Republic of the Philippines
Department of Education
NEGROS ISLAND REGION

REGIONAL MEMORANDUM
No. 1320, s. 2026

NOV 16 2026

DISSEMINATION OF DBM NIR REGIONAL ADVISORY NO. 2026-033
RE: DBM LATEST ISSUANCES

To: Schools Division Superintendents
Chiefs of Functional Divisions
All Others Concerned

1. This Office, through the Finance Division, disseminates the attached **DBM NIR Regional Advisory No. 2026-033** dated **November 9, 2026,** issued by **Cherry W. Bravo, OIC Director IV, Department of Budget and Management – Negros Island Region,** regarding the latest issuances of the Department of Budget and Management, particularly:

   a. **Circular Letter No. 2026-14 dated October 26, 2026** – *Modification of the Period for the Encashment of Modified Disbursement System (MDS) Checks and Payment through Advice to Debit Account (ADA) for the Rest of Fiscal Year (FY) 2026*; and

   b. **Budget Circular No. 2026-1 dated November 4, 2026** – *Guidelines on the Grant of the Collective Negotiation Agreement (CNA) Incentive for FY 2026.*

2. Immediate dissemination of this Memorandum is desired.

RAMIR B. UYTICO EdD, CESO III
Regional Director

SMYL/FD-RM/ DISSEMINATION OF DBM NIR REGIONAL ADVISORY NO. 2026-033 RE: DBM LATEST ISSUANCES/NOVEMBER 12, 2026

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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
NEGROS ISLAND REGION

Regional Advisory No.2026-033

09 November 2026

SUBJECT : **DBM LATEST ISSUANCES**

COVERAGE : **NIR- REGIONAL LINE AGENCIES, STATE UNIVERSITIES AND COLLEGES, LOCAL GOVERNMENT UNITS, & LOCAL WATER DISTRICTS**

1.0 This is to furnish you with copy of the following latest issuances, as applicable, which can be accessed through the DBM website www.dbm.gov.ph:

1.1 Circular Letter 2026-14 dated 26 October 2026- Modification of the Period for the Encashment of Modified Disbursement System (MDS) Checks and Payment through Advice to Debit Account (ADA) for the Rest of Fiscal Year (FY) 2026

1.2 Budget Circular 2026-1 dated 04 November 2026- Guidelines on the Grant of the Collective Negotiation Agreement (CNA) Incentive for FY 2026

2.0 For information and reference.

CHERRY W. BRAVO
OIC Director IV

DMS Reference No.2026-NIR-0184249-E

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO STREET, SAN MIGUEL, MANILA

OFFICIAL RELEASE
Central Records Division
MALACAÑANG, MANILA

CIRCULAR LETTER

No. 2026 - 14
October 26, 2026

TO : **Heads of Departments/Agencies/State Universities and Colleges and Other Offices of the National Government, Budget Officers; Heads of Accounting Units; Heads of Authorized Government Servicing Banks (AGSBs); and All Others Concerned**

SUBJECT : **MODIFICATION OF THE PERIOD FOR THE ENCASHMENT OF MODIFIED DISBURSEMENT SYSTEM (MDS) CHECKS AND PAYMENT THROUGH ADVICE TO DEBIT ACCOUNT (ADA) FOR THE REST OF FISCAL YEAR (FY) 2026**

1.0 In order to facilitate the settlement of valid government payables within the current year and avoid spill-over pressure of outstanding payables to the incoming year's cash disbursement program, the immediate payment to government creditors/payees through ADA or encashment of MDS checks shall be made. Hence, this Circular is issued to prescribe the disbursement procedures to be observed for the rest of the current year, FY 2026.

2.0 In the disbursement of government funds, the following procedures are prescribed under pertinent existing Circular Letters (CLs):

2.1 **MDS Checks**[1]

2.1.1 MDS checks issued by agencies/operating units (OUs) shall be covered by Advice of Checks Issued and Cancelled (ACIC);

2.1.2 Agencies shall release MDS checks to the creditors/payees **the day after** the covering ACIC has been submitted to the AGSBs concerned;

2.1.3 MDS checks shall be presented by creditors/payees to the AGSBs **not earlier than 24 hours after the date of issue**; and

[1] Department of Budget and Management (DBM) Circular Letter (CL) No. 91-3 dated March 14, 1991: Encashment of Checks under the Modified Disbursement System (MDS)

2.1.4 Creditors/suppliers who cannot be conveniently nor practicably be paid using the ADA as determined by the Agency Head, may continue to be paid through issuance of MDS checks or cash.[2] These accounts include:

2.1.4.1 Small value creditors/payees with claims during the year costing P10,000 and below, e.g., government scholars, recipients of DOLE's Special Program for the Employment of Students (SPES);

2.1.4.2 Creditor/payee of the agency with non-regular transaction or one-time transaction during the year, e.g., Right-of-Way claimants, relocation expenses for informal settlers and others; and

2.1.4.3 Companies which are not authorized, per their internal policy, to open current accounts in addition to their existing accounts.

2.2 **ADA**

2.2.1 List of Due and Demandable Accounts Payable (LDDAP)-ADAs submitted by agencies/OUs to the AGSB shall be covered by a Summary of LDDAP-ADAs Issued and Invalidated ADA Entries (SLIIE), the document equivalent to ACIC;[3] and

2.2.2 AGSBs shall effect direct payment by crediting the creditors/payees' bank account, **not earlier than 24 hours but not later than 48 hours after receipt** of the LDDAP-ADA,[4] chargeable against the agency's MDS sub-account.

In the case of far-flung location of certain AGSB branches specifically identified by the AGSB Head Office (where electronic transmission/fax/wire/cable cannot be used), the reckoning time for the crediting will be the actual receipt by the said specific AGSB branch, of the copy of the LDDAP-ADA sent via pouch, from either its AGSB Head Office for DBM Central Office releases or for the AGSB Regional Office branch for DBM Regional Office releases.[5]

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[2] Item 3.4 of DBM CL No. 2018-14 dated December 28, 2018: Updated Guidelines in the Implementation of the Modified Direct Payment Scheme (MDPS) Due Creditors/Payees of All National Government Agencies (NGAs)
[3] Item 3.3 of DBM CL No. 2018-14
[4] Item 7.3.2 of DBM CL No. 2013-16 dated December 23, 2013: Implementation of the Expanded Modified Direct Payment Scheme (ExMDPS) for Accounts Payable Due Creditors/Payees of all National Government Agencies (NGAs)
[5] Item 7.3.3 of DBM CL No. 2013-16

3.0 Effective **December 1 to December 31 of the current year, FY 2026**, the following procedures in the settlement of payables shall be observed in order to facilitate the encashment of MDS checks and crediting of payments through ADA to creditors/payees' bank accounts.

