



Republic of the Philippines
Department of Social Welfare and Development
Batasan Pambansa Complex, Constitution Hills
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Telephone No. 931-8101 to 07

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MEMORANDUM CIRCULAR

NO. 08
Series of 2006

SUBJECT: Guidelines on Hiring, Renewal, Cost of Service
And Work Requirements of Contract of Services
Workers in the Department of Social Welfare
And Development

I. PURPOSE

This Order is being issued to prescribe guidelines covering workers hired through Contract of Service (COS) funded under Maintenance and Other Operating Expenses (MOOE) and/or other fund source.

II. DEFINITION OF TERMS

1. **Contract of Service (COS)** refers to the agreement entered into by and between the Department of Social Welfare and Development and the COS Worker.
2. **COS Worker** refers to a worker hired under the Contract of Service in the Department for the implementation of its program services and special projects. These are also known as Memorandum of Agreement (MOA) Workers.
3. **Standardized Cost of Service** refers to:
 - a. the total amount being paid to COS Workers for their services funded from the Maintenance and Other Operating Expenses (MOOE) and/or other fund sources which is equal to the basic salary grade of an equivalent regular position of the Department based on National Budget Circular No. 474, series of 2001, or the cost of service of the latest contract, whichever is higher.
 - b. the amount received from payment of additional/extra services rendered.
4. **Incentives** refers to the privileges that COS Workers may enjoy under existing rules and regulations.
5. **HOBS** – refers to heads of Offices/Bureaus/Services
6. **OBSU** – refers to Office, Bureau, Service or Unit

7. **Termination of Contract** – any action that will end the relationship between the Department and the contracted party.

III. GENERAL GUIDELINES

A. Creation of New Contract of Services/Hiring of COS Workers

1. As a general rule, creation of new COS items is no longer allowed except for the following, subject to approval by the Secretary or his/her authorized representative upon recommendation of Undersecretaries concerned:
 - 1.1 Special projects being implemented by Offices, Bureaus, Services or Field Offices;
 - 1.2 Foreign Assisted Projects;
 - 1.3 Those extremely necessary due to limited regular plantilla positions as in the case of CARAGA and Region IV, provided further that, hiring Offices/Bureaus/Services/Field Offices shall ensure that funds are available for the purpose.
2. Hiring for existing COS items vacated due to resignation, termination of contract, appointment to regular position, etc., shall still be allowed subject to approval of the Undersecretary for General Administration and Support Services Group (GASSG) upon recommendation of the Head of Office/Bureau/Services in case of the Central Office or subject to approval of the Regional Director in the case of Field Offices.
3. COS Workers to be hired shall:
 - 3.1 Meet the educational requirement deemed necessary to perform the functions and/or deliver the outputs as stipulated in the contract.
 - 3.2 Meet the eligibility requirement (RA 1080) for positions which functions constitute practice of profession, or which functions require appropriate license issued by regulating agencies as in the case of drivers, communication equipment operators and the like.
 - 3.3 For COS items not requiring RA 1080 or other appropriate license, preference shall be given to applicants with civil service eligibility;
4. Duration of contract shall not go beyond December 31 of each calendar year. Renewal of contracts in January shall be based on the guidelines for renewal set forth in this Memorandum Circular. In

no case shall a COS Worker asked to assume the position without a signed contract.

5. The hiring office shall prepare the COS according to the prescribed template and explain the provisions of the same to the intended party. The contract shall then be submitted to the Personnel Division/Unit for review prior to the signing of parties concerned.

B. Renewal of Contract of Services

Renewal of Contracts of Services shall be based on the need of the OBSU and shall not involve an increase in the cost of services, unless authorized by proper authorities of the Department.

1. The contracted party must have shown at least satisfactory performance for the rating period immediately preceding the renewal, on the basis of the performance contract entered into by and between the COS Worker and the Head of OBSU.
2. In the Central Office, renewal of COS of hiring OBSU shall be subject to approval of the respective Cluster Undersecretaries.

In the Regional Offices, renewal of COS shall be subject to approval of the Regional Director.

3. Draft contracts shall be submitted to the Personnel Management Division/Personnel Unit for review. If the contract is found in accordance with the prescribed template and provisions of this MC, the same shall be endorsed to authorized signatories.
4. Renewal of COS workers in special/foreign assisted projects shall be subject to approval of the Project Director or authorized representative.

C. Termination of Contract of Service

1. Should any of the parties in the contract of service decide to terminate the contract before its expiry date, the party who desires to terminate the same shall issue a written notice thirty (30) days before the actual date of termination.
2. In the case of non-renewal or termination of contract, the concerned OBSU shall submit recommendation for non-renewal/termination to the Department's representative to the contract.
3. In case of termination of contract for whatever reason, notice of termination should be forwarded immediately or at least 15 calendar days prior to its effective date to the Personnel Division/Unit in order to avoid overpayment in cost of services. In

case of overpayment due to the delay in the submission of notice of termination, the immediate supervisor of the concerned COS worker shall be held liable for the said overpayment.

