



Republic of the Philippines

Department of Education

Region VII, Central Visayas

DIVISION OF CEBU PROVINCE

Sudlon, Lahug, Cebu City



August 15, 2013

Division Memorandum
No. 443, s. 2013

DISSEMINATION OF COMMISSION ON AUDIT (COA) CIRCULAR NO. 2013-003
(Reiteration of Audit Disallowance of Payment Without Legal Basis of
Allowances, Incentives, and Other Benefits of Government
Officials and Employees in the NGAs, LGUs, and GOCCs,
And Their Subsidiaries)

TO: OIC, Assistant Superintendents
District Supervisors/OICs
Elementary and Secondary School Heads
Accountant
Senior Bookkeepers/Operating/Implementing Units
All Others Concerned

1. Attached is a copy of DepEd Memorandum No. 131, s. 2013 dated July 26, 2013, entitled, "DISSEMINATION OF COMMISSION ON AUDIT (COA) CIRCULAR NO. 2013-003 (Reiteration of Audit Disallowance of Payment Without Legal Basis of Allowances, Incentives, and Other Benefits of Government Officials and Employees in the NGAs, LGUs, and GOCCs and Their Subsidiaries).
2. Immediate dissemination of this Memorandum is desired.


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Schools Division Superintendent

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Republic of the Philippines
Department of Education

26 JUL 2013

DepEd MEMORANDUM
No. **131**, s. 2013

DISSEMINATION OF COMMISSION ON AUDIT (COA) CIRCULAR NO. 2013-003
(Reiteration of Audit Disallowance of Payment Without Legal Basis of Allowances,
Incentives, and Other Benefits of Government Officials and Employees
in the NGAs, LGUs, and GOCCs and Their Subsidiaries)

To: Undersecretaries
Assistant Secretaries
Bureau Directors
Directors of Services, Centers and Heads of Units
Regional Directors
Schools Division/City Superintendents
Heads, Public Elementary and Secondary Schools
All Others Concerned

1. For the information and guidance of all concerned, enclosed is a copy of Commission on Audit (COA) Circular No. 2013-003 dated January 30, 2013, entitled **Reiteration of Audit Disallowance of Payment Without Legal Basis of Allowances, Incentives, and Other Benefits of Government Officials and Employees in the NGAs, LGUs, and GOCCs and Their Subsidiaries** which is self-explanatory.

2. Immediate dissemination of this Memorandum is desired.


BR. ARMIN A. LUISTRO FSC
Secretary

Encl.: As stated

Reference: None

To be indicated in the Perpetual Index
under the following subjects:

ALLOWANCES
BENEFITS
EMPLOYEES
LEGISLATIONS
OFFICIALS

Model: Dissemination COA Circular 2013-003
0662-July 18, 2013



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines



CIRCULAR

No. : 2013-003
Date: JAN 30 2013

To : All Heads of Departments, Bureaus, Offices, Agencies and Instrumentalities of the National Government Agencies (NGAs), Local Chief Executives of Local Government Units (LGUs), Heads of Government-Owned and/or Controlled Corporations (GOCCs) and Their Subsidiaries, COA Assistant Commissioners, Directors, Auditors and All Others Concerned

Subject : Reiteration of Audit Disallowance of Payments without Legal Basis of Allowances, Incentives, and Other Benefits of Government Officials and Employees in the NGAs, LGUs, and GOCCs and their Subsidiaries

I. Purpose

This Circular is issued to ensure that all payments of allowances, incentives, and other benefits to all officials and employees of NGAs, LGUs, and GOCCs and their subsidiaries shall be based on and conform strictly with laws, rules and regulations granting or authorizing such payments. Hence, it is reiterated that, all such payments without legal basis shall be disallowed in audit by this Commission.

II. Entitlement to Allowances, Incentives, and Other Benefits

Government officials and employees shall be entitled only to allowances, incentives, and other benefits expressly provided by law, and other statutory authority, and the rules and regulations promulgated by competent authority.

III. Allowances and Benefits Generally Applicable to Agencies Which Are Covered by Republic Act (RA) No. 6758, The Salary Standardization Law (SSL)

Below is the list of the allowances, incentives and other benefits commonly granted to officials and employees of agencies covered by the SSL, together with the legal authority for the payment thereof and the corresponding rates:

