PROGRAM TITLE

HUMAN RESOURCES

PROCESS TITLE

Resignation and Termination

1. SCOPE

This policies and procedures manual establishes policies, systems, procedures and controls on resignation and termination of employees. All duties and responsibilities stated in this manual are not exclusive to the personnel’s designated responsibilities in this process title.

1. OBJECTIVES

* To set guidelines on how to handle employee resignations.
* To clearly outline the legal grounds for terminations of employment.
* To ensure compliance to due process on terminations of employment.
* To set guidelines on retirement benefit obligations of the Company to its employees.
* To clearly define the duties and responsibilities of all personnel involved in this process title.

1. PERSONNEL INVOLVED
   1. Resigning Employee
      1. Prepares resignation letter thirty (30) days prior to effectivity of his/her resignation.
      2. Forwards resignation letter initially to concerned department head for close up meeting and acceptance then to HR Department for processing and exit interview.
      3. Processes exit clearance and settle all accountabilities with the Company.
      4. Obtain final pay check, employment certificate and acknowledge CV, quit claim and related documents.
   2. Department Head
      1. Receives resignation letter from resigning employee and set up a close meeting.
      2. Accepts and affixes signature to resignation letter if the resigning employee pursue his/her resignation.
      3. Verifies exit clearance certificate.
   3. HR Staff
      1. Receives resignation letter and evaluate if accepted/approved by the department head.
      2. Conducts exit interview with the resigning employee and discussed matters and other employment and resignation concerns.
      3. Generate exit clearance certificate.
      4. Prepare last pay computation, quit claim and employment certificate upon receipt of duly accomplished exit clearance certificate.
      5. Update HRIS and other employee records on file.
   4. HR Manager
      1. Verify last pay computation, request for payment, quit claim and employment certificate.
   5. Appropriate Verifying Authorities

Verify exit clearance and ensure proper turn-over of work. They include, but not limited to, concerned department heads, HR Manager, Vice Presidents, *etc.*

* 1. President

Approve exit clearance certificate, last pay, and employment certificate.

* 1. Accounting Staff

Processes request for payment and check voucher preparation for resigning employee’s final pay check.

* 1. Disbursing Officer

Responsible for releasing of final net pay due to the resigned employee.

1. KEY TERMS
   1. *Authorized Causes* – refers to a cause brought about by changing economic or business conditions of the Company.
   2. *Just Causes* – refers to a wrongful act committed by the employee to Company which serve as sufficient ground for termination of employment of the employee.
   3. *Resignation* – voluntary termination of employment by the employee. In other words, termination of employment is initiated by the *employee*.
   4. *Termination* – involuntary termination of employment by the employee. In other words, termination of employment is initiated by the *Company*.
2. POLICIES
   1. **Resignations**
      1. In case of voluntary termination of employment by the employee, with or without cause, a resignation letter shall be serve by the employee to the Company at least thirty (30) days in advance prior to his/her resignation within which period the resigning employee shall settle all matters and accountabilities related to his/her employment.
      2. Employees shall notify and discuss first to his/her Department Head of his/her intent to resign. The Department Head shall thereafter sign the resignation letter which shall be forwarded to the HR Department for processing and final exit interview.
      3. The Finance Department shall not release the resigning employee’s final pay check, if any, and issue an employment certificate until the resigning employee have fully settled all of his/her accountabilities and the Exit Clearance Form have been duly verified by the appropriate department heads and approved by the President.
   2. **Terminations**
      1. The following are grounds for termination of employment:
3. Just Causes

* *Serious Misconduct* – intentional violation of the Company’s established rules, policies and procedures.
* *Insubordination* – willful disobedience to lawful and reasonable instructions of his/her superior.
* *Gross and Habitual Neglect of Duties* – the absence of diligence required and repeated failure to perform one’s duties over a period of time, depending upon the circumstances.
* *Fraud* – any act of omission, or concealment which involves a breach of legal duty, trust or confidence justly reposed, and is injurious to another.
* *Loss of Confidence* – refers to a condition arising from fraud or willful breach of trust by the employee of the trust reposed in him/her by the Company.
* *Commission of a Crime or Offense* – offense by the employee against the Company and its duly authorized representative.

1. Authorized Causes

* *Installation of Labor-saving Devices* – reduction of the number of workers in any workplace made necessary by the introduction of labor-saving machinery or devices.
* *Redundancy* – refers to the conditions when the services of an employee are in excess of what is reasonably demanded by the actual requirements of the Company
* *Retrenchment* – refers to the economic ground for dismissing employees and is resorted to primarily to avoid or minimize business losses.
* *Closure or Cessation of Operation* – complete or partial cessation of operations and/or shut-down of the establishment of the Company.
* *Disease* – refers to any disease whose continued employment is prohibited by law or is prejudicial to his health as well as to his co-employees.

Refer to Annex A for the prerequisites for the above causes to constitute as a valid ground for termination.

