



Republic of the Philippines  
**Department of Education**  
Region VII – CENTRAL VISAYAS  
**SCHOOLS DIVISION OF BOHOL**

**Office of the Schools Division  
Superintendent**

24 February 2021

Division MEMORANDUM  
No. 108 s. 2021

**GUIDELINES IN THE GRANT OF MONETIZATION OF LEAVE CREDITS FY 2021**

To: Assistant Schools Division Superintendents  
Division Chiefs, CID and SGOD  
Public Schools District Supervisors/Acting PSDSs  
Secondary and Elementary School Principals  
All Non-Teaching Personnel  
All Others Concerned

1. Attached to this memorandum is the Department of Budget and Management Budget Execution Advisory No. 2 dated February 17, 2021 entitled Prescribing the Limitations on the Use of the Pension and Gratuity Fund (PGF) to Cover the Monetization of Leave Credits (MLC) of National Government (NG) Personnel.
2. In view with the said Advisory, concerned personnel who wished to avail the MLC shall adhere to the conditions stated thereof.
3. The first batch of submission is set within the period March 1-31, 2021 per DepEd RO7 and DBM RO7 Joint Regional Memorandum Circular No. 1 series 2021. Thus, all interested applicants must submit their MLC applications to the Administrative Services Unit on or before March 5, 2021. The Leave-In-Charge shall screen all applications. All applications that do not met the criteria set by DBM shall be disapproved.
4. MLC applications shall include: 4 copies of CS Form 6, Letter Request, Supporting Documents (hospital bills, laboratory results, and or doctor's diagnosis/referral).
5. MLCs which do not fall under the category as defined by the DBM advisory shall be considered for payment only when our agency has sufficient savings to grant MLCs. Pages 5-7 of DBM National Budget Circular No. 583 dated January 4, 2021 and pages of the General Appropriations Act, FY 2021 are hereto attached for your reference on the definition of "Savings". A separate memorandum shall be issued for the said purpose.
6. For information, guidance and strict compliance.

  
**BIANITO A. DAGATAN, EdD, CESO V**  
Schools Division Superintendent



*Mrs. Lopez  
- make a copy memo  
of we will release with this.  
AS 2/22/21*




REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF BUDGET AND MANAGEMENT  
BONCODIN HALL, GENERAL SOLANO ST., SAN MIGUEL, MANILA

**Budget Execution Advisory No. 2**  
February 17, 2021

**PRESCRIBING THE LIMITATIONS ON THE USE OF THE PENSION AND GRATUITY FUND (PGF) TO COVER THE MONETIZATION OF LEAVE CREDITS (MLC) OF NATIONAL GOVERNMENT (NG) PERSONNEL**

- 1.0 Pursuant to Special Provision No. 1 (d) under the PGF of the FY 2021 General Appropriations Act (GAA), R.A. No. 11518, funding for the payment of MLC of NG personnel and transferred leave credits of NG personnel devolved to LGUs is chargeable against the PGF.
- 2.0 However, the FY 2021 PGF in the total amount of P152.9 Billion has been significantly reduced from the P172.9 Billion proposed in the FY 2021 National Expenditure Program. Thus, these guidelines are being issued to rationalize the processing of MLC in anticipation of higher claims against the appropriated amount of P0.8 Billion for MLC, considering the present COVID-19 pandemic.
- ✓ 3.0 It should be emphasized that retirement gratuity and terminal leave benefits should be considered as first priority over requests for payment of MLCs. Thus, payment of MLC should be charged against the agencies' PS savings.
- ✓ 4.0 Release of MLC charged against PGF shall only be allowed under exceptional cases such as for **critical health, medical and hospital needs of government employees and immediate members of their families provided further that the agency does not have any available PS allotment for the purpose.**
- 5.0 Requests for payment of MLCs for reasons other than those cited in item 4.0 hereof shall be charged against any available allotment for personnel services of agency instead of tapping the PGF.
- 6.0 For immediate compliance.

