



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS  
OFFICE OF THE SECRETARY  
MANILA

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Department Order)

No. **40**  
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SUBJECT : ***GUIDELINES ON RENDITION AND  
PAYMENT OF OVERTIME SERVICES***

In accordance with Section 1.11 of DBM NCC No. 59 dated September 30 1989 exempting the payment of honoraria in lieu of overtime pay among those allowances which have been integrated in the Standardized Salary rates and Memorandum Order No. 228 dated March 29, 1989 as implemented by the NCC No. 410 dated April 28, 1989 prescribing the guidelines on rendition and payment of overtime services of government employees, the payment of overtime services is hereby authorized subject to the following rules and regulations.

**I. GENERAL GUIDELINES**

1. In general, all officials and employees of the Department may be granted authority to render overtime services in the interest of public service. However for purposes of paying overtime services, only the following employees of the Department may be authorized to render overtime services when the exigency of the service requires:
  - 1.1 Regular and contractual employees, whether permanent or temporary, whose grades ranges from Grades 1 - 19.
  - 1.2 Regular officials and employees of other government agencies on detail to DPWH who are holding positions in the first and second level of the career service.
  - 1.3 Casual employees who are undertaking specific work assignment and are authorized by the Undersecretary concerned.
2. Subject to availability of funds, the following overtime compensation shall be paid to the following employees who have rendered overtime services as authorized:
  - 2.1 Honoraria In Lieu of Overtime Pay - for employees whose salary grades ranges from Grades 10 - 19.
  - 2.2 Overtime Pay By The Hour - for employees whose salary grades ranges from Grades 1 - 9.

- 2.3 Special Honoraria in lieu of Overtime Pay for regular officials and employees of other government agencies on detail to DPWH who are holding positions in the first and second level of the career service.
3. All Heads of Division shall continuously review and evaluate the organizational function and priority of their Division to identify the work activities which can not be accomplished within the regular working hours in order to warrant the rendition of overtime service.
4. Authority to render overtime service must be in accordance with a program of work identified by the Division Chief and approved by the Project Manager/Regional Director/Bureau Director/Assistant Secretary concerned.

## II. SPECIFIC GUIDELINES

1. Rendition of Overtime Service may be authorized where:
  - 1.1 The work or activity has to be completed on a fixed date and scheduled date of completion cannot be met within the regular work days and hours:
  - 1.2 Although there is no fixed date of completion, the prolonged delay in or non-completion of, the work or activity shall:
    - 1.2.1 Cause financial loss to the government or its instrumentalities;
    - 1.2.2 Embarrass the government due to its inability to meet local or international commitment; or
    - 1.2.3 Negate the purpose for which the work or activity was conceived.
  - 1.3 The work is classified under specific activities which include:
    - 1.3.1 Completion of infrastructure and other projects with set deadline;
    - 1.3.2 Emergency and urgent works during calamities and disasters;
    - 1.3.3 Budget preparation to meet scheduled deadline; and
    - 1.3.4 Annual closing of books of accounts and preparation of financial statements and reports.

1.4 The work involves a special project to be completed within a specified time.

2. Who are Authorized to Collect Overtime Pay

In view of funding constraints and limitation under Section 4.0 of NCC 410 dated April 28, 1989, only permanent and contractual employees of the Department whose salary grades ranges from Grades 1 - 19 and regular officials and employees of other government agencies on detail to DPWH who are holding positions in the first and second level of the career service; are authorized to collect overtime pay. Casual employees may be authorized to collect overtime pay for overtime services rendered only on Saturdays and non-working holidays based on their regular daily rates, except for Security Guards, maintenance personnel and those whose salary grades ranges from Grades 1-9, who are hereby authorized to collect overtime pay for overtime services rendered during workdays, Saturdays and non-working holidays.

III. GUIDELINES ON PAYMENT OF HONORARIA IN LIEU OF OVERTIME PAY

1. Subject to the provisions of Section I - 2.1 hereof and provided a minimum of thirty (30) overtime hours is rendered, payment for honoraria in lieu of overtime pay shall be based on the basic salary of permanent employees and on the regular monthly rates less 20% for contractual employees, in accordance with the following rates:

GRADE	BASIC SALARY	PERCENTAGE	MONTHLY HONORARIA
10	3,102.00	26.31%	816.13
11	3,309.00	23.68%	783.71
12	3,540.00	21.05%	745.26
13	3,800.00	18.42%	700.00
14	4,091.00	15.78%	645.94
15	4,418.00	13.15%	581.31
16	4,786.00	10.52%	503.73
17	5,201.00	7.89%	410.60
18	5,670.00	5.26%	298.42
19	6,199.00	2.63%	163.13

2. For purposes of computing the honoraria to be received by an employee, the following rules shall be observed:

2.1 The term basic salary refers to the amount of salary under the Standardized Salary Rates (PAL) as prescribed under NCC No. 56.

