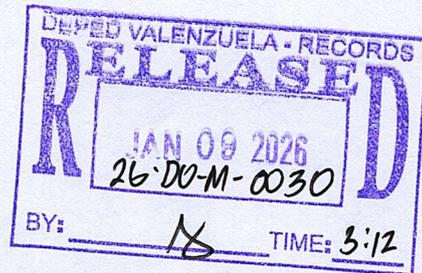




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Republic of the Philippines  
**Department of Education**  
 NATIONAL CAPITAL REGION  
 SCHOOLS DIVISION OFFICE OF CITY OF VALENZUELA



**Office of the Schools Division  
 Superintendent**

**DIVISION MEMORANDUM**

No. 0026 s. 2026

**REVISED RULES AND REGULATIONS ON THE ENGAGEMENT OF THE  
 CONTRACT OF SERVICE AND JOB ORDER WORKERS IN THE GOVERNMENT**

To: OIC – Assistant Schools Division Superintendent  
 Chief Education Supervisors - CID and SGOD  
 Education Program Supervisors and Public Schools District Supervisors  
 Division Unit Heads  
 Public Elementary and Secondary School Heads  
 All Others Concerned

1. For the information and guidance of all concerned, the Civil Service Commission, Commission on Audit and Department of Budget and Management issued Joint Circular No. 1, s. 2025 titled REVISED RULES AND REGULATION ON THE ENGAGEMENT OF THE CONTRACT OF SERVICE AND JOB ORDER WORKERS IN THE GOVERNMENT.

2. The types of COS which may be engaged by the agencies in 2026 based on CSC-COA-DBM Joint Circular No. 1, s. 2025 (paragraph 7 nos. 7.1 and 7.2 ) are the following:

**7.1 Institutional COS**

Engagement of outsourced services such as:

- a. Janitorial, security, consultancy and other support functions.
- b. Subject to RA No. 12009 or the New Government Procurement Act

**7.2 Individual COS**

Limited only to:

- a. Consultants;
- b. Learning Service Providers; and
- c. Technical Expert

The term of contract shall be for a maximum period of one (1) year, renewable at the option of the head of the agency.

3. Additionally, the Limitations of COS is invited to Paragraph 9 nos. 9.3 and 9.4 stated that:

9.3 COS and JO workers should not, in any case, be made to perform functions which are part of the job description of the agency's regular employees.



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9.4 COS and JO workers should not be designated to positions exercising control or supervision over regular and career employees.

4. Furthermore, attention is hereby invited to Paragraph 10 nos. 10.1, 10.2 and 10.3 stated that:

10.1 Individuals hired through COS shall be paid the prevailing market rate or the salary of comparable positions in the government.

Individuals hired through JO shall be paid the daily wage of comparable positions in the government.

10.2 Agencies shall provide a premium not exceeding 20% of the salary/wage of the COS and JO workers, subject to funding availability.

The premium payments will cover the worker's contributions, classified as voluntary or self-employed membership, to government-mandated social security programs (SSS, PhilHealth, and the PAG-IBIG Fund) ensuring access to social insurance, housing and loan facility, and healthcare.

10.3 The payment of service of the COS and JO workers shall be charged against the MOOE component of the approved agency budget.

5. Office and School Heads are requested to submit to this office the contract, immediately, with the following pertinent papers of MOOE employees:

- i. **Four (4)** original copies of Contracts with the period of **January 5, 2026 to June 30, 2026;**
- ii. **One (1)** original copies of duly accomplished **Personal Data Sheet;**
- iii. **One (1)** original copy of **recommendation letter with job description** for renewal from immediate supervisor (one letter per JO/COS employees to be renewed);
- iv. **One (1)** photocopy of **Government Issued ID/Valid ID;**
- v. **Two (2)** copies of Transmittal; and
- vi. **Three (3) copies of Annex A**

6. For your guidance and strict compliance.

**NOEL D. BAGANO** ✓  
Schools Division Superintendent



**CIVIL SERVICE COMMISSION  
COMMISSION ON AUDIT  
DEPARTMENT OF BUDGET AND MANAGEMENT  
JOINT CIRCULAR NO. 1, s. 2025  
December 15, 2025**

**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 :** REVISED RULES AND REGULATIONS ON THE ENGAGEMENT OF THE CONTRACT OF SERVICE AND JOB ORDER WORKERS IN THE GOVERNMENT

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**1.0 Background**

There has been a noticeable increase in the number of workers engaged by the different agencies of government through contract of service (COS) and job order (JO).

Furthermore, it has been observed that while the guidelines issued by the Civil Service Commission (CSC), Commission on Audit (COA), and the Department of Budget and Management (DBM) outline the general parameters for the engagement of the COS and JO workers, the implementation of the same across agencies have been inconsistent and ambiguous.

