



Republic of the Philippines
Civil Service Commission
Constitution Hills, Batasang Pambansa Complex, Diliman, 1126 Quezon City

100 Years of Service;
Civil Service at Its Best,
Mamamayan Muna

MC NO. 24 S. 2002

MEMORANDUM CIRCULAR

TO: ALL HEADS OF DEPARTMENTS, BUREAUS AND AGENCIES OF THE NATIONAL / LOCAL GOVERNMENTS, INCLUDING GOVERNMENT-OWNED AND/OR CONTROLLED CORPORATIONS WITH ORIGINAL CHARTERS, AND STATE UNIVERSITIES AND COLLEGES

SUBJECT: CLARIFICATIONS ON POLICY GUIDELINES FOR CONTRACT OF SERVICES

In **CSC Resolution No. 02-0790 dated June 5, 2002**, the Commission adopted the attached Policy Guidelines for Contract of Service. Said resolution was published on June 7, 2002 in Today and became effective fifteen (15) days thereafter or on June 22, 2002. The said guidelines were circularized in **Memorandum Circular No. 17 series of 2002 (MC No. 17 s. 2002), dated June 24, 2002**. Following its effectivity, said policies and guidelines covered subsequent contract of services and job orders entered into by all agencies of the government.

Since the effectivity of said resolution, numerous requests for exemption and clarification have been received by the Commission from various agencies of the government including Civil Service Commission-Regional Offices which raised legitimate issues that need to be addressed.

Accordingly, in **CSC Resolution No. 021480, dated November 12, 2002**, the Commission adopted the attached Clarificatory Policy Guidelines on Contracts of Service in order to elucidate certain points and ensure the proper implementation of MC No. 17 s. 2002.

This circular shall take effect immediately.


KARINA CONSTANTINO-DAVID
Chairperson

FPG/KPZ/X4/X15 (dsk 12)jrl
MC-Clarifications on MC 17
12 November 2002
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Republic of the Philippines
Civil Service Commission
Constitution Hills, Batasang Pambansa Complex, Diliman, 1126 Quezon City

100 Years of Service;
Civil Service at Its Best,
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Re: Clarifications on Policy Guidelines for
Contracts of Service

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RESOLUTION NO. 021430

WHEREAS, Section 2 (1), Article IX-B of the 1987 Constitution provides that the Civil Service embraces all branches, subdivisions, instrumentalities and agencies of the Government, including government-owned or controlled corporations with original charters;

WHEREAS, Section 12 (3), Chapter 3, Title I (A), Book V of the Administrative Code of 1987 provides that the Commission shall promulgate policies, standards and guidelines for the Civil Service and adopt plans and programs to promote economical, efficient and effective personnel administration in the government;

WHEREAS, in CSC Resolution No. 02-0790 dated June 5, 2002, the Commission promulgated its Policy Guidelines for Contract of Services and the same was circularized in Memorandum Circular No. 17 s. 2002;

WHEREAS, the said Resolution was promulgated in view of the numerous cases brought before the Commission, such as, but not limited to, requests for accreditation as government service of those previously employed under contracts of service; meritorious concerns on the propriety of hiring under contracts of service of those who were previously dismissed from the service for cause, those who fall under the prohibited degree of relationship as provided for under the rules on nepotism and those hired to perform functions of vacant plantilla positions;

WHEREAS, said Resolution was promulgated to provide guidelines for all agencies of the government in formulating its contracts of service and job orders so that the same will be consistent with the precepts of contracts of service and job orders and the constitutional mandate of merit and fitness in the government.

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WHEREAS, as the central personnel agency of the government, it is the Commission's duty to uphold this constitutional mandate and at the same time adopt measures to promote morale, efficiency and integrity in the civil service and institutionalize a management climate conducive to public accountability; and

WHEREAS, it has been observed that since the effectivity of MC No. 17 s. 2002 last June 22, 2002, numerous requests for exemption and clarificatory questions have been submitted to the Commission which raised legitimate issues that need to be addressed;

NOW THEREFORE, in order to clarify certain points and ensure the proper implementation of MC No. 17 s. 2002, the following guidelines are hereby issued.

Section 1. a. Contract of Service- refers to the engagement of the services of a person, private firm, non-governmental agency or international organization to undertake a specific work or job requiring special or technical skills not available in the agency to be accomplished within a specific period not exceeding one (1) year. The person engaged performs or accomplishes the specific work or job under his own responsibility and with minimum supervision by the hiring agency. For purposes of this issuance, contract of services shall include the hiring of consultants and personnel engaged to perform work for special projects whether funded by the agency itself or externally funded.

b. Job Order- refers to the hiring of a worker for piece work or intermittent job of short duration not exceeding six months and pay is on a daily or hourly basis. It is to be understood that the piece work or job to be performed requires special or technical skills not available in the agency and the same is to be accomplished under the worker's own responsibility and with minimum supervision by the hiring agency.

