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

SUBJECT: Guidelines on the Grant of Gratuity Pay to Contract of Service and Job Order Workers in Government for FY 2021

1.0 Background

1.1 Administrative Order (AO) No. 46 dated December 29, 2021 authorizes the grant of a one-time Gratuity Pay not exceeding Five Thousand Pesos (P5,000) for each qualified contract of service (COS) and job order (JO) worker in government.

As stipulated in said AO, COS and JO workers, together with other government personnel, are required by their respective agencies to report for work regardless of the varying forms of community quarantine and mobility restrictions to ensure the continuous and responsive delivery of government services.

Hence, granting a year-end Gratuity Pay for FY 2021 to COS and JO workers is a well-deserved recognition of their hard work in implementing programs, projects, and activities, including those which are part of the emergency COVID-19 response efforts of the government.

2.0 Purpose

This Circular is issued to provide the guidelines on the grant and the funding of the Gratuity Pay for FY 2021 pursuant to AO No. 46, 2. 2021.

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1 Authorizing the Grant of Gratuity Pay to Contract of Service and Job Order Workers in Government for Fiscal Year 2021
3.0 Coverage

This Circular covers workers whose services are directly engaged through COS and JO by national government agencies (NGAs), SUCs, GOCCs, and LWDs.

4.0 Exclusion

Workers hired through institutional COS who are assigned in government agencies are excluded from the grant of the year-end Gratuity Pay.

Consistent with Commission on Audit-Department of Budget and Management (DBM) Joint Circular No. 2, s. 2020\(^2\), the contractor or service provider shall be responsible for providing the institutional COS workers with compensation and benefits compliant with existing labor law\(^3\), including the necessary social security and other benefits mandated by law.

5.0 Guidelines on the Grant of Gratuity Pay

5.1 The grant of the one-time Gratuity Pay to COS and JO workers shall be subject to the following conditions:

5.1.1 The COS and JO workers rendered a total or an aggregate of at least four (4) months of actual satisfactory performance of services, as stipulated in their respective contracts, as of December 15, 2021; and

5.1.2 The contracts of the COS and JO workers are still effective as of December 15, 2021.

5.2 For COS and JO workers who have rendered less than four (4) months of actual satisfactory performance of service, as stipulated in their respective contracts, as of December 15, 2021, and whose contracts are still effective as of same date, shall be granted the Gratuity Pay, on a pro-rata basis, as follows:

<table>
<thead>
<tr>
<th>Length of Service</th>
<th>Amount of Gratuity Pay</th>
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<tbody>
<tr>
<td>3 months or more but less than 4 months</td>
<td>Not exceeding ₱4,000</td>
</tr>
<tr>
<td>2 months or more but less than 3 months</td>
<td>Not exceeding ₱3,000</td>
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<tr>
<td>Less than 2 months</td>
<td>Not exceeding ₱2,000</td>
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5.3 For purposes of this Circular, actual service shall refer to services rendered on-site, i.e., the COS and JO workers are physically reporting for work at their designated work stations.

Services rendered by the COS and JO workers offsite during the period of community quarantine/alert level, e.g., work-from-home arrangement,

\(^2\) Updated Rules and Regulations Governing Contract of Service (COS) and Job Order (JO) Workers in the Government dated October 20, 2020

\(^3\) Title II (Wages), Book 3 (Conditions of Employment) of PD 442 or the Labor Code of the Philippines
may also be considered as actual service, subject to the discretion of the Agency Head and the availability of funds.

6.0 Funding Source

6.1 For NGAs and SUCs, the Gratuity Pay shall be charged against their respective available Maintenance and Other Operating Expenses (MOOE) allotment for the same program, activity, or project (P/A/P) where the compensation of workers engaged through COS and JO are sourced, subject to the approval by the Agency Head.

In case of deficiency, agencies may:

6.1.1 Modify the allotment issued within a P/A/P, subject to approval by the Agency Head or the DBM, as the case may be, pursuant to the rules on the modification in allotments under Section 72 of the General Provisions of Republic Act No. 11518 or the FY 2021 General Appropriations Act (GAA), and existing laws and issuances; or

6.1.2 Submit a request to augment actual deficiencies from savings in other P/A/Ps, subject to approval of the President, in accordance with the rules on use of savings and augmentation under Sections 69 and 70 of the General Provisions of the FY 2021 GAA, and existing laws and issuances.

6.2 For GOCCs and LWDs, the Gratuity Pay shall be charged against their respective approved corporate operating budgets.

7.0 Use of Savings

7.1 Request for the use of savings under Item 6.1.2 of this Circular shall be submitted by the NGAs and SUCs to the DBM not later than five (5) working days from the effectivity of AO No. 46, for endorsement to the Office of the President, together with the following supporting documents:

7.1.1 Report on the number and names of workers engaged through COS and JO qualified for Gratuity Pay, as certified by the head of the human resource management unit and endorsed by the Department Secretary or Agency Head concerned; and

7.1.2 Certification from the budget officer that the required amount from the existing MOOE allotment is free from any obligation and may be declared as savings pursuant to Section 69 of the General Provisions of the FY 2021 GAA, to cover the funding requirements for the grant of Gratuity Pay, likewise endorsed by the Department Secretary or Agency Head concerned.
7.2 The DBM shall release the corresponding Special Allotment Release Order and Notice of Cash Allocation, as needed, upon approval of the President.

8.0 Grant of Gratuity Pay in LGUs

LGUs are enjoined to adopt in their respective offices the grant of Gratuity Pay to workers whose services are engaged through COS and JO, utilizing appropriate and available funding sources from their respective local government funds.

The corresponding supplemental budget for the purpose shall be enacted by the local Sanggunian within FY 2021.

9.0 Reportorial Requirements

Each NGA and SUC shall submit online to the DBM’s Budget and Management Bureau or Regional Office concerned not later than February 28, 2022, the annual report on the grant of the Gratuity Pay by following the template in Annex “A.”

In this regard, the NGAs and SUCs shall encode the required details/information, as well as upload the scanned copy of the report using the following link https://dbm.gov.ph/add-gratuity-pay-report.

10.0 Responsibility of Agency Heads

Agency heads and accountable officers shall be responsible for the proper 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 Gratuity Pay not in accordance with the provisions of this Circular, without prejudice to refund by the employees concerned of any unauthorized or excess payment thereof.

11.0 Repealing Clause

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

12.0 Effectivity

This Circular shall take effect immediately.
Annex “A”

Report on the Payment of Gratuity Pay for FY 2021

Department/Agency: __________________________

I. If Gratuity Pay Was Granted

Total Amount Paid for the CNA Incentive:
Number of Qualified Personnel
Contract of Service
Job Order
Total
xxx
xxx
xxxx

Rate of Gratuity Pay

Total Amount Paid

Fund Sources:

<table>
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<tr>
<th>Program/Activity/Project</th>
<th>Object of Expenditure</th>
<th>Others</th>
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II. If the Gratuity Pay Was Not Granted

Please state reason/s for non-grant


Submitted by: __________________________

Certified Correct: __________________________

Head, Finance/Administrative Unit

Agency Head