3.1 The 24-hour waiting period for the encashment of MDS checks as well as the crediting of creditors/payees' bank accounts specified in the LDDAP-ADA **is hereby lifted/suspended for the whole month of December 2026.** Thus, agencies/OUs are instructed to immediately transmit without delay the properly accomplished ACICs/SLIIEs to their respective AGSBs.

3.2 Upon receipt of the covering ACIC/SLIIE by the AGSB concerned:

3.2.1 Agencies/OUs **shall immediately release** the MDS Checks to creditors/payees.

3.2.2 AGSBs **shall immediately effect** payment to the creditors/payees and provide the agencies/OUs concerned with a copy of the duly validated/posted ADA, to inform the agencies/OUs of the following:

3.2.2.1 Direct payments effected in favor of creditors/payees, i.e., machine validation shown in the lower portion of the said document; and

3.2.2.2 Non-payment to creditors/payees indicated under "remarks" column, due to any inconsistency of information (i.e., bank branch, account name/number) between bank records and LDDAP-ADA.

4.0 Agencies/OUs are **encouraged to settle** their due and demandable obligations as soon as possible, **by issuing MDS checks/paying through ADA not later than December 22, 2026**. However, **they may still issue MDS checks/pay through ADA up to the last working day of the year** (i.e., Tuesday, December 29, 2026).

5.0 This Circular shall take effect starting December 1 of the current year until the last working day of the same year.

KIM ROBERT C. DE LEON
Acting Secretary

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO STREET, SAN MIGUEL, MANILA

OFFICIAL RELEASE
Central Records Division
MALACAÑANG, MANILA

BUDGET CIRCULAR

No. 2026 - 1
November 4, 2026

TO : **Heads of Departments, Bureaus, Offices, and Agencies of the National Government, Including Constitutional Offices Enjoying Fiscal Autonomy; State Universities and Colleges (SUCs); Government-Owned or -Controlled Corporations (GOCCs); Local Water Districts (LWDs); Local Government Units (LGUs); and All Others Concerned**

SUBJECT : **Guidelines on the Grant of the Collective Negotiation Agreement (CNA) Incentive for FY 2026**

1.0 Background

1.1 Administrative Order (AO) No. 135, s. 2005[1] authorizes the grant of the CNA Incentive to government employees and directs the Department of Budget and Management (DBM) to issue the necessary policy and procedural guidelines for its implementation.

1.2 Item (4)(h)(ii)(aa) of the Congress Joint Resolution (JR) No. 4, s. 2009[2] institutionalizes the grant of the CNA Incentive as a form of reward to motivate employee efforts toward higher productivity, to wit:

> *"(aa) Collective Negotiation Agreement (CNA) Incentive - This may be granted to both management and rank-and-file employees of agencies with approved and successfully implemented CNAs in recognition of their efforts in accomplishing performance targets at lesser cost, in attaining more efficient and viable operations through cost-cutting measures and systems improvement xxx."*

[1] Authorizing the Grant of Collective Negotiation Agreement (CNA) Incentive to Employees in Government Agencies
[2] Joint Resolution Authorizing the President of the Philippines to Modify the Compensation and Position Classification System of Civilian Personnel and the Base Pay Schedule of Military and Uniformed Personnel in the Government, and for Other Purposes

1.3 Section 89 of the General Provisions (GPs) under the FY 2026 General Appropriations Act (GAA) provides the rules in the grant of the CNA Incentive, to wit:

> *"Sec. 89. Rules in the Grant of Collective Negotiation Agreement Incentive. Departments, bureaus, and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy, and SUCs may grant Collective Negotiation Agreement (CNA) Incentive sourced from the allowable MOOE allotments identified by the DBM, subject to the following:*
>
> *(a) There is a valid CNA executed between the agency and the recognized employee organization which includes a provision on cost-cutting measures to be undertaken collectively by the agency and its personnel;*
>
> *(b) The one-time annual payment of CNA Incentive shall be made through a written resolution signed by agency representatives from both labor and management, and approved by the agency head;*
>
> *(c) The CNA Incentive that may be granted shall be limited to the amount determined by the DBM; and*
>
> *(d) The use of MOOE for the payment of CNA Incentive shall be subject to approval by the agency head and made only during the validity of appropriations. Any excess amounts therefrom after payment of the CNA Incentive shall revert to the General Fund.*
>
> *GOCCs and LGUs may likewise grant CNA Incentive to their respective personnel, subject to the policies, rules and regulations issued by the DBM."*

2.0 Purpose

This Circular is issued to provide the policy and procedural guidelines on the grant of the CNA Incentive for FY 2026.

3.0 Coverage

This Circular covers the following civilian personnel occupying regular, contractual, or casual positions rendering services on a full-time or part-time basis in national government agencies (NGAs), including Constitutional Offices

enjoying fiscal autonomy, SUCs, GOCCs, LWDs, and LGUs, whether or not covered by Republic Act (RA) No. 6758[3] dated August 21, 1989:

3.1 Rank-and-file employees who are members of an employees' organization accredited by the Civil Service Commission (CSC) as the sole and exclusive negotiating agent (hereinafter referred to as "negotiating agent") in accordance with the rules and regulations issued by the Public Sector Labor Management Council (PSLMC);

3.2 Rank-and-file employees who are non-members of the negotiating agent who wish to enjoy or accept benefits under the CNA, subject to the payment of agency fees to the negotiating agent in accordance with PSLMC Resolution No. 1, s. 1993[4] and PSLMC Resolution No. 13, s. 2023[5]; and

3.3 Those who perform managerial functions.

4.0 Policy Guidelines

4.1 Conditions for the Grant of the CNA Incentive

4.1.1 *Existence of a CNA*

(a) There should be a valid and subsisting CNA executed between the representatives of the management and the employees' organization accredited by the CSC as the sole and exclusive negotiating agent for the purpose of collective negotiations with the management of a department, line bureau, attached agency, Constitutional Office, SUC, GOCC, LWD, or LGU.

