AREA II

FACULTY

PARAMETER G:

SALARIES, FRINGE BENEFITS, AND INCENTIVES

I.1.12

I.1.12 fringe benefit compensatory leave credit

CIVIL SERVICE COMMISSION (CSC)
and
DEPARTMENT OF BUDGET AND MANAGEMENT (DBM)

JOINT CIRCULAR No. 1 s. 2015
November 25, 2015

TO : **All Heads of Departments, Bureaus, Offices, and Other Agencies of the National Government, Including Constitutional Commissions, Congress, The Judiciary, Office of the Ombudsman, State Universities and Colleges (SUCs); Government-Owned or -Controlled Corporations (GOCCs); Local Government Units (LGUs); and All Others Concerned**

SUBJECT : **Policies and Guidelines on Overtime Services and Overtime Pay for Government Employees**

1.0 Background

Memorandum Order (MO) No. 228[1], approved by then President Corazon C. Aquino on March 29, 1989, authorized the rendition and payment of overtime services of government employees. To implement this MO, DBM issued National Budget Circular No. 410 dated April 28, 1989, as amended by Budget Circular No. 10 dated March 29, 1996.

Under Section 1(d) of Administrative Order (AO) No. 103[2] dated August 31, 2004, Compensatory Time-Off[3] (CTO) was implemented as an alternative to Overtime Pay[4]. Pursuant to said AO, the Civil Service Commission (CSC) and the Department of Budget and Management (DBM) issued Joint Circulars (JCs) No. 2, s. 2004[5] dated October 4, 2004, and No. 2-A, s. 2005[6] dated July 1, 2005 prescribing guidelines for availment of the CTO.

Recently, the Office of the President granted clearance to the CSC and DBM to issue a joint circular granting flexibility to agencies to pay overtime services in cash, subject to certain conditions and limitations such as the nature of overtime work to be rendered, overtime payment limit, fund source, reportorial requirements, and other pertinent measures to efficiently and effectively implement the grant of Overtime Pay.

[1] Prescribing Guidelines Governing the Rendition and Payment of Overtime Services of Government Personnel
[2] Directing the Continued Adoption of Austerity Measures in the Government
[3] As defined in item 4.0 of the CSC-DBM Joint Circular No. 2, s. 2004, Compensatory Time-Off or CTO refers to the accrued number of hours an employee earns as a result of services rendered beyond regular working hours, and/or those rendered on Saturdays, Sundays, holidays or scheduled days off without the benefit of Overtime Pay.
[4] As defined in the Congress Joint Resolution No. 4, s. 2009, Overtime Pay is the cash payment for work performed by an employee beyond the regular working hours in a day, and those performed on rest days, holidays, and non-working days.
[5] Non-Monetary Remuneration for Overtime Services Rendered
[6] Amendment to CSC-DBM Joint Circular No. 2, s. 2004 Re. Non-Monetary Remuneration for Overtime Services Rendered

2.0 Purpose

This Joint Circular is issued to prescribe policies and guidelines on the rendition of overtime services and the corresponding remuneration, either through CTO or Overtime Pay, including the flexibility granted to agency heads to authorize overtime services and the payment thereof.

3.0 General Policies on Overtime Services

3.1 The rendition of overtime services shall be authorized only when extremely necessary, such as when a particular work or activity cannot be completed within the regular work hours and that non-completion of the same will: a) cause financial loss to the government or its instrumentalities; b) embarrass the government due to its inability to meet its commitments; or c) negate the purposes for which the work or activity was conceived.

3.2 As a general rule, the remuneration for overtime services shall be through CTO, in accordance with the guidelines under the CSC-DBM Joint Circulars No. 2, s. 2004 and No. 2-A, s. 2005.

3.3 The payment in cash of overtime services through Overtime Pay may be authorized only in exceptional cases when the application of CTO for all overtime hours would adversely affect the operations of the agency.

4.0 Priority Activities that May Warrant Rendition of Overtime Services

The priority activities that may warrant rendition of necessary overtime services may include the following:

4.1 Implementation of special or priority programs and projects embodied in Presidential directives with specific dates of completion;

4.2 Completion of infrastructure and other projects with set deadlines when due to unforeseen events the deadline cannot be met without resorting to overtime work;

4.3 Essential public services during emergency or critical situations that would require immediate or quick response;

4.4 Relief, rehabilitation, reconstruction, and other work or services during calamities and disasters;

4.5 Seasonal work, such as but not limited to, preparation of budgets and annual reports, in order to meet scheduled deadlines;

4.6 Preparation of financial and accountability reports required by oversight agencies like Congress of the Philippines, Office of the President, Commission on Audit, Department of Budget and Management, and National Economic and Development Authority;

4.7 Services rendered by drivers and other immediate staff of officials when they are required to keep the same working hours as these officials; and

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4.8 Such other activities as are needed to meet performance targets or deliver services to the public as may be determined by the agency head.

