



# The DBM Bulletin

The official newsletter of the Department of Budget and Management

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## The DBM Gold Standard of Public Service

This year, the Department of Budget and Management (DBM) embarked on a project to strengthen its institutional brand. After undertaking collaborative processes, such as focus group discussions with officials and staff, the project resulted in an enhanced and unified DBM brand to represent the institution to stakeholders in a consistent and compelling way. This strengthens DBM's efforts in improving public perception on the DBM, and in deepening its relationship with various stakeholders.

The recent turn of events highlights the need to bolster the prestige that the institution had built in its almost 80 years of existence as a leader in good governance and reform. Thus, the revitalized DBM brand represents its core values of integrity and inclusiveness, and the commitment of the men and women of DBM to public service.

The new DBM branding system has three key visual features. First, the **DBM Seal**. It best represents the public service heritage of the DBM, and its commitment to ensuring rigor, efficiency, transparency, and integrity in the use of public resources. It has been enhanced for greater clarity as a primary representation of the DBM brand. A gold rendition of the seal has also been designed for monochrome applications (e.g. official forms and stationery).



The DBM Seal in gold rendition

Second, the **Gold Standard**: as a unifying feature of all DBM design applications, it represents the standard of excellence that the DBM upholds: prudence and

rigor, efficiency and effectiveness, integrity and inclusiveness. It is inspired by the idea of "pagbibigkis" (to bundle together): to make government function as a whole, and to ensure the inclusion of citizens, especially the poor, in government's actions.



The Integrity Mark

Finally, the **Integrity Mark**: this application can be used as a watermark for budget release document, a stamp for DBM official issuances, and other secure applications, to signify that documents carrying this mark should be handled with prudence and care.

The new DBM branding system will be implemented in phases, beginning this year, through the leadership of the Internal Management Group. A DBM Branding and Identity Manual is also currently being produced to guide all officials and employees of DBM in implementing the DBM Brand. (OSEC-StratComm)

Conforming to the new DBM branding system, the DBM Bulletin adopts the DBM 'gold standard' with a new refreshing format and lay-out. The prominent gold band on the upper portion of the cover, a unifying feature in all DBM publications, represents the Department's values of GREAT work ethic and dedication to public service. With the help of everyone in the DBM community, we promise you more exciting and inspiring articles to come!



The gold band

## Budget Matters

### Survey shows positive impact of PBB on performance management

A recent survey on Performance Based Bonus (PBB) reveals strong support for this performance-based incentive pay. Most of the respondents across departments/bureaus agree that, in general, the PBB is a good idea and that it is monetarily substantial.

Survey results also show the positive impact of the performance-based incentive pay on increasing organizational performance and in improving teamwork in target setting and execution. Since its initial implementation in 2012, government personnel have been perceived to be working together better and management has become more diligent in setting targets. PBB is

likewise perceived to have fostered trust within departments.

But while the PBB generated positive perceptions, there are some negative comments mainly in the lower performing categories, who say that PBB is unfair and that the individual rating process is not transparent. The DBM Management is hoping that the implementation of the Strategic Performance Management System will help address these concerns within DBM and in other departments.

The nationwide survey on the 2012 PBB, conducted by the World Bank, was participated in by some 4,500 civil servants from eight (8) departments/agencies (DBM, DOF, BIR, BTr, DTI, DENR, DOLE, and DepEd).



Representatives from World Bank discuss the results of the Performance-Based Bonus Baseline Survey on May 27, 2014.

## e-Appro workshop



Director Carmencita Mahinay of the DBM's Budget Technical Service presented an Overview of the Budget Preparation Management System (BPMS) Revised for e-Appro during the e-Appropriations System Workshop conducted for technical staff of the House Committee on Appropriations and Senate Finance Committee held on April 28, 2014 at the DBM Multi-Purpose Hall. The Workshop helped identify issues and concerns as well as specific requirements of Congress that are critical in the development of the e-appropriations system which will fast-track the review and approval of the national government budget. The system is expected to be completed in time for the 2015 budget legislation period.