A contract of service or job order which does not cover special or technical skills or where the functions to be performed are clerical or administrative in nature or where the work is also performed by the regular personnel of the agency may be entered only when done in the exigency of the service and it is not feasible for the agency to hire said services under a casual or contractual appointment.

In contracts of services and job orders, there exists no employer-employee relationship between the hiring agency and the persons hired and it should be made clear in their contracts that services rendered thereunder can never be accredited as government service. Furthermore, the persons hired are not entitled to benefits enjoyed by government employees such as PERA, ACA and RATA.

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Section 2. Application to Local Government Units (LGUs). Under Section 77 of the Local Government Code of 1991, the local chief executive may employ emergency or casual employees or laborers paid on a daily wage or piecework basis and hired through job orders for local projects authorized by the sanggunian concerned, without need of approval or attestation by the Civil Service Commission.

The use of the terms 'approval' and 'attestation' in the above provision is taken to mean as approval or attestation of appointments. Appointments submitted to the Commission are evaluated with respect to its compliance with Civil Service rules and regulations and in case of violation, the Commission disapproves the appointment.

Under Memorandum Circular No. 17 s. 2002, the Civil Service Commission Regional Office (CSCRO) is tasked merely to review the provisions of the contract or job order and if applicable direct the agency concerned to delete the prohibited stipulations or make revisions thereto. Said contract or job order is not subject to approval or attestation as used in appointments.

The validity of the contract of service or job order is not in any way affected by the requirement to submit the same to the CSCRO. The same remains valid and subsisting even if it was not subjected to the Commission's review. However, both parties under the contract are estopped from having said service accredited as government service notwithstanding the existence of stipulations/provisions which may be construed as characteristic of government service.

Section 3. Review of Contract of Service / Job Orders

- a. Upon receipt of the contract of service/job orders, the CSCRO concerned shall review the same and determine its compliance with the guidelines provided in MC No. 17 s. 2002 and this issuance.
- b. The CSCRO may require the submission of the information sheet of the person to be hired, the plantilla of positions, or any document or information necessary for review of the contract of service/ job order.
- c. If the contract of service/job order complies with the guidelines set forth in MC No. 17 and this issuance, the CSCRO shall send a letter to the agency concerned informing them of such findings. If the same does not comply with the guidelines, the CSCRO shall also send a letter informing the agency of its findings. The letter shall contain

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instructions to delete or revise pertinent stipulations of the contract/job order and to re-submit the contract of service/ job order after compliance with CSCRO's instructions.

- d. The agency concerned shall resubmit the contract of service or job order after complying with the instructions of the CSCRO on deletion or revision of its stipulations within ten (10) days from receipt of the findings of the CSCRO.
- e. If the contract of service or job order is found to be in compliance with the said guidelines, the CSCRO officer shall stamp or mark the words *"Reviewed and certified to be in conformity with MC No. 17 s. 2002 and its clarificatory issuance"* on the face of the contract of service or job order. Said stamp or mark shall be valid only with the initials or signature of the CSCRO officer.

Section 4. Numerous Contracts

- a. In case the government agency concerned enters into numerous contracts of service/ job orders such that it would be impracticable for the CSCRO to immediately review each contract of service/ job order, the agency concerned and the CSCRO may opt for a review of a standard/pro-forma contract of service/job order to be used by the agency in all its future contracts of services/ job orders.
- b. The standard/pro-forma contract of service/job order must contain an attestation on the part of the person to be hired that he/she is not related within the third degree (fourth degree in the case of LGUs) of consanguinity or affinity with the contracting officer and the appointing authority of the hiring agency; he/she has not been previously dismissed from the service by reason of an administrative case; and he/she has not reached the compulsory retirement age of sixty-five (65). If the contract of service is for consultancy services, the proviso on compulsory retirement age may not be included.
- c. After the standard contract of service/job order has been reviewed and found to have complied with MC No. 17 and the guidelines provided herein, the same shall be used in all future contracts of service/ job orders of the agency concerned provided that the same is not revised or amended without prior consent from the CSCRO. The succeeding contracts entered into by the agency will nevertheless still be submitted to the CSCRO within five (5) days from the signing of the contract of service/ job order. Furthermore, agencies may proceed with the implementation of succeeding contracts or job orders.

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- d. The agency shall also submit a certification to the effect that all future contracts of service or job order entered into shall follow the standard contract or job order and that no amendment or revision was made with respect to its stipulations.

Section 5. Delegation to CSCPFOs and CSCFOs. The CSCROs may delegate the review of contracts of service and job orders of agencies within their jurisdiction to the CSC Provincial Offices or CSC Field Offices under them.

Section 6. Rendition of Service Pending Review. As provided for in Section 6 of MC No. 17 s.2002, no service shall be rendered under the contract of service or job order pending its review by the CSCRO. However, in the exigency of public service or when public welfare, interest and safety requires it, the head of agency may allow the person hired to render service and receive compensation during the pendency of the contract review.

