

July - Sept 2018



The DBM Bulletin

The Official Newsletter of the Department of Budget and Management

Building a Brighter Future



- 2 *The Secretary's Corner*
- 3 *Building a Brighter Future*
- 4 *Reforms in the Region*
- 5 *Macroeconomic Indicators*
- 6 *Reforms on Track*
- 8 *DBM News Briefs*
- 10 *LS Nook*
- 11 *Compensation Compendium*
- 12 *DBM GAD's 'She-roes'*



THE SECRETARY'S CORNER

Excerpts from the speech delivered by Secretary Benjamin E. Diokno during the Philippine Economic Briefing on September 18, 2018 in Manila

As Budget and Management Secretary, I assure you that government spending will continue to boost economic activity. Our expansionary fiscal policy is prudent, sustainable, and supportive of development objectives.

We believe the Philippine economy will grow at a robust rate of 7% to 8% in the next five years. This makes the Philippine economy the fastest growing in the ASEAN, which is the fastest growing region in the world. Our growth target is consistent with projections of multilateral institutions and global think tanks. With higher public investments, we are confident our growth target is achievable.

I am proud to report that we have finally put an end to underspending. This issue was the Waterloo of past administrations. Underspending occurs when actual spending falls short of programmed spending. In 2014, it was as high as 13.3%, and in 2015, it was 12.8%. In those two years alone, some PhP631 billion worth of project funds were left unspent. When we assumed office mid-2016, we managed to cut it to 3.6% by year-end. In our first full year – in 2017, underspending was further reduced to 2.9%.

Preliminary data for 2018 also boosts our claim. This may be the first time actual government expenditures exceeded programmed expenditures: PhP1.6 trillion versus PhP1.57 trillion. While we can only spend up to what Congress has authorized, current progress in spending should put an end to the issue of "absorptive capacity."

Aside from comparing against quarterly targets, another way of gauging spending performance is to compare year-on-year figures.

For the first six months of this year, total government spending amounted to PhP1.6 trillion. This is PhP272.7 billion more than the total spending for the same period last year, or an increase of 20.5%.

The trend in Infrastructure and Other Capital disbursements is even more impressive. Spending for the first semester of the year increased by an impressive PhP103.6 billion, or by 41.6%. This is proof that the "Build Build Build" Program is firing on all cylinders.

The improvements in budget utilization may be attributed to our Budget Reform Program.

We inherited an Obligation-Based Budget System with appropriations valid for up to two years. Such a System posed perverse incentives as there was no pressure for bureaucrats to spend their budgets within the given fiscal year.

We have scrapped this slow and flawed System. Starting in 2017, we limited validity of appropriations from two years to just one year, and judging by the results, it is working.

Beginning 2019, we will up the ante. We will implement an Annual Cash-Based Budgeting System where goods and services must be inspected, delivered, and paid for in the same fiscal year, subject to an Extended Payment Period (EPP) of three months in the next fiscal year.

We, at the Department of Budget and Management, would like to assure the Filipino people that government spending will be prudent, sustainable, and supportive of economic growth and development.



Building a *Brighter Future* through the 2019 People's Budget

By: Crispin Mahrion B. Abacan

For the second time, President Rodrigo Duterte, through the Department of Budget and Management (DBM), managed to submit the FY 2019 proposed National Budget to Congress on the day of his State of the Nation Address. The proposed Budget is the country's first-ever annual cash-based budget which is seen to instill greater fiscal discipline, promote prudent use of government's limited resources, and facilitate faster delivery of public services.

The early submission gives Congress more time to scrutinize the PhP3.757-trillion proposed Budget, as its Constitutional duty. And if the recent happenings in Congress are the basis, it certainly did.

During the House hearings, several legislators expressed their concerns over the apparent nominal "decrease" or cuts in the budget of some agencies and the potential difficulties of implementing programs and projects under a one-year time frame. Adding to this is the election ban in view of the upcoming elections that prohibits the government from releasing or disbursing public funds for all kinds of public works, subject to certain conditions.

While the hearings were stalled for weeks due to these concerns, it resumed after House Speaker Gloria Macapagal-Arroyo and House Majority Leader Rolando Andaya, a former DBM Secretary, met with President Duterte on the 2019 proposed cash-based budget. It was agreed upon that the implementation of the cash-based budget for 2019 will be transitory. Under this set-up, the budget for infrastructure outlays should be obligated within 12 months and implemented within 18 months, from January 2019 up to June 2020. Payment should likewise be done within 18 months. Meanwhile, for non-infrastructure projects, provisions for these items should be obligated and implemented within the fiscal year, from January to December 2019, and paid for within 15 months consistent with the Annual Cash-Based Budget System.