In accordance with PSLMC Resolution No. 9, s. 2023[6], the registration by the employees' organization of its CNA with the CSC shall be a condition precedent for the grant of the CNA Incentive. For this purpose, a Certificate of Registration shall be secured from the CSC.

(b) The grant of the CNA Incentive must be stipulated in the CNA or in supplements thereof.

4.1.2 *Accomplishment of Targets*

(a) The NGAs, including Constitutional Offices enjoying fiscal autonomy, SUCs, and GOCCs not covered by

[3] An Act Prescribing A Revised Compensation and Position Classification in the Government and for Other Purposes
[4] Agency Fee from Non-Members of the Accredited/Recognized Collective Negotiation Agent
[5] 2024 Rules and Regulations Governing the Exercise of the Right of Government Employees to Organize
[6] Registration of Collective Negotiation Agreements (CNAs) with the Civil Service Commission

RA No. 10149[7] dated June 6, 2011, should have accomplished, by September 30, 2026, at least an average of seventy-five percent (75%) of all the targets for all the organizational outcomes/performance indicators as of the end of the 3rd quarter based on the targets indicated in the Budget Execution Documents under their respective FY 2026 budget approved by Congress, or the approved FY 2026 Corporate Operating Budget (COB), whichever is applicable.

For purposes of computing the average, only accomplishment rates with values ranging from 0-100 per organizational outcome/performance indicator shall be considered. Any accomplishment rate beyond 100% shall be capped at 100 in the computation of the average.

An illustrative example of the computation of the average accomplishment rate is presented under ***Annex A***.

(b) GOCCs covered by RA No. 10149 should have accomplished, by September 30, 2026, at least an average of seventy-five percent (75%) of all the targets under their respective Performance Scorecard, as agreed upon between the Governance Commission for GOCCs (GCG) and the GOCC pursuant to GCG Memorandum Circular No. 2024-01[8] dated June 28, 2024.

(c) LWDs should have a positive net balance in the average net income for the period January 1 to September 30, 2026, to be validated by the Local Water Utilities Administration.

(d) LGUs should have accomplished, as of September 30, 2026, at least an average of seventy-five percent (75%) of all the targets under their programs/activities/projects (P/A/Ps) approved in the LGU budget for FY 2026.

In addition, the LGU concerned has obligated at least seventy-five percent (75%) of its approved FY 2026 appropriation for the twenty percent (20%) Development Fund as of September 30, 2026, pursuant to Section 287 of RA No. 7160[9].

For this purpose, the utilization rate shall be computed by dividing the total actual obligations incurred against the FY 2026 development fund appropriation as of

[7] An Act to Promote Financial Viability and Fiscal Discipline in Government-Owned or –Controlled Corporations and to Strengthen the Role of the State in its Governance and Management to Make Them More Responsive to the Needs of Public Interest and for Other Purposes

[8] Enhanced Performance Evaluation System for the GOCC Sector

[9] An Act Providing for a Local Government Code of 1991

September 30, 2026, by the total approved FY 2026 Development Fund appropriation, multiplied by one hundred (100).

4.1.3 *Submission of Accountability Reports*

The NGAs, including Constitutional Offices enjoying fiscal autonomy and SUCs, should have submitted to DBM their respective accountability reports as of September 30, 2026, pursuant to Commission on Audit (COA)-DBM Joint Circular (JC) No. 2014-1[10] dated July 2, 2014, as amended by COA-DBM JC No. 2019-1[11] dated January 1, 2019.

In addition, agencies are required to comply with the reportorial requirement under Item 6.0 of Budget Circular No. 2025-2[12]. The Report on the Payment of the Payment of the CNA For FY 2025 may be submitted through the following link: https://forms.dbm.gov.ph/index.php/submit-cna-report-2025

Annex B contains the list of agencies that have already complied with the FY 2025 reportorial requirement.

4.2 **Rate of the CNA Incentive**

4.2.1 The rate of the CNA Incentive shall **not** be pre-determined in the CNA since it is subject to compliance with the conditions in Item 4.1 hereof and the availability of the allowable allotments.

4.2.2 The CNA Incentive may be given equally to all qualified employees under Item 3.0 hereof or at varying rates in consideration of the employee's or his/her office's contribution to the accomplishment of performance targets, efficiency, productivity, or profitability, as determined by the agency head upon recommendation of the Employees' Organization-Management Consultative Committee *(Committee, for brevity).*

4.2.3 In the interest of equity and parity, the Committee of each agency is strongly encouraged to consider the employee's length of service in the agency in determining the appropriate rate of CNA Incentive.

An official or employee who has rendered a minimum of 10 months of service in the agency as of October 31, 2026 shall be eligible to receive 100% of the agency's CNA Incentive.

An official or employee who rendered less than 10 months of service in the agency as of October 31, 2026 shall be eligible

[10] Guidelines Prescribing the Use of Modified Formats of the Budget and Financial Accountability Reports
[11] Updated Guidelines Relative to Budget and Financial Accountability Reports (BFARs) Starting FY 2019
[12] Guidelines on the Grant of the Collective Negotiation Agreement (CNA) Incentive for FY 2025

for the grant of the CNA Incentive on a pro-rata basis, corresponding to the actual length of service rendered in the agency during CY 2026, as follows:

Length of Service	Maximum Applicable % Rate of CNA Incentive
9 months but less than 10 months	95%
8 months but less than 9 months	90%
7 months but less than 8 months	80%
6 months but less than 7 months	70%
5 months but less than 6 months	60%
4 months but less than 5 months	50%
3 months but less than 4 months	40%
2 months but less than 3 months	30%
1 month but less than 2 months	20%
Less than 1 month	10%

Meanwhile, officials and employees who commenced service in the agency after October 31, 2026 may be granted a pro-rated amount of the CNA Incentive, as may be determined by the agency Committee, provided that the amount shall not exceed 10% of the agency's CNA Incentive.

