



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO STREET, SAN MIGUEL, MANILA



NATIONAL BUDGET CIRCULAR

No. 582
December 29, 2020

For : All Heads of Departments, Agencies, State Universities and Colleges including Commissions and Offices under the Constitutional Fiscal Autonomy Group, and Government -Owned or -Controlled Corporations; Heads of Finance and Planning Units; and All Others Concerned

Subject : **UPDATED GUIDELINES ON THE UTILIZATION OF THE LEGAL DEFENSE FUND**

1.0 BACKGROUND

Pursuant to Special Provision (SP) No. 2 of the Miscellaneous Personnel Benefits Fund (MPBF) under Republic Act (RA) No. 11465 or the FY 2020 General Appropriations Act (GAA), the amount of Two Hundred Million Pesos (P200,000,000) is appropriated for the Legal Defense Fund (LDF). To promote the welfare and extend assistance to government officials and personnel not yet found guilty by the courts, the LDF shall be used for actual expenses in defense of their cases, incurred by government personnel who, in the performance of their official functions, may face administrative, civil or criminal charges before the courts.

The Department of Budget and Management issued National Budget Circular (NBC) No. 566 dated December 15, 2016 to prescribe the guidelines in the use of the LDF, including the establishment of the appropriate organizational and procedural set-up for its release and utilization for FY 2016 and succeeding years.

2.0 PURPOSES

- 2.1 To update the provisions of NBC No. 566 relative to availments against the LDF;
- 2.2 To expand the scope of the LDF to cover other entitled claimants and thereby ensure greater equitability in access to LDF; and
- 2.3 To provide additional safeguards in the availment of LDF for entitled claimants whose valid claims cannot be accommodated within the budget allocation for LDF in the current year's General Appropriations Act (GAA);

3.0 GUIDELINES

3.1 The Legal Defense Fund may be availed of by the following government personnel:

3.1.1 **Regular Personnel** are/were duly appointed incumbents of regular positions in the approved Personnel Services Itemization and Plantilla of Personnel of the agency concerned in the Executive, Legislative and Judicial Branches, the Constitutional Commissions and other Constitutional Offices, State Universities and Colleges, Government-owned or-Controlled Corporations, including those who have already retired or separated from the government service, i.e., with the following requirements:

- *his/her salary is charged against Personnel Services (PS);*
- *there must be an existing employer-employee relationship between the hiring agency and the person hired; and*
- *the appointment of the employee is subject to the approval of the Civil Service Commission.*

In the case of separated or retired government employees, the aforecited requirements must have been complied with, prior to separation or retirement from government service.

3.1.2 **Contractual personnel** are those employees whose employment is:

3.1.2.1 In accordance with specific contracts for specified periods and with definitive expected outputs;

3.1.2.2 With appointment duly attested by the Civil Service Commission (**Section 9, Rule IV of CSC Resolution No. 1800692**); and

3.1.2.3 Funded from the Personnel Services (PS) appropriation/budget of the agency concerned.

3.2 It must be reiterated that claims against the LDF are authorized to be granted to **government personnel** who, **in the performance of their official functions**, incur actual expenses in the defense of their administrative, civil or criminal cases before the courts.

It is understood that claims against the LDF of separated or retired government employees shall be limited to actual expenses including payment for premiums for posting of bail bonds and cash advance for expense of the said separated or retired employee, involving **cases for acts made before separation or retirement** of said employee **and which remain pending even after separation or retirement.**

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3.3 Eligible claims which cannot be accommodated within the appropriated amount for LDF under the current year's GAA shall be proposed for inclusion in the succeeding year's budget.

4.0 **SEPARABILITY CLAUSE**

If any part or provision of this Circular is held invalid or unconstitutional, other provisions not affected thereby shall remain in force and effect.

5.0 **REPEALING CLAUSE**

All provisions of existing circulars and other issuances inconsistent with this Circular are hereby rescinded/repealed and/or modified accordingly. All other provisions of NBC No. 566 that remain unaffected shall remain in full force and effect.

6.0 **EFFECTIVITY**

This Circular shall take effect immediately upon publication.


WENDEL E. AVISADO
Secretary

