



MALACAÑAN PALACE
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

ADMINISTRATIVE ORDER NO. 03

**AUTHORIZING THE GRANT OF GRATUITY PAY TO
CONTRACT OF SERVICE AND JOB ORDER WORKERS IN
GOVERNMENT FOR FISCAL YEAR 2022**

WHEREAS, various government agencies engage the services of workers under contract of service (COS) and job order (JO) schemes to support the implementation of their respective programs, projects, and activities;

WHEREAS, under the Commission on Audit (COA) and Department of Budget and Management (DBM) Joint Circular (JC) No. 02 (s. 2022), 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 31 December 2024;

WHEREAS, while COS and JO workers in the government are paid salaries/wages equivalent to those received by personnel occupying comparable positions in government and a premium of up to 20% of such salary/wage, they do not enjoy benefits accorded to regular government employees as they have no employer-employee relationship with the government;

WHEREAS, granting a year-end Gratuity Pay to COS and JO workers is a well-deserved recognition of their hard work in implementing programs, projects and activities, and pivotal role in the delivery of government services amidst the ongoing COVID-19 pandemic and present socio-economic challenges;

WHEREAS, Administrative Order No. 46 (s. 2021) authorized the grant of Gratuity Pay to COS and JO workers in government for Fiscal Year (FY) 2021; and

WHEREAS, Section 17, Article VII of the Constitution vests in the President the power of control over all executive departments, bureaus and offices;

NOW, THEREFORE, I, FERDINAND R. MARCOS, JR., President of the Philippines, by virtue of the powers vested in me by the Constitution and existing laws, do hereby order:

Section 1. Grant of Gratuity Pay in National Government Agencies and Instrumentalities. All workers whose services are engaged through COS and JO, who have rendered a total or an aggregate of at least four (4) months of actual satisfactory performance of service, as stipulated in their respective contracts, as of 15 December

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2022, and whose contracts are still effective as of the same date, may be granted a one-time Gratuity Pay not exceeding Five Thousand Pesos (₱5,000) each.

Those who have rendered less than four (4) months of actual satisfactory performance of service, as stipulated in their respective contracts, as of 15 December 2022, and whose contracts are still effective as of same date, may also be granted the one-time Gratuity Pay, on a *pro rata* basis, as follows:

Length of Service	Amount of Gratuity Pay
3 months but less than 4 months	Not exceeding ₱4,000
2 months but less than 3 months	Not exceeding ₱3,000
Less than 2 months	Not exceeding ₱2,000

For purposes of this Order, actual service shall refer to services rendered on-site. However, subject to the discretion of the Agency Head and the availability of funds, services rendered by COS and JO workers under any alternative work arrangements prescribed under COA-DBM JC No. 01 (s. 2022) may also be considered as actual service.

Section 2. Coverage. This Order shall cover workers whose services are directly engaged through COS and JO by national government agencies (NGAs), state universities and colleges (SUCs), government-owned or -controlled corporations (GOCCs) and local water districts (LWDs).

Section 3. Funding Sources. Funds needed to implement this Order shall be chargeable against the following sources:

- a. For NGAs and SUCs, against their respective available Maintenance and Other Operating Expenses (MOOE) allotment for the same program, activity or project (P/A/P) where the compensation of workers engaged through COS and JO are sourced, subject to approval of the Agency Head.

In case of deficiency, agencies may modify the allotment issued within a P/A/P, subject to approval by the Agency Head or the Department of Budget and Management (DBM), as the case may be, pursuant to the rules on the modification in allotments under Section 78 of the General Provisions of Republic Act No. 11639 or the "FY 2022 General Appropriations Act (GAA)," and existing laws and issuances; or submit a request to augment actual deficiencies from savings in other P/A/Ps, subject to approval of the President, in accordance with rules on use of savings and augmentation under Sections 75 and 76 of the General Provisions of the FY 2022 GAA, and existing laws and issuances; and

- b. For GOCCs and LWDs, against their respective approved corporate operating budgets.

Section 4. Use of Savings. Requests for the use of savings under Section 3(a) hereof shall be submitted by NGAs and SUCs to the DBM not later than five (5) working days from the effectivity of this Order, for endorsement to the Office of the President. All such requests shall be supported by the following documents:

- a. Report on the number and names of workers engaged through COS and JO qualified for Gratuity Pay, as certified by the head of the human resource

management unit and endorsed by the Department Secretary or Agency Head concerned; and

- b. Certification from the budget officer that the required amount from the existing MOOE allotment is free from any obligation and may be declared as savings pursuant to Sections 75 and 77 of the General Provisions of the FY 2022 GAA, to cover the funding requirements for the grant of Gratuity Pay, likewise endorsed by the Department Secretary or Agency Head concerned.

The DBM shall release the corresponding Special Allotment Release Order and Notice of Cash Allocation, as needed, upon approval of the President.

Section 5. Grant of Gratuity Pay in Local Government Units (LGUs). LGUs are enjoined to adopt in their respective offices the grant of Gratuity Pay to workers whose services are engaged through COS and JO, utilizing appropriate and available funding sources from their respective local government funds.

The corresponding supplemental budget for the purpose shall be enacted by the local *sanggunian* concerned within FY 2022.

Section 6. Supplemental Guidelines. As may be necessary, the DBM shall issue supplemental guidelines for the effective implementation of this Order.

Section 7. Repeal. All orders, rules and regulations and other issuances or parts thereof, which are inconsistent with this Order are hereby revoked, amended or modified accordingly.

Section 8. Separability. If any provision of this Order is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

Section 9. Effectivity. This Order shall take effect immediately.

DONE, in the City of Manila, this 23rd day of December, in the year of our Lord, Two Thousand and Twenty-Two.



By the President:



LUCAS P. BERSAMIN
Executive Secretary