To allay concerns on the budget cuts, the DBM explained, through its dialogues with various stakeholders such as civil society organizations and media statements, that the 2019 proposed Budget, being cash-based, cannot be directly compared with the 2018 Budget since the latter is under the obligation-based system. To get an accurate comparison, the 2019 Budget should be compared with the 2018 Budget's cash-based equivalent. In an apple-to-apple comparison, the 2019 Budget is in fact 13 percent or PhP433 billion higher than the 2018 cash-based equivalent Budget.

Also, since one of the primary goals of the Annual Cash-Based Budgeting System is faster service delivery by addressing underspending, the DBM provided funds only for goods and services that can be delivered within the fiscal year. Among the key criteria used in assessing agency proposals for funding were the following:

- 1) Implementation readiness;
- 2) Agency absorptive capacity;
- 3) Consistency with the priorities in the Budget Priorities Framework; and
- 4) Indicative annual procurement plan.

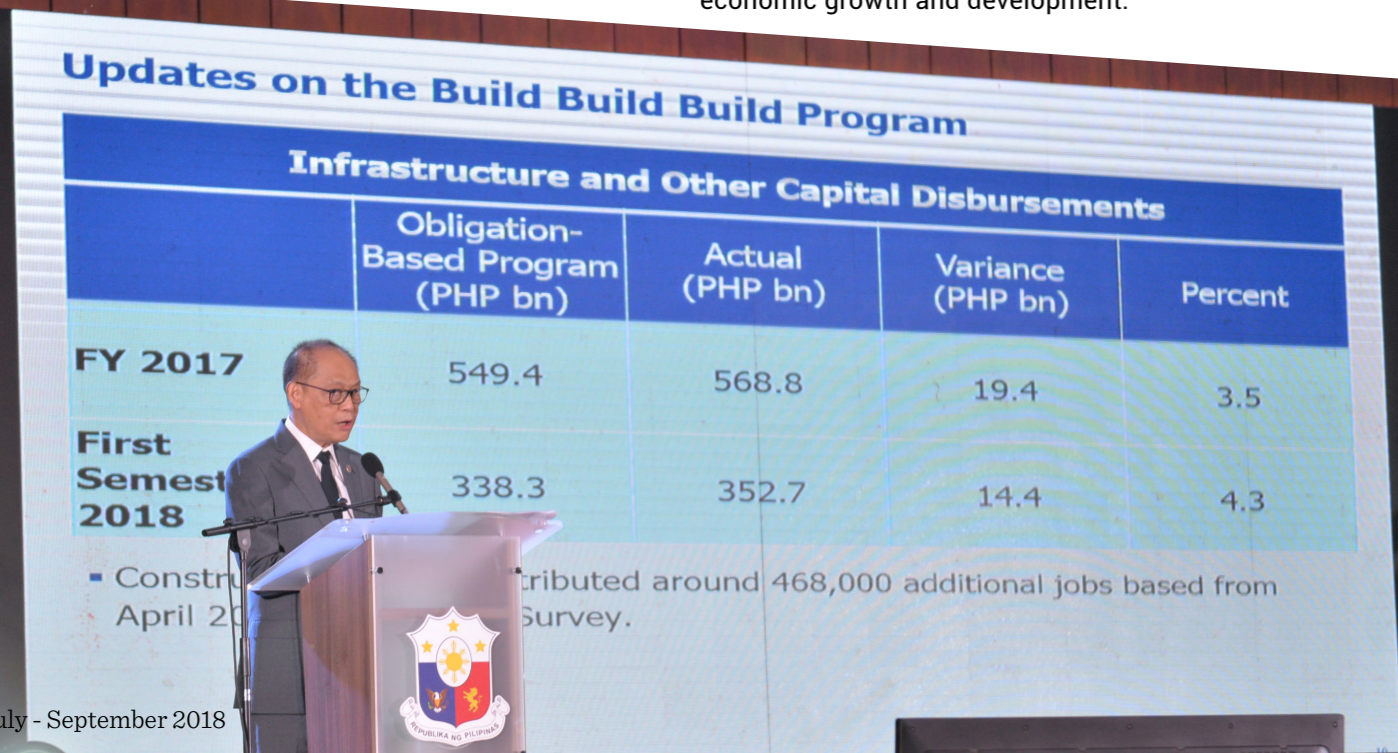
These conditions guarantee that programs, activities, and projects (PAPs) will be delivered within the year, consistent with the original intent of the appropriation law – that is, the budget as planned and legislated is fully executed within the year. The DBM banks on the strength of the cash-based system to require agencies to produce well-thought out proposals which have already considered possible risks and threats that could delay or hamper the delivery of the PAPs. It also forces the agencies to foster good working relationships between their planning and budgeting officers to make proposals more adaptive to the intricacies of program design and implementation. As such, the DBM expects that disbursements for PAPs in 2019 will continue as planned despite the election ban.

