



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA

June 3, 1991

CUSTOMS MEMORANDUM ORDER

No. 49-91

To: The Chief, Financial Management Office
The Chief, Administration Office
The Chief, Human Resources Management Division and
All Others Concerned

Subject: Specific Rules to Follow in the Implementation of the Step
Increment Pursuant to Section 2, Department of Budget
and Management Circular No. 1, s. 1990

I. OBJECTIVES:

1. To effectively implement Section 2 of Department of Budget and Management (DBM) Circular No. 1, s. 1990 concerning grant of step increment based on length of service.
2. To enable deserving Customs officials and employees to enjoy step increments in their salaries based on length of service.

II. GENERAL AND ADMINISTRATIVE PROVISIONS:

1. Coverage - These rules and regulations shall apply to all Customs official and employees who are appointed on a permanent status in the career service.
2. Appended and made a part of this order is the Schedule of Salary Rates from Step 1 to Step 8 of each Salary Grade which shall be the basis for the grant of step increment under this order.

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III. OPERATIONAL PROVISIONS:

1. A one (1) step increment shall be granted to officials and employees for every three (3) years of continuous satisfactory service in the position. Satisfactory and continuous service in the position means:
 - a. A performance rating of at least satisfactory for the last 3 years.
 - b. Leave without pay shall be deducted from his years of service in the position for purposes of computing the required number of years for this purpose.
 - c. Employees under preventive suspension and with pending administrative/criminal charges shall not be granted this step increment until after a decision is rendered on his case. If exonerated but given a penalty of suspension without pay, the same shall be deducted from his years of service in the position as in the case of leave without pay.
 - d. Those rendered before the position was reclassified to a position title with a lower or the same salary grade allocation and;
 - e. Those rendered before the incumbent was transferred to another position within this Bureau without a change in position title and salary grade allocation.
2. The adjusted salary of an official or employee after the grant of step increments shall not exceed the maximum step of the salary grade of his position.
3. For positions allocated to salary grades 30 to 33, each succeeding step after the first step shall be computed at one percent (1%) of the immediately preceding derived step of the salary grade allocation.

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4. For the initial implementation of this step increment in 1991, the basis shall be the position held as of January 1, 1990. Ensuing step increment shall be granted at the end of each Calendar Year.
5. Within 15 days after the publication of this order, all Division Chiefs through their respective Service Chiefs/District Collectors shall submit to the Administration Office, the recommendation to grant step increments under this order to their respective personnel, using the attached format.
6. On the basis of such recommendation and if found in order, a Notice of Step Increments shall be prepared by Human Resources and Management Division for approval of the Deputy Commissioner for Internal Administration Group for the Commissioner.

IV. EFFECTIVITY:

This Order shall take effect on JUN 03 1991

Salvador M. Mison
SALVADOR M. MISON
Commissioner

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Joint Civil Service Commission
and
Department of Budget and Management
Circular No. 1, s. 1990

**RULES AND REGULATIONS GOVERNING THE GRANT
OF STEP INCREMENTS TO DESERVING OFFICIALS
AND EMPLOYEES OF THE GOVERNMENT**

Pursuant to Section 13(c) of Republic Act No. 6758 otherwise known as the "Compensation and Classification Act of 1989", the Civil Service Commission and the Department of Budget and Management jointly promulgate the following rules and regulations that shall govern the grant of step increments based on merit and/or length of service:

RULE I. Coverage

SECTION 1. These rules and regulations shall apply to all officials and employees in the national and local governments, including those in government-owned and controlled corporations with original charters, state universities and colleges, judiciary and legislature, who are appointed on a permanent status in the career service.

