

DIRECTING THE SIMPLIFICATION AND IMPROVEMENT OF GOVERNMENT PROCEDURE ON APPROVAL OF CERTAIN EXPENDITURE ITEMS

LETTER OF INSTRUCTIONS NO. 565, June 30, 1977

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TO:

All heads of departments, bureaus, agencies and offices and regional directors, of the national government including state colleges and universities and government owned and controlled corporations; The Acting Commissioner of the Budget; The Acting Chairman, Commission on Audit

WHEREAS, delegation of authority under defined guidelines, the simplification of procedure, the reduction of "red tape" and generally expeditious action will lead to increase effectiveness in government operations;

WHEREAS, existing rules and policy on overtime, and other related matters require rationalization and updating, including the basic rate of overtime compensation;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, to enable heads of departments, government-owned and controlled corporations and other agencies of the national government to act promptly on urgent needs, do hereby issue the following instructions expediting the approval procedure relative to the filling of positions, the purchase of equipment, the payment of overtime, and other related matters.

General Guidelines

- The expenditure requirements of actions herein delegated must be within the approved expenditure program of the organization, net of reserves, and are subject to the usual accounting and auditing rules and regulations.
- Whenever the exigency of the situation so requires, the expenditures and actions herein authorized to be made may be suspended by the President.
- The governing boards of profit-making government owned and controlled corporations may adopt their own policies and approval mechanism relative to filing of positions, overtime pay, equipment purchases (other than transport equipment), provided that the cost of implementing such policies will not call for government equity inputs or borrowings guaranteed by government.

Specific Guidelines

Filling of Vacant Positions

- All positions created during previous budget years and included in the budget program of a given year may be filled by the head of office as soon as these are vacated, subject to the usual service requirements and any additional qualifications requirements that now exist.
- Positions newly created in a given budget year and that are supported by programmed appropriations may be filled up (a) upon completion of the printed Itemization of Personal Services and (b) submission by the agency

and confirmation thereof by the Budget Commission, of a list of specific items of new positions authorized and covered by programmed appropriations.

- The cost of terminal leaves shall continue to be borne by savings in personal services, provided that agency heads may approve the immediate filing of a position vacated through retirement if the cost of the terminal leave of the previous incumbent is absorbed by other personal services savings.

Payment of Overtime Pay

The following guidelines shall be observed by all concerned in authorizing the rendition of overtime:

- In general, overtime may be authorized where the work or activity has to be completed by a certain fixed date and the scheduled day of completion cannot be met within regular work days and hours, or where, although there is no fixed date of completion, the prolonged delay in, or non-completion of, the work or activity will:

- cause financial loss to the government or its instrumentalities;

- embarrass the government due to inability to meet commitments, whether local or international; or

- negate the purposes for which the work or activity was conceived.

- Specific activities for which necessary overtime may be authorized include the following:

- completion of infrastructure and other projects with set deadlines;

- relief work during calamities and disasters;

- urgent work related to school graduation/registration ;

- work involving the preparation for, and administration of, government examinations, including the prompt correction and release thereof;

- budget preparation to meet scheduled deadlines; and

- annual closing of books of account.

- Meal allowances and reimbursement of reasonable transportation expenses shall constitute the normal means of compensation for overtime service. Division chiefs, or equivalent duly designated by the concerned Bureau/Office/Agency Heads or Regional Directors, may authorize for their respective subordinates the rendition of overtime service compensable on meal/transportation allowance basis.

- Overtime compensation computed on an hourly basis may be authorized by Department Secretaries or equivalent, for agencies within their area of responsibility, in cases where the rendition of overtime is necessary for prolonged hours, assignment outside of normal place of work, or otherwise requiring unusual hardship on the part of individuals assigned to work overtime. Overtime compensation by the hour shall be computed on the basis of actual monthly salary/wages or three hundred pesos (P300) per month, whichever is lower.

- Honoraria, commutable allowances and other compensation may be approved for persons on assignment with special projects subject to approval of the project's governing body upon recommendation of the Project Manager concerned and within such rules and regulations as may be issued by the Budget Commission to ensure uniform practice among projects: provided, that no project compensation may be paid to personnel of other agencies without the prior approval of the mother agency of recipient personnel. All such honoraria, allowances and other compensation shall be considered as compensation in lieu of overtime pay computed on the basis of actual salary: provided, that the total amount received by an individual in a given calendar year as additional compensation from

projects shall not exceed his annual salary; provided, further, that allowances drawn for actual official expenses incurred shall be excluded from the said ceiling.