## Good Governance Cluster holds 1st Quarterly Assessment Workshop

More than 70 representatives from the government, civil society, academe, and business sectors huddled up in evaluating all priority initiatives of the Good Governance and Anti-Corruption Cluster of the Cabinet (Good Governance Cluster) and the Philippine Open Government Partnership (PHL-OGP) during its "1st Quarterly Assessment Workshop" held at the DBM Multi-Purpose Hall, on May 27, 2014.

The workshop updated the participants on the status of the 30 initiatives and nine priority bills for legislation under the Good Governance Cluster Action Plan, and identified challenges and solutions in program implementation. Some of the initiatives that were assessed include the Government Integrated Financial Management Information System (GIFMIS), Transparency Seal, Open Data, and the Public Financial Management

for Local Government Units (LGU-PFM)-- all of which are currently being spearheaded by the DBM. For more information on the Good Governance Cluster and PHI-OGP, please visit the following websites: <http://www.opengovpartnership.org/country/philippines>; <http://governancecluster.wordpress.com>. (Jennifer Javier & Marianne Fabian, RIU-OSEC)





The author in one of the discussion sessions.

# Reflections on the 2014 World Bank – International Monetary Fund Spring Meetings

By: Yolanda R. Reyes, Chief Budget and Management Specialist, FPB

about it, I felt so privileged to be given that latitude.

Going over the schedules and topics, I was easily drawn to attend the sessions on the following topics wherein a host of experts shared their thoughts and views:

## 1) "Talking About a Data Revolution"

- UN Deputy Secretary General Jan Eliasson emphasized the importance of data for decision-making, national planning and especially for the Millennium Development Goals (MDGs). He cited the need to invest on national statistics; explore new data sources; harness the generation of data and that data liberation involves the analytical grassroots participation in data generation.
- Malawi Finance Minister Maxwell Mkwezalamba shared his country's focus on aid data (Malawi's Aid Platform). This is to ensure that information is available in terms of the amounts and locations of the different aids. He highlighted that data need to be integrated and, with transparency and accountability, be linked to open data policy. He also mentioned the importance of organizing workshops for the CSOs, media and other stakeholders.
- Director General Nick Dyer of the Policy and Global Programmes, Department for International Development, opined that baseline data are necessary and that there is a need to end invisibility in data revolution. With regard to open data, his position is to collect less information while citing the example of 600 indicators on health. He also said that a global alliance of politicians, CSOs and other interest groups is necessary.
- Director Haishan Fu of the WB's Development Economics Data Group pointed out that 98% of the world population will soon be enumerated. But to do so, we would need the following: (1) to change the mindset that an effective statistical system is not readily possible; (2) to review and look at basic data requirements; and (3) be courageous to come up with world data system. All of these will call for the promotion of innovative data generation, with the WB providing the technical assistance.
- WB President Jim Yong Kim emphasized that

I was on sick leave when I was informed that I would be attending the well-known Spring Meetings of the World Bank (WB) and the International Monetary Fund (IMF) during the second week of April in Washington D.C., USA together with the DBM Secretary. The event is a gathering of thousands of participants ranging from government officials to civil society organizations, academicians, private sectors and journalists for the WB and the IMF to discuss the progress of their work. In the same event, seminars, regional briefings, press conferences, and other events dealing on the global economy, international development and the world's financial markets are held simultaneously, providing opportunities for consultations among stakeholders.

I must admit that I got excited about the whole idea and almost forgot I was sick. However, when I had settled down a bit, I started thinking about the necessary preparations. More than those documentary requirements (visa etc.), I need to be both technically and psychologically prepared. Unlike my previous official foreign trips, this one is definitely high level, with four (4) cabinet secretaries (Secretaries Abad, Purisima, Balisacan and Lacierda in attendance) together with their executive assistants or deputies. Besides, I am going to the WB and IMF Headquarters.

Out of curiosity, I asked how I was chosen to go with the Secretary. I was told that the Secretary wants to continuously capacitate DBM officials and personnel; and events such as the Spring Meetings provide great learning opportunities. Also, since topics usually discussed were mostly FPB concerns, I was selected to represent the bureau. For that, I will always be grateful for having been given the chance to be a part of this significant WB event.

