular are hereby repealed or modified accordingly.

10.0 **Effectivity**

This Circular shall take effect immediately.

S. C. C.
BENJAMIN E. DIOKNO
Secretary

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