



REPUBLIC OF THE PHILIPPINES  
**DEPARTMENT OF BUDGET AND MANAGEMENT**  
GENERAL SOLANO STREET, SAN MIGUEL, MANILA



**BUDGET CIRCULAR**

No. 2022 - 5  
December 28, 2022

**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 the Gratuity Pay to Contract of Service (COS) and Job Order (JO) Workers in Government for FY 2022

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**1.0 Background**

- 1.1 Administrative Order (AO) No. 03<sup>1</sup>, s. 2022 authorizes the grant of the one-time Gratuity Pay not exceeding Five Thousand Pesos (₱5,000) for each qualified worker whose services are directly engaged through COS and JO.

For this purpose, the Department of Budget and Management (DBM) is directed to issue the necessary supplemental guidelines for the effective implementation of said Order.

- 1.2 While the COS and JO workers are paid salaries/wages equivalent to those received by personnel occupying comparable positions in government and a premium of up to 20% of such salary/wage, they do not enjoy benefits accorded to regular government employees such as Personnel Economic Relief Allowance, and Mid-Year and Year-End Bonuses as they have no employer-employee relationship with the government.

For that reason, the grant of a year-end Gratuity Pay to COS and JO workers is a well-deserved recognition of their hard work in implementing programs, projects and activities, as well as pivotal role in the delivery of government services amidst the ongoing COVID-19 pandemic and present socio-economic challenges.

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<sup>1</sup> Authorizing the Grant of Gratuity Pay to Contract of Service and Job Order Workers in Government for Fiscal Year 2022

## 2.0 Purpose

This Circular is issued to provide the policy and procedural guidelines on the grant of the Gratuity Pay for FY 2022 pursuant to AO No. 03, s. 2022.

## 3.0 Coverage

This Circular covers all COS and JO workers whose services are directly engaged by Departments, Bureaus, Offices, and Agencies of the National Government, including Constitutional Offices enjoying fiscal autonomy, SUCs, GOCCs, and LWDs.

## 4.0 Exclusions

Institutional COS workers assigned in government agencies are excluded from the coverage of the Circular.

Consistent with existing guidelines, the contractor or service provider shall be responsible for providing the institutional COS workers with compensation and benefits compliant with existing labor law, 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, not exceeding **₱5,000.00** per person, shall be subject to the following conditions:

5.1.1 The COS and JO workers have rendered a total or an aggregate of at least four (4) months of actual satisfactory performance of service, as stipulated in their respective contracts, as of December 15, 2022; and

5.1.2 The contracts of the COS and JO workers are still effective as of December 15, 2022.

5.2 Those who have rendered less than four (4) months of actual satisfactory performance of service, as stipulated in their respective contracts, as of December 15, 2022, and whose contracts are still effective as of same date, shall be granted the Gratuity Pay, on a *pro rata* basis, as follows:

<b>Length of Service</b>	<b>Amount of Gratuity Pay</b>
3 months but less than 4 months	Not exceeding ₱4,000
2 months but less than 3 months	Not exceeding ₱3,000
Less than 2 months	Not exceeding ₱2,000

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 respective work stations.

Subject to the discretion of the Agency Head and the availability of funds, services rendered by the COS and JO workers under any of the

alternative work arrangements prescribed under COA-DBM Joint Circular No. 1, s. 2022 may also be considered as actual service.

## **6.0 Fund Sources**

6.1 For national government agencies (NGAs), including 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.

6.1.1 In case of deficiency, the agencies may:

6.1.1.1 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 the allotments under Section 78 of the General Provisions of Republic Act No. 11639 or the "FY 2022 General Appropriations Act (GAA)", and existing laws and issuances; or

6.1.1.2 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 75 and 76 of the General Provisions of the FY 2022 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 Requests for use of savings under Item 6.1.1 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 the AO, 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 Sections 75 and 77 of the General Provisions of the FY 2022 GAA, to cover the funding requirements for the grant of the 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 Local Government Units (LGUs)**

LGUs are enjoined to adopt in their respective offices the grant of the 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 2022.

#### **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 January 31, 2023, 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>.

Agencies are enjoined to fully abide by the aforementioned reportorial requirements. The Budget and Management Bureau or Regional Office concerned shall ensure compliance of the agencies with the reportorial requirements set forth in this Circular.

#### **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.

  
**AMENAH F. PANGANDAMAN**  
Secretary

**Report on the Payment  
of Gratuity Pay For FY 2022**

**Department/Agency:** \_\_\_\_\_

**I. If Gratuity Pay Was Granted**

**Total Amount Paid for the Gratuity Pay:**

Number of Qualified Personnel		
Contract of Service		XXX
Job Order		XXX
Total		XXXX
Rate of Gratuity Pay		_____

**Fund Sources:**

Program/Activity/Project	Object of Expenditure	
_____	_____	XXX
Total Amount Paid		XXXX

**II. If the Gratuity Pay Was Not Granted**

Please state reason/s for non-grant

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**Submitted by:**

**Certified Correct:**

\_\_\_\_\_  
Head, Finance/Administrative Unit

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Agency Head