

MONTEBON, Erma V.

Re: Effect of Secondment on the
Grant of Loyalty Award,
Step Increment and PIB

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RESOLUTION NO. 020999

Erma V. Montebon, National Maritime Polytechnic (NMP), Department of Labor and Employment (DOLE), Cabalawan, Tacloban City requests a ruling from the Commission on the effect of secondment to the Public Services Labor Independent Confederation (PSLINK) on the grant of loyalty award, productivity incentive benefit (PIB) and step increment.

In her letter, Montebon represents that:

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"1. I joined the government service with an original appointment on April 21, 1986.

"2. In May 1996, I was accorded the Loyalty Award for ten (10) years of continuous government service.

"3. In consonance with the agency's Career Development Program, I availed of a one-year secondment program and served at the Public Services Labor Independent Confederation (PSLINK) under the PSLINK-LO-FTF Bilateral Project from October 13, 1999 to October 12, 2000.

"In view of my aforesaid secondment however, I was denied the Loyalty Award in May 2001, supposedly for my fifteen (15) years of government service. Similarly the Productivity Incentive Bonus due in 2001 was not granted.

"Relative to the foregoing, may I be clarified as to the appropriate treatment of cases akin to mine in matters involving grant of Loyalty Award and Productivity Incentive Bonus.

"May I likewise be apprised as to the exact period within which I may be able to avail of the step increment since availment of same was also suspended."

Hence, this request.

At the outset, the Commission noted that Montebon's secondment to PSLINK, a non-government institution is not valid. While secondment to international bodies recognized by the Philippine government is allowed, **Section 6(c), Rule III of CSC Memorandum Circular No. 15, series of 1999** which is the applicable issuance, does not mention projects of non-governmental organizations or public sector unions, as venue to which a government employee could be seconded even if they are funded by international organizations. Said rule provides, as follows:

"c. Secondment- movement of an employee from one department or agency to another which is temporary in nature and which may or may not require the issuance of an appointment which may either involve increase in compensation and benefits.

"Acceptance thereof is voluntary on the part of the employee.

"Secondment shall be governed by the following general guidelines:

"i. Secondment shall be limited to employees occupying managerial, professional, technical and scientific positions.

"ii. Secondment to international bodies/organizations recognized by the Philippine government may be allowed.

"iii. Secondment for a period of one year or more shall be subject to approval by the Commission. In case the secondment of less than one year is extended and such extension shall cover a total period of one year or more, the extension shall be subject to the Commission's approval.

"iv. Approval of the secondment shall be subject to the following conditions:

'1. A Memorandum of Agreement or contract for secondment between the mother and receiving agency and concurred in by the employee shall be submitted to CSC within 30 days from signing of the contract.

'A seconded employee shall not be allowed to report to the receiving agency earlier than the date of signing of the memorandum of agreement.

'2. The period of secondment shall be for a maximum of three (3) years except otherwise provided by law or as required under bilateral/multilateral agreements.'

"v. Any violation of the provisions of the Memorandum of Agreement shall be ground for discontinuance thereof without prejudice to the filing of disciplinary action against the person's responsible for the violation.

"vi. Acceptance of scholarship by seconded employee shall terminate the secondment.

"vii. Payment of salaries of seconded employee shall be borne by the receiving agency. In case of a higher compensation covered by a duly issued appointment within the Philippine government, the same may be used for the purpose of computing his retirement benefits but not for the purpose of commutation of leave credits earned in the mother agency. In case of a lower compensation, the mother agency shall pay the difference. This rule does not apply in cases of secondment to international organizations.

"viii. The seconded employee shall be on leave without pay in his mother agency for the duration of his secondment, and during such period, he may earn leave credits which are commutable immediately thereafter and payable by the receiving agency."

Nowhere in the aforementioned rule does it allow secondment to the private sector. Further, there is nothing in the records to show that it was approved by the Commission. Thus, strictly speaking, there is no secondment in Montebon's case. However, considering that it is already a *fait accompli* and was signed by then Department of Labor and Employment (DOLE) Secretary Bienvenido Laguesma and to avert a situation in which Montebon's rights and privileges would be unduly prejudiced, the Commission would no longer disturb the said construance.

A perusal of Montebon's service record reveals that Montebon has been with the National Maritime Polytechnic, Tacloban City from April 21, 1986 to the present. In 1996, she was granted the Loyalty Award for ten years. However, the same benefit was not accorded to her in May 2001 because of her "secondment" to the PSLINK from October 13, 1999 to October 12, 2000.

It is to be emphasized that secondment creates no gap in the government service of the employee who has been seconded. He/she is only considered on leave without pay in his/her mother agency for the duration of secondment. Thus, the employee seconded should have his/her services in the receiving agency credited as part of government service.

Since the Loyalty Award is given to employees who have completed at least ten (10) years and five years thereafter of continuous and satisfactory service, the Commission is of the view that Montebon's secondment from October 13, 1999 to October 12, 2000 to the PSLINK, as evidenced by her secondment contract, shall bar her from receiving the said benefit. Pertinent to the discussion is **Memorandum Circular No. 17, s. 1999** which reads, in part, as follows:

"Section 7(e) Rule X of the Omnibus Rules Implementing Book V of E.O. 292 provides for the grant of incentive awards, which include among others the loyalty award which shall not be less than P100.00 per year of service chargeable to the savings of the agency.