4.2.4 In all cases, the CNA Incentive shall **not exceed Thirty Thousand Pesos (₱30,000)** per qualified employee.

4.3 Fund Sources of the CNA Incentive

4.3.1 *For NGAs, Including Constitutional Offices and SUCs*

The CNA Incentive shall be sourced **solely** from the available balances of the selected allowable objects of expenditures under the Maintenance and Other Operating Expenses (MOOE) of a specific P/A/P, provided further that the same have become available as a result of the cost-cutting and systems improvement measures undertaken collectively by the agency and its personnel, as identified in their respective CNAs and supplements thereof. Such fund sources shall be limited to the following objects of expenditures under the MOOE defined under the Government Accounting Manual:

(a) Travelling Expenses;

(b) Training and Scholarship Expenses;

(c) Supplies and Materials Expenses;

(d) Representation Expenses;

(e) Utility Expenses; and

(f) Subscription Expenses.

Except for Constitutional Offices, the use of the foregoing MOOE items as funding sources for the payment of the CNA Incentive shall be net of the actual savings offered by the agency in compliance with the cost reduction and economy measures under National Budget Circular (NBC) No. 602[13], as applicable.

4.3.2 Only agencies that have offered at least the applicable minimum cost-reduction may use the available MOOE balances to fund the CNA Incentive. For this purpose, compliance with the minimum cost-reduction requirement shall be considered met once the required 20% savings have been achieved, regardless of the source from which savings are generated.

Further, once the selected MOOE object of expenditure under a specific P/A/P, as identified in items (a) to (f) herein, is utilized as source for the CNA Incentive, the same object of expenditure shall no longer be subject to any modification and/or augmentation for the remainder of the validity of appropriations.

4.3.3 The following shall, in no case, be used as fund sources of the CNA Incentive:

(a) Balances of allotment for P/A/Ps which were discontinued with finality or abandoned; and

(b) Released allotments intended for acquisition of goods and services to be distributed/delivered to, or to be used by agency clients.

4.3.4 Items under Personnel Services (PS), all other MOOE, and/or Capital Outlay shall not be used to increase allowable MOOE items as a fund source for the FY 2026 CNA Incentive.

4.3.5 *For GOCCs*

The CNA Incentive shall be sourced solely from the total MOOE level under their respective DBM-approved COBs for FY 2026, provided that the following conditions are complied with:

(a) Actual operating income for the period January 1 to September 30, 2026 shall, at least, meet the targeted operating income in the approved COB for the same period.

[13] Adoption of Economy Measures in View of the Declaration of a State of National Energy Emergency Under Executive Order (EO) No. 110, s. 2026

For GOCCs, which by the nature of their functions consistently incur losses, the current year's operating loss should have been minimized or reduced compared to or at most equal to that of the prior year's level;

(b) Actual operating expenses as of September 30, 2026 are less than the DBM-approved level of operating expenses in the COB so as to generate sufficient source of funds for the payment of CNA Incentive; and

(c) For income generating GOCCs required to remit earnings, an amount equivalent to at least fifty percent (50%) of the annual earnings of the immediately preceding year should have been remitted to the National Treasury in accordance with Section 3 of RA No. 7656[14] dated November 9, 1993.

4.3.6 *For LWDs*

The CNA Incentive shall be sourced solely from the allowable MOOE allotments in FY 2026, as enumerated in Item 4.3.1, under their Board of Directors-approved COBs, subject to the provision of Item 4.1.2(c) hereof.

4.3.7 *For LGUs*

The CNA Incentive shall be sourced solely from the allowable MOOE allotments in FY 2026, as enumerated in Item 4.3.1, under their respective approved LGU budgets.

4.4 **Payment of the CNA Incentive**

4.4.1 The FY 2026 CNA Incentive is a **one-time benefit** which shall be paid **not earlier than December 15, 2026** but **not later than December 31, 2026**.

4.4.2 It cannot be given immediately upon signing and ratification of the CNA as this will transform the CNA Incentive into a CNA Signing Bonus which the Supreme Court, in the case of *Social Security System v. COA*[15], has prohibited for not being a truly reasonable compensation.

4.4.3 The CNA Incentive for the year shall be granted within the current year and charged against the available allowable MOOE allotments from the current year's appropriations.

[14] An Act Requiring Government-Owned or –Controlled Corporations to Declare Dividends under Certain Conditions to the National Government, and for Other Purposes

[15] 384 SCRA 548

4.4.4 The amount paid as CNA Incentive shall be recorded in the agency books under the account code "Collective Negotiation Agreement Incentive-Civilian," "Other Benefits," and "Collective Negotiation Agreement Incentive" for NGAs, LGUs, GOCCs, and LWDs, respectively.

5.0 Procedural Guidelines

5.1 The Committee, being referred to in Item 4.2.2 hereof, which was established pursuant to PSLMC Resolution No. 2, s. 2022[16] or a similar body composed of representatives from management and the negotiating agent shall determine if the agency is qualified for the grant of CNA Incentive based on compliance with the requirements under this Circular.

If qualified, the Committee shall review the agency's financial records and submit recommendations on the following, for approval of the agency head:

5.1.1 The total amount of allowable MOOE allotments in Item 4.3 hereof which has become available as a result of cost-cutting and systems improvement measures identified in the CNAs and supplements thereto, and which was the result of the joint efforts of management and employees;

5.1.2 The internal guidelines to be followed in the grant of the CNA Incentive, such as: (i) *the specific criteria for determining who are entitled*; and (ii) *the distribution of the amount available and the rate of the CNA Incentive in accordance with Items 4.2 and 4.3 hereof.*

5.1.3 The payment of the CNA Incentive shall be subject to the approval of the agency head and shall be made not earlier than December 15, 2026 and not later than December 31, 2026.

The amount of the available balance from the selected allowable objects of expenditures under MOOE that has become available as a result of cost-cutting and systems-improvement measures pursuant to Item 4.3.1 hereof, to cover the PS requirement for the payment of the CNA Incentive, shall be reflected in the Modification Advice Form (MAF), as prescribed under NBC No. 599[17] dated January 5, 2026.

Any excess of such amount not utilized for the payment of the CNA Incentive shall revert to the unappropriated surplus of the General Fund and shall not be carried over in the succeeding fiscal year as continuing appropriations.