## Day One (Washington, D.C.)

Secretary Butch Abad gave me a free hand to choose which topics and meetings to attend. He said that the opportunity was there for me, to enable me to explore and decide on my own based on my interests/inclinations and what I perceive to be relevant and useful. To be candid

## DBM RO XI undergoes 1-day Strategic Performance Management System Workshop

To internalize the concept and process of personnel and organizational performance evaluation, DBM RO XI staff participated in an Orientation-Workshop on Strategic Performance Management System (SPMS) conducted by the DBM Central Office last April 24, 2014 at the Ritz Hotel, Obrero, Davao City.

The establishment and implementation of the agency's SPMS is mandated by the Civil Service Commission through Memorandum Circular No. 6, s. 2012. This performance system helps link individual performance vis-à-vis the agency's organizational vision, mission and strategic goals.

The orientation-workshop was also attended by Director Teresita P. Gapac of the Financial Management Service, OIC-Director Vilma P. Gorospe of the Corporate Planning and Reforms Service, and other personnel from the DBM CO. Ms. Marilyn M. Dujali and Ms. Lourdes P. Amerkhan of CSC RO XI facilitated the one-day SPMS workshop. **(Kate Ortega, DBM RO XI)**



DBM RO-XI personnel, headed by Regional Director Gary Martel, formulate their individual and office performance commitments.

## Executive seminar for local officials in Eastern Visayas

The League of Municipalities of the Philippines Region VIII Chapter, in close collaboration with the DBM Regional Office VIII headed by Director Imelda C. Laceras, organized an "Executive Seminar on the Local Government Budget Process and Procurement Updates" at the Century Park Sheraton Hotel, Manila on May 19-20, 2014. During the seminar, local officials in Eastern Visayas were updated on the latest DBM, Government Procurement Policy Board (GPPB) and Commission on Audit (COA) circulars and guidelines pertaining to the preparation of the Annual Investment Plan (AIP) and the annual budget vis-à-vis budget allocations for Grassroots Participatory Budgeting for fiscal years 2013, 2014 and 2015.

## 78th ANNIVERSARY CELEBRATION



**DBM 02 Cares.** Continuing its tradition of sharing its blessings with the less privileged communities in the province, the DBM RO 02 family visited the Agta Community in Barangay Aggugaddan, Penablanca, Cagayan in observance of the 78th Anniversary of the Department. The visit was highlighted by a simple program for children which included singing, dancing and parlor games. The fun day culminated in the distribution of clothing, school supplies, toys and *kikay* accessories to children.

## DBM RO I and PS Depot RO I Staff



**Building camaraderie in a fun way.** This was how the staff observed the Department's 78th anniversary last April.



The executive seminar is a special module conceptualized to present a comprehensive lecture based on a plan-budget-procurement link model that encompasses the whole gamut of local planning through the AIP, the budgeting cycle and procurement process.

The roster of resource speakers included Director Imelda C. Laceras (DBM RO VIII), Atty. Dennis S. Santiago (GPPB-Technical Service Office Executive Director), Engr. Blas Mathias Sypaco Executive Director (COA-Technical Support Office) and Atty. Susan Donalvo (COA RO VIII- Regional Director). **[Absal Abah, DBM RO-VIII]**



# PFM UPDATES



## COA holds UACS training courses

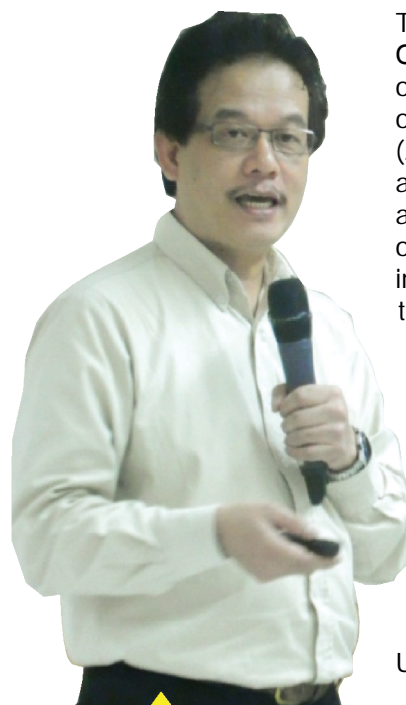
The Commission on Audit (COA) and the Philippine Public Financial Management (PFM) Committee recently held a series of Unified Accounts Code Structure (UACS) application courses to train key personnel on the proper application of UACS to harmonize the government's financial transactions and processes.