  
**TINA ROSE MARIE L. CANDIA**  
Undersecretary  
Budget Execution and Preparation Group

- 3.10.3.1 Additional NCAs, as may be required, shall be issued for items classified under FLR, as well as Prior Year's obligation.
- 3.10.3.2 Other disbursement authorities, i.e., TRA, NCAA, CDC, may be issued for agency specific budgets.
- 3.11 Agencies are reminded that agency-specific funds for the purchase of motor vehicles for FY 2021 as reflected in the FY 2021 GAA shall no longer require the issuance of Authority to Purchase Motor Vehicles (APMV) by the DBM. This policy covers motor vehicles with the same number, specifications, unit costs and intended use/user indicated in the confirmation letters issued by the DBM to the agencies during budget preparation.
- 3.12 As a general rule, departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs shall spend what is programmed in their respective appropriations in the FY 2021 GAA.

In exceptional circumstances, agencies may modify the allotment issued within an activity or project (**Section 72**, GPs of the FY 2021 GAA), upon timely submission of reports by all offices concerned. **The existence of an allotment class or object of expenditure in the recipient P/A/P is not necessary for purposes of modification.**

- 3.12.1 Modification refers to any change within an activity or project, change in operating unit, allotment class, object of expenditure, within an agency or department budget. It may likewise cover Special Purpose Funds (SPFs) and purposes authorized under the Unprogrammed Appropriation, as reflected in the FY 2021 GAA.
- 3.12.2 Modification covering allotments for MOOE and CO shall not entail any increase in the total amount appropriated for an activity or project. In the case of programs with several activities, modification may be done only within each activity.

payment of salaries of newly-hired personnel

- 3.12.3 Use of PS appropriations for any PS deficiency provided herein are not considered as a form of modification. Thus, any available allotment for PS within a department or agency may be utilized by said department or agency for the payment of deficiencies in authorized personnel benefits, subject to **Section 47** of the GPs of the FY 2021 GAA, with the payment of magna carta benefits still subject to **Section 52**, GPs of FY 2021 GAA.
- 3.12.4 Similarly, the grant of Collective Negotiation Agreement (CNA) is an exemption to the Modification of Allotment and shall be subject to **Section 73** of GPs of the FY 2021 GAA.

**3.13** The following guidelines shall be observed in the use of savings to augment deficient appropriations for P/A/Ps in the FY 2021 GAA:



3.13.1 An item of appropriation refers to the amount appropriated for an activity or project authorized in the FY 2021 GAA. A deficiency in an item of appropriation may result from:

3.13.1.1 Unforeseen modifications or adjustments in the P/A/P;

3.13.1.2 Re-assessment in the use, prioritization and/or distribution of resources; and

3.13.1.3 Additional requirements for a P/A/P in view of a declaration of a state of national calamity.

3.13.2 Savings as defined under **Section 69**, GPs of the FY 2021 GAA, refer to portions or balances of any released appropriations in the FY 2021 GAA which have not been obligated as a result of any of the following conditions:

3.13.2.1 Completion, final discontinuance, or abandonment of a program, activity or project for which the appropriation is authorized.

However, in case the declaration of savings is based on final discontinuance or abandonment, such discontinued or abandoned program, activity or project cannot be proposed for funding in the next two (2) fiscal years, i.e., 2022 and 2023, **except** in cases where this condition is specifically waived **in view of a declaration of a state of national calamity or a specific law to this effect.**

3.13.2.2 Implementation of measures resulting in improved systems and efficiencies and thus enabled an agency to meet and deliver the required or planned targets, programs and services approved in the FY 2021 GAA at a lesser cost.

3.13.3 Augmentation, pursuant to **Section 68**, GPs of the FY 2021 GAA, is the act of the constitutional officers authorized to use savings in their respective appropriations to cover actual deficiencies incurred for the current year in any existing item of appropriation within their respective offices.

