



REPUBLIC OF THE PHILIPPINES

Department of Budget and Management

Building I, General Solano Street, San Miguel, Manila



CIRCULAR LETTER

No. 2013 - 5

Date: July 22, 2013

- TO :** HEADS OF DEPARTMENTS AND AGENCIES OF THE EXECUTIVE BRANCH, INCLUDING GOVERNMENT-OWNED AND/OR -CONTROLLED CORPORATIONS (GOCCs), GOVERNMENT FINANCIAL INSTITUTIONS (GFIs), AND ALL OTHERS CONCERNED
- SUBJECT :** GUIDELINES ON THE FILLING OF POSITIONS AND THE HIRING OF PERSONNEL FOR AGENCIES WHOSE RATIONALIZATION PLAN (RP) IS YET TO BE APPROVED BY THE DEPARTMENT OF BUDGET AND MANAGEMENT (DBM), THOSE WHOSE PLAN WAS WITHDRAWN, RETURNED WITHOUT ACTION OR NOT SUBMITTED WITHIN THE DEADLINE, AND THOSE WITH APPROVED PLAN

1.0 Purpose

This Circular Letter is being issued to provide the policies and guidelines on the filling of positions and the hiring of temporary/casual/contractual/contract of service/job order personnel and consultants for the following Departments/Agencies:

- a. Whose Plan is yet to be approved by the DBM;
- b. Whose Plan was withdrawn, returned without action or not submitted within the deadline; and
- c. Whose Plan has been approved by the DBM.

2.0 Guidelines

Hereunder are the specific policies and guidelines to be implemented in Departments/Agencies concerned:

2.1 **For Agencies Whose Plan Is Yet to be Approved by the DBM**

- 2.1.1 The moratorium on the filling of regular/permanent/itemized positions, either through original appointment, promotion, transfer or reemployment, and the hiring of new casuals/contractuals, including personnel on a consultancy/emergency/contract of service/job order basis, shall continue to be implemented until their respective RP is approved.

The temporary suspension shall not apply to teaching positions, medical and allied medical items in hospitals and other medical facilities servicing agency clients, as well as to uniformed positions in the Departments of National Defense, the Interior and Local Government, Transportation and Communications, and Environment and Natural Resources.

However, medical and allied medical positions which primarily provide service to agency personnel are covered by the moratorium.

2.1.2 Department Secretaries/Agency Heads shall continually be allowed to renew the appointments of personnel on casual/temporary status and the contracts of personnel under contractual/consultancy/contract of service/job order basis for the period that the Plan of the Department/Agency is not yet approved, but not to go beyond **one (1) month after the approval of the agency's RP**, except those personnel whose authorized period of hiring should not go beyond 30 June 2013 and those with specific deliverables for a set timeframe, subject to pertinent budgetary, civil service, accounting and auditing rules and regulations, and the following conditions:

- a. The funds appropriated for the purpose are sufficient and the action would not entail additional budgetary release or the realignment of non-Personnel Services (PS) funds to PS;
- b. The maximum number of personnel whose contracts/appointments would be renewed shall not exceed the actual employees at the start of the Department/Agency's rationalization efforts, as adjusted by the DBM-authorized hiring of new/additional personnel; and
- c. There shall be no new hiring and/or replacement of resigned/retired/separated/terminated/regularized staff.

The renewal of appointments/contracts of personnel for projects with DBM-approved staffing pattern shall be limited to the existing number of authorized positions and to the set timeframe for hiring.

2.2 **For Agencies Whose Plan Was Returned Without Action, Withdrawn or Not Submitted Within the Deadline**

2.2.1 Agencies whose RP was returned without action, withdrawn or not submitted on or before 28 February 2013 to the DBM are **no longer covered** by the Rationalization Program.

2.2.2 However, the filling of positions and the hiring of contractual/casual personnel in said Agencies shall be covered by the provisions of **Administrative Order (AO) No. 103 (Directing the Continued Adoption of Austerity Measures in Government)** dated 31 August 2004.