It will be recalled that President Duterte challenged government agencies to up their spending. "If you don't use your budget, you will lose it," he said. This best explains the reason behind the "perceived" budget cuts in the major programs and projects of certain key spending agencies such as the Department of Health (DOH) and the Department of Education (DepEd). In the case of the DOH, the huge decrease in its budget is attributed to the drop in the allocation for the Health Facilities Enhancement Program, from PhP30 billion in 2018 to PhP50 million in 2019. This is due to its dismal spending performance which only reached around 11 percent, or PhP15.5 billion of the total PhP138.1 billion budget since it started in 2008, and some adverse findings by the Commission on Audit.

While there seems to be a decrease in agency budgets, it does not automatically mean a decrease in goods and services since the Annual Cash-Based Budgeting System envisions actual delivery of such within the fiscal year, unlike in the Obligation-Based Budgeting System where delivery may take two or more years.

The 2019 Budget was crafted to build a brighter future for the country and its people. More than providing hefty investments for economic and social services, amounting to PhP1,068.4 billion and PhP1,377.0 billion, respectively, the 2019 cash-based Budget ensures that these investments are translated into tangible goods and quality public services that are delivered at the right place and at the right time.

Every Peso left unspent represents undelivered government services. If the government cannot address this, then it fails the people's expectations. Surely, quantity matters. But, Filipinos deserve more than that. And this should start with reforming the budgeting system.





REFORMS IN THE REGION

RO III Customer Help Desk System: A Growing Reform

By: Rey Angelo Jose M. Gonzaga

Aimed at running a centralized document-tracking system, the Department of Budget and Management Regional Office (DBM RO) III introduced the One-Stop Shop: Customer Help Desk System (CHDS) in May 2015 to improve the delivery of its services.

Since its development and implementation, the DBM RO III witnessed robust changes in the management of its transactions. The CHDS paved the way for a more efficient and productive system for DBM RO III – generating predominantly positive outcomes and accomplishments as the RO delivers more efficient services to its clients and stakeholders now more than ever.

The System not only addressed the issues faced by the clients and stakeholders, but also the setbacks within the DBM RO III. The CHDS fosters time management for the employees, curbing of corruption, and strict compliance on requirements for various requests. Furthermore, the CHDS has enabled a centralized system for processing and tracking of documents in DBM RO III. Likewise, the Document Management System was developed. It has since then served as an avenue for facilitating the RO's daily transactions through straightforward tracking, archiving, and retrieving of documents.

Prior to the development of the CHDS, clients and stakeholders were instructed to individually transact their business with the DBM RO III staff concerned. While this has generated a "personal touch", according to DBM RO III, it was not the most efficient and productive way of managing transactions as it could provide possible channels for unwanted and indirect corruption. The former system also posed other issues, including time management and document tracking difficulties, and security risks.

In the implementation of the One-Stop Shop CHDS, three personnel were assigned to man the desk:

Document Evaluator, Customer Service Relations Officer, and Document Receiving/Releasing Officer. The Document Evaluator certifies as to the completeness of documentary requirements to ensure that requests are acted upon immediately. On the other hand, the Customer Service Relations Officer (CSRO) assists the Document Receiving/Releasing Officer (DRRO) in troubleshooting technical issues and concerns from the clients or stakeholders, while the DRRO receives and transmits the documents to the technical divisions.

If the CHDS personnel are unable to address issues or queries by clients or stakeholders, these are redirected to the Division Chief concerned for appropriate action. However, if the issue remains unresolved, it will be elevated to the Regional Director/Assistant Regional Director.

The Woman behind the Reform

In an effort to enhance the services and capabilities of employees in DBM RO III, Assistant Regional Director Rosalie C. Abesamis took the initiative to develop in her re-entry plan the One-Stop Shop CHDS during her stint as a scholar of the Public Management Development Program (PMDP) course at the Development Academy of the Philippines. The CHDS was also made possible through the collective efforts of the hardworking employees and the strong and solid support of then DBM RO III Director Elisa D. Salon.

ADir. Abesamis noted that the implementation of the CHDS aids the office through the streamlining of the delivery of services, thereby ensuring quick action by the staff concerned. "It simplifies the processes through a single access point for DBM clients and stakeholders," she added.

Expanding the Range of the System

With the positive impact and changes brought about by the implementation of the CHDS, the establishment of an operational CHDS has been included in the commitments and priorities of the DBM ROs. In an effort to expand the range of the CHDS to all ROs, a manual on the establishment of the Customer Help Desk was prepared by DBM RO III, in collaboration with the other DBM ROs.

The Manual on the Establishment and Operation of a Customer Help Desk System for DBM Regional Offices is seen to improve the way ROs manage their transactions. It contains the four (4) phases of establishing the Customer Help Desk, namely: 1) Groundwork for the establishment of a CHDS; 2) Streamlining of DBM processes in giving information and serving transactions; 3) Implementation of the CHDS system; and 4) Monitoring and evaluation of the performance of CHDS personnel.

Said Manual is currently being revised to incorporate recent policies in streamlining of services. Once the Manual is finalized and approved by the DBM Secretary, it will be adopted by all DBM ROs.