[16] Provision of Employees' Organization-Management Consultative Committee in the Collective Negotiation Agreement (CNA)
[17] Guidelines on the Release of Funds for Fiscal Year (FY) 2026

Likewise, any allotments arising from modification and/or augmentation from the selected MOOE object of expenditure where the CNA Incentive was sourced to any other MOOE object of expenditure upon the issuance of this Circular that remains unobligated by December 31, 2026 shall also revert to the unappropriated surplus of the General Fund and shall not be carried over in the succeeding fiscal year as continuing appropriations.

5.2 In large departments wherein employees' organizations in the regional offices have been accredited by the CSC as the negotiating agent/s, the Department Secretary or his duly authorized representative should provide internal guidelines to ensure uniformity and equity in the negotiation process, monitor the progress of simultaneous negotiations, and ensure compliance with the provisions of this Circular.

5.3 For LGUs, the savings in the identified MOOE expense items shall be determined through the Registry of Appropriations, Allotments, and Obligations, and Statement of Appropriations, Allotments, Obligations, Disbursements and Balances.

A supplemental budget (SB) to cover the CNA Incentive shall be submitted by the local chief executive for authorization of the *sanggunian* within the validity of appropriations sourced from the allowable MOOE allotments in Item 4.3 hereof which have become available as a result of cost-cutting and systems improvement measures identified in the CNAs and supplements thereto, and which was the result of the joint efforts of the LGU and its employees. Accordingly, the Appropriation Ordinance authorizing the SB shall be subject to review by the reviewing authority concerned.

For recording purposes of the payment of the CNA Incentives in LGU books, the LGUs shall comply with the recording requirements consistent with Section 13 of the Commission on Audit Government Accounting Manual for Local Government Units-Volume 1.

6.0 Reportorial Requirement

Each department/agency shall submit to the DBM **not** later than January 31, 2027, a single consolidated annual report on the grant of the CNA Incentive using the template in ***Annex C.*** The report shall also indicate, in the said Annex, the object of expenditures (MOOE and/or Capital Outlays) declared as savings and offered by the respective agencies pursuant to NBC No. 602, to reflect the total amount of offered savings.

Agencies must encode the required details/information and upload a scanned copy of the report using the following link: https://forms.dbm.gov.ph/index.php/submit-cna-report-2026

For this purpose, the regional, provincial, or satellite offices shall coordinate with their respective Central Office in accomplishing the prescribed report.

The Central Office shall be responsible for the consolidation of all reports from the regional, provincial or satellite offices and shall ensure that the consolidated report on the grant of the CNA Incentive is submitted to the DBM via the specified online facility.

The DBM shall ensure strict adherence by all agencies to the reportorial requirements set forth in this Circular.

7.0 Responsibility of Agency Heads

Agency heads and accountable officers shall be responsible for the proper implementation of the provisions of this Circular in their respective offices, including the submission of the required report.

They shall be held administratively, civilly, and/or criminally liable, as the case may be, for any payment of the CNA Incentive **not** in accordance with the provisions of this Circular, without prejudice to the obligation of the employees concerned to return any unauthorized or excess payment thereof.

Annex D contains illustrative examples of various scenarios on the grant of the CNA Incentive.

8.0 Repealing Clause

All existing circulars or issuances on the grant of the CNA Incentive, which are inconsistent herewith, are hereby repealed or modified accordingly.

9.0 Effectivity

This Circular shall take effect immediately after publication in the Official Gazette or in a newspaper of general circulation.

KIM ROBERT C. DE LEON
Acting Secretary

ANNEX A

Illustrative Example

Computing the 75% Average Accomplishment Rating

Performance Indicators*	Target as of 3rd Quarter Only* (BED No.2)	Accomplishment as of September 30, 2026 (BAR)	% of Accomplishment	% of Accomplishment as basis of CNA (Values 1 to 100% only)
A	*B*	*C*	*D=C/B*	*E (capped at 100%)*
Percentage of satisfactory feedback from clients on issued policies	100%	95%	95.00%	95.00%
Number of education research completed	20	25	125.00%	**100.00%**
Number of learners benefiting from the School-based Feeding Program	500	450	90.00%	90.00%
Percentage of satisfactory feedback from clients on issued policies	95%	92%	96.84%	96.84%
No. of classrooms constructed	10	0	0.00%	0.00%
		Total average % of accomplishment		**76.37%**

**Excluding targets that are set to be accomplished in 4th Quarter only*

Steps:

1. Column A: Identify all performance indicators with targets set within 1st to 3rd quarter. Exclude indicators that have targets set to be accomplished for the 4th quarter only.
2. Column B: Determine the cumulative target as of 3rd Quarter, based on FY 2026 BED No. 2.
3. Column C: Measure or determine the actual output or accomplishment realized as of September 30, 2026
4. Column D: Calculate the accomplishment rate per indicator by dividing the accomplishment (Col. C) by Targets (Col. B).
5. Column E: Compute the overall average of all accomplishment rates. Note that individual indicator rates only consider values between 0% to 100%

The 2nd indicator was capped at 100% instead of using its actual accomplishment rate (125%) in computing the average percentage of accomplishment.

ANNEX B

List of Agencies with Submitted Reports on the Grant of the FY 2025 CNA Incentive