- Compensation for teacher's overteaching or summer load may be authorized by the governing boards of state colleges and universities, or by the heads of vocational and other national schools as the case may be, in accordance with such guidelines as may be issued by the Budget Commission: provided, that due consideration shall be given to course preparation and examination correction time; and provided, further, that such compensation shall be considered as being in lieu of overtime Pay.
- All approvals for overtime shall be for a specific period but not extending beyond the end of the calendar year during which the authorization was made: provided that all existing open-ended authorizations for overtime compensation shall expire on December 31, 1977, unless reauthorized under these guidelines.
- Approval of overtime service, whether on hourly or allowance basis, shall in all cases be subject to existing law, rules and regulations on the matter, and to pertinent auditing and accounting requirements.
- The total amount of overtime pay which may be granted any employee for a given calendar year shall not exceed fifty percent (50%) of his basic salary except as provided under No. 5 hereof: provided, that the ceiling may be increased in meritorious cases to a maximum of 100% of basic salary under such conditions as may be determined by the Commission on Audit and the Budget Commission, but in any case may not, in the aggregate, exceed agency savings from personal services.
- The Commission on Audit shall issue the necessary rules and regulations to implement these instructions relative to overtime pay.

Purchase of Furniture and Equipment

- Authority to purchase furniture and equipment except as otherwise specified in item no, 4 hereof, is hereby delegated to heads of Departments/Bureaus/Agencies /Regional Directors in the following instances and subject to actual availability of funds released by allotment or sub-allotment:
- when the equipment purchases are in implementation of an agency equipment program approved by the Budget Commission;
- when the equipment to be purchased are intended to replace those that have either been lost or destroyed by fire, earthquake, floods, or other calamity: provided, that such agency action is based on an Inventory and Inspection Report duly certified to by its Resident Auditor;
- when the equipment to be procured are specifically called for in an existing international commitment;
- in times of emergency and upon declaration by the President of a state of calamity, when the equipment are directly supportive of relief and rehabilitation efforts of the appropriate agencies;
- when equipment are procured from a special fund purposely set up for the purchase of specific items.
- Equipment funds may be used to fabricate necessary furniture and other equipment, provided that such fabricated furniture follow acceptable standards as may be approved by the agency head.
- The Budget Commission shall release equipment funds keeping in mind the adequacy of government revenue and on the basis of an annual agency equipment program supported by an itemized listing of equipment to be purchased.
- The purchase of transport and construction equipments, books, drugs and medicines, and other items as may be

specified from time to time, shall be governed by the provisions of LOImp No. 29.

- All existing blanket authorizations for agency purchase of equipment are hereby modified as necessary to be consistent with these instructions.
- Nothing in these Instructions shall be construed as authorizing the purchase of equipment in the absence of budgetary allotments or out of prior year's invalid certifications to accounts payable.

Seminars, Workshops and Conventions

- Agency/office/bureau heads may authorize the payment of seminar fees and other related expenses for reasonable staff attendance in seminars, workshops and conventions which government officials are duly authorized to attend.
- The maximum fee that may be paid by government agencies for their respective officials/employees attending a given activity shall be determined by the Budget Commission, which shall act on the basis of an estimated budget which shall be submitted by the sponsoring organization at the time a request is made for government officials' participation in the specified activity.

Construction/Capital Outlay

Construction and capital outlays projects suspended by Memorandum Circular No. 593 of the Office of the President are hereby authorized to be resumed provided these are supported by allotments already released to the agency and which remain valid in its books, subject to the issuance of Cash Disbursement Ceilings for the purpose.

Repealing Clause

The provisions of existing rules or regulations are hereby superseded where necessary and Memorandum Circular No. 593 of the Office of the President, dated August 8, 1972, is hereby revoked.

Effectivity

This Order shall take effect immediately. Done in the City of Manila, this 30th day of June, in the year of Our Lord nineteen hundred and seventy-sevens

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

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