Updates on Selected Macroeconomic Indicators

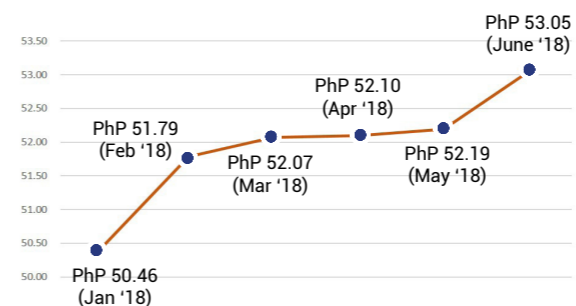
Second Quarter 2018

By: Kevin Cleofas, FPRB



PESO-DOLLAR EXCHANGE RATE

The Philippine Peso continued to depreciate against the US Dollar by PhP1.01 during the second quarter of 2018, reaching PhP52.45, depreciating by 1.96% from the previous quarter. Year-on-year, the Peso weakened by about PhP2.6 or 5.2% weaker than the second quarter average in 2017.



Among the list of serial contributors were the news of a rate hike by the US Fed in June, the worsening trade balance, and geopolitical tensions abroad. As was reiterated in a previous report, a weaker currency may exacerbate inflationary pressures, and may confound the alarming price increase in goods and services.



What does a weaker Peso imply?

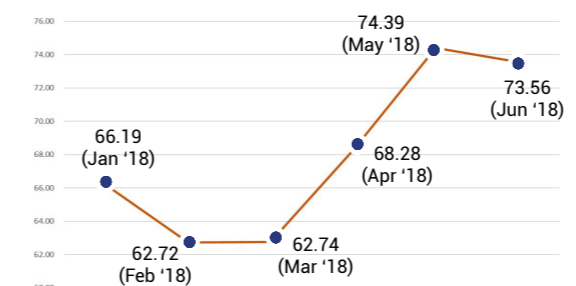
Generally, a weaker local currency implies that it takes more Pesos to buy one Dollar's worth of value. It also suggests that remittances and US-denominated purchases and transfers injected into the economy are augmented in value (local currency-wise), but may or may not be a good thing. For one, we know Dollars are used to pay for Dollar-denominated goods. By doing so, our supply of Dollars shrinks by the value of the goods and services we purchase, thereby changing the proportion of the Peso-Dollar currency mix. When the proportion of the Dollar becomes relatively lower than that of the Peso, supply and demand interactions would cause the value of the Dollar to go up since it becomes more valuable than the Peso, so to speak.

Abstractions aside, a weak Peso would be a boon for domestic firms who export goods and services because each Dollar they get fetches them more Pesos than before. Similarly, our OFWs' Dollar remittances will increase in value, which then translates to an augmentation of their families' purchasing power, *cet. par.* On the other hand, things will not bode well for importing firms and consumers, as a weaker Peso will bloat the amount of cash they need to dole out to receive the same amount of goods and services.



DUBAI CRUDE OIL

Dubai Crude Oil price averaged USD72.08/bbl for the second quarter of 2018, increasing again by a substantial USD8.20/bbl or 12.8% from last quarter's USD63.88/bbl.

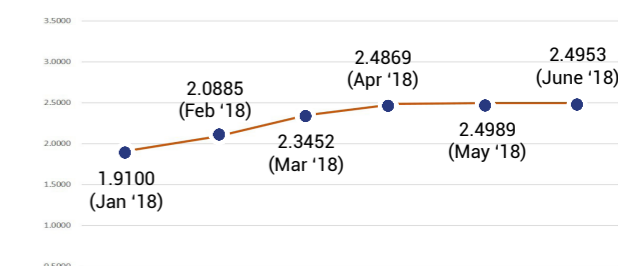


The OPEC agreement to cut supply is expected to continue up until the end of the year, as members like Saudi Arabia are hopeful to see prices go into the USD80 – USD100/bbl price range. There were slight volatilities during the quarter mainly on account of increases in US inventories, geopolitical tensions in the Middle East, and impending sanctions against Iran. Meanwhile, Asian markets for oil remained largely unchanged due to tight demand.



LONDON INTER-BANK OFFERED RATE (LIBOR)

The benchmark rate posted at 2.49% for the second quarter, an increase of 38 BPS or 18% higher than the previous quarter average of 2.11%.



Over the course of the quarter, however, the LIBOR can be seen to have gradually slowed in its increase. The US Fed had then announced at least two more policy rate hikes, so it is likely that loan market expectations will cause the LIBOR to outpace its 2nd quarter growth to mirror the expected hike in the US Fed rate.

Errata and Writer's Notes (for the Q1 Macro Spotlights):

1. A close inspection of the previous report would show that the PSEI quarterly average for Q4 2017 has been interchanged with that of Q1 2017. While by itself a minor transcription error, it renders the indicator summary invalid and therefore should be disregarded. Please note that all transcription errors, and their confounding effects, rest solely on the writer and should not be construed to diminish the position of the affected bureau/s.

