

ADMINISTRATIVE ORDER NO. 3
Series of 2016

**SUBJECT: GUIDELINES ON THE GRANT OF THE COLLECTIVE
NEGOTIATION AGREEMENT (C.N.A.) CASH INCENTIVE
FOR CY 2016**

I. RATIONALE

On 26 August 2016, the Department of Social Welfare and Development (DSWD) and the Social Welfare Employees Association of the Philippines (SWEAP) entered into a Collective Negotiation Agreement (CNA) for 2016 to 2019. The fifth of its kind, the 2016 – 2019 CNA advances the rights of DSWD employees, as well as the improvement of their working conditions that are not fixed by law.

Section 1, Art. XI of the C.N.A. states that the Department and the SWEAP shall jointly institute cost-cutting measures to generate savings for the grant of the C.N.A. Cash Incentive. Pursuant thereto, savings have been generated out of the improvements/streamlining of procedures and cost-cutting measures, thereby resulting to the achievement of the Department's planned targets at a lower cost. Likewise, Article XIII of the C.N.A. created the Association-Management Consultative Committee (AMCC) for the efficient and effective implementation of the Agreement, and to serve as a venue for promoting and enhancing continuous dialogue and consultation on matters that affect both parties. Section 2 thereof enumerated the functions of the AMCC, one of which is the establishment of agency-specific guidelines and criteria for granting the C.N.A. incentives. Thus, on 16 December 2016, the AMCC issued Resolution 2016-003 which resolved to grant the C.N.A. Cash Incentive and recommended the criteria of those who entitled thereto.

Further, in compliance with the requirements provided in Article 4.1.2 of Budget Circular 2016-7, as of 31 October 2016, the DSWD has already accomplished at least an average of 70% of all the targets under the FY 2016 Major Final Outputs (MFOs) as specified in Annex 1 (Form A) of Memorandum Circular (MC) No. 2016-1 dated 12 May 2016, issued by the Inter-Agency Task Force (IATF) created under AO No. 25.

Having regard to the abovementioned provisions of the Collective Negotiation Agreement, to the Department of Budget and Management (DBM) Circular 2016-7 dated 01 December 2016, and to AMCC Resolution 2016-003, authority is hereby granted to pay the C.N.A. Cash Incentive, which amount shall be specified hereunder. Moreover, this issuance is hereby set forth for the establishment of policy guidelines on the grant of the C.N.A. Cash Incentive.

II. LEGAL BASES

The grant of the Collective Negotiation Agreement (C.N.A.) Cash Incentive is supported by the following laws and statutes, and administrative issuances and circulars:

1. Public Sector Labor-Management Council (PSLMC) Resolution No. 4, s. 2002 – “Grant of Collective Negotiation Agreement Incentive for National Government Agencies, State Universities and Colleges, and Local Government Units.”
2. Administrative Order No. 135, s. 2005 – “Authorizing the Grant of Collective Negotiation Agreement (CNA) Incentive to Employees in Government Agencies”
3. Congressional Joint Resolution No. 4, s. 2009¹ – “Authorizing the President of the Philippines to Modify the Compensation and Position Classification System of Civilian Personnel and the Base Pay Schedule of Military and Uniformed Personnel in the Government, and for Other Purposes.”
4. Administrative Order No. 25, s. 2011² – “Creating an Inter-Agency Task Force on the Harmonization of National Government Performance Monitoring, Information and Reporting Systems.”
5. Sec. 77 of Republic Act No. 10717 (the 2016 General Appropriations Act) – “Rules in the Grant of the Collective Negotiation Agreement Incentive”
6. Department of Budget and Management (DBM) Circular No. 2016-7 – “Guidelines on the Grant of Collective Negotiation Agreement (CNA) Incentive for FY 2016.

III. OBJECTIVES

1. To provide the policy guidelines on the grant of the CNA Cash Incentive for the qualified officials and employees of the Department of Social Welfare and Development.

¹ Item (4)(h)(ii)(aa) thereof, institutionalizes the grant of the CNA Incentive as a form of reward to motivate employee efforts toward higher productivity

² Section 3 thereof mandates that the harmonized Results-Based Performance Monitoring System (RBPMS) shall be used as a basis for determining entitlement to performance-based allowances, incentives, or compensation of government personnel, which includes the CNA Incentive.