* + 1. The Company shall observe due process for employees terminated on the grounds of just causes. Thus, the employee shall be properly notified in writing and shall be given a reasonable opportunity to be heard and defend himself/herself.
    2. In case of terminations of employment based on authorized causes, the Company shall serve a written notice of termination, specifying the details and grounds for termination, to the employee(s) and to the Department of Labor and Employment (DOLE) at least thirty (30) days prior to the effectivity of the termination.
    3. The Company shall discourage benefit entitlement to separation pay to employees terminated on grounds of just causes or any other acts committed by the employee which is prejudicial to the Company (i.e., serious misconduct, fraud, crime, *etc.*).
    4. Employees terminated as a result of installation of labor-saving devices, redundancy, disease and other similar involuntary termination of employment on the part of the employee shall be entitled to a separation pay in accordance with the provisions of the Labor Code of the Philippines.
    5. gender
  1. **Retirement**
     1. Employees upon reaching the retirement age and who has served the Company for at least five (5) years may retire and shall be entitled to a retirement benefit of not less than what is required under RA 7641 and the Labor Code and its subsequent amendments.
     2. The Company shall use the appropriate accounting method prescribed by the Philippine Accounting Standards for its post-employment benefit obligations and the presentation and disclosure requirements in the financial statements.

1. PROCEDURES

| Resignation | | | |
| --- | --- | --- | --- |
| Step No. | Activity | Personnel  Involved | Business  Forms |
| 1 | Prepare and submit resignation letter to concerned department head at least thirty (30) days prior to the effectivity of his/her resignation. | Resigning Employee |  |
| 2 | Receive resignation letter from resigning employee and set up a close meeting to get his/her reason for resignation. | Concerned Department Head |  |
| 3 | If resignation is pursued by the resigning employee, accept and affix signature in the letter. | Concerned Department Head |  |
| 4 | Forward resignation letter to the HR department. | Resigning Employee |  |
| 5 | Received resignation letter and evaluate if accepted/approved by the concerned department head. | HR Staff |  |
| 6 | Conduct exit interview with the resigning employee.  Matters to be discussed shall include, but not limited to, the following:   * Reason or cause of resignation * Processing of exit clearance certificate * Accountabilities for return and settlement with the Company * Rights and claims upon resignation such as last pay and other benefit entitlements, if any. * Other concerns during employment and resignations. | HR Staff |  |
| 7 | Generate exit clearance certificate. | HR Staff | Exit clearance certificate |
| 8 | Processes clearance and settle accountabilities with the Company. | Resigning Employee |  |
| 9 | Verify exit clearance certificate and ensure proper turn-over of work.  Verifying officers include officers from IT, HR, Operations, Accounting, Finance, *etc.* | Appropriate Verifying Authorities | Duly verified exit clearance certificate |
| 10 | Forward duly accomplished exit clearance certificate to HR Department. | Resigning Employee | Duly verified exit clearance certificate |
| 11 | Receive exit clearance certificate and evaluate whether the same has been duly accomplished by the resigning employee. | HR Staff |  |
| 12 | Prepare last pay computation, request for payment, quit claim and employment certificate.  Refer to process title “*Check Requests and Other Disbursements”* for preparation of check and check voucher for resigning employee’s final net pay. | HR Staff | Duly filled-out last pay computation, RFP, quitclaim and employment certificate |
| 13 | Verify last pay computation, request for payment, quitclaim and employment certificate. | HR Manager | Duly filled-out and verified last pay computation, RFP, quitclaim and employment certificate |
| 14 | Approve last pay computation, request for payment, quitclaim and employment certificate. | President | Duly filled-out, verified and approved last pay computation, RFP, quitclaim and employment certificate |
| 15 | Release final pay check, quit claim and employment certificate. | HR Staff and Check Disbursing Officer |  |
| 16 | Acknowledge receipt of final pay, quit claim and certificate of employment. | Resigned Employee | Duly received CV |
| 17 | Update HRIS and other employee records on file. | HR Staff |  |