Q4 2017 value should then be 8354.98 index points, and Q1 2018 value should be 8575.66 index points

2. In previous reports, the 91-day Treasury Bill rate has been included in the LIBOR section for the purpose of reflecting how local lending rates move with the foreign interbank rate, but the realization came that comparing the LIBOR with BSP lending rates would have proven more useful. For this purpose, the 91-day Treasury Bill rate will be dropped from this report; likewise, the BSP lending rates will be incorporated into the LIBOR indicator summary in succeeding reports.

REFORMS ON TRACK

By: Emil John T. Manguerra, Paw H. Melgazo, Rey Angelo Jose M. Gonzaga

The DBM, in collaboration with other public institutions, has introduced a number of reforms aimed at improving the quality of government services. Starting this issue, we will give you updates on these reforms.

Budget Modernization Bill

Budget Modernization Bill - a revolutionary reform that aims to instill fiscal discipline, transparency, and accountability in the budgeting process for a more modern and open National Budget.



- The Bill was filed at the House of Representatives (HOR) on May 9, 2017. It was approved on third and final reading on March 20, 2018.
- It was filed at the Senate on May 11, 2017. It is currently pending plenary deliberation.
- Eleven senators have been briefed on its key features.

Open Government Partnership

A multilateral effort which brings together government reformers and civil society leaders to create action plans that make governments more inclusive, responsive and accountable.

Open Government Partnership

- Six Open Government and Participatory Governance Regional Dialogues were carried out in the first quarter of 2018. This earned commendation from OGP Chief Executive Officer Sanjay Pradhan, recognizing the Philippines as a "pioneer" in localizing OGP.
- The accomplishments of the Philippines' participatory governance initiatives, including the OGP programs, were highlighted during the "Road to SONA 2018: *Tatak ng Malasakit at Pagkakaisa* Forum" on July 11, 2018. DBM Secretary Diokno reported that participatory governance is being prioritized as part of the reform agenda of the Duterte Administration.
- Sec. Diokno and other Philippine representatives attended the OGP Global Summit on July 17-19, 2018 in Tbilisi, Georgia. The Philippines led several discussions during the summit and shared the country's experience in implementing various open government programs and engaging different stakeholders in the OGP process.
- The DBM organized on August 31, 2018 the "CSOs Meet with Ben: An Open Dialogue on the Annual Cash-Based Appropriation" with the CSO consortium of the PH-OGP. The forum highlighted the shift of the government to an Annual Cash-Based Budgeting System in FY 2019.

Pasig River Ferry Convergence Program

A multi-sectoral program that aims to re-establish the Pasig River Ferry Service for commuter transport, disaster response, and tourism.



- The new ferry system will begin operations in December 2018.
- A total of four Technical Working Group (TWG) meetings were spearheaded by the DBM from January to August this year.
- A feasibility study on the economic, financial, social, environmental, and institutional aspects of the Pasig River Ferry System Project will be undertaken in collaboration with the National Economic and Development Authority.
- By 2022, 29 stations and 24 boats are targeted to be operationalized. This will service 76,000 commuters per day or 19,836,000 per year.

Green, Green, Green Project

A nationwide greening intervention that will involve the building of parks and plazas, development of green space architecture, improvement of streetscape by installing eco-friendly street furniture, fixtures, and shading; and other similar improvements.



- The DBM is processing a total of 143 projects with a total budget of PhP2.5 billion for FY 2018, under the Local Government Support Fund – Assistance to Cities.
- These projects are broken down into seven types: institutional open spaces (13 projects), public squares and plazas (21 projects), mangrove landscapes (2 projects), parks (56 projects), waterfronts (26 projects), streetscapes (14 projects), and others (11 projects).

Project DIME (Digital Imaging for Monitoring and Evaluation)

A technology driven mechanism to monitor selected high value government projects through the use of various Digital Data Imaging Technologies (DDITs).



- As of August 2018, the following priority projects are being monitored both by the DBM Central and Regional Offices: 1) Department of Public Works and Highways (DPWH) - Access Roads to Seaports and Airports; 2) Department of Agriculture (DA) - Farm-to-Market Roads; 3) National Irrigation Administration (NIA) - New and Existing Irrigation Systems; 4) Department of Health (DOH) - Health Facilities Enhancement Program; 5) Department of Education (DepEd) - Basic Education Facilities; 6) Bureau of Fisheries and Aquatic Resources (BFAR) - Community Fish Landing Centers; 7) Department of the Interior and Local Government (DILG) - Local Governance Performance Management Program; and 8) Department of Environment and Natural Resources (DENR) - National Greening Program.

Budget and Treasury Management System (BTMS)



A common, modern, integrated, accurate, reliable, and secure information system for the public financial management operations of the government.