5.0 Authority and Flexibility Granted to Agency Heads

Agency heads are authorized to approve the rendition of overtime services and are granted the following flexibilities subject to the conditions and limitations prescribed in this Circular:

5.1 Determination of the priority activities that may warrant rendition of overtime services and the timing and duration thereof;

5.2 Determination of agency personnel who may be authorized to render overtime services; and

5.3 Determination of the number of hours of overtime services and the manner of compensating the same pursuant to items 3.2 and 3.3 hereof.

6.0 Government Employees Who May be Authorized to Render Overtime Services with Pay or Compensation

6.1 Only appointive and salaried civilian government employees holding regular, contractual, and casual positions of division chief or equivalent level and below, may be authorized to render overtime services with pay or compensation.

6.2 Incumbents of positions of division chief or equivalent level and below, designated as Officers-in-Charge of higher level positions, may also be authorized to render overtime services as they are still bound to observe the prescribed work hours in their respective agencies.

7.0 Government Officials and Employees Who are Not Authorized to Render Overtime Services with Pay or Compensation

The following government officials and employees are not authorized to render overtimes services under this Circular:

7.1 Civilian personnel holding positions higher than division chief or equivalent levels;

7.2 Those granted other forms of allowances or benefits for services rendered beyond the prescribed work hours under existing laws, rules, and regulations;

7.3 Those who are on travel status;

7.4 Elective officials in the national government and local government units down to municipal level;

7.5 Elective and appointive *barangay* officials and employees; and

7.6 Military and uniformed personnel of the government.

8.0 Period of Overtime Services

8.1 As provided under Section 5, Rule XVII of the Omnibus Rules Implementing Book V of Executive Order No. 292, "Administrative Code of 1987," officers and employees of departments and agencies shall render not less than 8 hours of work a day for 5 days a week or a total of 40 hours a week, exclusive of time for lunch. Generally, such hours shall be from 8:00 in the morning to 12:00 noon and from 1:00 to 5:00 in the afternoon, except Saturdays, Sundays, and holidays. However, Section 6 thereof allows flexible work hours, subject to the discretion of the department/agency head.

8.2 The period of overtime service in a workday for a full-time employee shall include:

8.2.1 Those rendered beyond the normal 8 work hours on scheduled workdays or 40 hours a week, and those rendered on rest days or scheduled days off, holidays, and special non-working days, both exclusive of time for lunch and rest;

8.2.2 Those rendered beyond the prescribed work hours in a shift of 8 hours or more, such as in government hospitals, on scheduled workdays, and those rendered on rest days or scheduled days off, holidays, and special non-working days.

8.2.3 Those rendered by drivers and other immediate staff of officials who are required to keep the same work hours as these officials, which are beyond 8 work hours or the prescribed work hours in a workday, and on rest days or scheduled days off, holidays, and special non-working days.

9.0 Payment for Overtime Services

9.1 If Overtime Pay has been determined by the agency head to be the appropriate compensation for overtime services, the same shall be based on the hourly rate of an employee and to the applicable premium on the hourly rate, depending on the day such overtime service was rendered.

9.2 The number of work hours of overtime service rendered on a scheduled workday, $\mathbf{N_1}$, and those rendered on a rest day or scheduled day off, holiday, or special non-working day, $\mathbf{N_2}$, shall be computed by taking into consideration the provisions under item 10.0 of this Circular.

9.3 The hourly rate of an employee on full-time employment, **HR**, with a monthly salary, **S**, for 22 workdays in a month and 8 hours per workday, shall be computed by using the following formula:

$$\mathbf{HR} = \left[\frac{\mathbf{S}}{\mathbf{1\ Month}}\right]\left[\frac{\mathbf{1\ Month}}{\mathbf{22\ Workdays}}\right]\left[\frac{\mathbf{1\ Workday}}{\mathbf{8\ Work\ Hours}}\right]$$

9.4 The Overtime Pay shall be 125% or 1.25 of **HR** on a scheduled workday. It shall be 150% or 1.5 of **HR** on a rest day or scheduled day off, holiday, or special non-working day.