The application course was scheduled for six batches from May 12 to June 11, 2014 at the COA Professional Development Center (PDC). Over 400 representatives from the agency's internal operations, Government Accountancy Sector (GAS), and management group participated in the training.



UACS Technical Team Leader Michael Cleary facilitated the course program.

The UACS Technical Team facilitated the program courses with guest speakers from the Department of Budget and Management (DBM) and the COA who discussed the Budget Primer and the Budget and Financial Accountability Reports (BFARs), and the Application of Object Coding and the Philippine Public Sector Accounting Standards (PPSAS), respectively.



The UACS Application Course for COA aims to: (1) explain the benefits of UACS in the internal operations, oversight and audit functions of COA; (2) discuss how UACS is designed and applied in the audit operations of COA; and (3) recognize the importance of UACS in improving the quality of information provided to management to aid in decision-making.

To supplement the roll-out of the UACS, a UACS Help Desk will be set up soon to assist departments and agencies in the use of the new working structure. Members of the Help Desk from various units of the DBM were trained recently on the use of Google Docs to help them track and record queries on UACS.

In her opening remarks, COA Assistant Commissioner Carmela S. Perez called the participants "keyplayers" in ensuring the success of the Public Financial Management (PFM) reforms such as the UACS which the agency is trying to institute.

Guest speaker DBM Bureau-B Assistant Director Dante de Chavez as he discussed the Budget Primer and Application of Budget with UACS.





**The loyalty awardees with the DBM officials.** (from left to right) Assistant Secretary Clare G. Amador, Aurelio C. Gloria (BMB-C), Joselita V. Bernal (CPRS), Nanette R. Cabral (BMB-A), Assistant Secretary Tina L. Canda, Josefina S. Almoite (BTS), Undersecretary Richard E. Moya, Dalisay A. Francisco (BMB-F), Perpetual Judea P. Quiazon (DLLO), Secretary Butch B. Abad, Agnes S. Tovera (BMB-G), Assistant Secretary Amelita D. Castillo, Rosario N. Dalisay (BMB-C), Assistant Secretary Janet B. Abuel, Socorro D. Ventura (BMB-G), and Ma. Lourdes D. Baguio (ICTSS). (Awardees not in photo: Elsa Q. Abundo & Elvira A. Vasquez (BMB-A), Maria Dimpna O. Lejos (CPRS), Mayna M. Caymo & Irene B. Gahid (CAR), Maricar B. Cruz & Mavidette D. Alvarado (RO II), Rujen A. Polo (RO IV-A), Carolina C. Armada, Nonito H. Dela Cruz, & Rodrigo R. Muñoz (RO XI), and Kamid C. Talembo (RO XII).



# We're 78!



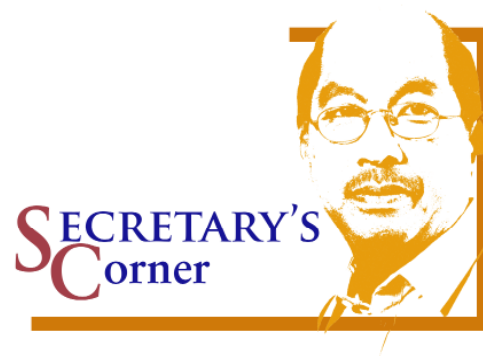
The DBM marked its 78th year with a weeklong celebration of fun, games, party, etc. Captured in this spread are the colorful activities such as the amazing race, DBM got talent, basketball, bloodletting, aero dance, masquerade and tiangge which were gamely participated in by DBM employees.





## Statements from Secretary Butch

**On the country's 5.7% Q1 GDP growth.** "GDP figures for the first quarter of the year reflect the difficulties of recovery work after Yolanda. Indeed, Yolanda struck at several sectors crucial to driving growth, particularly the agriculture and fishing industries. Nevertheless, other forces helped keep our economic momentum going, albeit at a slower clip. Expenditures continued to play a major role in catalyzing growth. Public construction rose by 22.3 percent, spurred by a 49.2-percent increase in government expenditures for infrastructure and capital outlay in January and February. This helped boost the country's capital formation to 7.7 percent in the first quarter, notwithstanding the 6-percent slump in private construction in the same period."



