

**[DEPARTMENT ORDER NO. 14, S. 2001,
DECEMBER 18, 2001, December 18, 2001]**

**GUIDELINES GOVERNING THE EMPLOYMENT AND WORKING
CONDITIONS OF SECURITY GUARDS AND SIMILAR PERSONNEL
IN THE PRIVATE SECURITY INDUSTRY**

For the purpose of ensuring the private security personnel of their rights to the minimum benefits mandated by law, these guidelines are hereby issued for compliance of all concerned.

SECTION 1. Coverage. This issuance shall apply to all private security agencies or operators, their principals or clients, all companies allowed to directly employ security guards and to all security guards, whether agency or company employees, for compliance and entitlement, respectively, to existing labor standards laws and benefits.

SECTION 2. Definition of Terms. For the purpose of this Guidelines, the following terms are defined:

a. "Principal" refers to any employer, company or establishment to whom a security job, service or work is provided by a security service contractor, whether or not the arrangement is covered by a written contract.

b. "Security service contractor" is synonymous with a private security agency which means any person, association, partnership, firm or private corporation, who contracts, recruits, trains, furnishes or posts any security guard or similar personnel to individuals, corporations, offices and organizations, whether private or public, for their security needs as the Philippine National Police may approve.

SECTION 3. Employment Status

3.1 Employer-employee relationship. — The security service contractor is the employer of its security guard and similar personnel. The principal where the security guards are assigned is considered an "indirect employer" for unpaid wages and other wage related benefits based on the joint and several liability of the principal with the service contractor under the Labor Code, unless the private security agency is owned, managed or controlled by the principal or the facts show that the principal controls the manner by which the security service is performed or where the security guard is directly hired by the establishment.

3.2 Probationary employment. — The probationary period of a newly hired security guard or similar personnel in the private security industry shall not exceed six (6) months. While engaged on probationary basis, his/her services may be terminated for failure to meet the reasonable standards or criteria made known by the security

agency/employer to the guard at the time of engagement or for just cause/s.

3.3 Regular employment. — Any security guard or similar personnel in the private security industry who allowed to work after the probationary period shall be considered a regular employee.

SECTION 4. Service Contracts. The security service contractor and/or the principal shall produce or submit the original copy of their service contract when directed to do so by the Regional Director or his/her duly authorized representative. The service contract shall stipulate, among others:

- a. A statement that the security guards/personnel shall be paid not less than the minimum wage and other benefits under the Labor Code and other existing laws;
- b. An escalation clause to immediately effect the common provision in the wage orders that the prescribed increase in the wage rates of the workers shall be borne by the principal or client of the service contractors and the contracts shall be deemed amended accordingly.
- c. A statement that security service contractor and/or the principal shall comply with Social Security, Employees Compensation, Philippine Health Insurance Corporation and Home Development Mutual Fund laws on employees' coverage or membership.
- d. The kind or nature of security service.
- e. The schedule of payment of 13th month pay per PD 851 and retirement pay per R.A. 7641.

SECTION 5. Employment Contracts

5.1 The security service contractor shall provide his security guards, detachment commanders/supervisors and other security personnel, a copy of the employment contract duly signed by the parties which shall contain the terms and conditions of employment, such as those provided under Section 5 hereof.

5.2 For every assignment of a security guard/personnel to a principal, the duty detail order shall contain the following, among others:

- a. Description of job, work or service to be performed
- b. Hours and days of work, work shift and applicable premium, overtime and night shift pay rates.

SECTION 6. Terms and Conditions of Employment.

6.1 The security guards and similar personnel in the employ of any private security agency or company should be duly licensed and must have passed the physical and neuropsychiatric examinations required by the PNP. They are entitled to the mandatory benefits under the Labor Code and other existing laws, including coverage by SSS, ECC, Philhealth and HDMF.

6.2 The basic wage rate of a security guard/personnel shall not be less than the minimum wage rate for non-agricultural sector in the region where he/she is assigned, regardless of the nature of business of the principal, or in the Region where the security guard has been engaged, whichever is higher.

Where a security guard/personnel is recruited through a branch office in another Region where the principal is likewise located, the non-agricultural minimum wage rate applicable in the workplace of the principal shall govern.