1. FLOWCHARTS
   1. Resignation



1. BUSINESS FORMS
   1. Exit Clearance Certificate



No. of copy - 1

Check and verified by - HR Staff

Distribution - HR Department

* 1. Last Pay Computation



No. of copy - 1

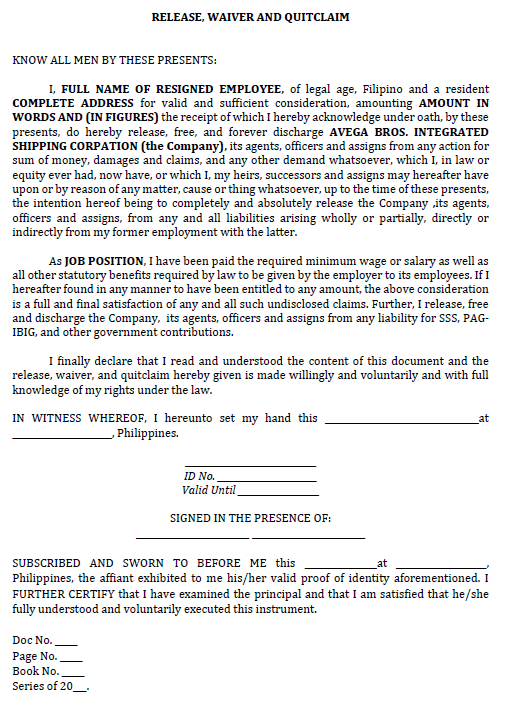
Prepared by - HR Staff

Verified by - HR Manager

Approved by - President

Distribution - HR Department

* 1. Release, Waiver and Quitclaim



No. of copy - 1

Prepared by - HR Staff

Acknowledged by - Resigning Employee

Distribution - HR Department

* 1. Employment Certificate



No. of copy - 1

Signed by - President

Distribution - Resigned/Terminated Employee

1. EFFECTIVITY

This Policies and Procedures Manual shall take effect upon approval and shall supersede any memorandum/SOP inconsistent with this Policies and Procedures Manual. Any changes to the manual shall comply with the policies and procedures indicated in the process title *“Amendment of Manual”*.

**ANNEX**

Annex (Prerequisites for a Valid Ground of Termination)

In accordance with **Department Order No. 147-15** and its subsequent amendments, the following shall be present for termination to be valid:

* + 1. Just Causes

| **Grounds** | **Prerequisites** |
| --- | --- |
| 1. Serious Misconduct | * There must be misconduct; * The misconduct must be of such grave and aggravated character; * It must relate to the performance of the employee’s duties; and * There must be showing that the employee becomes unfit to continue working for the Company. |
| 1. Willful Disobedience or Insubordination | * There must be disobedience or insubordination; * The disobedience or insubordination must be willful or intentional characterized by a wrongful and perverse attitude; * The order violated must be reasonable, lawful, and made known to the employee; and * The order must be pertain to the duties which he has been engaged to discharge. |
| 1. Gross and Habitual Neglect of Duties | * There must be neglect of duty; and * The negligence must be both gross and habitual in character. |
| 1. Fraud of Willful Breach of Trust | * There must be an act, omission, or concealment; * The act, omission or concealment involves a breach of legal duty, trust, or confidence justly reposed; * It must be committed against the Company or his/her representative; and * It must be in connection with the employees’ work. |
| 1. Loss of Confidence | * There must be an act, omission or concealment; * The act, omission or concealment justifies the loss of trust and confidence of the Company to the employee; * The employee concerned must be holding a position of trust and confidence; * The loss of trust and confidence should not be simulated; * It should not be used as a subterfuge for causes which are improper, illegal, or unjustified; and * It must be genuine and not a mere afterthought to justify an earlier action taken in bad faith. |
| 1. Commission of a Crime or Offense | * There must be an act or omission punishable/prohibited by law; and * The act or omission was committed by the employee against the person of Company, any immediate member of his/her family, or his/her duly authorized representative. |
| 1. Analogous Causes | * There must be act or omission similar to those specified just causes; and * The act or omission must be voluntary and/or willful on the part of the employees. |

* + 1. Authorized Causes

| **Grounds** | **Prerequisites** |
| --- | --- |
| 1. Installation of Labor-saving Devices | * There must be introduction of machinery, equipment or other devices; * The introduction must be done in good faith; * The purpose for such introduction must be valid such as to save on cost, enhance efficiency and other justifiable economic reasons; * There is no other option available to the Company than the introduction of machinery, equipment or device and the consequent termination of employment of those affected thereby; and * There must be fair and reasonable criteria in selecting employees to be terminated. |
| 1. Redundancy | * There must be superfluous positions or services of employees; * The positions or services are in excess f what is reasonably demanded by the actual requirements of the enterprise to operate in an economical and efficient manner; * There must be good faith in abolishing redundant positions; * There must be fair and reasonable criteria in selecting the employees to be terminated; and * There must be an adequate proof of redundancy such as but not limited to the new staffing pattern, feasibility studies/proposal, on the viability of the newly created positions, job description and the approval by the management of the restructuring. |
| 1. Retrenchment or Downsizing | * The retrenchment must be reasonably necessary and likely to prevent business losses; * The losses, if already incurred, are not merely de minimis, but substantial, serious, actual and real, or if only expected, are reasonably imminent; * The expected or actual losses must be proved by sufficient and convincing evidence; * The retrenchment must be in good faith for the advancement of its interest and not to defeat or circumvent the employees’ right to security of tenure; and * There must be fair and reasonable criteria in ascertaining who would be dismissed and who would be retained among the employees, such as status, efficiency, seniority, physical fitness, age, and financial hardship for certain workers. |
| 1. Closure or Cessation of Operation | * There must be a decision to close or cease operation of the enterprise by the management; * The decision was made in good faith; and * There is no other option available to the Company except to close or cease operations. |
| 1. Disease | * The employee must be suffering from any disease; * The continued employment of the employee is prohibited by law or prejudicial to his/her health as well as to the health of his/her co-employees; and * There must be certification by a competent public health authority that the disease is incurable within a period of six (6) months even with proper medical treatment. |