**On the Napoles affidavits.** "I have never dealt with Janet Lim Napoles in any manner, much less through an agent or a middleman...It's unfortunate that despite the countless opportunities she had to reveal the truth, Ms. Napoles resorted instead to blatant, shameless lying. Her claims about me amount to deception of the sorriest caliber, holding up poorly to scrutiny and collapsing in the face of facts. What a disservice her statement is to the people who've been waiting to hear the truth all these months. But should we be surprised? Ms. Napoles' history has made one thing clear to all of us: the Filipino people's best interests mean nothing to her."

### On the conclusion of the World Economic Forum on East Asia.

"The WEF ... gave Filipinos an opportunity to consider our national situation from a broader perspective, to view it from a position that justly recognizes the accomplishments we've made. We're a people used to flogging ourselves or downplaying our achievements. Yet foreign delegates and the forum's international participants were unequivocal in their appreciation of the Philippines' unprecedented growth and the strength of the Administration's governance agenda. With the conclusion of the meeting, it is only fitting for us to take heart with the advancements we've tracked as a nation. Since 2010, we've been making great strides in fiscal growth and consolidation; in delivering badly needed public services and enacting long-overdue policies; and in establishing greater transparency, accountability, and efficiency in the National Budget so it better serves the people."

**Meet-and-greet.** Secretary Butch Abad takes time off from his busy schedule to be with the DBM on-the-job trainees. Joining the group are staff from the Human Resource Development Division (HRDD) and Assistant Secretary Clare Amador.



information is power. He noted that 40% of poor countries cannot properly measure poverty. By 2020, there will be large basic data gaps which will mean that unregistered children cannot be assisted. He added that while the MDGs framework stimulated the need for better data, we also need better tools.

In summary, there is a need to re-think on how to generate and maintain reliable, timely and good quality data. The integration of information will require complementary action and the participation of other players such as the private sector and the CSOs. The participation of CSOs in the education sector in the Philippines was even cited at that point.

I could not help but relate the discussion to the current state of data generation in the Philippines. Upon the assumption of the Aquino Administration, there was immediately a realization that timely and accurate information is indeed lacking, thus hampering both effective policy formulation as well as program and project implementation. This was the very reason why DBM had to commission the establishment of the Registry of Farmers to enable the government to implement well-targeted agricultural programs and projects. In the same manner, we are committed to fully support the newly-established Philippine Statistics Authority.

## 2. "Learning for All Symposium: Investing in a Brighter Future"

A first in the WB-IMF Spring Meetings, Finance Ministers and Education Ministers were featured together with education as part of the agenda.

In this session, WB President Jim Yong Kim revealed startling information on education:

- An estimated 250 million children in the world cannot read and write after three years of schooling.
- While there are more funding sources for education now, these do not translate to the improvement of educational outcomes. Instead, they lead to additional funding for inefficiency.

UN Secretary-General Ban Ki-moon, on the other hand, reported that the Official Development Assistance (ODA) funding support provided to education has been decreasing over the years. Thus, the need to appeal to political leaders. Former Prime Minister of Great Britain and currently Special Envoy for Global Education (UN) Gordon Brown highlighted the recent launching of the Emergency Coalition for Global Education Action. It is a group of prominent leaders who will be working together within the next 21 months to fast-track progress in ensuring that all girls and boys are in school by the end of 2015.

Norwegian Foreign Affairs Minister Borge Brende also shared his views on education. Being a life/game changer, education is the key to development. He likewise cited the need to continuously create partnerships in education.

USAID Administrator Rajiv Shah noted two education concerns: (1) extreme importance of the quality of the teacher; and harnessing of technology in cases where the teacher is not available; and (2) individual's readiness for the job after graduation from secondary school. The latter, he said, can be addressed by providing vocational education especially in developing countries.

A UNICEF representative pointed out that it is not only access to education which is important but also good quality and timely data that are essential in improving education. She emphasized that "for every child to count, there is a need to count every child."

