

**Memorandum Circular  
No. 98 - 16  
October 08, 1998**

**SUBJECT : Guidelines on Service Contracts Chargeable Against Other Services (200-29).**

Pursuant to CSC Memorandum Circular No. 5, Series of 1985, Section 64 LOI No. 505, and other pertinent issuances preparation and signing of contracts of service shall observe the following:

1. All service contracts shall be signed by the following:
  - a. At Central Office and for Central-based projects - Secretary
  - b. At Bureau and for Bureau-based projects - Bureau Directors
  - c. At Regional Offices (CENRO/PENRO)  
and for Region-based projects - Regional Executive Directors/Regional Directors
2. Contracts of service shall only be entered into with highly specialized and/or technical personnel whose expertise or technical skills are not available in the concerned office as envisioned in the general provisions of the current appropriations Act and other related issuances of the DBM;
3. In no case shall contracts of service be entered into with persons whose duties and functions are clerical or administrative in nature;
4. Persons hired under service contracts shall in no case supervise regular staff;
5. For service contracts with fees or rates which are not identified in the Personal Services Itemization (PSI) and Index of Occupational

Services Position Titles and Salary Grades (IOSPTSG) should be determined by the DBM. Hence, those position nomenclature with corresponding rate and proposed number of persons to be hired at the Central Office, Bureaus and Regions shall be submitted to the Office of the Secretary for submission to and approval by DBM;

6. In so far as legal services are concerned, a written acquiescence of the Office of the Solicitor General (OSG) and the written concurrence of the Commission on Audit should be sought (COA Circular 95-011);
7. Upon determination of the DBM of the appropriate professional or consultants' fee or based on the PSI and the IOSPTSG, respective chiefs of offices shall submit to the Office of the Secretary or Bureau Directors or Regional Executive Directors/Regional Directors, as the case may be, the names of persons to be hired by their offices for approval of the concerned official; provided, however, that corresponding personal data sheets and other supporting documents of the persons shall be attached to the request with a certification of availability of funds; provided further, that for legal services, the approval sought in item no. 4 should be attached to the request for hiring;
8. All contracts shall have a maximum period of 3 months with definite expected outputs, subject to renewal as the exigency of the service demands. The contracts or services shall have a provision that requires the hired person to report for at least eight hours at his/her respective station. As such, for control purposes and as sound personnel management, hired persons shall accomplish daily time record, duly supported by daily time record book, where their time in and out in the morning and afternoon are recorded. The DTRs shall be submitted to the personnel office/section/division in support of payment of services rendered;

9. In case of persons hired to perform activities or outputs that do not necessarily require an eight-hour presence at the office and using their own materials and methods without being subject to the orders of the office in respect to the details thereof, payments of professional or consultant's fee shall be based on the submission of outputs duly accepted by the concerned chief of office (e.g. computer encoders during budget preparation, carpenters or plumbers for emergency jobs);
  
10. The Secretary or Bureau Directors or Regional Executive Directors/Regional Directors, as the case may be shall sign contracts of services in accordance with the rate determined by the DBM or PSI and the IOSPTSG.
  
11. All moneys appropriated for functions, activities, projects and programs shall be available solely for the specific purpose for which these are appropriated.
  
12. Reports on service contracts shall be submitted by the Bureau Directors, REDs/RDs and the Head Executive Assistant to the Assistant Secretary for Management and International Affairs using the format below.

**Report on Service Contracts (200-29)**  
**Covering the Period \_\_\_\_\_**

<b>Name of Person</b>	<b>Position</b>	<b>Duration of Contract</b>	<b>Expected Output</b>	<b>Remuneration</b>	<b>Source of Fund</b>
<b>Total</b>					

This Circular shall take effect immediately and supersede all other issuances inconsistent herewith.

**(Sgd.) ANTONIO H. CERILLES**  
Secretary