Section 7. Effect of Non-Compliance with CSCRO's Directive. In case of failure of the concerned agency to comply with the CSCRO's directive to delete or revise the stipulations of the contracts of service or job order, the said contract of service or job order shall be forwarded to the Commission on Audit (COA) for appropriate action. This is without prejudice to the filing of administrative charges for Neglect of Duty, Conduct Prejudicial to the Best Interest of the Service and/or Violation of Civil Service Law and Rules against the HRMO of the hiring agency, the officer who signed the contract of service or job order and other persons responsible for the execution of the contract of service or job order.

Section 8. Grant of Exemption. The CSCRO may grant exemption with respect to the contracting of the services of licensed teachers, licensed nurses and other allied medical personnel under contracts of service or job orders upon the request of the concerned agency. The agency must also submit, together with its request, an explanation why the issuance of a contractual or casual appointment is not feasible under the circumstances. Nevertheless, copies of the contracts of service or job orders will still be required to be submitted and the services rendered will not be considered as government service.

Requests for exemption of other services under contracts of services or job orders other than those mentioned in the preceding paragraph shall be granted by the Commission *en banc* upon favorable recommendation of the CSCRO concerned.

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Section 9. Pro-forma Contract of Service. Agencies may be guided by the attached pro-forma Contract of Service and Job Orders in the preparation of the same.

Section 10. Effectivity. These guidelines shall take effect immediately.

Quezon City, NOV 12 2002


KARINA CONSTANTINO-DAVID
Chairman


JOSE F. ERESTAIN, JR.
Commissioner


J. WALDEMAR V. VALMORES
Commissioner

Attested by:


ARIEL G. RONQUILLO
Director III

CONTRACT OF SERVICE

KNOW ALL MEN BY THESE PRESENTS:

This contract made and entered by and between:

(Official Name), a (local government unit/ government-owned and controlled corporation / state college/ university/ a government agency) with office address at _____, herein represented by (name of representative), (position title of representative), hereinafter referred to as the "*First Party*";

-and-

(Name of person hired), of legal age, Filipino and with residence/office address at _____, hereinafter referred to as "*Second Party*";

-WITNESSETH-

1. That the First Party is in need of the services of the Second Party who shall perform work not performed by the regular personnel of the Second Party;
2. That the Second Party has signified his/her intention, to which the First Party has accepted, to provide the service needed by the latter;
3. That the Second Party hereby possesses the education, experience and skills required to perform the job as described herein;
4. That the Second Party hereby attests that he/she is not related within the third degree (fourth degree in case of LGUs) of consanguinity or affinity to the: 1) hiring authority and/or 2) representative of the First Party; that he/she has not been previously dismissed from government service by reason of an administrative offense; that he/she has not already reached the compulsory retirement age of sixty-five (65)
5. That in view hereof, the Second Party is hereby contracted as a (Position Title) for the period of _____, in consideration of the daily rate of _____, to be paid on a _____ basis.
6. That as a (Position Title), the Second Party is expected to perform the following functions:

(The functions to be performed by the Second Party shall be enumerated)

7. That the Second Party shall perform work at a time and schedule to be agreed upon by both parties;
8. That it is understood that this contract does not create an employer-employee relationship between the First Party and the Second Party, that the services rendered hereunder are not considered and will not be accredited as government service; and that the latter is not entitled to benefits enjoyed by the regular personnel of the First Party.

IN WITNESS WHEREOF, both parties have hereunto set their hands this
_____ day of _____, 200__ at _____

Name of Agency

Second Party

by: _____
Representative

Signed in the presence of:

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
_____) S. S.

BEFORE ME, a Notary Public for and in the above jurisdiction, personally
appeared the following:

NAME	COM. TAX CERT. NO.	DATE/PLACE ISSUED
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known to me to be the same persons who executed the foregoing instrument and
acknowledged to me that the same is their own free will and voluntary act and deed.

Page 3
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This instrument consists of three (3) pages including this page wherein this Acknowledgment is written, and is signed by the parties and their instrumental witnesses on each and every page hereof.

WITNESS MY HAND AND SEAL, this _____ day of _____ 200__
at _____, Philippines.

NOTARY PUBLIC

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 200 _____

JOB ORDER

NAME	DESIGNATION	RATE/ DAY	PERIOD OF EMPLOYMENT		FUNDING/ CHARGES	OFFICE ASSIGNMENT	Acknowledgment
			FROM	TO			

The said job order shall automatically cease upon its expiration as stipulated above, unless renewed. However, services of any or all of the above-named can be terminated prior to the expiration of this Job Order for lack of funds or when their services are no longer needed. The above-named hereby attests that he/she is not related within the third degree (fourth degree in case of LGUs) of consanguinity or affinity to the: 1) hiring authority and/or 2) representatives of the hiring agency; that he/she has not been previously dismissed from government service by reason of an administrative offense; that he/she has not already reached the compulsory retirement age of sixty-five (65). Furthermore, the service rendered hereunder is not considered or will never be accredited as government service.

Prepared by: _____ Certified as to the existence of Appropriation/Obligation: _____ Recommending Approval: _____

APPROVED BY: