



TERM OF OFFICE OF APPOINTIVE DIRECTORS OF GOCC GOVERNING BOARDS COVERED BY REPUBLIC ACT NO. 10149

FREQUENTLY ASKED QUESTIONS (FAQS)

1. Are Appointive Directors of GOCCs covered by Republic Act (R.A.) No. 10149¹ considered as “co-terminous with the appointing authority”?

No. Board members of GOCCs occupy non-career service positions and are appointed for a **definite term**.² Item No. 9.2 of GCG Memorandum Circular (M.C.) No. 2012-09 provides that:

Due to the one (1) year term of office as provided in R.A. No. 10149, all GOCC Board Members including the CEOs now fall within the definition of “Non-Career Service” as stated in Executive Order No. 292 (E.O. No. 292) otherwise known as the *Administrative Code of 1987*, which specifically provides that Non-Career Service shall include “Chairman and members of commissions and boards with fixed terms of office and their personal or confidential staff.”

2. What is the Term of Office of Appointive Directors of GOCC Governing Boards covered by R.A. No. 10149?

GCG M.C. No. 2012-3³ provides that “the Official Term of Office for all Appointive Directors for GOCCs covered by R.A. No. 10149 begins on 1 July of each year and ending on 30 June of the following year.”

3. Can Appointive Directors whose Terms of Office have expired continue to discharge their duties and functions?

Yes. Section 17 of R.A. No. 10149 expressly provides that the Appointive Directors shall continue to hold office until their successors are appointed.

4. What is the Term of Office of the Chief Executive Officer (CEO) of a GOCC?

The CEO of a GOCC is “elected annually by the members of the Board from among its ranks,”⁴ which means that “a would-be CEO must first have been appointed by the President of the Philippines into the Governing Board of the GOCC, and only thereafter will he/she be qualified to be elected as the CEO of the company.”⁵

¹ GOCC Governance Act of 2011.

² *Lagman v. Executive Secretary*, G.R. No. 197422, 03 November 2020.

³ *Status of Holdover and Acting Appointive Directors/Trustees in GOCC Boards and Requiring the Submission of Information on their Respective Qualifications*.

⁴ Section 18, R.A. No. 10149.

⁵ Item 2, GCG M.C. No. 2012-09 (Fourth Issue).

Thus, considering the one (1) year term of office of Appointive Directors, “the CEO of every GOCC covered by R.A. No. 10149 has a term of office that coincides with his/her term of office as a member of the Governing Board, unless sooner removed by the Board for cause.”⁶

5. Does the principle of hold-over apply to CEOs of GOCCs?

Based on the provisions of R.A. No. 10149 and GCG issuances, and to prevent public convenience from suffering because of a vacancy and to avoid a hiatus in the performance of government functions,⁷ the incumbent CEO shall remain in office unless the GOCC Governing Board shall elect another CEO from among its ranks in accordance with Section 18 of R.A. No. 10149.

6. What are the rules in the designation of an Officer-in-Charge (OIC)?

As the governing body that exercises the corporate powers of a GOCC, it is within the power of the Governing Board to appoint Officers of the corporation.

Under GCG M.C. No. 2012-09, in the event of vacancy in the office of the CEO brought about by his/her resignation, death or legal incapacity, the following rules shall apply in designating an OIC:

- (a) When the exigencies of public service require the same, the Chairperson of the Board shall automatically act as the OIC, subject to the following rules:
 - (i) The Chairperson shall act only as the temporary/acting CEO;
 - (ii) Within forty-eight (48) hours, the Chairperson shall call for a Board meeting for the formal appointment of the OIC; and
 - (iii) The duly-designated OIC shall then serve until the regular CEO shall have been elected.
- (b) It is within the power of the Governing Board to appoint the next highest-ranking executive or any other suitable Senior Officer as OIC of the GOCC, while awaiting for the regular CEO to be formally elected.

As such OIC, he/she shall not be considered part of the GOCC Board, as he/she was never appointed by the President of the Philippines under the authority of R.A. No. 10149.
- (c) In accordance with the Civil Service Commission (CSC) Resolution No. 000778 dated 24 March 2000, “an OIC enjoys limited power which are confined to functions of administration and ensuring that the office continues its usual activities.”
- (d) The OIC shall turn-over the management of the GOCC immediately to the person elected as the regular CEO.

⁶ *Ibid.*

⁷ *Lecaroz v. Sandiganbayan*, G.R. No. 130872, 25 March 1999.