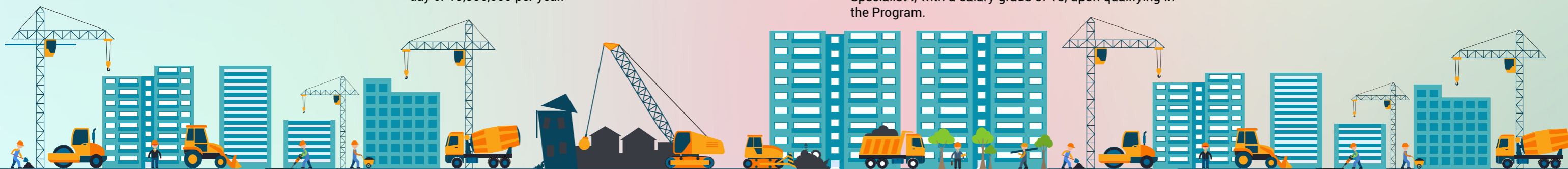
- 2018, the modules on payments management and receipts management have been operational. The modules on cash planning and electronic payments are still ongoing finalization.
- The DPWH has undergone training on the BTMS. It is the first top spending agency to have rolled out the System.
- The DBM is now engaging other agencies (e.g., Department of Trade and Industry, DepEd, Department of Social Welfare and Development, DA, DOH, Department of National Defense, DENR, and the DILG) in preparation for the rollout of said System.

DBM Careership Program

A scholarship program aimed at producing technically proficient government staff with core competencies in undertaking economic analysis and public policy. The DBM partnered with the Philippine Center for Economic Development (PCED) housed by the University of the Philippines-School of Economics (UPSE) to develop these scholars.



- Since its launch in July 2017, 14 students under the first batch of scholars were enrolled for Masters in Development Economics Program. Said students are officially hired by the DBM as Budget and Management Specialist I, with a salary grade of 13, upon qualifying in the Program.
- Three scholars have been accepted for the second batch of the Program and have started their class for the 1st semester last August 3, 2018.



DBM NEWS BRIEFS

By: Joy S. Almazan

Senate, DBM Conduct Seminar on Budget and Congress' Power of the Purse



(DBM) Department Liaison Office at the Senate conducted a seminar on "Leading an Effective Legislative Team: The Budget Process and the Congress' Power of the Purse" last July 10, 2018 at the Padilla Room, Senate of the Philippines. The Seminar, the first in the series of Legis Quorum Seminars of the Senate, was participated in by 120 Legislative Staff of the Senators and the Committee Secretaries. It tackled all phases of the budget cycle – from preparation to accountability.

The Legislation Department of the Senate Secretariat, Senate of the Philippines, and the Department of Budget and Management's

Senate Deputy Secretary for Finance Edwin B. Bellen said that the event was very productive as it allowed them to understand and better appreciate the budget process.

Abogado ranks 2nd place in CES exam



A female DBM employee has made it to the Top Ten of the Career Executive Service (CES) written examination passers.

Ms. Maria Cecilia Socorro Abogado of the Budget and Management Bureau-E ranked second out of the 103 passers in the CES exam held last June 3, 2018. She garnered a score of 89.44 percent, 0.10 percentage point shy of the top score of 89.54 percent. The written exam is the first stage in the CES eligibility process.

"I was taken by surprise since I was not really expecting it, being somewhat relaxed and contented with the knowledge that I was able to pass the exam. In fact, I only got to know about it from one of my friends through a congratulatory message via the Facebook Messenger," Abogado shared when asked about her initial reaction to her Top 2 ranking. The friend, she added, "took a snapshot of the ranking from the Career Executive Service Board website, since I asked if it was fake news." Abogado, a wife and mother of two, has proven that working mothers like her can effectively balance family and career. While the tasks can be overwhelming, the trick is to break gargantuan tasks into simpler and smaller tasks.

To her DBM colleagues who wish to take the CES exam but are afraid to do so, Abogado has this to say: "Believe in yourself and don't compare yourself with others. Set your own pace, timeline, indicators, and definition of success. Don't let the opinion of others or fear of the possibility of not making it the first time intimidate you. We can benefit from taking the CES eligibility examination process by looking at it as one of the objective ways of assessing our managerial and leadership competencies and identifying areas where we can further develop and improve as public servants and leaders."

President Duterte Appoints DBM Director Leila Magda Rivera as DOT ASec



President Rodrigo Duterte has appointed DBM Director Leila Magda Rivera as Assistant Secretary of the Department of Tourism in September 2018. ASec. Rivera, then Director of the Local Government and Regional Coordination Bureau, was reassigned on secondment to the DOT last July 9, 2018.

ASec. Myrna Chua is DBM's First Gawad CES Awardee



Assistant Secretary Myrna S. Chua was bestowed with the Presidential Gawad CES Award on September 27, 2018 at the Rizal Hall, Malacañan Palace. She was recognized for her invaluable efforts in the field of compensation reform which have helped improve the competitiveness of pay in the public sector and enabled government to attract and retain competent workers.