Given all the information, issues and concerns tackled during the discussion on education, I realized that we are in the same boat with other countries in many respects; and that, we can definitely learn from each other's experiences.

## Day Two (more learnings to share ...)

During the second day (April 11), I joined Secretary Butch in his brief exchange on performance management with the U.S. Office of Management and Budget Deputy Assistant Director for Management Dustin Brown.

Here are some of the salient points discussed:

- Over the years, a lot of efforts have been made by the U.S. Government to increase the availability of performance plans and reports but more work is necessary to enhance the use of performance information for strategic and operational decision-making.
- The State of the Union Address reflects the U.S. Government's performance goals composed management and mission goals.
- Performance management systems/performance plans of various departments/agencies are formulated by the OMB with the former, taking into consideration that these will serve as tools to be utilized and owned by the agencies, both in terms of contents and processes. As a result of the OMB's 15 years of work on performance management, the agencies are able to relate to outcomes as well as performance management.
- With regard to department/agency evaluations, they get external partners to evaluate their performance goals. The OMB does not conduct evaluations.

Aside from the brief exchange with the OMB, we also attended a side meeting with the IMF regarding the proposed technical assistance on the Medium Term

## Reflections ... from page 9

Expenditure Framework (MTEF) for the DBM and another one with the credit rating agencies (Moody's and Standard and Poor's).

Reflecting on my experiences in the Spring Meetings, I could say that the government's current efforts to bring about reforms in the areas of governance, data generation and usage, poverty reduction, education, health and social welfare, among others, are the same concerns being faced by many countries like us. It has given me a sense of comfort that since we share similar challenges with them, we can definitely learn from each other's experiences.

The experience has also inculcated in me the importance of having a wider perspective in the analysis and evaluation of things which I can apply in my work at the DBM. ■

## Answers to last issue's Acronym Search

E	P	S	L	H	O	P	L	A	W	D	G	R	K	C
T	E	G	D	U	B	D	E	Z	B	B	O	R	E	Z
A	Y	W	A	T	V	A	Q	D	C	F	O	C	Y	R
I	A	L	O	A	U	F	B	F	P	R	D	J	R	T
L	N	E	R	R	S	B	T	X	F	E	G	F	E	K
G	I	F	M	I	S	C	I	I	M	U	O	S	S	E
O	F	U	V	Q	H	K	A	M	P	C	C	E	U	M
O	E	A	U	R	F	S	D	L	E	A	E	B	L	T
P	R	Q	I	I	C	X	M	A	U	E	R	N	T	E
I	Y	S	B	T	X	S	I	G	T	E	N	L	A	F
F	T	W	U	E	H	U	T	V	O	G	P	B	R	D
M	M	W	B	F	O	V	H	Z	S	Q	N	I	E	E
N	G	A	S	P	Y	K	I	X	B	D	C	Q	B	A
R	W	T	H	A	G	U	B	F	P	P	E	S	S	T
S	O	B	U	D	G	E	T	F	S	R	U	M	L	N

## Compensation Compendium

From a compilation prepared by the Organization, Position Classification and Compensation Bureau

### Updates on the 2013 PBB

#### Key Features of Memorandum Circular No. 2013-01

In CY 2012, the government started implementing the Performance-Based Incentive System (PBIS) introduced under Executive Order No. 80. The PBIS is a two-part reward system: Performance Enhancement Incentive (PEI) which is an annual incentive granted across-the-board to government employees, and Performance Based Bonus (PBB) which is a top-up bonus granted to employees of agencies which accomplished its performance targets and complied with the good governance conditions. The rate of PBB varies between individuals, depending on his/her level of contribution to the accomplishment of over-all targets and commitments of the agency. The goal of the reward system is to encourage higher performance and greater accountability amongst the public servants.