2.2.3 Specifically, **fifty percent (50%)** of the PS savings of said Agencies that will be realized from funded vacant/vacated regular positions could be used for filling of positions without seeking DBM authority, consistent with **Section 3.3.1 of the Civil Service Commission-DBM Joint Circular (JC) No. 3 (Continued Adoption of Austerity Measures Through the Non-Filling of Vacant Positions)** dated 14 December 2004, which contains the guidelines on the implementation of Section 2 of AO 103.

The Agency Heads shall have the discretion as to which positions will be filled provided the total cost thereof shall **not exceed 50% of the PS savings**.

2.2.4 Moreover, the aforementioned Agencies shall reduce **at least ten percent (10%)** of the cost of services of their consultants, technical assistants, contractual and casual employees, in accordance with **item 1 of Section 1.b of AO 103**.

2.3 **For Agencies With Approved RP**

2.3.1 Departments/Agencies/GOCCs/GFIs with approved RP are no longer covered by the moratorium on the filling of positions/hiring of personnel.

Hence, said Agencies could fill their vacant positions without requesting authority from the DBM.

2.3.2 In addition, Departments/Agencies/GOCCs/GFIS whose Plan has already been approved by the DBM are allowed to outsource certain services, thru the hiring of consultants/job order/contract of service personnel, where no employer-employee relationship exists, provided it is consistent with the following:

- a. Overall policy under the approved RP on services/areas which could be outsourced (e.g., utility, building and grounds maintenance, messengerial, security, transportation/mobility, and information technology);
- b. Agency policy on which other services to outsource; and
- c. Pertinent budgetary, civil service, accounting and auditing rules and regulations.

The Agencies should likewise ensure that the hiring of consultants/job order/contract of service personnel would contribute to the attainment of their objectives and would not adversely affect the implementation of their regular programs/projects and the achievement of their work targets.

Agencies which have coterminus with the incumbent (CTI) positions are prohibited from hiring personnel whose functions are similar to those being performed by the incumbents of the CTI items.

2.3.3 As provided under **Section 4 of EO 77¹ dated 08 May 2012**, Agencies with approved Plan shall not be allowed additional regular positions for at least **five (5) years**, except the following:

- a. Those to be created under the "scrap and build policy" where there is no additional cost to the government;
- b. Population-related items such as policemen, teachers, and medical and allied medical positions for hospitals and similar facilities; and
- c. For mandated new functions which cannot be absorbed by existing units/positions, as determined by the DBM.

¹ Amending Executive Order (EO) No. 637 (s. 2007) on the Basis of the Computation of the Incentives of Personnel Affected by the Implementation of the Rationalization Program Under EO No. 366 (s. 2004)

Policy on the Rehiring of Retired/Separated Personnel

2.4 Government personnel who opted to retire/be separated from the service as a result of the rationalization efforts of their Department/Agency shall not be appointed nor hired as casuals or contractuels in any agency of the Executive Branch, including in GOCCs/GFIs, for a period of five (5) years, except as teaching or medical staff in educational institutions and hospitals, or hired as a consultant/contract of service/job order personnel where there is no employer-employee relationship, as the case may be, with reemployment in any Branch of Government to be considered as new entry to the civil service.

3.0 Responsibility Clause

It shall be the responsibility of the Department Secretaries and equivalent Agency Heads to strictly implement the provisions of this Circular Letter, including the laws, rules and regulations indicated herein. In case of any violation of the same, the official authorizing such action shall be held responsible for whatever expenses the government incurred for not strictly following said issuances.

4.0 Applicability Clause

The provisions of this Circular Letter shall be applicable until revoked.

5.0 Effectivity

This Circular Letter shall take effect upon its publication in a newspaper of general circulation.

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FLORENCIO B. ABAD
Secretary