Security guards or other personnel employed and/or assigned by a security service contractor in one Region but who are transferred, moved or assigned to another Region shall be paid based on the more beneficial wage rate.

In case of transfer or reassignment to another principal within the Region, the wage rates may be adjusted provided that the same shall not be less than the applicable regional minimum wage rate.

6.3 Statutory Benefits. The security guards/personnel are entitled to not less than the following benefits depending on the working hours, work shift and workdays under the given conditions, which benefits should be included in the cost distribution in the service contract:

a. Basic salary for all actual workdays and for the ten regular holidays (as holiday pay) which must not be lower than the minimum wage rates above described and to be computed by using the factors recommended herein or by more favorable practice of the employer. In addition, one hundred percent (100%) of the basic salary is due whenever work is rendered on a regular holiday.

b. Allowance in addition to the basic salary, if any is prescribed by the applicable Regional Wage Order.

c. Premium pay of 30% of the daily rate for work on special days and rest days, which is increased to 50% whenever work is performed on coinciding rest days and special days.

d. Overtime pay for work rendered in excess of eight (8) hours a day, equivalent to at least 25% of the regular wage rate on ordinary days and 30% on regular holidays, special days and rest days.

e. Night shift pay equivalent to 10% of the regular hourly rate for work rendered between 10:00 pm to 6:00 am of the following day.

f. Five (5) day service incentive leave for every year of service which benefits can be availed of during days of absence and, if not used, are convertible into its cash equivalent. A proportionate leave benefit per month may be derived by dividing 5 days by 12 months times the daily rate.

g. Paternity leave of seven (7) days with full pay. This leave shall be granted before, during or after childbirth or after spontaneous miscarriage by his legal spouse. The paternity leave with pay is granted for only four deliveries, including miscarriage.

h. 13th month pay which is 1/12 of the total basic salary earned within a calendar year.

6.4 Recommended Computation of Equivalent Monthly rates

Using the applicable daily wage rate (ADR) and a factor representing the number of paid days in a year, the following procedures are recommended to facilitate computation of equivalent monthly rates (EMR).

For those who are required to work everyday including Sundays or rest days, special days and regular holidays

$$\text{EMR} = (\text{ADR} \times 391.5)/12$$

where 391.5 is derived from:

302.0 — ordinary working days

18.0 — 9 regular holidays x 200%

2.6 — a regular holiday on last Sunday

of August x 200% + (30% of 200%)

66.3 — 51 rest days x 130%

2.6 — 2 special days x 130%

391.5 days considered paid in a year

For those who are considered paid on all including unworked Sundays or rest days, special days and regular holidays:

$$\text{EMR} = (\text{ADR} \times 365)/12$$

where 365 days derived from:

302 — ordinary working days

2 — special days

51 — rest days

10 — regular holidays

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365 days

For those who do not work and are not considered paid on Sundays/rest days:

$$\text{EMR} = (\text{ADR} \times 314.6)/12$$

where 314.6 is derived from:

2.6 — 2 special days (if worked)x 130%

10.0 — regular holidays

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314.6 days considered paid in a year

For those who do not work and are not considered paid on Saturdays and Sundays or rest days

$$\text{EMR} = (\text{ADR} \times 262.6)/12$$

where 262.6 is derived from:

250.0 — ordinary working days

2.6 — 2 special days (if worked) x 130%

10.0 — regular holidays

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262.6 days

By using the above indicated factors, the basic wage for the worked days and holiday pay for the 10 regular holidays are included in the monthly rates. Thirty percent (30%) rest day premium has been integrated in factor 391.5 for all the Sundays/rest days in a year including the last Sunday of August and in factors 314.6 and 262.6 for the two special days (November 1 and December 31) under Executive Order No. 203 of 1987.

Not included in the above formula is the premium pay due an employee whenever work is rendered on an ordinary working day proclaimed by the President as a special day (that is other than Nov. 1 and Dec. 31).

6.5 Other Mandatory Benefits. In appropriate cases, security guards/similar personnel are entitled to the mandatory benefits as listed below, although the same may not be included in the monthly cost distribution in the contracts, except the required premiums for their coverage:

a. Maternity benefit as provided under the SS Law

b. Separation pay if the termination of employment is for authorized cause as provided by law and as enumerated below: