

**EXECUTIVE COMMITTEE
ON THE
RATIONALIZATION PROGRAM**

**RESOLUTION No. 1
Series of 2006**

**Rationalization Program's
Organization and Staffing Standards and Guidelines**

WHEREAS, the government is pursuing the implementation of the *Rationalization Program* in all departments/agencies of the Executive Branch, as mandated under Executive Order (EO) No. 366 dated 04 October 2004, to focus government efforts on its vital/core functions and enhance the effectiveness and efficiency of public service delivery;

WHEREAS, EO 366 directs all departments/agencies of the Executive Branch to conduct a strategic review of their respective operations and organization to identify the functions, programs, activities and projects which (1) can be scaled down, phased out or abolished; or (2) where more resources need to be channeled;

WHEREAS, EO 366 provides for the creation of a Change Management Team (CMT) in each department to conduct a strategic review and prepare a Rationalization Plan for the whole department, including all units/bureaus, government-owned and/or -controlled corporations and other agencies attached to or under their administrative supervision;

WHEREAS, there is a need to provide the CMT of each department/agency organizational and staffing standards/guidelines that would help them in defining the appropriate structure and staffing that would support the identified core functions of their respective departments/agencies and in the preparation of their respective Rationalization Plan;

NOW, THEREFORE, the *Rationalization Program's Executive Committee*, hereby resolve and approve the attached *Organization and Staffing Standards and Guidelines* for the use of the CMTs of the departments/agencies of the Executive Branch in the preparation of their respective Plan.

ADOPTED, this 12th day of May, 2006 in the City of Manila, Philippines.

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GOVERNMENT RATIONALIZATION PROGRAM
DEPARTMENT OF BUDGET AND MANAGEMENT-CIVIL SERVICE COMMISSION



ORGANIZATION AND STAFFING STANDARDS AND GUIDELINES

Table of Contents

I. Introduction	2
II. Typology of Organizations	2
III. Organization Guidelines	3
A. General Policies	3
B. Organization Guidelines for Departments	4
a. Composition/Subdivisions of a Department	4
b. Organization of the Office of the Secretary	4
c. Organization of Internal Management and Support to Operations Units	4
d. Organization of Operations Units	5
1. Organization of a Staff Bureau	5
2. Organization of a Line Bureau	6
3. Organization of Field Units	6
C. Organization Guidelines for Line Bureaus	6
a. Composition/Subdivision of a Line Bureau	6
b. Organization of the Office of the Director	6
c. Organization of Internal Management and Support to Operations Units	7
d. Organization of Operations Units	7
e. Organization of Field Units	7
D. Organization Guidelines for Intermediate Structures	7
a. Composition/Subdivision of an Intermediate Structure	7
b. Organization of the Office of the Head of the Agency	8
c. Organization of Internal Management and Support to Operations Units	8
d. Organization of Operations Units	8
e. Organization of Field Units	8
E. Organization Guidelines for Inter-Agency Bodies, Task Forces and Other Similar Entities	8
IV. Staffing Guidelines	9
A. General Policies	9
B. Guides in the Staffing of an Organization	9
C. Allowable Staffing Actions	9
D. Level of Agency Heads	10
Annex A: <i>Guidelines on the Immediate Support Staff of a Department's Key Officials</i>	11
Annex B: <i>Summary of Book IV Chapter of the Administrative Code of 1987</i>	13
Annex C: <i>Summary of the Provisions of the Integrated Reorganization Plan of 1972 (Part II Articles III-VI)</i>	14
Annex D: <i>On the Creation of an Internal Audit Service (IAS)</i>	17
Annex E: <i>On the Creation of a Unified Project Management Office/Unit</i>	18

I. INTRODUCTION

This **Organization and Staffing Standards and Guidelines** has been prepared to provide a common reference in designing the organization structure and in determining the staffing requirements of agencies of the Executive Branch, in support of the Rationalization Program. These guidelines are expected to be applied after the agency has undergone a thorough review of its functions. As a general rule, the proposed organizational structure and staffing must be supportive of the core functions identified by the agency.

It consists of three parts: Typology of organizations, organizational guidelines, and staffing guidelines. Summaries of pertinent provisions of the Administrative Code of 1987, Integrated Reorganization Plan, and relevant DBM Circulars are provided for immediate reference.

II. TYPOLOGY OF ORGANIZATIONS

There are various types of organizations within the Executive Branch. For common reference, the following definitions shall be used:

Department

A Department is the primary subdivision of the Executive Branch responsible for the overall management of a sector or a permanent national concern with nationwide or international impact.

Bureau

A Bureau is a principal subdivision of a Department performing a single major function or closely related functions. A Bureau is either staff or line.¹ A Line Bureau directly implements programs pursuant to Department policies.² A Staff Bureau primarily performs policy, program development, and advisory functions.³

Service

A Service is a staff unit whose functions are primarily supportive of the major service objectives of a Department. It may either provide technical inputs necessary in the exercise of the substantive functions, or monitor the programs of a Department; or perform administrative functions for a Department. Its clients include the Department and the units under it.⁴

Field Unit

A field unit is the "end" and "start" point of a Department or Agency or Line Bureau. On one hand, it is the *end point* in the delivery of necessary public goods and services, and therefore, the medium for producing results. On the other hand, it serves as the *point of origin* of feedback and information, and as a resource for performance assessment, policymaking, and program planning.⁵

¹ EO 292 Book IV Chapter IV Section 18 (1)

² Ibid Section 19 (1)

³ Ibid Section 20 (1)

⁴ DBM-Management Office Memorandum to All MO Analysts dated 23 October 1979 (No definition in EO 292 and PD 1)

⁵ Paraphrased from Reengineering Principles and Parameters, p. 30

Intermediate Structures Between a Department and a Bureau

An intermediate structure is an inter-ministerial entity which may not compare with the size of a Department but nevertheless performs tasks that are equally sensitive and important. This places the entity on a higher plane than a Bureau. Councils, Commissions, or Boards, whose operations cut across several agencies or even Departments, and whose area coverage is nationwide, are considered intermediate structures.⁶

Inter-agency Bodies,⁷ Task Forces and Other Similar Entities

Inter-agency committees, task forces and similar entities are ad hoc bodies that are organized to address urgent or cross-cutting concerns and problems that cannot be resolved by ordinary processes of existing agencies. Their mandates are time-bound.

III. ORGANIZATION GUIDELINES

A. General Policies

The following policies should be observed in designing the most appropriate organizational structure that will execute the agency's rationalized functions.

- The resulting organizational structure and staffing of agencies should strictly observe the overriding goal of the Rationalization Program to improve the delivery of vital government services in terms of quality, scope, speed, accountability, and affordability. Thus, the organization and staffing structure should promote focused use of limited resources on core functions and programs, and simultaneously cut down waste and overlaps by scaling-down, phasing-out, or abolishing non-core functions and programs.
- Organizational structures shall be designed as to prevent the emergence of red tape, while at the same time instituting minimum control points, only to ensure accountability of responsibility areas.
- Departmentation of government agencies may follow functional, process, clientele, or geographical approaches, whichever would ensure economy, effectiveness and efficiency in service delivery.

The functional approach combines activities that are indigenous or common to a major function. It may be adopted when an entity's functions are complex that there is a need to subdivide component activities.

The process approach involves grouping of various jobs/activities that form the sequence or components of one complete process pertaining to a service/product.

In the clientele approach, units are organized to serve a wide range of requirements of specific groups or types of clients. It may be considered when the entity has only one or a few homogeneous activities, but caters to a very large segment of the bureaucracy or general public.

⁶ DDM-Management Office Memorandum to All MO Analysts dated 23 October 1979

The Assistant Secretary shall perform such duties and functions as may be provided by law or assigned to him by the Secretary.¹⁰ Ideally, an Assistant Secretary should supervise a specific function, office or unit which is distinct from that supervised by an Undersecretary.

In general, the rationalized number of Undersecretary and Assistant Secretary positions of a Department should not exceed the number provided for by law.¹¹

The immediate support staff of the OSec provides executive assistance in a range of strategic matters and administrative support in general office duties. Specific guidelines in the staffing of the OSec are indicated in Annex A.

c. Organization of Internal Management and Support to Operations Units

Except as otherwise provided for by law, each Department may have units which shall perform planning, financial, management and administrative services, internal audit, and other support to operations functions.