Duck, Cover, Hold

DBM officials and staff joined the 3rd Quarter Nationwide Simultaneous Earthquake Drill (NSED) last August 16, 2018. Employees followed the "duck, cover, and hold" drill before going out of their respective offices with their "Go Bag" or survival kit. An emergency response to injured staff was also simulated during the drill.



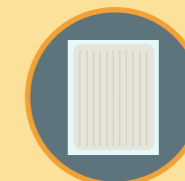
WHAT'S INSIDE THE DBM'S SURVIVAL BAG?



Basic First Aid Supplies



Flashlight/Blinker



Emergency Blanket



Radio/Transistor



Tumbler



Whistle



Face Mask



First Aid Kit/ Disaster Preparedness Guide

Query¹ on the Monetization of Leave Credits (MLC)

By: Legal Service

ISSUES:

- May a Board Member of the Human Rights Victims' Claims Board (HRVCB) monetize his leave credits?
- What is the funding source for the MLC?

A Board Member of the HRVCB has requested for the monetization of his leave credits of fifteen (15) days, amounting to P68,010.12. This was approved by the HRVCB Chairperson and certified by the Board's Personnel Officer.

Pursuant to Section 9 of Republic Act No. 10368 (Human Rights Victims Reparation and Recognition Act of 2013), Board Members of the HRVCB are appointed by the President. All appointive officials are entitled to leave privileges, in accordance with Section 1, Rule XVI of Civil Service Commission (CSC) Memorandum Circular No. 41, s. 1998. On the other hand, Section 22 of the same Rule provides that officials and employees in the career and non-career service with an accumulated fifteen days of vacation leave credits are allowed to monetize a minimum of ten (10) days of leave credits.

Accordingly, unless there is a question on the validity of the grant of leave privileges to HRVC Board Members, which is within the jurisdiction of the CSC to determine, all government officials and employees with available leave privileges may monetize their leave credits.

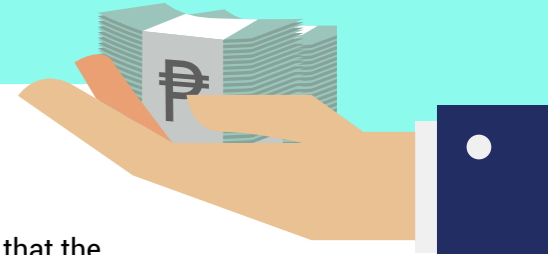
With respect to the funding source for the monetization of leave credits, Section 44 of the General Provisions (GP 44) of RA No. 10924 or the FY 2017 General Appropriations Act, is instructive. It provides that all personnel benefit costs, which include monetized vacation leave credits, shall be chargeable against the funds from which salaries are paid.

In this case, Section 14 of RA No. 10368 mandates that the operating budget of the Board be taken from the fund established therein, i.e., the Trust Receipts under Special Provision No. 1, RA No. 10924. Hence, the salaries and other personnel benefit costs of all HRVCB officials and employees, including those of the Board Members, are charged against said Trust Receipts. Consequently, the monetization of leave credits shall be chargeable against the same Trust Receipts pursuant to GP 44.

¹ Query lifted from LS Opinion No. 4, s. 2017 dated November 27, 2017

Compensation Compendium

By: Organization, Position Classification, and Compensation Bureau



ISSUE: Whether or not Mr. X, an elected Punong Barangay and President of the Liga ng mga Barangay in the City Government of Y, who sits as an ex-officio member of the Sangguniang Panlungsod (SP), is entitled to salary step increment based on his length of service.

Facts of the case:

In CY 2013, Mr. X was elected as Punong Barangay, and subsequently voted as the President of the Liga ng mga Barangay. Thus, Mr. X automatically became an ex-officio member of the SP of said City Government.

Due to the postponement of the barangay elections in CYs 2016 and 2017,¹ Mr. X continued to sit as an ex-officio member of the SP on a holdover capacity.

DBM response:

In the absence of a specific policy that will apply in the case of elective officials in holdover capacity, the DBM referred said matter to the Human Resource Policies and Standards Office of the Civil Service Commission (CSC) for its resolution.

As indicated in the letter-reply of the CSC to the DBM dated June 29, 2018, there are three (3) requirements for the grant of salary step increment to elective officials based on length of service, to wit:

- The position allows the elected official to serve a maximum of three (3) consecutive terms;
- The election or assumption to duty of an official to a position with a three-year term; and
- Re-election of the same official for his/her second/ third (and so on) term.

In this regard, the CSC indicated that Mr. X is entitled to Step 1 upon assumption to duty on his first term as ex-officio member of the SP. It added that the next requirement to be fulfilled in order for Mr. X to be entitled to Step 2 due to length of service is to be re-elected as Punong Barangay.

However, due to the postponement of the barangay elections in 2016 and 2017, he was authorized to remain as Punong Barangay in a holdover capacity.