National Government Agencies

1. Civil Service Commission-Career Executive Service Board
2. Department of Agrarian Reform-Office of the Secretary – DAR[1]
3. Department of Agriculture-Agricultural Credit Policy Council
4. Department of Agriculture-Bureau of Fisheries and Aquatic Resources
5. Department of Agriculture-National Fisheries Research and Development Institute
6. Department of Agriculture-Office of the Secretary – DA
7. Department of Agriculture-Philippine Carabao Center
8. Department of Agriculture-Philippine Fiber Industry Development Authority
9. Department of Budget and Management-Government Procurement Policy Board-Technical Support Office
10. Department of Budget and Management-Office of the Secretary – DBM
11. Department of Economy, Planning, and Development-Commission on Population and Development
12. Department of Economy, Planning, and Development-Office of the Secretary – DEPDev
13. Department of Economy, Planning, and Development-Philippine National Volunteer Service Coordinating Agency
14. Department of Economy, Planning, and Development-Philippine Statistical Research and Training Institute
15. Department of Economy, Planning, and Development-Philippine Statistics Authority
16. Department of Economy, Planning, and Development-Public-Private Partnership Center of the Philippines
17. Department of Economy, Planning, and Development-Tariff Commission
18. Department of Education-National Museum of the Philippines
19. Department of Education-Philippine High School for the Arts
20. Department of Energy-Office of the Secretary – DOE
21. Department of Environment and Natural Resources-Environmental Management Bureau[2]
22. Department of Environment and Natural Resources-Mines and Geosciences Bureau
23. Department of Environment and Natural Resources-National Water Resources Board
24. Department of Environment and Natural Resources-Office of the Secretary - DENR[3]
25. Department of Environment and Natural Resources-Palawan Council for Sustainable Development Staff
26. Department of Finance-Bureau of Local Government Finance
27. Department of Finance-Bureau of the Treasury
28. Department of Finance-Central Board of Assessment Appeals
29. Department of Finance-Insurance Commission
30. Department of Finance-National Tax Research Center
31. Department of Finance-Office of the Secretary – DOF
32. Department of Foreign Affairs-Foreign Service Institute
33. Department of Foreign Affairs-Office of the Secretary – DFA
34. Department of Health-National Nutrition Council
35. Department of Health-Office of the Secretary – DOH[4]
36. Department of Health-Philippine National AIDS Council
37. Department of Human Settlements and Urban Development-Human Settlements Adjudication Commission
38. Department of Human Settlements and Urban Development-Office of the Secretary – DHSUD
39. Department of Information and Communications Technology-National Privacy Commission
40. Department of Information and Communications Technology-National Telecommunications Commission
41. Department of Justice-Bureau of Corrections
42. Department of Justice-Bureau of Immigration
43. Department of Justice-Land Registration Authority
44. Department of Justice-Office for Alternative Dispute Resolution
45. Department of Justice-Office of the Secretary – DOJ
46. Department of Justice-Parole and Probation Administration
47. Department of Justice-Presidential Commission on Good Government
48. Department of Labor and Employment-National Conciliation and Mediation Board
49. Department of Labor and Employment-National Labor Relations Commission
50. Department of Labor and Employment-National Wages and Productivity Commission[5]
51. Department of Labor and Employment-Office of the Secretary – DOLE
52. Department of Labor and Employment-Professional Regulation Commission
53. Department of Labor and Employment-Technical Education and Skills Development Authority
54. Department of Migrant Workers-Overseas Workers Welfare Administration
55. Department of National Defense-National Defense College of the Philippines
56. Department of National Defense-Office of Civil Defense

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[1] With eight (8) submissions from various delivery units
[2] With 17 submissions from various delivery units
[3] With eight (8) submissions from various delivery units
[4] With 80 submissions from various delivery units
[5] With two (2) submissions from various delivery units

57. Department of National Defense-Office of the Secretary – DND
58. Department of National Defense-Philippine Veterans Affairs Office
59. Department of National Defense-Veterans Memorial Medical Center
60. Department of Public Works and Highways-Office of the Secretary – DPWH[6]
61. Department of Science and Technology-Advanced Science and Technology Institute
62. Department of Science and Technology-Food and Nutrition Research Institute
63. Department of Science and Technology-Forest Products Research and Development Institute
64. Department of Science and Technology-Metals Industry Research and Development Center
65. Department of Science and Technology-National Academy of Science and Technology
66. Department of Science and Technology-National Research Council of the Philippines
67. Department of Science and Technology-Office of the Secretary – DOST
68. Department of Science and Technology-Philippine Council for Agriculture, Aquatic and Natural Resources Research and Development
69. Department of Science and Technology-Philippine Council for Health Research and Development
70. Department of Science and Technology-Philippine Council for Industry, Energy and Emerging Technology Research and Development
71. Department of Science and Technology-Philippine Institute of Volcanology and Seismology
72. Department of Science and Technology-Philippine Nuclear Research Institute
73. Department of Science and Technology-Philippine Science High School System[7]
74. Department of Science and Technology-Philippine Textile Research Institute
75. Department of Science and Technology-Science and Technology Information Institute
76. Department of Science and Technology-Science Education Institute
77. Department of Science and Technology-Technology Application and Promotion Institute
78. Department of Social Welfare and Development-Council for the Welfare of Children
79. Department of Social Welfare and Development-National Authority for Child Care
80. Department of Social Welfare and Development-National Council on Disability Affairs
81. Department of Social Welfare and Development-Office of the Secretary – DSWD
82. Department of the Interior and Local Government-Bureau of Fire Protection
83. Department of the Interior and Local Government-Local Government Academy
84. Department of the Interior and Local Government-National Police Commission[8]
85. Department of the Interior and Local Government-National Youth Commission
86. Department of the Interior and Local Government-Office of the Secretary – DILG
87. Department of the Interior and Local Government-Philippine Commission on Women
88. Department of the Interior and Local Government-Philippine Public Safety College
89. Department of Tourism-Intramuros Administration
90. Department of Trade and Industry-Board of Investments
91. Department of Trade and Industry-Cooperative Development Authority
92. Department of Trade and Industry-Design Center of the Philippines
93. Department of Trade and Industry-Intellectual Property Office of the Philippines
94. Department of Trade and Industry-Office of the Secretary – DTI
95. Department of Transportation-Maritime Industry Authority
96. Department of Transportation-Office of the Secretary – DOTr[9]
97. Department of Transportation-Philippine Coast Guard
98. Department of Transportation-Toll Regulatory Board
99. Office of the Ombudsman
100. Office of the President-The President's Offices
101. Other Executive Offices-Anti-Red Tape Authority
102. Other Executive Offices-Commission on Higher Education[10]
103. Other Executive Offices-Games and Amusements Board[11]
104. Other Executive Offices-National Archives of the Philippines
105. Other Executive Offices-National Commission for Culture and the Arts (Proper)
106. Other Executive Offices-National Commission on Indigenous Peoples
107. Other Executive Offices-National Library of the Philippines
108. Other Executive Offices-National Security Council
109. Other Executive Offices-Philippine Competition Commission
110. Other Executive Offices-Philippine Racing Commission
111. Other Executive Offices-Philippine Space Agency
112. Other Executive Offices-Presidential Legislative Liaison Office
113. Other Executive Offices-Presidential Management Staff
114. Presidential Communications Office-Philippine Information Agency

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[6] With 94 submissions from various delivery units
[7] With eight (8) submissions from various delivery units
[8] With six (6) submissions from various delivery units
[9] With four (4) submissions from various delivery units
[10] With four (4) submissions from various delivery units
[11] With two (2) submissions from various delivery units