3.13.4 Savings may be used to augment actual deficiency/ies incurred for the current year in any existing item activity or project within the respective appropriations of each authorized constitutional officer cited in **Section 68** GPs of the FY 2021 GAA. The existence of an activity or project regardless of the availability of allotment class/es is sufficient for the purpose of augmentation (**Section 70**, GPs of the FY 2021 GAA).

3.13.5 In the use of savings, priority shall be given to the payment of compensation, mid-year and year-end bonus and cash gift,



3.14.2 Agencies, which pursuant to their respective mandates, are authorized to collect fees and/or sell official publications shall deposit proceeds therefrom with the National Treasury as income of the General Fund, pursuant to Section 44, Chapter 5, Book VI of E.O. No. 292.

- (d) The CSO has liquidated in accordance with existing COA regulations all fund transfers due for liquidation. Only CSOs with proven absorptive capacity and good track records to implement several projects at the same time shall be considered as implementing CSO of multiple projects.
- (e) The CSO was selected by the government agency in accordance with R.A. No. 9184 and such other applicable rules and regulations.

To ensure the CSOs comply with all pertinent rules and regulations covering the transfer, use, liquidation and audit of public funds, government agencies shall put into place the needed monitoring, evaluation and reporting mechanisms. Government agencies shall remain accountable for funds transferred to CSOs in accordance with government accounting and auditing rules and regulations.

Government agencies shall submit to the DBM, the Speaker of the House of Representatives, the President of the Senate of the Philippines, the House Committee on Appropriations and the Senate Committee on Finance, either in printed form or by way of electronic document, quarterly reports on funds transferred and the government programs or projects involved. The Chairperson of the respective government agencies and their web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on their websites.

**Sec. 68. Authority to Use Savings.** The President of the Philippines, the President of the Senate of the Philippines, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court, the Heads of the Civil Service Commission, the Commission on Elections, and the COA are hereby authorized to declare and use savings in their respective appropriations to augment actual deficiencies incurred for the current year in any item of their respective appropriations.

The foregoing constitutional officers authorized to use savings shall be responsible for ensuring that a semestral and annual report on their respective use of savings shall be submitted to the President of the Senate of the Philippines and the Speaker of the House of Representatives, copy furnished the DBM. The report shall indicate among others, the amount of savings generated, the sources and grounds used therefor, and the existing P/A/P in their respective appropriations augmented. They shall likewise ensure that said reports are posted on their respective websites.

**Sec. 69. Meaning of Savings.** Savings refer to portions or balances of any released appropriations in this Act which have not been obligated as a result of any of the following:

- (a) completion, final discontinuance, or abandonment of a program, activity or project for which the appropriation is authorized; or
- (b) implementation of measures resulting in improved systems and efficiencies and thus enabled an agency to meet and deliver the required or planned targets, programs and services approved in this Act at a lesser cost.

In case final discontinuance or abandonment is used as basis for declaration of savings, such discontinued or abandoned program, activity or project shall no longer be proposed for funding in the next two (2) fiscal years.

Allotments that were not obligated due to the fault of the agency concerned shall not be considered savings.

**Sec. 70. Rules on Augmentation.** Augmentation is the act of the constitutional officers authorized to use savings in their respective appropriations to cover a deficiency in any existing item of appropriation within their respective offices. A deficiency in an item of appropriation may result from:

- (a) Unforeseen modifications or adjustments in the program, activity or project; or
- (b) Re-assessment in the use, prioritization and/or distribution of resources.
- (c) Additional requirements for a program, activity or project in view of a declaration of a state of national calamity.

An item of appropriation shall pertain to the amount appropriated for an activity or project authorized in this Act.

The particulars of the expenditures to be funded from savings should be within the scope of, or covered by an existing activity or project. The existence of an activity or project regardless of the availability of allotment class/es is sufficient for the purpose of augmentation.

In no case shall a non-existent activity or project be funded by augmentation from savings or by the use of an appropriations authorized in this Act.

**Sec. 71. Priority in the Use of Savings.** In the use of savings, priority shall be given to the payment of compensation, year-bonus and cash gift, retirement gratuity, terminal leave benefits, old-age pension of veterans and other personnel benefits authorized law and in this Act, as well as the implementation of priority project or activity covered in this Act.

**Sec. 72. Rules on Modification in the Allotment.** As a general rule, departments, bureaus and offices of the National Government including Constitutional Offices enjoying fiscal autonomy and SUCs shall spend what is programmed in their respective appropriations this Act. In exceptional circumstances, agencies may modify the allotment issued within an activity or project subject to approval of following ensued by the timely submission of reports by all offices concerned:

- (a) The heads of agencies, for the following: (i) change in the details of an activity or project without changing its nature within the same operating unit; and (ii) change in the object of expenditure (Travelling Expenses, or Investment Outlays) with an allotment class (MOOE or Capital Outlays);
- (b) The DBM, in the following modifications: (i) from one allotment class to another; (ii) from one operating unit to another; (i) within a special purpose fund; and (iv) for the payment of Magna Carta benefits authorized under Section 52 hereof; and
- (c) The President of the Philippines, for the payment of intelligence funds within the Executive branch.

All modification in the allotment shall not entail any increase in the total amount appropriated for an activity or project.

**Sec. 73. Rules in the Grant of Collective Negotiation Agreement Incentive.** Departments, bureaus, and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs may grant Collective Negotiation Agreement (CNA) Incentive sourced from the allowable MOOE allotments identified by the DBM, subject to the following:

- (a) There is a valid CNA executed between the agency and the recognized employee organization which includes a provision cost-cutting measures to be undertaken collectively by the agency and its personnel;
- (b) The one-time annual payment of CNA Incentive shall be made through a written resolution signed by agency representatives both labor and management, and approved by the agency head;
- (c) The CNA Incentive that may be granted shall be limited to the amount determined by the DBM; and
- (d) The use of MOOE for the payment of CNA Incentive shall be subject to approval by the agency head and made only during validity of appropriations. Any excess amounts therefrom after payment of the CNA Incentive shall revert to the General Fund.

GOCCs and LGUs may likewise grant CNA Incentive to their respective personnel, subject to the policies, rules and regulations issued by the DBM.

**Sec. 74. Mandatory Expenditures.** The amounts programmed for petroleum, oil and lubricants, water, illumination and power services, telephone and other communication services, and rental expenses shall be disbursed exclusively for such items of expenditures. Available allotment from these items after taking into consideration the agency's full year requirements may be modified only in the quarter and subject to the provisions of Section 72 hereof.

Disbursements or expenditures of agencies in violation of this Section shall be void, and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43, Chapter 5 and Section 80, Chapter 7, Book VI of E.O. No. 292 and appropriate criminal action under existing penal laws.

**Sec. 75. Expenditures for Business-type Activities.** Funds for the procurement of supplies and materials intended to be utilized in the conduct of business-type activities shall be disbursed exclusively for such business-type activity. In no case shall appropriations be used for any other purpose.

Disbursements or expenditures by agencies in violation of this Section shall be void, and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43, Chapter 5 and Section 80, Chapter 7, Book VI of E.O. No. 292 and appropriate criminal action under existing penal laws.

**Sec. 76. Intelligence Funds.** No appropriations authorized in this Act as intelligence fund shall be released or disbursed for intelligence activities, including amounts sourced from savings, unless approved by the President of the Philippines.

The use of savings to augment intelligence funds is subject to prior approval of the President of the Philippines, upon recommendation by the Secretary of National Defense and the Secretary of Budget and Management.

Intelligence expenses refer to those related to intelligence information gathering activities of uniformed and military personnel and intelligence practitioners that have direct impact to national security.