Allowance/Benefit	Legal Basis	Amount/Rate
Personnel Economic Relief Allowance (PERA)	Section 39, General Provisions, 2012 and 2013 General Appropriations Acts (GAAs) and corresponding Section of subsequent years' GAAs	P2,000.00 per month
Representation Allowance and Transportation Allowance (RATA)	Section 45, General Provisions, 2012 and 2013 GAAs and corresponding Section of subsequent years' GAAs	As indicated in Section 45, General Provisions, 2012 and 2013 GAAs, and in the applicable provisions of subsequent years' GAAs; Rates for officials of LGUs are provided in Local Budget Circular (LBC) No. 84 dated April 13, 2007
Extraordinary and Miscellaneous Expenses (EME)	Section 23, General Provisions, 2012 and 2013 GAAs and corresponding Section of subsequent years' GAAs	As indicated in Section 23, General Provisions, 2012 and 2013 GAAs, and in the applicable provisions of subsequent years' GAAs
Productivity Incentive Benefit (PIB)	Department of Budget and Management (DBM) National Compensation Circular (NCC) No. 73 dated December 27, 1994; DBM NCC No. 73-A dated March 1, 1995; DBM Circular Letter Nos. 3-96 dated January 15, 1996, 2001-6 dated March 2, 2001, and 2002-3 dated January 2, 2002	P2,500.00 or P2,000.00 depending on the performance rating of the employee
Uniform/Clothing Allowance	Section 40, General Provisions, 2012 and 2013 GAAs and corresponding Section of subsequent years' GAAs; DBM Budget Circular (BC) No. 2012-1 dated February 23, 2012	P5,000.00 per year; may vary
Loyalty Cash Award (LCA)	Section 7, Rule X, Omnibus Rules of the Civil Service Commission (CSC); DBM Department Order	10 th year - P 5,000.00 15 th year - 3,000.00 20 th year - 3,500.00 25 th year - 4,000.00 30 th year - 5,000.00

	No. 92-10 dated October 1, 1992; CSC Memorandum Circular No. 6, s. 2002	35 th year - 7,500.00 40 th year - 10,000.00
Travelling Allowances for Domestic Travels	Executive Order (E.O.) Nos. 248 and 248-A, s. 1995, as amended by E.O. No. 298, s. 2004	P800.00 per day for travel outside 50 km. radius from Metropolitan Manila or official station; P400.00 per day for travel within 50 km. radius from Metropolitan Manila
Travelling Allowances for Foreign Travels	Same	Daily Subsistence Allowance (Rates are based on United Nations Development Program (UNDP) Index) Pre-Departure Expenses - P1,500.00 Clothing Allowance - \$400.00 (suspended under Office of the President Memorandum Circular No. 52 dated October 2, 2003) Representation Expenses - \$1,000.00
Costume or Uniform, and Other Expenses Related to Cultural and Athletic Activities	Section 25, General Provisions, 2012 and 2013 GAAs and corresponding Section of subsequent years' GAAs	P1,500.00 per employee-participant per year
Magna Carta Benefits for Public Health Workers	RA No. 7305 and its Revised Implementing Rules and Regulations (IRR)	Hazard Allowance - 25% of the monthly basic salary for salary grade 19 and below; 5% for salary grade 20 and above Longevity Pay 5% of monthly basic pay Subsistence Allowance- three (3) meals a day Laundry Allowance - P150.00 per month Medico-Legal Allowance - P200.00 for slight physical injury; P300.00 for less serious physical injury; P500.00 for serious physical injury; P1,000.00

		for necropsy; P1,000.00 for autopsy; P600.00 per court appearance; P20,000.00 one time relocation allowance Remote Assignment Allowance – 50% of basic pay
Magna Carta Benefits for Science and Technology Personnel	RA No. 8439 and its IRR, as amended	Share in Royalties 60%- 40% basis in favor of the Government and the personnel involved in the technology/activity Hazard Allowance - 15% of monthly basic salary for personnel indirectly exposed to hazard 30% of monthly basic salary for personnel directly exposed to hazard Subsistence Allowance - three (3) meals a day or P150.00 per day Laundry Allowance - P500.00/month Housing and Quarters Allowance Longevity Pay - 5% of the monthly basic salary for every five (5) years of continuous and meritorious service Medical Examination
Special Counsel Allowance	Section 42, General Provisions, 2012 and 2013 GAAs and applicable provision of subsequent years' GAAs	P1,000.00 (2012 GAA); P1,250.00 (2013 GAA) per appearance or attendance of hearing, but not exceeding P4,000.00 (2012 GAA); P5,000.00 (2013 GAA) per month
Hazard Duty Pay	Section 43, General Provisions, 2012 and 2013 GAAs and applicable provision of subsequent years' GAAs; DBM Budget Circular (BC) No. 2005-4 dated	1 to 7 days – P400.00 8 to 14 days – P500.00 15 or more days – P600.00

