



## **MEMORANDUM ORDER NO. 2014-23**

### **IMPLEMENTING THE ABOLITION OF COTTAGE INDUSTRY TECHNOLOGY CENTER (CITC)**

**WHEREAS**, the GCG recommended the abolition of the Cottage Industry Technology Center (CITC) to H.E. the President pursuant to Section 5(a) of R.A. No. 10149;

**WHEREAS**, GCG was informed through a Memorandum from the Executive Secretary dated 20 December 2013 that H.E. the President has approved the abolition of CITC, as recommended by the GCG, and directed the Governance Commission to "create a Technical Working Group that shall coordinate with GCG and implement the" winding down of CITC's operations and transfer of assets, liabilities and functions, and settlement of retirement/separation benefits of affected personnel.;

**WHEREAS**, the GCG convened the Technical Working Group (TWG) on 17 March 2014 attended by representatives from CITC and DTI, which agreed that the Department of Trade and Industry (DTI) will assume the functions of CITC, its assets, liabilities, existing contractual obligations, and will prepare a Winding Down Plan for the same subject to the approval of GCG;

**WHEREAS**, the DTI is currently proposing the creation of a unit to take over such additional functions from CITC in the former's National Capital Regional Office (NCRO);

**WHEREAS**, the DTI submitted a Winding Down Plan for CITC, with the concurrence of CITC, for the approval of GCG, on 05 June 2014;

**NOW, BE IT –**

**RESOLVED**, the Commission hereby **APPROVES** the attached **WINDING DOWN PLAN** of CITC, to be implemented by the TWG under the lead of DTI as follows:

- 1. Transfer of Functions.** – The MSME development functions of CITC shall be transferred to the DTI-NCRO, specifically the following services: (1) provision of common service facility, and (2) technical business development.
- 2. Disposition of Assets.** – Real and tangible personal assets based in the CITC Marikina facility shall be turned over to DTI-NCRO, while real and tangible personal assets based in the CITC regional offices shall be turned over to geographically appropriate DTI regional offices.

DTI shall undertake all necessary activities for the disposition of CITC assets, including:

- (a) Inventory and verification of Marikina-based and region-based real and tangible personal assets, in coordination with CITC and COA;
  - (b) Disposal of unserviceable assets as identified and approved by DTI and COA;
  - (c) Actual turn-over of real and tangible personal assets to DTI.
- 3. Personnel Action.** – Incumbents occupying key CITC positions may transfer to the appropriate unit of DTI-NCRO performing MSME development services, subject to DTI hiring policy and the corresponding CSC qualifications and eligibility requirements. Affected personnel who cannot be accommodated for transfer to DTI-NCRO may avail of applicable separation/retirement benefits under existing laws and regulations.
- 4. Settlement of Financial Obligations.** – Pending the actual transfer of assets and functions to DTI within the year, funding for personal services cost and operating expenses shall be paid from the remaining corporate funds of CITC for CY 2014. If necessary, the TWG, through DTI, shall request for supplemental budget from the Department of Budget and Management (DBM) within fifteen (15) calendar days from the receipt of this order.

**RESOLVED FURTHER,** DTI shall perform the following as part of the operational/transition plan to wind down the operations of CITC, to wit:

- (a) Act as the successor of CITC's interest including all assets;
- (b) Absorb all liabilities of CITC;
- (c) Honor all valid contracts entered into by the CITC;
- (d) Assume the functions necessary to continue the operations of CITC;
- (e) Implement separation packages for the affected CITC employees in accordance with applicable laws and regulations;
- (f) Resolve all audit findings by the Commission on Audit (COA) against CITC, taking the necessary legal proceedings when warranted, including but not limited to undertaking administrative disciplinary proceedings and filing criminal complaints; and
- (g) Issue supplemental orders as it may find necessary to efficiently implement the Winding Down Plan.

**RESOLVED FINALLY,** DTI shall submit reports to the TWG through GCG within thirty (30) calendar days from the close of each quarter until the implementation of the abolition has been completed.

**DONE,** in the City of Manila, this 22nd day of August, Two Thousand and Fourteen.

BY AUTHORITY OF THE COMMISSION:



**CESAR L. VILLANUEVA**  
*Chairman*



**MA. ANGELA E. IGNACIO**  
*Commissioner*



**RAINIER B. BUTALID**  
*Commissioner*