To be eligible for PBB, a department/ agency must satisfy the following criteria:

Criteria 1: Achieve at least 90% of each of their performance targets for the delivery of Major Final Output (MFOs), Support to Operations (STO) and General Administration and Support Services (GASS) for FY 2013

Criteria 2: Achieve at least 90% of each one of the priority program/ project targets agreed with the President under the five Key Result Areas (KRAs) of EO No. 43

Criteria 3: Satisfy 100% of the good governance conditions set by the Inter-Agency Task Force for FY 2013

Criteria 4: Rank performance of bureaus or delivery units and the personnel within these units

Under Memorandum Circular (MC) No. 2013-01, "Guidelines on the Grant of the Performance-Based Incentives

for Fiscal Year 2013 under Executive Order No. 80," while the same eligibility criteria remain, there are new and modified provisos, such as:

- The performance targets must be consistent with the 2013 targets committed by the Secretary with the President as reflected in OP Form 1 Planning Tool managed by the Office of the Cabinet Secretary;
- The approved PBB targets will be translated into performance score cards - Priority Program Accountability Report Card (PPARC), MFO Accountability Report Card (MARC-I) and the Management Accountability Report Card (MARC-II) – and henceforth published in the Results-Based Public Management System (RBPMS) website;





## Corner

### Phl commemorates 77th year of women suffrage

Seventy-seven years ago, the battle for women's suffrage was won.

Through a special plebiscite aimed at setting the issue on women's right to vote held on April 30, 1937, about ninety percent or 447,725 Filipino women voted in favor of women's right to suffrage. This historical day paved the way for women's participation in political affairs.

Currently, more than half of the country's registered voters are female. Their representation in elected posts has likewise increased from 18.4 percent in 2010 to 19.97 percent\* in 2013.

\* Data based on the COMELEC's preliminary report (as of September 2013) of the May 2013 automated national and local elections.



Then President Manuel L. Quezon signs into law the Women's Suffrage Bill following the special plebiscite which ratified women's right to suffrage. (Credits to malacanang.gov.ph for the photo and data.)

Proclamation No. 2346 declares  
April 30 of every year as  
**Woman Suffrage Day.**

**Editor in Chief**  
**Joy S. Almazan**

**Associate Editor**  
**John E. Lansangan**

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**Design Artist**  
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**Photographers**  
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**Orlando M. Magdaraog**

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**Virginia L. Follosco**  
**Director, TIS**  
**Clare Cattleya G. Amador**  
**Assistant Secretary**

**Training and Information Service**  
**736-2773 (telefax)**

### Compensation ... from page 10

- The submission and review of the Statement of Assets, Liabilities and Net Worth (SALN) of officials and employees per RA NO. 6713 will form part of the good governance conditions (Criteria 3);
- An employee must have rendered at least nine (9) months of service for the year ending December 31, 2013;
- The Department Secretaries and their equivalent levels in the OEOs will no longer be included in the ranking. The other heads of OEOs, SUCs and GOCC presidents should however be included in the ranking; and
- The percentage distribution of ranking of individual performance category has been readjusted to recognize a greater number of high-performing employees:

From (FY 2012)		To (FY 2013)	
Bureau Category	Individual Category	Bureau Category	Individual Category
Best - 10%	Best - 10%	Best - 10%	Best - 15%
	Better - 25%		Better - 30%
	Good - 65%		Good - 55%
Better - 25%	Best - 10%	Better - 25%	Best - 15%
	Better - 25%		Better - 30%
	Good - 65%		Good - 55%
Good - 65%	Best - 10%	Good - 65%	Best - 10%
	Better - 25%		Better - 25%
	Good - 65%		Good - 65%

## LS Nook

Prepared by the  
Legal Service**Subject:**

**Query of Budget and Management Bureau-B on the authority of the Department of Labor and Employment (DOLE) to use income sourced from the issuance of Alien Employment Permit (AEP).**

**Issue:**

Whether DOLE can retain fifty percent (50%) of the collections earned from the issuance of AEP and use it for the proposed Alien Data Management System and for the purchase of equipment and other similar expenditures.

**Discussion:**

At the outset, we note that Article 40<sup>1</sup> of Presidential Decree No. (PD) No. 442<sup>2</sup>, as amended authorizes the DOLE to issue permits to foreign nationals seeking admission to the Philippines for employment purposes. Pursuant to Article 5<sup>3</sup> of said law, Rule II (2) of Department Order No. 12<sup>4</sup>, s. 2001 was issued to require foreign nationals who intend to work in the Philippines to pay necessary filing, publication and permit fees in the amount of Eight Thousand Pesos (P8,000) for each application for AEP with one year validity.