It is also worth noting that the issue of job contractualization in government has been a recurring concern even during previous Administrations.

Corollary, in line with the directive of the President, the COA-DBM Joint Circular (JC) No. 2, s. 2024 was issued with the following provisions:

*“Departments/agencies may engage the services of new COS/JO workers through individual contracts and renew the individual contracts of their existing COS/JO workers **until December 31, 2025.***

*Thereafter, the engagement of services of COS/JO workers shall be in accordance with the provisions of COA-DBM JC No. 2, s. 2020, as well as any subsequent guidelines, rules, and regulations issued by the COA, DBM, and other concerned parties. “*

In order to provide a cohesive and accountable framework that balances operational efficiency and fiscal discipline, while also protecting the welfare of workers, it is necessary to revise the rules and regulations governing the engagement of the COS and JO workers in the government.

## 2.0 Policy Statement

Government agencies have the authority to enter into service contracts with other government agencies, private firms, individuals, or non-government organizations for services related or incidental to their respective functions and operations, whether on part-time or full-time basis.

## 3.0 Purpose

This JC is issued to prescribe the revised rules and regulations governing the engagement of the COS and JO workers.

## 4.0 Coverage

This JC covers all NGAs, GOCCs with original charters, SUCs, and constitutional bodies engaging the services of the COS or JO workers.

## 5.0 Exclusions

The following are excluded from the coverage of this Circular:

- 5.1 COS and JO workers whose service payments are accounted as Engineering and Administrative Overhead Expenses (EAOE) of the concerned departments, as authorized in the particular year's General Appropriations Act (GAA); and
- 5.2 COS or JO workers engaged by the local government units (LGUs).

## 6.0 Definition of Terms

- 6.1 **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.
- 6.2 **Contractor or Service Provider** refers to an individual, a government agency or a private or a non-government entity that is duly-registered and recognized by authorized government agencies to provide consultancy services in their respective fields of expertise.
- 6.3 **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.

- 6.4 **Job Order** refers to piece work (*pakyaw*) or intermittent or emergency jobs such as clearing of debris on the roads, canals, and 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.
- 6.5 **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.

## 7.0 **Contract of Service**

### 7.1 **Institutional Contract of Service**

As a general rule, government agencies may engage outsourced services through institutional COS, subject to the following conditions:

- 7.1.1 Institutional COS covers lump sum work or services to perform janitorial, security, consultancy, and other support functions, subject to the provisions of Republic Act (RA) No. 12009 or the *New Government Procurement Act* and its Implementing Rules and Regulations, 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;
  - b) Duly registered with the Bureau of Internal Revenue;
  - c) For sole proprietorship, duly registered with the Department of Trade and Industry;
  - d) For corporations and partnerships, duly registered with the Securities and Exchange Commission; 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).
- 7.1.2 Workers hired through Institutional COS shall remain to be employees of the contractor or service provider.

7.1.3 The discipline of workers under the institutional COS 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 said worker/s.

7.1.4 The contractor or service provider shall be responsible for providing the workers with compensation and benefits compliant with the existing labor law<sup>1</sup>, including the necessary social security and other benefits mandated by law, in addition to the direct compensation as payment for their services.

## 7.2 Individual Contract of Service

Government agencies may enter a COS with individuals as consultants, learning service providers or technical experts, provided, that the term of contract between the agency and the individual contractor shall be for a maximum period of one (1) year, renewable at the option of the head of the agency, but in no case shall exceed the term of the latter.

## 8.0 Job Order

Government agencies may hire JO workers subject to the following conditions:

8.1 The services of a JO worker are either paid according to an agreed contract amount for the piece of work or on a daily wage basis.

8.2 Contracting the services of the JO workers shall be subject to pertinent budgeting, accounting, and auditing rules and regulations.

## 9.0 Limitations

9.1 Hiring under the COS 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 agency to directly undertake the service provided by the individual or institutional contractor.

9.2 Hiring of the JO workers shall be limited to emergency or intermittent work, such as clearing of debris on the roads, canals, and 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.

9.3 COS and JO workers should not, in any case, be made to perform functions which are part of the job description of the agency's regular employees.

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<sup>1</sup> Title II (Wages), Book 3 (Conditions of Employment) of Presidential Decree No. 442 or the Labor Code of the Philippines

- 9.4 COS and JO workers should not be designated to positions exercising control or supervision over regular and career employees.
- 9.5 The services of the COS and JO workers are not covered by Civil Service laws, rules, and regulations, thus, **not** creditable as government service. They do not enjoy the privileges/benefits that government employees receive, such as leaves, Personnel Economic Relief Allowance, and Representation and Transportation Allowances, among other bonuses, allowances, and incentives.

#### **10.0 Payment of Services of Individual COS and JO Workers**

- 10.1 Individuals hired through COS shall be paid the prevailing market rate or the salary of comparable positions in the government.

