



**CIVIL SERVICE COMMISSION  
COMMISSION ON AUDIT  
DEPARTMENT OF BUDGET AND MANAGEMENT  
JOINT CIRCULAR NO. 1, s. 2017**

June 15, 2017

**TO : ALL HEADS OF CONSTITUTIONAL BODIES, NATIONAL GOVERNMENT AGENCIES (NGAs), GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS (GOCCs) WITH ORIGINAL CHARTERS and STATE UNIVERSITIES AND COLLEGES (SUCs)**

**SUBJECT : Rules and Regulations Governing Contract of Service and Job Order Workers in the Government**

**1.0 Background**

Government agencies, including GOCCs, have been authorized in previous executive issuances and general appropriations acts to enter into contracts with government entities, private firms or individuals, and non-government organizations for services related or incidental to their respective functions and operations, whether on part-time or full-time basis.

Agencies have used this provision as basis for directly hiring individual workers on contract of service or job order to perform specific jobs or to supplement their current manpower.

Civil Service Commission (CSC) Memorandum Circular (MC) No. 40, s. 1998, prescribed the policies and guidelines regarding contracts of service (COS) and job orders (JOs) entered into by all government agencies on both individual and institutional basis. Said CSC policy clarified that workers under contract of service or job order are not covered by Civil Service law, rules, and regulations; and that services rendered thereunder are not considered as government service.

However, the proliferation of individual Job Order and Contract of Service workers in the government and their involvement even in the performance of regular agency functions have been observed.

This situation gave rise to the following issues: a) lack of social protection for the workers and inequality in benefits, and b) obscure accountability of JO/COS workers due to lack of employee-employer relationship with the hiring agency.

In view of the foregoing, there is a need to clarify the guidelines on availing of the services of COS and Job Order workers.

**2.0 Policy Statement**

Government agencies are authorized to enter into service contracts with other government agencies, private firms, non-government agencies or individuals for

services related or incidental to their respective functions and operations, whether on a part-time or full time basis.

### 3.0 Purpose

This Joint Circular is issued to prescribe the rules and regulations governing Contract of Service and Job Order workers in the government.

### 4.0 Coverage

This Joint Circular covers all National Government Agencies, Government-Owned or Controlled Corporations with original charters, State Universities and Colleges, and Constitutional bodies, which avail of the services of Contract of Service and Job Order workers.

### 5.0 Definition of Terms

5.1 Contract of Service refers to the engagement of the services of an individual, private firm, other government agency, non-governmental agency or international organization as consultant, learning service provider or technical expert to undertake special project or job within a specific period.

5.2 Contractor or Service provider refers to an individual, a government agency, private or non-government entity, duly-registered and recognized by authorized government agencies to provide consultancy services in their respective field of expertise.

5.3 Institutional contract refers to the agreement between the government agency and contractor or service provider duly-registered and recognized by authorized government agencies to provide services such as janitorial, security, consultancy, and other support services.

5.4 Job Order refers to piece work (*pakyaw*) or intermittent or emergency jobs such as clearing of debris on the roads, canals, waterways, etc. after natural/man-made disasters/occurrences and other manual/trades and crafts services such as carpentry, plumbing, electrical and the like. These jobs are of short duration and for a specific piece of work.

5.5 Support services may include janitorial, security, driving, data encoding, equipment and grounds maintenance and other services that support the day to day operations of the agency.

### 6.0 Contract of Service

#### 6.1 Institutional Contract of Service

As a general rule, government agencies may avail of outsourced services through institutional contract of service, subject to the following conditions:

6.1.1 Institutional Contract of Service covers lump sum work or services to perform janitorial, security, consultancy, and other support functions for a maximum period of one (1) year subject to the provisions of

RA No. 9184<sup>1</sup> and pertinent budgeting, accounting and auditing rules and regulations.

The contractor or service provider should meet the following requirements:

- a) Duly registered with the Department of Labor and Employment (DOLE);
- b) Duly registered with the Bureau of Internal Revenue (BIR);
- c) For sole proprietorship, duly registered with the Department of Trade and Industry (DTI);
- d) For corporations and partnerships, duly registered with the Securities and Exchange Commission (SEC); and
- e) Must be an active employer registered with the following agencies:
  - 1) Social Security System (SSS),
  - 2) Home Development Mutual Fund (Pag-IBIG Fund), and
  - 3) Philippine Health Insurance Corporation (PhilHealth).

6.1.2 Workers hired through institutional contract of service shall remain to be employees of the contractor or service provider.

6.1.3 The discipline of workers under institutional contract of service shall be the responsibility of the contractor or service provider. The head of the procuring entity may report to the contractor or service provider any misconduct or wrongdoing of the said worker/s.

6.1.4 The contractor or service provider shall be responsible for providing the workers with compensation and benefits compliant with existing labor law<sup>2</sup> including the necessary social security and other benefits mandated by law in addition to the direct compensation as payment for their services.

## 6.2 Individual Contract of Service

Government agencies may enter into contract of service with individuals as consultants/contractors subject to the following guidelines:

6.2.1 The term of contract between the agency and the individual contractor shall be for a maximum period of one year, renewable at the option of the Head of the procuring entity, but in no case shall exceed the term of the latter<sup>3</sup>.

6.2.2 Engaging the services of individual contractor shall be subject to pertinent provisions of RA No. 9184 and its implementing guidelines,

<sup>1</sup> Government Procurement Reform Act

<sup>2</sup> Title II (Wages), Book 3 (Conditions of Employment) of PD 442 or the Labor Code of the Philippines

<sup>3</sup> Section 53.7, Revised IRR of RA No. 9184, Highly Technical Consultants

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as applicable<sup>4</sup>, and the existing budgeting, accounting and auditing rules and regulations.

### 6.3 Job Order

Government agencies may hire job order workers subject to the following conditions:

6.3.1 The services of a job order worker is either paid according to an agreed contract amount for the piece of work or on a daily wage basis.

6.3.2 Contracting the services of job order workers shall be subject to pertinent budgeting, accounting and auditing rules and regulations.

## 7.0 Limitations

7.1 Hiring under contract of service shall be limited to consultants, learning service providers, and/or other technical experts to undertake special project or job within a specific period. The project or job is not part of the regular functions of the agency, or the expertise is not available in the agency, or it is impractical or more expensive for the government agency to directly undertake the service provided by the individual or institutional contractor.

7.2 Hiring of Job Order workers shall be limited to emergency or intermittent work, such as clearing of debris on the roads, canals, waterways, etc. after natural/man-made disasters/occurrences; other trades and crafts, and manual tasks such as carpentry, plumbing, painting, electrical, and the like which are not part of the regular functions of the agency.

7.2 Contract of service and job order workers should not, in any case, be made to perform functions which are part of the job description of the agency's existing regular employees.

7.3 Contract of service and job order workers should not be designated to positions exercising control or supervision over regular and career employees.

7.4 The services of the contract of service and job order workers are not covered by Civil Service law and rules thus, not creditable as government service. They do not enjoy the benefits enjoyed by government employees, such as leave, PERA, RATA and thirteenth month pay.

## 8.0 Payment of Services under Individual Contract of Service

Individuals hired through contract of service shall be paid the prevailing market rates, subject to the provisions of RA 9184 and its Implementing Rules and Regulations.

The payment of services shall be charged against the Maintenance and Other Operating Expenses in the approved agency budget.

<sup>4</sup> GPPB Resolution No. 09-2012 and GPPB Policy Opinion 2012-11-21 (Applicability of RA 9184 and its Revised IRR in the Engagement of Individuals under Job Order or Contract of Service)

Individuals hired through contract of service have the option to enroll themselves in social benefit programs thru the SSS, PhilHealth and Pag-IBIG Fund as self-employed members.

#### **9.0 Payment of Services under Job Order**

Individuals hired through job order shall be paid wages equivalent to the daily wage/salary of comparable positions in government and a premium of up to 20% of such wage/salary.

The payment of services shall be charged against the Maintenance and Other Operating Expenses in the approved agency budget.

#### **10.0 Monitoring**

The COA shall monitor the compliance of agencies with the provisions of this Joint Circular.

#### **11.0 Transitory Provisions**

11.1 Agencies may renew the individual contracts of existing Contract of Service or Job Order workers until December 31, 2018. Thereafter, hiring of Contract of Service and Job Order workers shall be in accordance with the provisions of this Joint Circular. As far as practicable and to ensure protection of the existing Contract of Service or Job Order workers, the institutional contract to be entered into by government agencies with a contractor or service provider shall include a provision which will state that the existing qualified Contract of Service or Job Order workers hired by the agency shall be given priority in the hiring by the contractor or service provider.

11.2 Existing Contract of Service or Job Order workers shall be given priority in the appointment by the agency to its vacant positions provided that these workers meet the appropriate eligibility and other qualification requirements for the position subject to existing Civil Service law and rules.

11.3 In accordance with Section 90 of the General Provisions of the FY 2017 General Appropriations Act, government agencies shall review their functions, systems and procedures, organizational structure and staffing to determine the appropriate manpower complement for their programs/ activities/projects. Creation of permanent positions may be considered for regular functions, while hiring of casual or contractual personnel may be considered for projects and activities that are temporary in nature, subject to approval of the oversight agencies concerned<sup>5</sup> and to existing budgeting and accounting rules and regulations.

#### **12.0 Sanctions**

Heads of agencies and/or responsible officers found to violate the provisions of these rules and regulations may be charged before the proper administrative bodies (Office of the Ombudsman, Office of the President or Civil Service Commission) for violation of existing Civil Service Law and rules of serious nature or conduct prejudicial to the best interest of the service.

<sup>5</sup>Office of the President (OP), Department of Budget and Management (DBM), or the Governance Commission for GOCCs (GCG), as the case may be


### 13.0 Resolution of Issues

Issues and concerns that may arise in the implementation of these rules and regulations shall be resolved by the CSC, COA and DBM, as appropriate.

### 14.0 Effectivity

This Joint Circular shall take effect fifteen (15) days after its publication in a newspaper of nationwide circulation.

  
**ALICIA dela ROSA - BALA**  
Chairperson  
Civil Service Commission

  
**MICHAEL G. AGUINALDO**  
Chairperson  
Commission on Audit

  
**BENJAMIN E. DIOKNO**  
Secretary  
Department of Budget and Management