"In order to promote morale, efficiency and integrity, responsiveness and courtesy in the civil service, and to strengthen the merit and reward system, the Commission resolved to increase the loyalty cash award from

P100.00 to P300.00 per year of service to all government officials and employees who will complete at least ten (10) and quintuple years of continuous and satisfactory service effective July 1, 1999."

While the Commission allows that Montebon's service to the PSLINK from October 13, 1999 to October 12, 2000 be credited as part of her government service so she would not incur a gap of one year in her government service, said one-year period, however, will not be credited for the purpose of counting her years of service for the grant of the Loyalty Award. Thus, in Montebon's case, she has to wait for another year so as to complete a five-year of continuous service before she can be entitled to the grant of Loyalty Award.

As regards Montebon's entitlement to the grant of Productivity Incentive Bonus (PIB), **Section 2 of Administrative Order No. 161 (PRESCRIBING A STANDARD INCENTIVE PAY SYSTEM BASED ON PRODUCTIVITY AND PERFORMANCE, FOR ALL OFFICIALS AND EMPLOYEES OF THE GOVERNMENT, NATIONAL AND LOCAL INCLUDING THOSE OF GOVERNMENT-OWNED AND/OR CONTROLLED CORPORATIONS AND GOVERNMENT FINANCIAL INSTITUTIONS AND FOR OTHER PURPOSES)** provides, as follows:

"SEC. 2. Coverage. The benefits herein authorized shall apply to all appointive officials and employees of the national government, local government units and government-owned and/or controlled corporations and government financial institutions, including casual, temporary and full-time contractual personnel whose employment is in the nature of regular personnel, who obtained at least a satisfactory performance rating for the two (2) semesters immediately preceding the year in which the incentive pay shall be released and who have contributed to the productivity of their office/agency as determined by their respective heads of agency; Provided, that, officials and employees of government sequestered/foreclosed corporations that are covered by the national labor laws being implemented by the Department of Labor and Employment shall not be entitled to the benefits prescribed in this Order." (Underlining supplied)

From the foregoing, it is clear that in order to be entitled to the PIB, two conditions must be present: first, that the official/employee must have rendered at least a satisfactory performance rating for the two (2) semesters immediately preceding the year in which the incentive pay shall be released, and second, that the official/employee must have contributed to the productivity of their office/agency as determined by the head of agency.

Although Montebon's Performance Evaluation Report (PER) shows that during the period of her secondment, she was given a very satisfactory rating and the PSLINK benefited from the services of Montebon during the period of secondment, the Commission cannot impose upon the PSLINK to pay Montebon her PIB for that year, unless payment of the same is unequivocally stated in the MOA between PSLINK and DOLE. In the same manner, Montebon's parent office cannot be made to bear the burden of paying her PIB. The government should not pay for the work rendered in a non-governmental organization.

Relative to the grant of step increment is **Section 7(b), Rule X of the Omnibus Rules Implementing Book V of Executive Order No. 292 (Administrative Code of 1987)** which reads, as follows:

*"(b) Length of service incentive which shall be given to an employee who has rendered at least three years of **continuous satisfactory service in a particular position** and which shall consist of step increments in accordance with the provisions of joint CSC-DBM Circular No. 1, s. 1990." (Emphasis supplied)*

Corollarily, **Rule III, Section 2 of Joint CSC-DBM Circular No. 1, s. 1990** has provided the criteria for the grant of step increments, as follows:

*"Section 2. Length of service. A one (1) step increment shall be granted to officials and employees for every three (3) years of **continuous satisfactory service in the position**. Years of service in the position shall include the following:*

"(a) those rendered before the position was reclassified to a position title with a lower or the same salary grade allocation; and

"(b) those rendered before the incumbent was transferred to another position within the same agency or to another agency without a change in position title and salary grade allocation.

"In the initial implementation of step increments in 1990, an incumbent shall be granted step increments equivalent to one (1) step for every three (3) years of continuous satisfactory service in a given position occupied as of January 1, 1990."

As can be gleaned from the aforementioned provisions, the length of service required before an official or employee can be granted one (1) step increment shall be three (3) years of continuous satisfactory service in the same position within the same agency.

Time and again the Commission has ruled that secondment creates no gap in the government service. The Commission has noticed, however, that during the period of Montebon's secondment, as evidenced by her performance evaluation report, she performed the functions of Administrative Officer while in her parent office, her position is that of a Cashier III. Clearly therefore, Montebon failed to meet the conditions for the grant of a step increment. Moreover, since Montebon's secondment to the PSLINK is not valid, she should not be entitled to the grant of a one-step increment.

WHEREFORE, the Commission hereby rules that Erma V. Montebon's secondment from October 12, 1999 to October 13, 2000 bars her from receiving the Loyalty Award, Step Increment and Productivity Incentive Benefit.

Quezon City, JUL 29 2002

(Signed)

J. WALDEMAR V. VALMORES
Commissioner

(Signed)
KARINA CONSTANTINO-DAVID
Chairman

(Signed)
JOSE F. ERESTAIN, JR.
Commissioner

Attested by:

(Signed)
ARIEL G. RONQUILLO
Director III

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