In general, the Department is given the flexibility to structure/group its internal management and support to operations units in a manner it deems more efficient and effective for its organization and operations, provided that accountability for the functional coverage of the internal management and support units as indicated in the Administrative Code of 1987 and other legal issuances is clear, and provided further that the budget and staffing of the internal management and support to operations units shall not exceed those of the operations units.

In restructuring these internal management and support to operations units, the Department may refer to the provisions of the Administrative Code of 1987 and the Integrated Reorganization Plan of 1972. Summaries are in Annex B and Annex C, respectively. For the establishment and structuring of newly prescribed internal management and support to operations units such as the Internal Audit Service and the Unified Project Management Office, Annexes D and E, respectively, serve as references.

d. Organization of Operations Units

The core/major/vital functions of a Department shall be performed by its operations units. These operations units may include line and staff bureaus, and field units.

For Departments with department-wide field units, the bureaus will serve primarily as staff units to advise and assist the Office of the Secretary and provide consultative and technical services to the operations personnel in the field units.

1. Organization of a Staff Bureau

A Staff Bureau shall avail itself of the planning, financial and other support/administrative services in the Department Proper. The Bureau may have a separate Administrative Division, if circumstances so warrant.¹²

¹⁰ Administrative Code of 1987 Book IV Chapter 2 Section 11

¹¹ Administrative Code of 1987 Book IV Chapter 1 Section 10 (1-2)

¹² EO 292 Book IV Chapter 4 Section 19 (3)

2. Organization of a Line Bureau

A Line Bureau may have staff units, as may be necessary, corresponding to the services of the Department Proper. If the Bureau is small, only a single unit performing combined staff functions may be provided.¹³

3. Organization of Field Units

After examining the need to maintain Field Offices, a Department must identify the appropriate level of its field operations, taking into consideration the extent of the decentralization of its operations and the provisions of the Local Government Code of 1991 on devolution.

In general, Field Offices may be created, if the sources of inputs to the agency production process, or the beneficiaries or objects of agency outputs, are so spatially located and distributed across the country.¹⁴ As may be necessary, the field units shall constitute the operating arms of a Department that are concerned with the direct implementation of plans and programs drawn up in accordance with approved policies and standards. As counterparts of a Department in the region, they shall undertake Department operations within their respective jurisdictions, and be directly responsible to their Department Secretary.¹⁵

Departments are encouraged to maintain only one level of field presence, if at all necessary. Departments are also encouraged to cluster/combine field offices for more effective, yet economical field service delivery, and to categorize field units based on scope of work and degree of intervention.

Departments are discouraged to maintain a regional office in the National Capital Region. To the extent possible, the central office should serve the clientele in the NCR. Departments with devolved functions must indicate their plan for phasing-out regional offices or converting their regional offices to lower level field units.

C. Organization Guidelines For Line Bureaus

a. Composition/Subdivision of a Line Bureau

A Line Bureau is composed of units performing core, support to operations, and internal management functions. It may have administrative field offices as provided for by law.

A Line Bureau is headed by a Director who may have one Assistant Director.

In structuring the organization, a Line Bureau may use departmentation approaches that it deems most effective yet economical, for service delivery. The basic subdivision of a Line Bureau is a division.

b. Organization of the Office of the Director

¹³ Ibid Section 20 (3)

¹⁴ Reengineering Principles and Parameters p. 30

¹⁵ PCO 292 Book IV Chapter 8 Section 41 (2) (This PCO 292 provision refers to Field Offices of a Line Bureau; but since it is also applicable for Departments, I replaced the term "Bureau" with "Department")

The Office of the Director is composed of the Director, Assistant Director, and immediate support staff positions. For the manning of the immediate support staff, please refer to Annex A.

c. Organization of Internal Management and Support to Operations Units

In general, the policy guidelines for the internal management and support to operations units of a Department also apply to Line Bureaus.