9.5 The total Overtime Pay, for a month for an employee on full-time employment, **OT Pay**, shall be computed based on the following formula:

$$\text{OT Pay} = 1.25\,(HR)(N_{1Total}) + 1.5(HR)(N_{2Total})$$

To simply the formula:

$$\text{OT Pay} = HR\,[1.25(N_{1Total}) + 1.5(N_{2Total})]$$

10.0 Limitations on Overtime Services and Overtime Pay

10.1 Only employees who arrive on or before the start of the workday shall be allowed to render overtime work with pay, provided that at least 2 hours of overtime services are rendered.

10.2 One-hour breaks shall be observed for breakfast, lunch, or supper and rest, and every 3 hours of continuous overtime service, or as may be necessary.

10.3 Rendering overnight overtime service shall be resorted to only when extremely necessary. No employee shall be allowed to render overnight service for more than 2 consecutive nights, for health reasons and to ensure employee productivity.

10.4 The period of overtime services shall not be used to offset undertime.

10.5 Only a maximum of 12 hours of overtime services on a rest day or scheduled day off, holiday, or special non-working day, shall be compensated through Overtime Pay.

Any excess over 12 hours shall be compensated through CTO.

10.6 The total Overtime Pay of an employee in a year shall not exceed 50% of his/her total basic salary for the year.

10.7 The total amount of Overtime Pay to be spent by an agency shall not exceed 5% of its total Personnel Services (PS) budget for a given year.

Any grant of Overtime Pay in excess of the 5% limit shall be subject to approval of the DBM in accordance with existing budgeting and accounting rules and regulations.

14.0 Resolution of Cases

Issues and concerns arising from the implementation of this Circular shall be resolved either by the DBM or CSC as deemed appropriate based on their respective functional jurisdictions.

15.0 Repealing Clause

Budget Circular No. 10 dated March 29, 1996 is hereby repealed.

16.0 Effectivity

This Circular shall take effect immediately.

ALICIA DELA ROSA - BALA
Chairman
Civil Service Commission

FLORENCIO B. ABAD
Secretary
Department of Budget and Management

Annex "A"

Report on Overtime Services With Pay
For FY _____

Department/Agency: _____

1. Priority Activities for Which Overtime Pay was Authorized

2. Total Expenditure for Overtime Pay

No. of Personnel	Total Overtime Pay	Total Salaries/ Wages	% Total Overtime Pay/ Total Salaries/Wages
Regular -			
Contractual -			
Casual -			

3. Fund Sources for Overtime Pay

Sources	Amount

Submitted By:

_____
Head, Finance/Administrative Unit

Certified Correct:

_____
Agency Head

USM DATA TRACKING SYSTEM

TRACK RECORDS

TRACKING #	REFERENCE #	REQUISITIONER	DESCRIPTION	TYPE	PURPOSE	DATE REGISTERED
261021VDRPWTI		CED/ P. PATARAY	COMPENSATORY LEAVE 10/19/2026	APPLICATION FOR LEAVE (AL)		OCTOBER 21, 2026 09:59
261019EVUCW62		DEBE . VERSOZA	COMPENSATORY LEAVE - OCT 26, 2026	APPLICATION FOR LEAVE (AL)		OCTOBER 19, 2026 11:31
2610158J0W21N		RENT RLITA	APPLICATION FOR LEAVE [1 DAY COMPENSATORY LEAVE AND 2 DAYS SICK LEAVE,.	APPLICATION FOR LEAVE (AL)	FOR MAAM NERISSA SIGNATURE.	OCTOBER 15, 2026 10:10
261014JU6FO72		CHER CENO, MELI	COMPENSATORY LEAVE - OCT 19, 2026	APPLICATION FOR LEAVE (AL)		OCTOBER 14, 2026 02:56
261014QGPN3HY		CHER ROSYELL ANGI	COMPENSATORY LEAVE - OCT 19, 2026	APPLICATION FOR LEAVE (AL)		OCTOBER 14, 2026 02:56
261014D7Z6XHT		CHER	COMPENSATORY LEAVE (OCT.5) OF THE FF. SHIRL MAE BEBIT, RUBELYN GAMOLO, AVEGALE ROY, AILEEN SARMIENTO, URDUJA NACAR	COMMUNICATION LETTER (INTERNAL)		OCTOBER 14, 2026 02:54
261013KZ6PAU4		CBDE NIO.	COMPENSATORY LEAVE -	APPLICATION FOR LEAVE		OCTOBER 13.

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