115. Presidential Communications Office-Presidential Broadcast Service-Bureau of Broadcast Services
116. Presidential Communications Office-Presidential Communications Office (Proper)

State Universities and Colleges

1. Agusan del Sur State College of Agriculture and Technology
2. Aklan State University
3. Apayao State College
4. Aurora State College of Technology[12]
5. Bataan Peninsula State University
6. Batanes State College
7. Batangas State University
8. Bicol State College of Applied Sciences and Technology
9. Bicol University
10. Bohol Island State University
11. Bukidnon State University
12. Bulacan Agricultural State College
13. Bulacan State University
14. Cagayan State University
15. Camarines Norte State College
16. Camarines Sur Polytechnic Colleges[13]
17. Capiz State University
18. Caraga State University
19. Carlos Hilado Memorial State University
20. Cebu Normal University
21. Central Luzon State University
22. Central Mindanao University
23. Central Philippines State University
24. Cotabato Foundation College of Science and Technology
25. Davao de Oro State College
26. Davao del Norte State College
27. Don Honorio Ventura State University
28. Dr. Emilio B. Espinosa, Sr. Memorial State College of Agriculture and Technology
29. Eastern Samar State University
30. Eastern Visayas State University
31. Guimaras State University
32. Iloilo Science and Technology University
33. Iloilo State University of Fisheries Science and Technology
34. Isabela State University
35. Kalinga State University
36. Laguna State Polytechnic University
37. Leyte Normal University
38. Marinduque State University
39. Mindoro State University
40. MSU-Iligan Institute of Technology
41. Negros Oriental State University
42. North Eastern Mindanao State University
43. Northern Bukidnon State College
44. Northern Iloilo State University
45. Northwest Samar State University
46. Nueva Ecija University of Science and Technology
47. Nueva Vizcaya State University
48. Occidental Mindoro State College
49. Palawan State University
50. Palompon Institute of Technology
51. Pampanga State Agricultural University
52. Pangasinan State University
53. Philippine Merchant Marine Academy
54. Polytechnic University of the Philippines
55. President Ramon Magsaysay State University
56. Quirino State University
57. Rizal Technological University

[12] With two (2) submissions from various delivery units
[13] With two (2) submissions from various delivery units

58. Romblon State University
59. Siquijor State College
60. Sorsogon State University
61. South Cotabato State College
62. Southern Leyte State University
63. Southern Luzon State University
64. State University of Northern Negros
65. Sultan Kudarat State University
66. Surigao del Norte State University
67. Tarlac Agricultural University
68. Tarlac State University
69. University of Antique
70. University of Northern Philippines
71. University of Southeastern Philippines
72. University of Southern Mindanao
73. Visayas State University
74. West Visayas State University
75. Western Mindanao State University
76. Western Philippines University
77. Zamboanga Peninsula Polytechnic State University

Government-Owned or -Controlled Corporations

1. Cebu Port Authority
2. Civil Aviation Authority of the Philippines
3. DOTR-Light Rail Transit Authority
4. Government Service Insurance System
5. Home Development Mutual Fund (Pag-Ibig Fund)
6. Land Bank of the Philippines
7. Metropolitan Waterworks and Sewerage System - Corporate Office
8. National Transmission Corporation
9. Philippine Fisheries Development Authority
10. Philippine Guarantee Corporation
11. Philippine Institute for Development Studies
12. Power Sector Assets and Liabilities Management Corporation
13. Small Business Corporation

Local Water Districts

1. Alaminos City Water District
2. Angat Water District
3. Bacolod City Water District
4. Baliwag Water District
5. Calumpit Water District
6. Camarines Norte Water District
7. Camiling Water District
8. Carcar Water District
9. Carmona Water District
10. Casiguran Water District
11. Concepcion Water District
12. Davao City Water District
13. Digos Water District
14. Infanta (Quezon) Water District
15. Kabacan Water District
16. Lianga Water District
17. Licab Water District
18. Maramag Water District
19. Metro Kalibo Water District
20. Metro Kidapawan Water District
21. Metro Lipa Water District
22. Metro Midsayap Water District
23. Metropolitan Naga Water District
24. Moalboal Water District
25. Paracale Water District
26. Peñaranda Water District

27. Pili Water District
28. Plaridel Water District
29. Polomolok Water District
30. San Carlos City Water District
31. San Juan Water District
32. San Pablo City Water District
33. Siniloan Water District
34. Sto. Niño Water District
35. Tabaco City Water District
36. Tagkawayan Water District
37. Toledo City Water District
38. Victorias City Water District
39. Virac Water District

Local Government Units

1. Albay-Rapu-Rapu, Albay
2. Bataan-Hermosa
3. Batanes-Basco
4. Batanes-Ivana
5. Batanes-Mahatao
6. Batangas-Lipa City
7. Batangas-Mabini
8. Bohol-Lila
9. Bukidnon-Don Carlos
10. Bukidnon-Kibawe
11. Bulacan-Bocaue
12. Cebu-Barili
13. Davao De Oro-Pantukan
14. Davao Del Norte-Island Garden City of Samal
15. Ifugao-Alfonso Lista
16. Ilocos Sur-Cervantes
17. Iloilo-Barotac Viejo
18. Iloilo-Maasin
19. Isabela-Cordon
20. Kalinga-Lubuagan
21. La Union-Agoo
22. Leyte-Hilongos
23. Leyte-Tabontabon
24. Marinduque-Gasan
25. Marinduque-Santa Cruz, Marinduque
26. Misamis Occidental-Aloran
27. Negros Occidental-Murcia
28. Pangasinan-Mangatarem
29. Quezon-Sampaloc, Quezon
30. South Cotabato-General Santos City

-end of list-

ANNEX C

Report on the Payment
of the Collective Negotiation Agreement (CNA) Incentive
for FY 2026

Department/Agency: _____

I. If CNA Incentive was granted

Total Amount Paid for the CNA Incentive:

Number of Qualified Personnel	
Regular	XXX
Contractual	XXX
Casual	XXX
Total	**XXXX**
Approved Rate of CNA Incentive	
Total Amount Paid[1]	**XXXX**

Fund Sources:

Object of Expenditures	(A) Unobligated Allotment as of March 31, 2026	(B) 20% Minimum Cost Reduction Pursuant to NBC No. 602 (A*20%)	(C) Actual Savings Offered Pursuant to NBC No. 602	(D) Available Balance, Net of Actual Savings Offered Pursuant to NBC No. 602[2]	(E) Fund Utilized	(F) Excess to be Reverted to the Unappropriated Surplus of the General Fund (D-E)
Travelling Expenses	XXX	XXX	XXX	XXX	XXX	XXX
Training and Scholarship Expenses	XXX	XXX	XXX	XXX	XXX	XXX
Supplies and Materials Expenses	XXX	XXX	XXX	XXX	XXX	XXX
Representation Expenses	XXX	XXX	XXX	XXX	XXX	XXX
Utility Expenses	XXX	XXX	XXX	XXX	XXX	XXX
Subscription Expenses	XXX	XXX	XXX	XXX	XXX	XXX
Other Object of Expenditures (not identified in the above items)			XXX			
	X,XXX	**X,XXX**	**X,XXX**	**X,XXX**	**X,XXX**	**X,XXX**

II. If the CNA Incentive was Not Granted

Please state reason/s for non-grant

_____

_____

_____

Submitted by:

_____
Head, Finance/Administrative Unit

Certified Correct:

_____
Agency Head

[1] Total amount paid should be equal to the Total Fund Utilized

[2] Available balance of the selected allowable MOOE allotments that has become available as a result of the cost-cutting and systems improvement measures used to cover the PS requirements for the payment of CNA Incentive, as reflected in the Modification Advice Form prescribed under National Budget Circular No. 599.

ANNEX D

Illustrative Examples

1. As part of the terms of the collective negotiation agreement (CNA), the management and union agreed to grant each employee an incentive amounting to ₱3,000 immediately upon the signing and ratification of the agreement.

   There is **no** legal basis for the grant of such incentive immediately after ratification of the CNA, as clarified under Item 4.4.2 of the Circular. Granting the incentive immediately upon ratification effectively transforms the nature of the benefit into a CNA Signing Bonus, which is prohibited, as declared by the Supreme Court, for not being a truly reasonable compensation.

   To reiterate, the CNA Incentive is granted to both management and rank-and-file employees of agencies with approved and successfully implemented CNA in recognition of their efforts in accomplishing performance targets at lesser costs, in attaining more efficient and viable operations through cost-cutting measures and systems improvement.

   It bears noting that while the agency may have satisfied one of the conditions for the grant of the CNA Incentive, i.e., the existence of a valid and subsisting CNA, all other applicable conditions and requirements should be complied with.

2. The CNA between a government agency and an employee's organization was signed and ratified on January 1, 2026, but was **not** registered with the Civil Service Commission (CSC). The grant of the CNA Incentive was part of the terms of the agreement.

   In accordance with Item 4.1.1 of the Circular, the registration of the CNA with the CSC is a **condition precedent** for the grant of CNA Incentive, as evidenced by a Certificate of Registration from the CSC.

   Thus, in the absence of the Certificate of Registration from the CSC, there is **no** basis for the grant of the CNA Incentive.

3. Under the internal guidelines prescribed by the Employees' Organization-Management Consultative Committee (EOMCC), an employee must have rendered at least six (6) months of service in the agency by September 30, 2026 to be eligible for the full amount of the CNA Incentive.

   Mr. A was previously employed in a local government unit before transferring to a national government agency on May 4, 2026.

   Accordingly, as of September 30, 2026, Mr. A had rendered almost five (5) months of service in his new agency. Since he did not meet the minimum six-month service requirement prescribed under the agency's internal guidelines, he is **not** entitled to the full amount of the CNA Incentive.

4. Ms. B is a rank-and-file employee of a state university. She is **not** a member of the *Samahan ng mga Manggawa (SMM)*, which is the sole and exclusive negotiating agent of the agency. The management approved the EOMCC's recommendation to grant the CNA Incentive in the amount of P20,000 per qualified employee.

   Despite not being a member of the SMM, Ms. B may receive the CNA Incentive upon payment of the corresponding agency fee to the negotiating agent, provided further that she meets the eligibility requirements under the agency's internal guidelines for the purpose.

5. Mr. C is a contract of service (COS) worker in a national government agency.

   Mr. C is **not** entitled to the FY 2026 CNA Incentive as workers engaged under a COS or job order arrangement are not covered by the subject Circular.

7. Ms. D was promoted to a third-level (managerial) position in a government-owned or -controlled corporation on April 1, 2026. Prior to her promotion, she served as the head of the Planning Division in the same agency.

   Ms. D remains eligible to the grant of the CNA Incentive as the same may be provided to both management and rank-and-file employees, subject to compliance with applicable requirements and conditions as prescribed under the agency's internal guidelines on the matter.

8. Pursuant to NBC No. 602, agencies shall determine and compute the savings equivalent to the prescribed 20% cost reduction on MOOE items based on their Financial Accountability Reports (FARs) as of March 31, 2026.

   Assuming that Agency E has total unobligated allotments amounting to ₱10,000,000.00 as of the end of the first quarter, the required 20% cost reduction on MOOE items equivalent to ₱2,000,000.00 shall be declared as savings.

   Agency E offered total savings amounting to ₱2,000,000.00, consisting of ₱1,250,000.00 from allowable MOOE [(a) to (e) of item 4.3.1 of this Circular] and ₱750,000.00 from other MOOE items and CO, as shown below:

Particulars	Amount
Unobligated Allotment as of March 31, 2026	**P10,000,000.00**
Prescribed 20% cost reduction per NBC 602	2,000,000.00
Actual Offered Savings	**2,000,000.00**
Allowable MOOE	*1,250,000.00*
Traveling Expenses	300,000.00
Training and Scholarship Expenses	200,000.00
Supplies and Materials Expenses	250,000.00
Representation Expenses	180,000.00
Utility Expenses	320,000.00

Particulars	Amount
Other MOOE items and CO	*750,000.00*
Repairs and Maintenance	130,000.00
Textbooks and Instructional Materials Expenses	420,000.00
Building and Other Structures Outlay	100,000.00
Machinery and Equipment Outlay	100,000.00

Agency E is eligible for the grant of the CNA Incentive given that the total savings offered pursuant to NBC No. 602 satisfies the prescribed 20% cost reduction requirement.