The CSC highlighted that the holdover status presupposes the expiration of his term of office as ex-officio member of the SP. The CSC also emphasized that the law distinguishes between the term and the tenure.

In the case of *Gaminde vs. Commission on Audit*, GR No. 140335 dated December 13, 2000, the CSC noted that the Supreme Court made this pronouncement:

"The term of an office must be distinguished from the tenure of the incumbent. The term means the time during which the officer may claim to hold office as a right, and fixes the interval after which several incumbents shall succeed one another. The tenure represents the term during which the incumbent actually holds the office. The term of office is not affected by holdover. The tenure may be shorter than the term for reasons within or beyond the power of the incumbent."

In view of the foregoing, the CSC indicated that a holdover status in said position may grant the official continuing rights, duties and authority as a public officer, but it does not alter the fact that the term of office of the official already elapsed.

The CSC opined that in the case of Mr. X, the requirement of re-election to the same elective position for a second term was not met. Hence, Mr. X is not entitled to a step increment due to length of service.

In this regard, notwithstanding that Mr. X served as ex-officio member of the SP for a period of six (6) years, Mr. X is not entitled to a salary step adjustment due to length of service as he was not re-elected as Punong Barangay for a second term, consistent with the provisions of CSC-DBM JC No. 1, s. 2016 dated January 27, 2016.

¹ Republic Act (RA) No. 10923 entitled, "An Act Postponing the October 2016 Barangay and Sangguniang Kabataan Elections, Amending for the Purpose Republic Act No. 9164, as Amended by Republic Act No. 9340 and Republic Act No. 10656, Prescribing Additional Rules Governing the Conduct of Barangay and Sangguniang Kabataan Elections and for Other Purposes" and RA No. 10952 entitled, "An Act Postponing the October 2017 Barangay and Sangguniang Kabataan Elections, Amending for the Purpose Republic Act No. 9164, as Amended by Republic Act No. 9340 and Republic Act No. 10923, and for Other Purposes"

GAD CORNER

Meet the DBM's GAD

By: Emil John Manguerra

'She-roes'

Gender and Development (GAD) is a field closer to two of the most respected women in the Department of Budget and Management (DBM).

Undersecretary Laura B. Pascua and Assistant Secretary Amelita D. Castillo, the newly appointed Chairperson and Alternate Chairperson of the DBM GAD Focal Point System (FPS), respectively, have been for years gender advocates in their own way. They are living proof that "women" can break the glass ceiling and become navigators of reforms, of change.

Serving decades in the DBM, these "she-roes" have become pillars of the Philippine Public Financial Management and have championed several governance reforms.

As they lead the DBM GAD FPS, these women are pushing for another reform – the shift to output/outcome-based GAD planning and budgeting to replace the activity-based system presently adopted.

"Currently, the present GAD Planning and Budgeting forms are detail-oriented and activity-based. The details are too cumbersome for agencies to accomplish and may not mean a lot to them. The GAD activities also appear meaningless as employees do not understand what they result in. And most importantly, they no longer conform with the present DBM procedures on budget preparation which are program-based and results-based," ASec. Amelita D. Castillo explained.

With the shift to output/outcome-based gender planning and budgeting, agencies will no longer have a hard time attributing activities to meet the minimum five (5) percent GAD allocation as required.

In the DBM, Usec. Pascua will spearhead the review of the GAD plan, but at the same time supports to continue implementing GAD mainstreaming projects, gender sensitivity trainings for the employees, and maintaining the GAD facilities.

Asec. Castillo thinks that, "the Budget can be an effective means to accelerate gender and development in the country."



Usec. Laura B. Pascua

ASec. Amelita D. Castillo



About the Cover

The cover highlights the scope of the Administration's Socioeconomic Agenda as envisioned by the 2019 Proposed National Budget. Infrastructure and social services will be spread out all over the country to facilitate growth and development through much-needed government interventions - relevant programs, activities, and projects - ushering in a brighter future for the Filipino people.

Cover by: Junrey Rosales and Crispin Abacan

The DBM Bulletin

JOY S. ALMAZAN
JESSELYNN G. DE LA CRUZ
EDITORS-IN-CHIEF

CRISPIN MAHRION B. ABACAN
ASSOCIATE EDITOR

EMIL JOHN T. MANGUERRA
PAW H. MELGAZO
REY ANGELO JOSE M. GONZAGA
STAFF

CRISPIN MAHRION B. ABACAN
JUNREY S. ROSALES
LEONARDO D. SUNGA
DESIGNERS & PHOTOGRAPHERS

ROBERTO G. FALCES
ROSENDO A. NEPOMUCENO
MARISSA A. SANTOS
CIRCULATION MANAGERS

HEAD EXECUTIVE ASSISTANT VIVIEN V. LABASTILLA
ASSISTANT SECRETARY AMELITA D. CASTILLO
UNDERSECRETARY LAURA B. PASCUA
ADVISERS