RULE II. Selection Criteria

SECTION 1. Step increments shall be granted to all deserving officials and employees referred to in Section I, Rule I hereof, based on the following criteria:

- (a) **Merit** - For those who have rendered very satisfactory or outstanding performance in assigned functions for two consecutive rating periods; and
- (b) **Length of Service** - For those who have rendered continuous satisfactory service in a particular position for at least three (3) years. *1 step*

RULE III. Step Increments

SECTION 1. Merit Schedule. The grant of step increments to deserving officials and employees on the basis of merit shall be in accordance with the following:

Criteria	No. of Step Increment	Effectivity
a) Very satisfactory performance for two (2) consecutive rating periods based on agency approved performance appraisal system	One (1) step	The day following the end of the second rating period
b) Outstanding performance for two consecutive rating periods based on agency approved performance appraisal system	Two (2) steps	The day following the end of the second rating period

In the initial implementation of step increments based on merit, performance for 1990 shall be made the basis of the grant.

Only 3 7/7 1 shall be given 1 step increment

SEC. 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.

SEC. 3. Steps for Salary Grades 30 to 33. For positions allocated to salary grades 30 to 33, each succeeding step after the first step shall be computed at one per cent (1%) of the immediately preceding derived step of the salary grade allocation.

SEC. 4. Restrictions. The following restrictions shall be observed in the grant of step increments:

- (a) The adjusted salary of an official or employee after the grant of step increment shall not exceed the maximum step of the salary grade of his position, subject to the mathematical rules on rounding off as illustrated in Annex A.
- (b) No step increment received by an official or employee shall be carried to a higher position to which he is promoted or appointed as a result of reclassification.
- (c) The total number of recipients of step increments based on merit in any one (1) calendar year shall not be more than ten per cent (10%) of the total number of personnel actually employed in the department or agency, provided that the total number of recipients of two step increments shall not exceed three per cent (3%) thereof. See Annex B for Illustrative Examples.
- (d) No step increment based on merit shall be given to an official or employee on the ground that he is retiring in the near future and for purposes of enabling him to collect a higher retirement gratuity, except as he may qualify in accordance with the criteria established under these Rules.

SEC. 5. Qualification(s) for Other Incentives and Awards. Those granted step increments under these Rules may still qualify for other existing incentives and awards, provided they meet the criteria of said awards.

SEC. 6. Nullification. Any step increment granted in violation of these Rules shall be deemed null and void and the head of the department or agency shall require the refund to the government of whatever amount the awardee(s) has received.

For any grant of step increments found to be based on spurious documents or representations, the head of the department or agency shall be personally liable for the refund to the government of the amount granted.

SEC. 7. Responsibility. The head of the department or agency shall review annually the grant of step increments.

Every department or agency shall develop its own systems and procedures in the recommendation, evaluation and approval of step increment grants.

Illustrative Examples of Rounding Off

- 1) If the resultant rate has a remainder ranging from P0.51 to P0.99, said remainder shall be rounded-off to P1.00.

e.g. : P18,975.00 base pay
 x 1%

 P 189.7 increment

 P18,975.00 base pay
 + 189.75 increment

 P19,164.75 or

 P19,165.00
 =====

- 2) If the resultant rate has a remainder ranging from P0.01 to P0.49, said remainder shall be dropped.

e.g. : P19,633.00 base pay
 x 1%

 P 196.33 increment

 P 19,633.00 base pay
 + 196.33 increment

 P19,829.33 or

 P19,829.00
 =====

- 3) If the remainder is P0.50 and is preceded by an odd number, that remainder shall be rounded-off to P1.00. However, if it is preceded by an even number, the same remainder shall be dropped.

e.g. : P19,745.50 = P19,746 (for odd number)
 19,746.50 = P19,746 (for even number)

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Annex B

Illustrative Examples

A. Agency with 1,000 employees

Ten per cent (10%) or 100 employees is the maximum number that may be given merit increase provided their performance for two (2) consecutive rating periods has been rated outstanding or very satisfactory.

In this example, a maximum of 3% or 30 employees may be given a 2 step increment, provided their performance have been rated outstanding for two consecutive rating periods. The remaining 7% or 70 employees may be given a 1 step increment provided their performance has been rated at least very satisfactory for two (2) consecutive rating periods.

B. Agency with 225 employees

Ten per cent (10%) or 23 employees is the maximum number that may be given merit increase provided their performance has been rated at least very satisfactory for two (2) consecutive rating periods.

In this example, only seven (7) may be given a 2 step increment and the sixteen (16) others a one (1) step increment provided the conditions stated under Illustrative Example A are met.

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Name of Agency

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Notice of Step Increments

Date _____

Mt./Ms. _____

Sir/Madam:

Pursuant to Joint Civil Service Commission (CSC) and Department of Budget and Management (DBM) Circular No. _____, s. 1990 implementing Section 13 (c) of RA No. 6758, your salary as Clerk I, SG-3 is hereby adjusted effective January 1, 1990 as shown below:

Basic Monthly Salary

As of December 31, 1989 P _____

Salary Adjustment

a) Merit (___ step/s) P _____

b) Length of Service (___ step/s) P _____

The step increment/s is/are subject to review and post-audit by the Department of Budget and Management and subject to readjustment and refund if found not in order.

Very truly yours,

Head of Department/Agency

Copy furnished:

The GSIS

**List of Officials and Employees
Granted Step Increments Pursuant to
Joint Civil Service Commission and
Department of Budget and Management
Circular No. _____, s. 1989**

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Name of Department/Agency _____

Name of Official/Employee	Performance Rating	Exam No. CY 19__	Position Title	Salary Grade	Actual Salary Prior to the Grant of Step Increments	Adjusted Salary after the grant of Step Incre- ments	Diff.

A. Step Increments Based on Merit

- 1.
- 2.
- 3.
- 4.
- 5.

Sub Total: _____

B. Step Increments Based on Length of Service

- 1.
- 2.
- 3.
- 4.
- 5.

Sub Total: _____

Grand Total : =====

Certified Correct:

Department/Agency Head

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Annex E

**List of Positions Vacated
by Recipients of Step Increments**

Name of Department/Agency _____

Item No.
CY 19 _____

Position Title

Salary
Grade

Salary
Rate

Certified Correct:

Department/Agency

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SEC. 8. *Incorporation in Personal Services Itemization and Basic Salary.* Step increments granted to officials and employees shall be treated as part of their basic salary and shall be incorporated in the Personal Services Itemization of the department or agency for the subsequent calendar year and thereafter.

SEC. 9. *Notification.* The head of the department or agency shall:

- a) notify in writing the official or employee concerned of the step increments granted under these Rules through a Notice of Step Increments (Annex C), a copy of which shall be furnished the GSIS, and
- b) submit to the Civil Service Commission and the Department of Budget and Management, not later than fifteen days after the end of each semester of a calendar year a list of officials and employees granted step increments under these Rules using the attached Form (Annex D), including a list of positions vacated by recipients of step increments (Annex E).

SEC. 10. *Funding Source.* Funding for the initial implementation of the step increments provided herein shall be charged against savings of the department or agency. Thereafter, step increments shall be charged against appropriations to be provided for the purpose and for other award and incentive schemes equivalent to two per cent (2%) of the total appropriations for personal services of the department or agency. In the case of government-owned or controlled corporations and local government units, an amount equivalent to two per cent (2%) of their total personal services cost shall likewise be provided in their respective budgets, chargeable against their own funds.

RULE IV. Complaints and Protests

SECTION 1. *Interpretation.* Complaints and protests arising from the implementation of these Rules shall not be construed as disciplinary cases and shall not be governed by administrative and disciplinary procedures.

SEC. 2. *Complaints and Grievance Committee.* All complaints and protests arising from the implementation of these Rules shall be brought to the agency Complaints and Grievance Committee created under CSC Memorandum Circular No. 45, s. 1989.

The Committee shall adopt its own rules to govern the conduct of its activities in the evaluation of such complaints and protests.

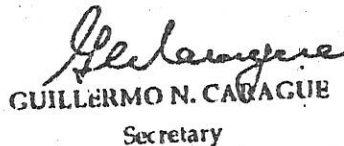
RULE V. Repeal

SECTION 1. All rules, regulations, policies and standards inconsistent with these Rules are hereby repealed and/or amended accordingly.

RULE VI. Effectivity

SECTION 1. These Rules shall take effect January 1, 1990.


PATRICIA A. STO. TOMAS
Chairman


GUILLERMO N. CABAGUE
Secretary

29 March 1990
IGA/tcs