



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



BUDGET CIRCULAR

No. 2023 - 3
December 14, 2023

TO : Heads of Departments, Bureaus, Offices, and Agencies of the National Government, Including Constitutional Offices Enjoying Fiscal Autonomy, State Universities and Colleges (SUCs), and 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 (COS) and Job Order (JO) Workers in Government for FY 2023

1.0 Background

- 1.1 Administrative Order (AO) No. 13, s. 2023¹ authorizes the grant of a one-time Gratuity Pay not exceeding Five Thousand Pesos (P5,000) 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 COS and JO workers in the government are paid salaries or wages equivalent to those received by personnel occupying comparable positions in government and a premium of up to 20% of such salary or wage, they do not enjoy the benefits accorded to regular government employees such as Mid-Year and Year-End Bonuses, Performance-Based Bonus, and Personnel Economic Relief Allowance.

For that reason, granting a year-end Gratuity Pay to COS and JO workers is a well-deserved recognition of their hard work and valuable participation in the implementation of various programs, activities, and projects (P/A/Ps), and pivotal role in the delivery of government services amidst the present socio-economic challenges.

¹ Authorizing the Grant of Gratuity Pay to Contract of Service and Job Order Workers in Government for Fiscal Year 2023

2.0 Purpose

This Circular is issued to provide the policy and procedural guidelines on the grant of the Gratuity Pay for FY 2023 pursuant to AO No. 13, s. 2023.

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 the 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, 2023; and

5.1.2 The contracts of the COS and JO workers are still effective as of December 15, 2023.

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, 2023, and whose contracts are still effective as of same date, shall be granted the Gratuity Pay, on a *pro rata* basis, as follows:

Length of Service	Amount of Gratuity Pay
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.

However, 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 Section 6.1 of Commission on Audit-DBM Joint Circular No. 1, s. 2022² may also be considered as actual service.

6.0 Fund Sources

6.1 For national government agencies (NGAs) and SUCs, the amount required shall be charged against their respective available Maintenance and Other Operating Expenses (MOOE) allotment for the same P/A/P where the compensation of workers engaged through COS and JO are sourced, subject to approval of the Agency Head.

6.1.1 In case of deficiency, agencies may:

6.1.1.1 Modify the allotment issued within a P/A/P subject to approval of the Agency Head or the DBM, as the case may be, pursuant to the rules on the modification in allotments under Section 80 of the General Provisions of Republic Act (RA) No. 11936 or the "General Appropriations Act (GAA) for FY 2023", and existing laws, rules and regulations, and other 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 rules on use of savings and augmentation under Sections 77, 78, and 79 of the General Provisions of RA No. 11936, and existing laws and issuances.

6.2 For GOCCs and LWDs, the amount required 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, 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 schemes who are 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 77 and 79 of the

² Policies on the adoption of Flexible Work Arrangements for Contract of Service (COS) and Job Order (JO) Workers in the Government

General Provisions of RA No. 11936, 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 encouraged 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 (SB) for the purpose shall be enacted by the local *sanggunian* concerned, chargeable against the available FY 2023 appropriations or surplus. In case the LGU fails to enact an SB within FY 2023, the LGU concerned may enact an SB for FY 2024, provided that the (i) SB shall be charged against the LGU's reverted unused prior year's surplus, subject to compliance with the provisions of RA No. 7160 or the Local Government Code of 1991, and pertinent laws, rules and regulations, (ii) prior year's surplus is backed by cash, and (iii) annual budget for FY 2024 is already approved.

9.0 Payment

The payment of Gratuity Pay to qualified COS and JO workers in government for FY 2023 shall be made not earlier than December 15, 2023.

10.0 Reportorial Requirements

Each NGA and SUC shall submit not later than January 31, 2024 the 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://forms.dbm.gov.ph/index.php/gratuity-pay-report>.

Agencies are enjoined to fully abide by the aforementioned reportorial requirements. The DBM Budget and Management Bureaus/Regional Offices concerned shall ensure strict compliance of the agencies with the reportorial requirements set forth in this Circular.

11.0 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.

12.0 Repealing Clause

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

13.0 Effectivity

This Circular shall take effect immediately.


AMENAH F. PANGANDAMAN
Secretary



**Report on the Payment
of Gratuity Pay For FY 2023**

Department/Agency: _____

I. If Gratuity Pay Was Granted

Number of Qualified Workers:

Number of Qualified Workers		
Contract of Service		XXX
Job Order		XXX
Total Number of Qualified Workers		XXXX

Amount Paid for the Gratuity Pay:

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

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