	July 13, 2005	
Honorarium	Section 44, General Provisions, 2012 and 2013 GAAs and applicable provision of subsequent years' GAAs	<p>For assignment in government special projects, amount is computed based on the guidelines prescribed in DBM BC No. 2007-2 dated October 1, 2007.</p> <p>For lecturers, resource persons, coordinators and facilitators, amount is computed based on formula prescribed in DBM BC No. 2007-1 dated April 23, 2007.</p> <p>For ex-officio chairs, vice-chairs and members, and private sector representatives of governing boards of commissions, boards, councils and other similar entities of NGAs and GOCCs, covered by SSL, amount is computed based on guidelines in DBM National Budget Circular (NBC) No. 2007-510 dated May 8, 2007</p>
Mid-Year and Year-End Bonus and Cash Gift	RA No. 6686, as amended by RA No. 8441	One month basic salary and additional Cash Gift of P5,000.00
Collective Negotiation Agreement (CNA)	Administrative Order No. 135 dated December 27, 2005; Section 3(b), Public Sector Labor-Management Council (PSLMC) Resolution No. 4, s. 2002	Variable, depending on savings generated by reason of cost-saving measures introduced by the CNA

Other allowances not listed above, whether granted government-wide or specific to certain government agencies are likewise recognized provided there is sufficient legal basis thereof.

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IV. Allowances and Benefits of Officials and Employees of Agencies Which Are Not Covered by the SSL

In addition to the foregoing list of allowances and benefits, officials and employees of agencies exempt from the SSL may be paid other allowances and benefits, subject to the following:

1. Prior approval by the Office of the President as required under Presidential Decree (P.D.) No. 1597, "Further Rationalizing the System of Compensation and Position Classification in the National Government," viz.:

Sec. 5. Allowances, Honoraria, and Other Fringe Benefits.

– Allowances, honoraria and other fringe benefits which may be granted to government employees, whether payable by their respective offices or by other agencies of government shall be subject to the approval of the President upon recommendation of the [Secretary of the Department of Budget and Management]. For this purpose, the [Secretary of the Department of Budget and Management] shall review on a continuing basis and shall prepare, for the consideration and approval of the President, policies and levels of allowances and other fringe benefits applicable to government personnel, including honoraria or other forms of compensation for participation in projects which are authorized to pay additional compensation.

Sec. 6. Exemptions from OCPC [Office of Compensation and Position Classification] Rules and Regulations. – Agencies positions, or groups of officials and employees of the national government, including government-owned or controlled corporations, who are hereafter exempted by law from OCPC coverage, shall observe such guidelines and policies as may be issued by the President, governing position classification, salary rates, levels of allowances, project and other honoraria, overtime rates, and other forms of compensation and fringe benefits. Exemptions notwithstanding, agencies shall report to the President, through the [Department of Budget and Management], on their position classification and compensation plans, policies, rates and other related details following such specifications as may be prescribed by the President.

2. Limitations Imposed by RA No. 10149 on Covered GOCCs, and their subsidiaries



GOCCs and other government instrumentalities covered by RA No. 10149, the GOCC Governance Act of 2011, are likewise enjoined to strictly comply with the provisions of Sections 10 and 23 thereof, with respect to the grant of additional incentives of certain position titles and the *per diems* and incentives of the members of the Board of Directors and Trustees, as follows:

Section 10. Additional Incentives. – The GCG [Governance Commission for Government-Owned or -Controlled Corporations] may recommend to the President, incentives for certain position titles in consideration of the good performance of the GOCC: *Provided*, That no incentives shall be granted unless the GOCC has fully paid all taxes for which it is liable, and the GOCC has declared and paid all the dividends required to be paid under its charter or any other laws.

Section 23. Limits to Compensation, Per Diems, Allowances and Incentives. – The charters of each of the GOCCs to the contrary notwithstanding, the compensation, *per diems*, allowances and incentives of the members of the Board of Directors/Trustees of the GOCCs shall be determined by the GCG using as a reference, among others, Executive Order No. 24 dated February 10, 2011: *Provided, however*, That Directors/Trustees shall not be entitled to retirement benefits as such directors/trustees.

In case of GOCCs organized solely for the promotion of social welfare and the common good without regard to profit, the total yearly *per diems* and incentives in the aggregate which the members of the Board of such GOCCs may receive shall be determined by the President upon the recommendation of the GCG based on the achievement by such GOCC of its performance targets.

3. Specific authority from the agency charter or other statutory provisions.

V. **Audit Action by the COA Auditor**

All COA Auditors are directed to disallow in audit all payments of allowances, incentives and other fringe benefits to all government officials and employees which have no legal basis and do not conform strictly with the laws, rules and regulations granting or authorizing such payments.

VI. **Repealing Clause**

All issuances inconsistent herewith are hereby repealed or amended accordingly.



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VII. Effectivity

This Circular shall take effect fifteen (15) days after publication in newspapers of general circulation.


MA. GRACIA M. PULIDO TAN
Chairperson


JUANITO G. ESPINO JR.
Commissioner


HEIDI L. MENDOZA
Commissioner