

EXECUTIVE ORDER NO. 503

PROVIDING FOR THE RULES AND REGULATIONS IMPLEMENTING THE TRANSFER OF PERSONNEL AND ASSETS, LIABILITIES AND RECORDS OF NATIONAL GOVERNMENT AGENCIES WHOSE FUNCTIONS ARE TO BE DEVOLVED TO THE LOCAL GOVERNMENT UNITS AND FOR OTHER RELATED PURPOSES

WHEREAS, Republic Act No. 7160, otherwise known as the Local Government Code of 1991, hereinafter referred to as the Code, transfers the responsibility for the delivery of basic services and facilities from the national government agencies (NGAs) concerned to the local government units (LGUs);

WHEREAS, the Code stipulate that the transfer of basic services and facilities shall be accompanied by the transfer of the national personnel concerned and assets to ensure continuity in the delivery of such services and facilities;

WHEREAS, responsive rules and regulations are needed to effect the required transfer of national personnel concerned and assets to the LGUs;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by law and the sovereign will of the Filipino people and upon the recommendation of the Oversight Committee of the Code, do hereby order:

Section 1. Transfer of Assets and Personnel. - The personnel and assets including pertinent records and equipment, corresponding to the devolved service delivery functions enumerated under Section 17 of the Code, shall be transferred to the LGUs.

Sec. 2 Principle and Policies Governing Transfer of Personnel -

a Coverage, Tenure, Compensation and Career Development.

Technical and administrative personnel of the NGAs affected by the devolution of powers, functions, and responsibilities shall be transferred to the LGUs.

2. The absorption of the NGA personnel by the LGU shall be mandatory; in which case, the LGUs shall create the equivalent positions of the affected personnel except when it is not administratively viable.

Absorption is not administratively viable when there is duplication of functions unless the LGU opts to absorb the personnel concerned.

- 4 The national personnel who are not absorbed by the LGUs under no. 3 above, shall be retained by the NGA concerned, subject to civil service law, rules and regulations.
- 5 There shall be no involuntary separation, termination, or lay-off of permanent personnel of the NGAs affected by devolution.
6. Devolved permanent personnel shall enjoy security of tenure.
- 7 Any reorganization that will be implemented by the LGUs after the devolution of functions shall be governed by the provisions of Republic Act No. 6656.
- 8 Incumbents of positions, namely administrator, legal officer, and information officer declared by the Code as coterminous, who hold permanent appointments, shall continue to enjoy their permanent status until they vacate their positions.
9. Casual, emergency, or daily-wage personnel assigned in the field units of the NGAs affected by devolution who are performing duties and responsibilities relative to the delivery of basic services may be absorbed by the LGUs concerned.
10. Contractual personnel of the NGAs concerned directly involved in the implementation of pilot projects in the LGUs need not be devolved.
11. Temporary personnel shall be absorbed by the LGUs, subject to civil service law, rules and regulations.
12. Except as herein otherwise provided, devolved permanent personnel shall be automatically reappointed by the local chief executive concerned immediately upon their transfer which shall not go beyond June 30, 1992.
- 13 The rank or tenure of devolved permanent personnel shall not be reduced or impaired.
14. There shall be no diminution in pay or benefits of devolved personnel.

(b) Criteria for Deployment. - Subject to the provisions of this Section, devolved personnel shall be deployed to the LGUs in accordance with the following criteria:

1. Personnel performing city or municipality-specific functions shall be absorbed by the city or municipality where they are assigned.
2. Personnel performing inter-municipal functions shall be absorbed by the province wherein the municipalities concerned are located.
3. Regional personnel undertaking LGU-specific functions may be absorbed by the LGU concerned.
4. Regional personnel performing primarily regional functions shall be retained by the NGAs concerned to form part of their field units to be established as a result of the phase-out of their regional offices, on or before October 10, 1992, for purposes of monitoring and coordinating the devolved basic services and providing technical assistance to the LGUs.

(c) Retention of Personnel by the NGA. - Regional directors who are Career Executive Service Officers, and other officers of similar rank, shall be retained by the NGA without diminution of rank, salary, or tenure.

(d) Vacant Positions in the NGAs. - Existing vacant positions in the NGAs, whose functions are to be devolved to the LGUs, shall be transferred to the LGUs concerned on January 1, 1992. In the event of duplication of functions, however, the corresponding budget allocated to the salaries of existing vacant positions may be realigned by the LGUs concerned to fund programs, projects and activities in the sector where the fund originated.

(e) Exemptions from Rules on Nepotism, Residency, and Election Ban.

- 1 The rule on nepotism as provided under the Code shall not apply to devolved personnel.

The residency requirement and prior concurrence of the local sanggunian as prescribed under the Code for the appointment of local appointive officials shall not apply to the devolved personnel.

- 3 Transfer of devolved personnel within the six-month transition period from January 1 to June 30, 1992, shall be exempted from the election ban subject to the approval of the Commission on Elections.

(f) Separation and Retirement Benefits

When the personnel to be devolved opt for voluntary separation or retirement from the service, they shall be entitled, if qualified under existing laws, to receive the retirement gratuities and other benefits accruing thereunder.

When an official or employee is not eligible for retirement, they shall be entitled to separation pay equivalent to one (1) month salary for every year of service, plus a proportionate amount for any fraction thereof over and above the monetary value of their accumulated leave credits pursuant to existing laws.

✓3 Payment of retirement benefits to the NGA personnel transferred to the LGUs shall be proportionately shared by the NGA and the LGU concerned based on the length of service of the personnel concerned in both agencies. The Department of Budget and Management (DBM) shall issue the necessary guidelines for this purpose.

4. The DBM, in the case of NGA officials and employees, and the LGUs, in the case of local government officials and employees, are hereby directed to provide funding priority to personnel retirement and other benefits arising from the devolution of basic services to the LGUs.

(g) Responsibility for Devolved Functions. - The local chief executive shall be responsible for all devolved functions. He may delegate such powers and functions to his duly authorized representative whose position shall preferably not be lower than the rank of a local government department head. In all cases of delegated authority, the local chief executive shall at all times observe the principle of command responsibility.

Sec. 3. Principles and Policies Governing the Transfer of Assets, Liabilities, Equipment and Records. - (a) Assets, liabilities, equipment, and records of the NGAs corresponding to the devolved powers, functions and responsibilities shall be transferred to the LGU concerned.

(b) Lands and buildings to be transferred to the LGUs shall, for purposes of disposition, be considered part of the seat of government of the LGUs as defined under Section 11 of the Code.

(c) The LGUs shall provide appropriate funds in their respective budgets for maintenance and other operating expenditures of the transferred assets.

(f) All NGAs affected by devolution shall continue to prepare the usual year end reports and statements as of December 31, 1991. The reports and statements shall be incorporated in the 1991 Annual Financial Report of the National Government.

(g) Additional guidelines and instructions for the closing, opening and maintenance of accounts shall be promulgated by the Commission on Audit.

Sec. 5 Reorganization of the NGAs Affected by Devolution (a) The NGAs affected by devolution shall adopt new organizational structure and operating systems responsive to decentralization imperatives.

(b) The NGAs whose functions are not devolved shall effect the deconcentration of requisite authority and power to their regional or field offices on or before June 30, 1992 as provided under Section 528 of the Code.

Sec. 6. Period of Devolution. (a) Except as herein otherwise provided, the devolution of responsibility for basic services and facilities and the transfer of assets, liabilities, personnel, equipment and records to the LGUs shall be completed not later than June 30, 1992.

(b) All NGAs shall submit not later than March 1, 1992 to the different LGUs a list of the basic services in accordance with Section 17 of the Code that can be devolved by June 30, 1992. Those that cannot be devolved by June 30, 1992, shall be devolved not later than December 31, 1992. For this purpose, the NGAs shall enter into Memoranda of Agreement (MOA) with the different LGUs on the schedule and extent of devolution. The NGAs shall furnish the Department of Interior and Local Government and the DBM with copies of their MOAs.

(c) Except as herein otherwise provided, the corresponding salaries of devolved positions shall be transferred to the LGUs on a quarterly basis by the NGAs concerned not later than July 1, 1992.

(d) The corresponding salaries for the positions devolved pursuant to paragraph B of this Section shall be transferred to the LGU concerned on the actual date of transfer, but in no case to go beyond December 31, 1992.

Sec. 7. Monitoring of Transfer. - All NGAs affected by devolution of functions shall submit to the Oversight Committee the timetable for the transfer of assets, liabilities, personnel, equipment and records to the LGUs within one (1) month after the promulgation of this Executive Order.

Sec. 8. Effectivity. - This Executive Order shall take effect immediately upon its publication in a newspaper of general circulation.

DONE in the City of Manila, this 22nd day of January, in the year of Our Lord, Nineteen Hundred and Ninety-Two

Corason S. Aquino

FMS LIBRARY

By the President.

Franklin M. Drilon
FRANKLIN M. DRILON
Executive Secretary

MAR 24 1993

Date *fdm*