2.2 In all cases, employees holding the same position irrespective of status of appointment (whether permanent, regular or contractual) shall receive the same amount of honoraria.

- 2.3 The total compensation (salary plus honoraria granted herein) shall in no case exceed the total compensation of the immediate superior of the employee concerned.
- 2.4 Absence of more than five (5) days within the month subject to compensation shall be deducted and the amount of honoraria shall be proportionately reduced.
- 2.5 Computation of total number of overtime hours shall include those rendered on weekdays, Saturday, and non-working holidays, subject to the provisions of Section V hereof.
3. Vouchers/payrolls covering the payment of honoraria in lieu of overtime pay shall include a certification signed by the Division Chief concerned to the effect that:
  - 3.1 Cumulative overtime pay being received by the employee does not exceed 50% of his basic salary; and
  - 3.2 The overtime pay being collected by the employee is in accordance with the prescribed rate and that the employee has rendered the required number of overtime hours.
  - 3.3 Approved program of work as provided in No. 4 of page 2.
4. Special Honoraria In Lieu of overtime pay may be granted to regular officials and employees of other government agencies on detail to DPWH who are holding positions in the first and second level of the career service as maybe determined by the Secretary.

#### IV. GUIDELINES IN THE PAYMENT OF OVERTIME PAY BY THE HOUR

1. Overtime Pay by the hour is authorized to be given to regular and contractual employees whose salary grades ranges from Grade 1 - 9 or those employees occupying positions in the clerical and trades & crafts group as defined in DBM Compensation Policy Guidelines No. 80-4.
2. Overtime rate shall be based on the monthly basic salary of the employees concerned. As used herein, the term monthly basic salary refers to the salary for the position as prescribed in the Position Allocation List (PAL) for permanent employees and the regular monthly rates less 20% for contractual employees.

3. The hourly rate shall be computed by using the following formula:

$$\frac{\text{Monthly Basic Salary}}{\text{-----}} = \text{Hourly Rate}$$

176 hours

Hourly Rate X No. of overtime hours within the month =  
Overtime Compensation for the Month.

#### V. ADDITIONAL GUIDELINES ON PAYMENT OF OVERTIME SERVICES

1. In no case shall the total overtime compensation of an employee for a given calendar year exceed 50% of the total aggregate sum of his basic salary per annum.
2. For purposes of determining the number of hours of overtime service rendered by an employee, the following rules shall be observed:
  - 2.1 The computation of the number of hours of overtime services rendered by an employee for a given month shall start at the first day of the calendar month and ends on the last day of such month.
  - 2.2 Overtime services may be rendered by an employee for not more than two hours a day after regular working hours except as may be authorized by the Secretary or the Undersecretary concerned. Overtime services during Saturdays and Holidays, if authorized, shall be from 8:00 AM-5:00 PM.
3. Only the following overtime services rendered by an employee shall be considered in computing the number of compensable overtime hours:
  - a. Overtime services rendered during weekdays provided he did not incur any undertime on the day he rendered his overtime service.
  - b. Overtime services rendered during Saturdays and Holidays provided he was not absent during the immediate preceeding work day and the following work day.

#### VI. AUTHORITY TO RENDER OVERTIME SERVICE

1. No employee shall be allowed to collect payment for overtime service without being given the authority to render overtime.
2. The authority to render overtime service must be based on a program of work activities to be done by the

employees during overtime. It shall show the urgency and necessity of the overtime service and the adverse consequences that may arise if not approved. The program of work of activities shall be prepared by the Division Chief concerned.

3. The authority to render overtime service shall state the specific period within which such service is to be performed, provided that no authorization in any single instance shall be made for a period longer than 3 months, which may, however, be renewed for like or shorter period and provided further that, the overtime service under different authorization shall in no case extend beyond the end of the calendar year during which the same was granted.
4. Requests for authority to render overtime service shall be approved by the Undersecretary concerned in the Central Office and Regional Directors in the Regional and District Offices.

#### VII. FUNDING SOURCE

Those employees assigned to special projects shall collect their overtime pay from the said project.

#### VIII. REPEALING CLAUSE AND EFFECTIVITY

All existing authorizations for the grant of honoraria/overtime pay inconsistent herewith are hereby revoked/modified accordingly.

This Department Order shall take effect on January 1, 1990.

  
FIORENZO R. ESTUAR  
Secretary