

## Republic of the Philippines

## Department of Environment and Natural Resources

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## **MEMORANDUM**

TO

**ALL OFFICIALS AND EMPLOYEES** 

DENR CENTRAL OFFICE, BUREAUS, REGIONAL OFFICES

AND ATTACHED AGENCIES

**FROM** 

Undersecretary for

Management and Technical Services

SUBJECT

DEPARTMENT OF BUDGET AND MANAGEMENT

NATIONAL BUDGET CIRCULAR NO. 2005-502

DATE

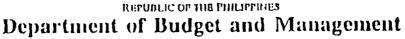
02 November 2005

We are furnishing you a copy of DBM NBC No. 2005-502, dated 26 October 2005, with the subject "Clarification on the Cost of Living Allowance", for information and guidance.

Meno 300

ARMANDO A. DE CASTRQ





Malacafiang, Manila



## NATIONAL BUDGET CIRCULAR

No. <u>2005-502</u> October 26, 2005

FOR

Heads of Departments, Bureaus, Offices and Agencies of the

National Government, State Universities and Colleges, and All

Others Concerned

SUBJECT: Clarification on Cost of Living Allowance (COLA)

1.0 This Circular is being issued as a clarification on the impact of the latest Supreme Court rulings on the integration of allowances, including Cost of Living Allowance (COLA), of government employees under Republic Act (RA) No. 6758.

- 2.0 It bears stressing that, as of this date, the Supreme Court has <u>not</u> adjudged the national government liable for backpay of COLA to its employees.
- 3.0 All Supreme Court rulings, including the latest case of *Philippine Ports Authority* vs. Commission on Audit, G.R. No. 160396, 6 September 2005, apply to specific government owned and controlled corporations. The only case which covers national government employees is still pending before the Supreme Court (Gutierrez vs. DBM, G.R. Nos. 153266 &159029)
- 4.0 The President's directive made during the Cabinet Meeting held on 9 September 2005 is to simply study the fiscal implications of paying COLA. Such was made clear in the 22 September 2005 Memorandum of the Cabinet Secretary.
- 5.0 In view of the foregoing, payment of allowances and other benefits, such as COLA, which are already integrated in the basic salary, remains prohibited unless otherwise provided by law or ruled by the Supreme Court.
- 6.0 All agency heads and other responsible officials and employees found to have authorized the grant of COLA and other allowances and benefits already integrated in the basic salary shall be personally held liable for such payment, and shall be severely dealt with in accordance with applicable administrative and penal laws.

7.0 For the guidance of all concerned.

ROMULO L. NERI Secretary