Line Bureaus may also refer to the Administrative Code of 1987 and the Integrated Reorganization Plan. Depending on specific requirements, a Line Bureau may have its counterpart of the Department Services. In this case, counterpart units may be a division level entity and may perform combined internal management/support functions, e.g. combined administrative, financial and management.

d. Organization of Operations Units

The core/major/vital functions of a Line Bureau shall be performed by its operations units. Line Bureaus may subdivide operations according to the most appropriate departmentation approach, yet ensuring efficiency, effectiveness, economy, and accountability. The primary subdivision of a Line Bureau is a division.

e. Organization of Field Units

As may be necessary, field units may constitute the *operating arms* of a Line Bureau that are concerned with the direct implementation of plans and programs drawn up in accordance with approved policies and standards. As counterparts of the bureau in the field, field units shall undertake bureau operations within their respective jurisdictions, and be directly responsible to their Bureau Director.¹⁶

In general, the organization guidelines for the department field units may be adopted in organizing field units of Line Bureaus.

D. Organization Guidelines For Intermediate Structures

As a matter of policy, all agencies lower than a Department shall be placed under the administrative supervision or attached to a department best able to provide policy or program guidance or exercise administrative supervision over it.¹⁷

a. Composition/Subdivision of an Intermediate Structure

An intermediate structure such as a Council, Commission or Board is composed of the members of the Council, Commission or Board, and the divisions performing core, support to operations, and internal management functions. It may have field offices as provided for by law. For the appropriate composition of the organization, intermediate structures have to refer to their legal bases.

In restructuring, an intermediate structure may use the departmentation approach it deems most effective, yet economical, for service delivery. The basic subdivision of an intermediate structure may be a division.

¹⁶ E.O. 292 Book IV Chapter 8 Section 41 (2)

¹⁷ E.O. 72 dated 11 February 2002 Section I

b. Organization of the Office of the Head of Agency

Intermediate structures in the Executive Branch have varied types of top management organization. In general, the level of the head of the agency should follow what is provided for by the law.

The Office of the Head of the Agency may be provided with positions for executive and administrative assistance. For the immediate support staffing, refer to Annex A.

c. Organization of Internal Management and Support to Operations Units

The guidelines for the organization of internal management and support to operations units of a Department also apply to intermediate structures.

Intermediate structures may also refer to the Administrative Code of 1987 and the Integrated Reorganization Plan. Depending on specific agency requirements, an intermediate structure may have its counterpart of the Department Services. In this case, counterpart units may be a division level entity and may perform combined internal management/support to operations functions, e.g. combined administrative, financial and management.

In general, a division level unit of a Department that is performing internal management/support to operations functions would be a section or positions in a division of an intermediate structure.

d. Organization of Operations Units

The core/major/vital functions of an intermediate structure shall be performed by its operations units. The operations units of an intermediate structure are its technical divisions.

e. Organization of Field Units

When necessary, intermediate structures may adopt the organization guidelines for Department field units in organizing their Field Units.

The Field Units of an intermediate structure may constitute the operating arms of the agency that are concerned with the direct implementation of plans and programs in accordance with approved policies and standards. As counterparts of the intermediate structure in the field, they shall undertake intermediate structure operations within their respective jurisdictions, and be directly responsible to their Agency Head.¹⁸

E. Organization Guidelines for Inter-Agency Committees, Task Forces and Other Similar Entities

Inter-agency committees, task forces and other similar entities whose functional concerns can be subsumed under an existing unit of a Department may be abolished. As a policy, Department/Agency heads are encouraged to call on any agency of government or the private sector for assistance in the exercise of their functions, whenever necessary. Thus, institutionalization of such entities is no longer necessary.

¹⁸ EO 292 Book IV Chapter 8 Section 41 (2)

IV. Staffing Guidelines

A. General Policies

In general, all authorized/plantilla positions, funded or unfunded, should be considered in the review of the Department/Agency's staffing pattern. After rationalization, the Department/Agency's revised staffing pattern should have lower than or at least the same number of filled positions at the start of the rationalization effort; and, that the resulting total personnel services budget should be lower than or at least does not exceed the budget for personal services at the start of the rationalization efforts.

Prior to the preparation of the proposed staffing pattern, Departments/Agencies may identify functions that could be effectively outsourced/contracted out. Contracting out/outsourcing may be considered in both core and non-core functions when it is deemed more efficient and economical for the Department/Agency, provided that accountability mechanisms are in place.

B. Guides In the Staffing of an Organization

- a. Reduce functions/programs into activities/tasks to identify staffing requirements.
- b. Determine skills/competencies required to perform the functions/activities/tasks.
- c. Match activities/tasks with positions in the Index of Occupational Services; Position Titles and Salary Grades (IOS) for the National Government to determine the appropriate position title. Whenever possible, preference should be given to generic over specialist positions, for flexibility.
- d. Determine the number of positions required based on workload.
- e. Apart from the unit head, allow one-of-a-kind higher or senior level position and provide at least one entrance level position.
- f. As much as possible, limit the provision of assistants.
- g. Observe an optimal ratio between technical and administrative positions.

C. Allowable Staffing Actions

Under the Rationalization Program, the Department/Agency may consider the following staffing actions to rationalize its staffing pattern:

a. Abolition of positions

Abolition means elimination of an obsolete and/or unnecessary position.

b. Conversion of positions

Conversion of position means the abolition of vacant position/s and the creation of another position in its/their stead with the same, lower or higher salary range/grade.

c. Reclassification of Positions

Reclassification is a form of staffing modification and/or position classification action which may be applied to **filled positions**, only when there has been a substantial change in the regular duties and responsibilities of the incumbent of the position. This may result in a change in any or all of the position attributes: position title, level and salary grade. For the detailed guidelines, refer to Budget Circular 2005-5 dated 16 August 2005.

d. Retitling of positions

All administrative support* positions shall be retitled in accordance with DBM Budget Circular 2004-3 and 2004-3A.

e. Creation of Positions

The *scrap and build policy* must be observed when proposing new positions. Departments/Agencies may create new positions as long as there are corresponding obsolete/unnecessary but funded positions which can be abolished to support the creation of the new position/s.

All staffing modifications involving reclassification, conversion, and creation of positions shall be in accordance with the IOS for National Government.

D. Level of Agency Heads

For reference, the following tables indicate the appropriate levels of designated heads of agencies/organizational units*

a. Organic Structure

Organizational Unit	Head
Department	Secretary
Bureau	Director IV
Service	Director III
Branch	Director II
Division	Chief (SG 24)

b. Field Units

Field Unit	Department	Intermediate structures	Line Bureau
Area	Director IV	Director III	Director II
Regional	Director IV	Director III	Director II
Provincial	Director II	Director I	Division Chief

* Exceptions may only be allowed as provided in the IOS e.g. lawyer positions.

ANNEX A

Guidelines on the Immediate Support Staff of a Department's Key Officials

A. Role of the Immediate Support Staff

The immediate support staff may consist of personnel that will provide executive assistance and administrative assistance to key positions of the Department/Agency. The *Executive Assistance* staff shall provide executive support in a range of strategic matters involving the performance of a variety of technical and administrative tasks. The *Administrative Assistance* staff shall provide administrative support in general office duties, including but not limited to, secretarial, clerical, chauffeuring, messengerial and reproduction work.

B. Composition

The composition of the immediate support staff shall be based on the position of the official in the organization, to wit:

Position	Salary Grade of Official	Maximum Allowable Number of Positions	Highest Executive Assistant Position	Highest Administrative Assistant Position
Department Secretary, Head of a Department - Level Agency	31	10	Head Executive Assistant, SG-27	Senior Administrative Assistant V, SG-18
Department Undersecretary, Chairman of a Commission attached to a Department, Head of an Intermediate Level Agency	30	6	Executive Assistant IV, SG-22	Senior Administrative Assistant III, SG-15
Department Assistant Secretary, Member of a Commission attached to a Department, Head of an Intermediate Level Agency	29	4	Executive Assistant III, SG-20	Administrative Assistant V, SG-11
Director IV, Head of a Bureau or organization equivalent to a Bureau, Department Regional Director, Department Service Chief	28	2		Administrative Assistant III, SG-9
Director II, Head of a Bureau Regional Office or organization equivalent to a Bureau Regional Office	26	2		Administrative Assistant I, SG-7

Agencies have the option to determine the mix of executive assistant and administrative assistant positions for the Department Secretary, Undersecretary and Assistant Secretary or their equivalents, provided that they shall not exceed the maximum allowable number and highest level of positions.

C. Appointment

The appointment of those who provide executive assistance, private secretarial and chauffeur services shall be co-terminus with the official being served.

Positions in the offices of the aforementioned officials rendering administrative assistance services, except for the Private Secretary and Driver, may be converted to career positions.

D. Other Guidelines

1. To preserve the hierarchy of positions, there should be no ^{duplication} ~~duplication~~ in the level of each type of position, except for Executive Assistant positions allocated to SG 17 and below, and administrative positions allocated to SG 9 and below.
2. To conform with the staffing model provided, agencies shall adopt the *scrap and build* policy where existing vacant positions may be abolished to create or reclassify appropriate positions, working within the funding limitations. The number of immediate support staff may be less than the prescribed staffing model.
 - Agencies should see to it that the full requirements for personal services for created/reclassified/converted positions would not exceed the amount generated from the abolition of positions.
3. The agency may resort also to the transfer/redeployment of positions from other units within the agency.
 - The transfer/redeployment of positions may involve the reclassification of positions based on the staffing herein prescribed.

ANNEX B

Summary of Book IV Chapter 3 of the Administrative Code of 1987

Except as otherwise provided by law, each Department shall have Department Services which shall include the Planning Service, the Financial and Management Service, and whenever necessary, the Technical and Legal Services.

Planning Service

The Planning Service shall provide the Department with economical, efficient and effective services relating to planning, programming, and project development, and discharge such other functions as may be provided by law.

Where the work of the Department does not call for substantial planning and programming, the Planning Service shall be constituted as a single unit without subdivisions. Where substantial primary data gathering is essential to the operations of the Department, a statistical unit may be constituted as part of a Technical Service.

Financial and Management Service

The Financial and Management Service shall advise and assist the Secretary on budgetary, financial and management matters and shall perform such other functions as may be provided by law.

Administrative Service

The Administrative Service shall provide the Department with economical, efficient and effective services relating to personnel, legal assistance, and information.

ANNEX C

Summary of the Provisions of the Integrated Reorganization Plan of 1972 Part II, Chapter I, Articles III-VI

Planning Service

The Planning Service provides the Department with services relating to planning, programming, and project development, and such other functions as may be provided for by law. It may have a Planning and Programming Division, a Project Development and Evaluation Division, and a Research and Statistics Division.

Planning and Programming Division

- Formulates long-range and annual plans and programs for the Department;
- Formulates basic policies and guidelines for the preparation of the Departmental budget, including those for the detailed allocation of funds for capital outlays, and coordinate with the Budget Division in the preparation of the Department budget;
- Formulates criteria for determining priorities for proposed projects, and accordingly select capital projects for funding and execution, including appropriate financing schemes;
- Undertakes such reprogramming as necessary in accordance with actual resources made available, including the determination of cut backs and/or projects to be included from unprogrammed to programmed category;
- Evaluates periodically performance reports, and integrate project implication for aggregative planning;
- Maintains liaison with the central planning agency and other appropriate economic or planning bodies; and
- Performs such other functions as may be provided by law.

Project Development and Evaluation Division

- Initiates and/or provides support for the development of projects by the various bureaus and offices of the Department in accordance with approved priority areas;
- Evaluates projects proposed by units of the Department according to technical and economic feasibility and prescribed standards;
- Undertakes major project development activities;
- Reviews the progress of projects under implementation against set standards, objectives, and schedules; and
- Performs such other functions as may be provided by law.

Research and Statistics Division

- Compiles, analyzes and integrates statistical data, including operational statistics;
- Assists in the formulation of policy proposals and general economic guidelines;
- Develops projections, forecasts, and prepares economic reports and reviews based on conducted research;
- Undertakes continuing analysis of economic conditions and trends relating to the sectoral area in which the Department is concerned; and
- Performs such other functions as may be provided by law.

Financial and Management Service

The Financial and Management Service advises and assists the Secretary on budgetary, financial, and management matters. It may have an Accounting Division, a Budget Division, and a Management Division.

Budget Division

- Develops and improves budgetary methods, procedures and justifications;
- Provides, subject to budgetary ceilings, fund estimates in support of the Department's operations, plans and programs;
- Assists management in the presentation of the Department's budgetary estimates before administrative and legislative bodies;
- Provides technical assistance to subordinate budget units in the application and utilization of budgetary methods and the budget system;
- Prepares annual financial work plans;
- Allocates, in coordination with the Planning Service, available funds to programs on the basis of approved guidelines and priorities;
- Issues allotment advice in support of the fund requirement for the conduct of the operations under each program;
- Reviews performance reports to determine conformance with set standards;
- Prepares financial reports for management guidance and as required by higher authorities; and
- Performs such other functions as may be provided by law.

Accounting Division

- Advises management on financial matters;
- Prepares and submits financial reports to management and other government Departments and agencies authorized to receive such reports;
- Maintains basic and subsidiary accounting records and books of accounts to reflect accurate and current financial information required by existing auditing rules and regulations and by management;
- Certifies to the availability of funds and obligates funds;
- Processes requisitions, vouchers and reports of collections and disbursements;
- Prepares billings to debtors of the National Government; and
- Performs such other functions as may be provided by law.

Management Division

- Develops plan and program objectives relative to management improvement in the Department;
- Examines the administrative organization of the Department and makes recommendations for improvement;
- Maintains and updates the Department's organization and other manuals;
- Undertakes regular management surveys of organizational structure, manpower, and operations; studies special problems as assigned; reviews existing methods, procedures, and systems; and makes recommendations for improvement;
- Develops new and improved management systems; exercises staff supervision over the implementation of such improvements; and provides training in the use of the system/s;
- Develops staffing standards and manpower requirements for the Department;
- Performs such other functions as may be provided by law.

Administrative Service

The Administrative Service is responsible for the provision of services relating to personnel, legal assistance, information, records, delivery and receipt of correspondence, supplies, equipment, collections, disbursements, security and custodial work to the Department. It may

have a Personnel Division, a Legal Division, a General Services Division, and an Information Division.

Personnel Division

- Advises management on personnel policy and administration;
- Develops and administers a personnel program which shall include selection and placement, classification and pay, career and employment development, performance rating, employee relations and welfare services;
- Acts on all matters concerning attendance, leaves of absence, appointments, promotions, transfers and other personnel transactions;
- Conducts training programs in the Department;
- Maintains personnel records and statistics; and
- Performs such other functions as may be provided by law.

Legal Division

- Provides legal advice to the Secretary, the Undersecretary and the bureaus and offices of the Department;
- Interprets laws and rules affecting the operation of the Department;
- Prepares contracts and instruments to which the Department is a party, interpreting provisions of contracts covering work performed for the Department by private entities;
- Conducts administrative investigation, including the review of administrative charges against employees of the Department;
- Assists in the promulgation of rules governing the activities of the Department;
- Prepares comments on proposed legislation concerning the Department;
- Assists the Solicitor General in court litigation in which the Department is involved; and
- Performs such other functions as may be provided by law.

Information Division

- Develops programs to have the policies, plans and activities of the Department properly understood by the public;
- Produces and disseminates media materials to implement the information program of the Department;
- Coordinates with the Public Information Office in the Office of the President; and
- Performs such other functions as may be provided by law.

General Services Division (GSD)

- Provides policy guidance on the maintenance and disposition of records and on the procurement and storage of supplies in accordance with government prescribed standards;
- Files and maintains necessary records and establishes a records disposition program for the Department;
- Provides mail, transportation, custodial, and general utility services for the Department;
- Procures, stores, and distributes the supplies and equipment of the Department, and conducts periodic inventories of the same;
- Provides and coordinates messengerial, duplicating and typing pool services;
- Receives, collects, and deposits cash, prepares payrolls and processes vouchers for payment of the Department's obligations; and
- Performs such other functions as may be provided by law.