Individuals hired through JO shall be paid the daily wage of comparable positions in the government.

- 10.2 Agencies shall provide a premium not exceeding 20% of the salary/wage of the COS and JO workers, subject to funding availability.

The premium payments will cover the worker's contributions, classified as voluntary or self-employed membership, to government-mandated social security programs (SSS, PhilHealth, and the Pag-IBIG Fund) ensuring access to social insurance, housing and loan facility, and healthcare.

- 10.3 The payment of services of the COS and JO workers shall be charged against the MOOE component of the approved agency budget.

#### **11.0 Ancillary Benefits of COS and JO Workers**

- 11.1 Subject to the availability of funds, the following ancillary benefits shall be provided to the COS and JO workers under their respective contracts or agreements:

##### **11.1.1 Overtime Pay**

- (i) COS and JO workers shall receive overtime pay for services rendered beyond official working hours or on rest days/holidays/non-working days, subject to the same rules and regulations prescribed under the CSC-DBM JC No. 2, s. 2015<sup>2</sup>.
- (ii) Payment of the overtime services will come from the same MOOE item as the service payments of the COS and JO workers.

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<sup>2</sup> Policies and Guidelines on Overtime Services and Overtime Pay for Government Employees (November 25, 2015)

### 11.1.2 Reimbursement of expenses for official local travel

- (i) While on official local travel, the COS and JO workers shall be allowed reimbursement of actual travel expenses, subject to the rules and regulations prescribed under Executive Order No. 77, s. 2019<sup>3</sup>, any subsequent amendments thereto, and other applicable budgeting, accounting and auditing rules and regulations.
- (ii) Funds needed for the purpose shall be charged against the appropriations for travel expenses in the annual agency budgets.

### 11.1.3 Flexible Work Arrangement (FWA)

- (i) With due consideration of their functions and tasks, the COS and JO workers may be considered for the FWA, subject to the guidelines prescribed under the COA-DBM JC No. 1, s. 2022<sup>4</sup>, as well as any subsequent issuances on the matter.

11.2 The grant of additional ancillary benefit(s) to the COS and JO workers may be authorized, subject to the availability of funds and compliance with existing relevant laws, rules, and regulations, including any subsequent guidelines that may be issued and deemed applicable for the purpose.

## 12.0 Transitory Provisions

12.1 To effectively manage their COS and JO workers, agencies **shall no longer be allowed to increase the number of their COS and JO workers** beyond the current number.

To establish the baseline data for this purpose, all government agencies covered by this JC shall prepare an inventory<sup>5</sup> of their respective COS and JO workers whose contracts remain valid until **December 31, 2025**.

12.2 Government agencies shall review their systems of operations to address gaps, if any, and determine the appropriate staffing complement for the performance of their regular functions and undertaking of programs/activities/projects of limited duration or temporary in nature.

Permanent positions may be created for regular functions, while casual or contractual personnel may be hired for projects and activities that are temporary in nature, subject to the evaluation of the DBM or the

<sup>3</sup> Prescribing Rules and Regulations and Rates of Expenses and Allowances for Official Local and Foreign Travels of Government Personnel (March 15, 2019)

<sup>4</sup> Policies on the Adoption of Flexible Work Arrangements for Contract of Service (COS) and Job Order (JO) Workers in Government (September 13, 2022)

<sup>5</sup> Attached as Annex "A" (Template for the Report on the Inventory of Existing COS and JO Workers as of December 31, 2025)

Governance Commission for GOCCs, as well as the existing budgeting, accounting, and auditing rules and regulations.

In addition, government agencies shall consider their existing COS and JO workers in the preparation of their respective Optimization Plans, pursuant to **RA No. 12231 or the Government Optimization Act**. This is vital in order to absorb the qualified COS/JO workers in the plantilla positions that will be created in agencies concerned, in line with the implementation of RA No. 12231.

- 12.3 The existing qualified COS and JO workers shall be considered for appointment by the government agencies to their vacant positions, subject to the existing civil service laws, rules, and regulations, and the agency's CSC-approved Merit Selection Plan, while ensuring adherence to the equal opportunity and non-discrimination policies in their selection and appointment of personnel.

Furthermore, agencies are encouraged to strengthen their selection and recruitment processes to keep a low vacancy rate and ensure a stable and well-functioning workforce.

- 12.4 Government agencies must include a provision in their institutional contracts with a contractor or service provider stipulating that the existing qualified COS and JO workers of the agency shall be considered during the recruitment or hiring processes of the contractor or service provider.

### **13.0 Reportorial Requirement**

Each agency shall submit to the COA, copy furnished the CSC and the DBM, the Inventory of the existing COS and JO workers with valid contracts as of December 31, 2025, using the template provided in **Annex "A"**, not later than January 31, 2026.