D. Cost of Services/Compensation

1. Cost of services rate of COS Workers shall be in accordance with the basic salary of equivalent regular position based on National Budget Circular No. 474, series of 2001, or the cost of services rate of a particular worker prior to renewal of contract, whichever is higher.
2. In the exigency of the service, the COS Workers may be required and authorized to render extra services. Such extra services shall be compensated following the existing guidelines on payment of overtime services.
3. Cost of services of COS Workers shall be released on the 15th and 30th of the month, through Automated Teller Machine (ATM) account.
4. Initial cost of service shall be paid through check for newly hired COS Workers. If the COS worker assumes duty not later than the 5th of the month, initial cost of service shall be processed on the 3rd week of the month. However, if the COS worker assumes duty after the 5th of the month, it shall be processed after the end of the month when he/she started reporting for work.

E. Payment of Cost of Services/Compensation

1. Basis for the payment of cost of services shall be the Daily time Record (DTR). In the Central Office, DTR shall be submitted on the 5th day of the following month. Considering the very close timeline in the preparation and processing of the payroll, COS Workers who do not submit their DTRs on the set date, shall receive his/her cost of services on the 30th.

Field Offices shall set their own deadline according to their payroll processing timelines.

2. Payment of initial cost of service of COS Workers shall be supported by the following documents, in addition to the DTR:
 - 2.1 Duly notarized contract
 - 2.2 Obligation Slip (OS)
3. Each OBSU shall designate a staff to prepare the quarterly OS to ensure the cost of services of COS Workers are not delayed.

F. Attendance to Capability Building Activities

1. To enhance their skills, COS Workers may be allowed to attend in-house trainings/seminars/workshops subject to the recommendation/approval of the head of office and availability of slots.
2. At the option of the Department, COS Workers may be required to render appropriate service obligation after attendance to said trainings/seminars/workshops for a period to be agreed upon by the Worker and the Head of OBSU.

G. Travel

COS Workers may travel subject to the exigency of service and approval of their respective head of office.

1. To travel, a COS Worker is required an authority to travel to be issued by the office concerned.
2. COS Workers authorized to travel outside their usual work station in connection with the performance of their work shall be allowed to collect actual traveling expenses at the rate not exceeding the rate authorized for regular employees.
3. Reimbursement for traveling expenses shall be allowed in the following instances:
 - 3.1 Authorized travel outside Metro Manila for Central Office COS Workers, or official travel outside of their official station in the case of COS Workers in the Field Offices.
 - 3.2 Authorized attendance to capability building activities conducted by the Department.

H. Work Schedule and Work Requirements

1. COS Workers are considered by the Department to have been contracted for their services for the implementation of its programs, services and special projects. They are expected to accomplish their assigned tasks, according to the time to be agreed upon by both contracting parties. For consistency, schedule of work shall follow the work schedule of the office, except those COS workers who are required by their duties and functions to render a 24-hour shifting schedule, e.g. those assigned in Centers and Institutions, DROMIC, etc.
2. Actual workload should be according to the functions specified in the contract, with clear deliverables and corresponding cost of services. The hiring units shall specify the functions and specific

deliverables of their COS Workers and shall be responsible for monitoring whether said functions and deliverables are attained.

I. Miscellaneous Provisions

The Hiring Unit concerned shall furnish the Personnel Management Division/Unit copy of the duly notarized contract.

1. The contract of services implies no employer-employee relationship, thus, services rendered under this arrangement are not considered government service.

The Department reserves the right not to renew the contract of a particular COS worker upon the expiration thereof. In case of non-renewal or termination of contract, the COS Worker concerned shall be required to submit clearance from money and property accountability, using for the purpose the form being used by regular employees for purposes of administrative expediency.

2. Considering that the RSP has been approved and the regularization of COS Workers has started, budget allocation for COS Workers in each OBSU shall be based on the budget allocation on record as of December 2005.

J. Submission of Reports/Updates

1. Field Offices shall update the Personnel Management Division on the hiring of new COS Worker/s and/or termination of contracts immediately, thru electronic mail, telephone or through other means of communication, taking advantage of the advancement in technology, for purposes of updating of records and statistics.

A written report shall be submitted not later than the 10th of the succeeding month using the Monthly Report on Cost of Services form. MOA Worker/s hired or separated in March for example shall be included in the report to Central Office not later than the 10th of April. If there are no new or terminated COS Worker/s, a report stating the same is still expected.

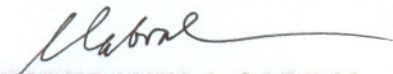
2. Field Offices shall submit to the Central Office a list of renewed contracts indicating the name, COS item, cost of services rate per month and place of assignment within 15 working days upon effectivity of the renewal.

VI. SAVING CLAUSE

Cases not covered by these guidelines shall be submitted to the Office of the Undersecretary for GASSG, for resolution.

VII. EFFECTIVITY

This Memorandum shall take effect immediately and shall continue to be in force and effect until revoked. Previous Order inconsistent herewith are deemed amended, superseded or revoked accordingly.


DR. ESPERANZA I. CABRAL
Secretary

MASG/CAA/cys