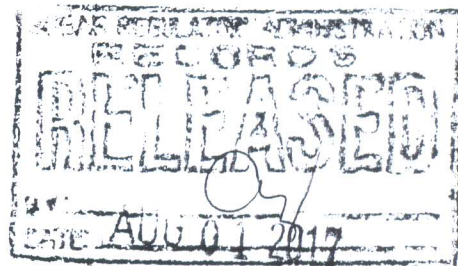




Republic of the Philippines  
Department of Agriculture  
**SUGAR REGULATORY ADMINISTRATION**  
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MEMO-DEP-2017-Jul-002

July 28, 2017

## MEMORANDUM CIRCULAR No. 12

**TO :** All SRA Department/OIC Managers, Division/OIC Chiefs  
Concerned Contract of Service (COS) and Job Order (JO)  
Workers in the SRA

**SUBJECT :** Reiteration of the CSC-DBM-COA Joint Circular No. 1 Series  
2017 re Rules and Regulations Governing Contract of  
Service (COS) and Job Order (JO) Workers in the  
Government

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This is to reiterate the **Rules and Regulations Governing Contract of Service and Job Order Workers in the Government** pursuant to the CSC-DBM-COA Joint Circular No. 1 Series 2017, which became effective on July 20, 2017.

The issuance of this Joint Circular No. 1, series of 2017 was prompted by President Rodrigo Duterte's directive to put an end to contractualization at work, the rising number of COS and JO workers in the government, and the numerous complaints the Civil Service Commission has received on the matter.

Section 7.0 of the Joint Circular No. 1 S. 2017 states, among others that:

- 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.

Section 11.0 of the Joint Circular on the **Transitory Provisions** also provides that:

- 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 and to existing budgeting and accounting rules and regulations.

Attached is the Joint Circular for your careful review and study for the proper implementation of the said joint circular.

For strict compliance.

  
ANNA ROSARIO V. PANER  
Administrator



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

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





# Joint circular on hiring of COS, JO workers issued

June 29, 2017, 6:48 pm

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MANILA, June 29 -- A joint circular issued by the Civil Service Commission (CSC), the budget department and the Commission on Audit (COA) last June 15 clarifies the government's hiring of workers under the contract of service (COS) and job order (JO) schemes.

The issuance of Joint Circular No. 1, series of 2017 was prompted by President Rodrigo Duterte's directive to put an end to contractualization at work, the rising number of COS and JO employees, and the numerous complaints the commission has received on the matter, assistant director of the CSC Human Resource Policies and Standards Office, Atty. Jennifer Timbol, told the Philippine News Agency (PNA) in an interview.

The circular's new guidelines are aimed at preventing abuses from being committed against COS and JO workers, Timbol said.

She recalled that during the Arroyo Administration, government agencies were allowed to hire seasonal, emergency, or intermittent workers for short-duration projects, as well as consultants who have an expertise not available in government agencies or local government units (LGUs).

Their employment was supposed to be terminated at the end of the project but they were continuously rehired, she pointed out.

It was also observed later on that COS and JO employees were assigned to perform the duties of personnel with regular positions in government, she said.

Timbol estimated that there are 500,000 COS and JO workers across the country, about 300,000 of whom are working for LGUs.

She said the joint circular defines the COS and JO workers' functions, their privileges and the limitations of their employment, which were not spelled out under the old and "very general" guidelines.

It also discusses in detail the specific requirements or qualifications for COS and JO employees, as well as their payments, she said.

Under Joint Circular No. 1 (2017), government agencies may avail of outsourced services -- such as janitorial, security, consultancy and other support services -- through a contract of service for a maximum of one year. Workers hired through this institutional contract will remain as employees of the service provider.

The circular states that government agencies may also enter into COS with individuals as consultants "for a maximum period of one year, renewable at the option of the head of the

procuring entity”, without exceeding the term of the latter. This however will be “limited to consultants, learning service providers and/or other technical experts to undertake special project or job within a specific period”.

The hiring of JO workers meanwhile will be “limited to emergency or intermittent work, such as clearing of debris on 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”, according to the circular.

The joint circular noted that COS and JO employees “should not in any case, be made to perform functions which are part of the job description of the agency's existing regular employees” and “should not be designated to positions exercising control or supervision over regular and career employees”.

Since they are not covered by civil service law, their work is not credited as government service and they do not enjoy the benefits of government employees, such as leave, PERA, RATA and 13th month pay.

The circular however states that COS workers shall be paid the “prevailing market rates” while JOs shall be paid “wages equivalent to the daily wage/salary of comparable positions in government and a premium of up to 20 percent of such wage/salary”. They can avail of social security benefits as self-employed workers.

According to the circular, the agencies may renew individual contracts of COS or JO workers until Dec. 31, 2018 and that they will “be given priority in the appointment by the agency to its vacant positions” so long as they are eligible and qualified for the position, based on civil service laws.

Based on section 90 of the General Provisions of the 2017 General Appropriations Act, it says, government agencies will “review their functions, systems and procedures, organizational structure and staffing to determine the appropriate manpower complement for their programs”.

“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,” the circular reads.

On top of that, Timbol said, the joint circular provides that heads of agencies and responsible officers could be charged before the Ombudsman, Office of the President or the CSC if they are found to have violated the provisions of these rules and regulations.

Meanwhile, the Department of Budget and Management (DBM) is pushing for a priority bill on the government's rightsizing program that aims to abolish executive agencies with overlapping or redundant operations and functions.

Senate Bill 1337 on rightsizing the national government to improve the delivery of public services proposes that the organizational structure of agencies be “rightsized and the appropriate staffing mix shall be determined based on the skills and competencies required to effectively and efficiently carry out the agency mandate and functions”.

The bill states that department secretaries and agency heads shall “prepare and submit to the DBM the detailed organizational structure and staffing of their respective departments and agencies within 90 days after the approval of the proposed executive issuances by the President”.

Affected personnel, "whether hired on a permanent, temporary, casual or contractual basis and with appointments attested by the CSC, shall be entitled to retirement benefits and separation incentives", it says.

Timbol said once this bill is passed, government agencies will have a chance to determine the exact positions to be created, and the number employees to be hired, with the corresponding budget required.

This, she said, would set the tone on how COS and JO employees should be hired.

"By 2019, the COS and JO employees to be hired are those who are truly needed," she said, adding that this would prevent the hiring of such employees from being abused.

The circular, which has the force and effect of law, takes effect in July, and COS and JO employees may renew their employment until December 2018.

Once the circular is fully implemented in January 2019, all government agencies are expected to hire all COS and JO workers deserving to stay or qualified, to work on a regular status, said Timbol. (Ma. Luisa M. Garcia/PNA)