IV. DEFINITION OF TERMS

1. **Administrative Offense** – refers to those grave, less grave, and light offenses enumerated under Rule 10, Sec. 46 of the Revised Rules on Administrative Cases in the Civil Service (RRACCS).
2. **Aggregate** - the total months of services rendered by the employee for CY 2016, whether continuous or staggered, including leaves of absences with pay.
3. **Department** – shall refer to the Department of Social Welfare and Development.
4. **Employee** – refers to all rank-and-file employees belonging to the position with salary grade 1 up to grade 24.³
5. **Months** – refers to calendar months (i.e., a month designated in the calendar without regard to the number of days it may contain.⁴)
6. **Officials** – those performing managerial functions/those occupying third-level positions in the Department.
7. **Reprimand** – formal censure administered to the personnel in fault by his/her superior officer.

V. POLICY GUIDELINES

1. **Rate of the C.N.A. Incentive** – the CNA Cash Incentive for the year 2016 shall be in the amount of twenty-five thousand pesos (P25,000.00) pursuant to DBM Budget Circular No. 2016-7 which prescribes that the rate of such shall not exceed P 25,000 per qualified employee.
2. **Health Plan Coverage** - Pursuant to the agreement of the AMCC, an amount not exceeding P 6,000.00 per employee shall be deducted / withheld from the total amount of the C.N.A. Cash Incentive, which amount shall be used for the purchase of a health plan for employees as a group for a lower premium, subject to submission of individual Authority to Deduct by employees concerned
3. **Funding Source of the C.N.A. Incentive** - The C.N.A. Cash Incentive shall be sourced solely from savings from released allotments for MOOE for FY 2016. Such savings are limited only to the following MOOE items:

3.1. Travelling Expenses

³ Cf. PSLMC Resolution No. 1, s. 1991.

⁴ Commissioner of Internal Revenue v. Primetown Property Group, G.R. No. 162155 28 August 2008, citing Gutierrez v. Carpio, G.R. No. L-31025, 15 August 1929.

- 3.2. Communication Expenses
- 3.3. Repairs and Maintenance
- 3.4. Transportation and Delivery Expenses
- 3.5. Supplies and Materials
- 3.6. Utility Expenses

4. **Coverage** – The following shall be entitled to receive the C.N.A. Cash Incentive for CY 2016:

- 4.1. Officials and employees who have rendered at least an aggregate of four (4) months of service in DSWD for C.Y. 2016, including the months served as Contract of Service (COS) / Memorandum of Agreement (MOA) worker, and are still occupying regular, coterminous, casual, and contractual positions, and rendering service as of the date of the effectivity of this issuance;
- 4.2. Those who are qualified under the previous item must not have been found guilty with finality of any Administrative Offense, excluding those with the penalty of reprimand, during the year 2016;

4.3. Must be either:

4.3.1. A SWEAP member, or

4.3.2. A non-SWEAP member who submits to the Personnel Administration Division (PAD) either –

4.3.2.1. Proof of Payment to SWEAP in the amount equal to the total membership and monthly dues collection of a SWEAP member for three (3) years, or

4.3.2.2. An Authority to Deduct (Agency Fee) such amount from the CNA Cash Incentive.

4.4. Officials and employees who are entitled to receive the C.N.A. Cash Incentive must submit to the PAD before the deadline indicated in a Memorandum to be issued for such purpose, either:

4.4.1. An Authority to Deduct (Premium for Health Plan) from the CNA Cash Incentive, an amount not exceeding ₱6,000.00, which shall be applied to purchase a health plan; or

4.4.2. Proof of Coverage by an existing health plan.

Provided, that an employee who fails to submit, on/or before the set deadline, [a] either Proof of Payment or Authority to Deduct (Agency Fee), or

[b] the Authority to Deduct (Premium for Health Plan) or Proof of Coverage shall not be included in the initial payroll for the CNA Cash Incentive. However, the employee may still receive the CNA Cash Incentive if he/she is able to submit the proper requirements prior to the closing of the books of the DSWD.

VI. REPEALING CLAUSE

All provisions of existing circulars or issuances on the grant of the CNA Incentive which are inconsistent herewith are repealed or modified accordingly.

VII. EFFECTIVITY CLAUSE

This Administrative Order shall take effect immediately.

Issued in Quezon City, this 16th day of December 2016.


JUDY M. TAGUIWALO
Secretary

Certified Copy:


EMYLOU B. MIRAVALLS
OIC-Chief, General Services Division