The COA shall ensure the strict compliance of agencies with the reportorial requirement set forth in this Circular.

### **14.0 Responsibilities of Agency Heads**

Agency heads shall:

- 14.1 Cause the preparation and issuance of internal rules and guidelines on the engagement of the COS and JO workers within their respective agencies in accordance with the rules and regulations prescribed under this JC.

These internal rules and guidelines should include details on service payments and any ancillary benefits extended to the COS and JO workers.

For reference, **Annex "B"** contains illustrative examples on the computation of pay and premium payments.

14.2 Provide support programs to enhance the welfare of the COS and JO workers such as review sessions to prepare them for the civil service exams, and training programs to improve their job-related skills, etc., subject to the existing budgeting, accounting, and auditing rules and regulations.

14.3 Be held accountable for the proper implementation of the provisions of this JC and may be held liable for any administrative, civil or criminal liabilities in accordance with existing laws.

**15.0 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.

**16.0 Audit**

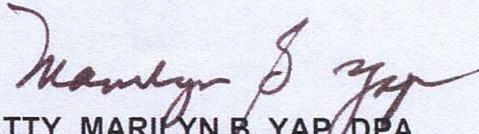
All transactions related to this JC shall be subject to the usual accounting and auditing rules and regulations.

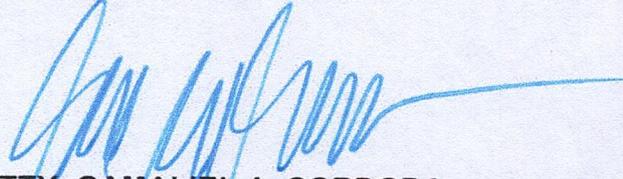
**17.0 Repealing Clause**

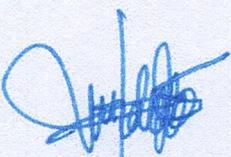
All issuances, orders, rules and regulations on the engagement of services of the COS/JO workers that are inconsistent with the provisions of this JC are hereby repealed or modified accordingly.

**18.0 Effectivity**

This JC shall take effect 15 days after its publication in a newspaper of general circulation and after filing thereof in the Office of the National Administrative Register at the University of the Philippines Law Center.

  
**ATTY. MARILYN B. YAP, DPA**  
Chairperson  
Civil Service Commission

  
**ATTY. GAMALIEL A. CORDOBA**  
Chairperson  
Commission on Audit

  
**ROLANDO U. TOLEDO**  
Acting Secretary  
Department of Budget and Management



**Report on the Inventory of the Existing Contract of Service (COS) and  
Job Order (JO) Workers**

With Valid Contracts as of December 31, 2025

Department/Agency: \_\_\_\_\_

Type of Worker	Number		
	Female	Male	Total
Individual COS			
JO			
Total			

Prepared by:

Certified Correct:

\_\_\_\_\_  
Head, Human Resource Management Unit

\_\_\_\_\_  
Agency Head

### Illustrative Examples

An agency engaged the services of a Project Officer under a contract of service (COS) agreement as a technical expert for a period of six (6) months, from July 1, 2025 until December 31, 2025.

For his services, the Project Officer shall receive a daily pay of ₱2,332 (comparable to the equivalent daily wage rate of Project Development Officer III, Salary Grade-18).

As stipulated in his contract, he shall be given a 20% premium on top of his pay, to be paid monthly, and shall also be covered by the alternative work arrangements (AWA) under the agency's internal rules and regulations.

#### Illustrative Example 1

The Project Officer rendered 21 days of onsite services from July 1 to July 29, 2025, and was absent on July 30 and 31, 2025.

**For the month of July 2025, his service payment shall be computed as follows:**

(A) Daily Rate x Actual Service	= ₱2,332.00 × 21
	= ₱48,972.00
(B) Monthly Premium	= ₱48,972.00 × 20%
	= ₱9,794.40

**Total Service Payment for July 2025 (A+B) = ₱58,766.40**

#### Illustrative Example 2

In September 2025, the Office of the President suspended work in government offices, from September 22 to 24, 2025 due to continuous rainfall brought about by the Southwest Monsoon. However, agencies may implement the AWA during this period.

During this time, the subject agency imposed a work-from-home (WFH) arrangement for its entire workforce, including the engaged COS workers.

The Project Officer rendered 22 days of actual service from September 1 to 30, 2025, i.e., 19 days onsite and 3 days WFH.

**For the month of September 2025, his service payment shall be computed as follows:**

(A) Daily Rate x Actual Service	= ₱2,332.00 × 22
	= ₱51,304.00
(B) Monthly Premium	= ₱51,304.00 × 20%
	= ₱10,260.80

**Total Service Payment for September 2025 (A+B) = ₱61,564.80**