Technical Service

Whenever necessary, a Technical Service shall be established to take charge of technical staff activities peculiar to a Department and which cannot be allocated to the three other services or the bureaus.

ANNEX D

On the Creation of an Internal Audit Service (IAS)

The Internal Audit Service is responsible for assisting management in achieving an effective and efficient fiscal administration and performance of agency affairs and functions, without intruding into the authority and mandate of COA.¹⁹ Its functions include, among others, (a) appraisal of procedures as to efficiency or adequacy; (b) appraisal of personnel efficiency; (c) verification and analysis of financial operations data to ascertain if attendant management information systems generate data or reports that are complete, accurate and valid; (d) verification of the extent of compliance with accounting procedures, governmental regulations, department policies and programs, achievement of performance targets and contractual obligations; (e) prevention and detection of fraud or dishonesty; (f) review of cases involving misuse of agency property; and (g) when requested, performance of miscellaneous services, including special investigations and assistance to outside contacts such as the COA. The determination of effectiveness and adequacy of security and management controls over information systems and databases and their integrity are deemed part of the operations and financial audit.

The IAS shall report directly to the Department Secretary or his equivalent. The audit shall cover audit areas in the Office of the Secretary, bureaus, offices and agencies,²⁰ including field offices, regulatory agencies,²¹ and other agencies under the supervision and control or administrative supervision²² of the Department.

The IAS shall be headed by a Director III or as may be provided by the Administrative Code of 1987 or other special laws. It shall have an Operations Audit Division and a Financial Audit Division. Each Division shall be headed by an Internal Auditor V with the rank of Division Chief with a Salary Grade of 24.

Agencies attached to the Department for policy and program coordination may have a separate Internal Audit Unit (IAU), which shall report to the head of the agency. In case of multi-headed attached agencies, said IAU shall report to the governing body. Small agencies attached to a Department, may however, opt to avail of the services of the IAS of the Department.

For GOCCs/GFIs

In case of a government-owned and/or controlled corporation, the IAU shall report to the Audit Committee, which in turn, shall report to the governing board of said corporation.²³

¹⁹ Section 1, par. 2, AO 70, s. 2003

²⁰ Section 39, Chapter 8, Book IV, EO 292, "The Administrative Code of 1987"

²¹ Section 43, *ibid*

²² "(2) Administrative Supervision - (a) Administrative supervision which shall govern the administrative relationship between a department or its equivalent and regulatory agencies or other agencies as may be provided by law, shall be limited to the authority of the department or its equivalent to x x x cause the conduct of management audit, performance evaluation and inspection to determine compliance with policies, standards and guidelines of the department; x x x (Section 38, Chapter 7, Book IV, EO 292 ("The Administrative Code of 1987"))

²³ Item 1 (9), Code of Corporate Governance, Securities and Exchange Commission

ANNEX E

On the Creation of a Unified Project Management Office/Unit

The Project Management Office/Unit is responsible for the management and operation of projects of the agency in a consolidated and unified manner, with the following key functions: (a) project operations planning; (b) project monitoring/evaluation; (c) project coordination/oversight; (d) project operation and management; (e) trouble shooting; (f) financial management; (g) coordination with various stakeholders; and (h) post project completion/mainstreaming of project concerns in regular activities.

A unified PMO may be established in agencies (Departments, attached agencies, line bureaus) with two or more development projects which need focused implementation to comply with expressed commitments and ensure attainment of target sectoral and agency outputs and outcomes. It may also be created in agencies with a single development project provided the following conditions are present:

- Project components are "capital intensive", i.e., will involve infrastructures/civil works and other capital outlays (exception, however, are those involving purely procurement projects);
- Implementation will involve two or more agencies either within the department, across departments, GOCCs and other government instrumentalities, and or sectors; and
- Physical implementation will be in two or more areas.

A Unified PMO may be established as a separate unit within the department; or, an existing unit (e.g. bureau, service, division) may serve as the Unified PMO as may be deemed appropriate or consistent with or related to existing functions. The functions, structure, and staffing of said unified PMO shall be in accordance with the provisions of National Budget Circular 485 dated March 13, 2003.