

[LETTER OF INSTRUCTIONS NO. 565, June 30, 1977]

DIRECTING THE SIMPLIFICATION AND IMPROVEMENT OF GOVERNMENT PROCEDURE ON APPROVAL OF CERTAIN EXPENDITURE ITEMS

TO: All heads of departments, bureaus, agencies and offices and regional directors, of the national government including state colleges and universities and government owned and controlled corporations; The Acting Commissioner of the Budget; The Acting Chairman, Commission on Audit

WHEREAS, delegation of authority under defined guidelines, the simplification of procedure, the reduction of "red tape" and generally expeditious action will lead to increase effectiveness in government operations;

WHEREAS, existing rules and policy on overtime, and other related matters require rationalization and updating, including the basic rate of overtime compensation;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, to enable heads of departments, government-owned and controlled corporations and other agencies of the national government to act promptly on urgent needs, do hereby issue the following instructions expediting the approval procedure relative to the filling of positions, the purchase of equipment, the payment of overtime, and other related matters.

General Guidelines

1. The expenditure requirements of actions herein delegated must be within the approved expenditure program of the organization, net of reserves, and are subject to the usual accounting and auditing rules and regulations.
2. Whenever the exigency of the situation so requires, the expenditures and actions herein authorized to be made may be suspended by the President.
3. The governing boards of profit-making government owned and controlled corporations may adopt their own policies and approval mechanism relative to filling of positions, overtime pay, equipment purchases (other than transport equipment), provided that the cost of implementing such policies will not call for government equity inputs or borrowings guaranteed by government.

Specific Guidelines

Filling of Vacant Positions

1. All positions created during previous budget years and included in the budget program of a given year may be filled by the head of office as soon as these are vacated, subject to the usual service requirements and any additional qualifications requirements that now exist.
2. Positions newly created in a given budget year and that are supported by programmed appropriations may be filled up (a) upon completion of the printed *Itemization of Personal Services* and (b) submission by the agency

and confirmation thereof by the Budget Commission, of a list of specific items of new positions authorized and covered by programmed appropriations.

3. The cost of terminal leaves shall continue to be borne by savings in personal services, provided that agency heads may approve the immediate filing of a position vacated through retirement if the cost of the terminal leave of the previous incumbent is absorbed by other personal services savings.

Payment of Overtime Pay

The following guidelines shall be observed by all concerned in authorizing the rendition of overtime:

1. In general, overtime may be authorized where the work or activity has to be completed by a certain fixed date and the scheduled day of completion cannot be met within regular work days and hours, or where, although there is no fixed date of completion, the prolonged delay in, or non-completion of, the work or activity will:
 - a. cause financial loss to the government or its instrumentalities;
 - b. embarrass the government due to inability to meet commitments, whether local or international; or
 - c. negate the purposes for which the work or activity was conceived.
2. Specific activities for which necessary overtime may be authorized include the following:
 - a. completion of infrastructure and other projects with set deadlines;
 - b. relief work during calamities and disasters;
 - c. urgent work related to school graduation/registration ;
 - d. work involving the preparation for, and administration of, government examinations, including the prompt correction and release thereof;
 - e. budget preparation to meet scheduled deadlines; and
 - f. annual closing of books of account.
3. Meal allowances and reimbursement of reasonable transportation expenses shall constitute the normal means of compensation for overtime service. Division chiefs, or equivalent duly designated by the concerned Bureau/Office/Agency Heads or Regional Directors, may authorize for their respective subordinates the rendition of overtime service compensable on meal/transportation allowance basis.
4. Overtime compensation computed on an hourly basis may be authorized by Department Secretaries or equivalent, for agencies within their area of responsibility, in cases where the rendition of overtime is necessary for prolonged hours, assignment outside of normal place of work, or otherwise requiring unusual hardship on the part of individuals assigned to work overtime. Overtime compensation by the hour shall be computed on the basis of actual monthly salary/wages or three hundred pesos (P300) per month, whichever is lower.
5. Honoraria, commutable allowances and other compensation may be approved for persons on assignment with special projects subject to approval of the project's governing body upon recommendation of the Project Manager concerned and within such rules and regulations as may be issued by the Budget Commission to ensure uniform practice among projects: provided, that no project compensation may be paid to personnel of other agencies without the prior approval of the mother agency of recipient personnel. All such honoraria, allowances and other compensation shall be considered as