As represented by DOLE, out of the P8,000 collected fees for AEP, only 50% or P4,000 is deposited to the Bureau of the Treasury as income of the General Fund. The remaining P4,000 is retained and deposited in an authorized government depository bank, which shall be used for publication expenses, in accordance with DOLE Memorandum<sup>5</sup> dated March 2009 issued by Labor Secretary Mariano D. Roque.

Well-settled is the rule that the retention and use of income by agencies should be authorized by a substantive law pursuant to Section 4 of the General Provisions of RA No. 10633<sup>6</sup>, Executive Order (EO) No. 292<sup>7</sup>, s. 1987 and PD No. 1445<sup>8</sup>. A perusal of PD No. 442 shows no such authority given to DOLE, thus, all income from the AEP collections should be deposited with the National Treasury.

Section 4 of the General Provisions of RA No. 10633 clearly provides that all fees, charges, assessments, and other receipts or revenues collected by the departments, bureaus and offices in the exercise of their functions, at such rates as are now or may be approved by the approving authority, shall be deposited with the National Treasury as income on the General Fund pursuant to Section 44, Chapter 5, Book VI of EO No. 292 and Section 65 of PD No. 1445. In addition, Section 4 of the above General Provision states that disbursements or expenditures by agencies from the use and/or retention of income absent the above legal authority and/or from income deposited outside of the National Treasury without legal basis shall be void and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43<sup>9</sup>, Chapter 5, and Section 80<sup>10</sup>, Chapter 6, Book VI of EO No. 292, and to appropriate criminal action under existing laws.

Neither could a DOLE Memorandum be used as legal basis to authorize the said agency to retain 50% of the AEP collections and use the same for specified purposes. Evidently, a mere agency Memorandum cannot supplant, override, amend or modify the express provision of law.

Inasmuch as there is no substantive law granting DOLE the authority to retain and use its income from the AEP collections, all income therefrom shall accrue to the General Fund to be used for the general operations of the government.

<sup>1</sup> Article 40. Employment permit for non-resident aliens. Any alien seeking admission to the Philippines for employment purposes and any domestic or foreign employer who desires to engage an alien for employment in

the Philippines shall obtain an employment permit from the Department of Labor and Employment. X x x.

<sup>2</sup> A Decree Instituting a Labor Code, Thereby Revising and Consolidating Labor and Social Laws to Afford Protection to Labor, Promote Employment and Human Resources Development and Ensure Industrial Peace Based on Social Justice.

<sup>3</sup> Article 5. Rules and regulations. The Department of Labor and other government agencies charged with the administration and enforcement of this Code or any of its parts shall promulgate the necessary implementing rules and regulations. x x x.

<sup>4</sup> Omnibus Guidelines for the Issuance of Employment Permits to Foreign Nationals

<sup>5</sup> Re: Guidelines and Procedures for the Receipt and Utilization of the AEP Publication Fees

<sup>6</sup> General Appropriations Act of 2014

<sup>7</sup> Administrative Code of 1987

<sup>8</sup> Ordaining and Instituting a Government Auditing Code of the Philippines

<sup>9</sup> Section 43. Liability for Illegal Expenditures. – Every expenditure or obligation authorized or incurred in violation of the provisions of this Code or of the general and special provisions contained in the annual General Appropriations Act shall be void. Every payment made in violation of said provisions shall be illegal and every official or employee authorizing or making such payment, or taking part therein, and every person receiving such payment shall be jointly and severally liable to the Government for the full amount so paid or received.

<sup>10</sup> Section 80. Misuse of Government Funds and Property. – Any public official or employee who shall apply any government fund or property under his administration or control to any use other than for which such fund or property is appropriated by law, shall suffer the penalty imposed under the appropriate penal laws.

**TO OUR BELOVED READERS:**

If you have comments or suggestions on the Bulletin's contents, please email us at [tis@dbm.gov.ph](mailto:tis@dbm.gov.ph).

We also welcome contributions (articles, literary works, etc.) for possible publication in the upcoming issues of *The DBM Bulletin*.