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MEMORANDUM

FOR/TO : **ALL Officials and Employees**
DENR-Central Office

FROM : **The Undersecretary**
Finance, Information Systems and Climate Change

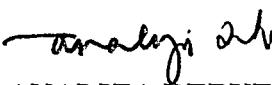


SUBJECT : **CERTIFICATION OF AVAILABILITY OF FUNDS (CAF)
BEFORE AN AGENCY HEAD OR HIS DULY AUTHORIZED
REPRESENTATIVE ENTER INTO ANY CONTRACT THAT
INVOLVES THE EXPENDITURE OF PUBLIC FUNDS**

DATE : 28 SEP 2023

This refers to Section 36.c, Chapter 2 of Volume I of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), copy attached, which requires that the *Head of the Accounting Unit shall certify the availability of funds before an Agency Head or his duly authorized representative enter into any contract that involves the expenditure of public funds based on the copy of budget release documents.*

To ensure compliance and facilitate payment of claims, Contracts/Memorandum of Agreements (MOAs)/Purchase Orders (POs) for issuance of Certificate of Availability of Funds (CAF) must be submitted to the Accounting Division with complete supporting documents *before the delivery of goods/services or start of the activity/event.*

For your information and strict compliance.


ATTY. ANALIZA REBUELTA-TEH 


MEMO NO. 2023 - 857

Sec. 33. Accounting Standards for Revenue. The following accounting standards shall apply for revenue and receipts of government entities:

- a. Revenue includes only the gross inflows of economic benefits or service potential received and receivable by the entity in its own account. (PPSAS 9)
- b. Receipts/Collections shall refer to all cash actually received from all sources during a given accounting period.
- c. Fines shall include economic benefits or service potential received or receivable by a public sector agency, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations. Fines and penalties, either on tax revenue or other specific income account, shall be recognized as income of the year these were collected.
- d. Gifts and donations shall consist of voluntary transfers of assets including cash or other monetary assets, goods in-kind and services in-kind that one agency makes to another, normally free from stipulations. (PPSAS 23)
- e. Goods in-kind are tangible assets transferred to an agency in a non-exchange transaction, without charge, but may be subject to stipulations. External assistance provided by multilateral or bilateral development organizations often includes a component of goods in-kind. (PPSAS 23)
- f. Taxes are economic benefits or service potentials compulsory paid or payable to public sector agencies, in accordance with laws and or regulations, established to provide revenue to the government. Taxes do not include fines or other penalties imposed for breaches of the law. (PPSAS 23)
- g. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes. (PPSAS 23)

Sec. 34. Use of Appropriated Funds. All moneys appropriated for functions, activities, projects and programs shall be available solely for the specific purposes for which these are appropriated.

Sec. 35. Appropriation for Loan Proceeds. Expenditures funded by foreign and domestic borrowings shall be included within the expenditure program of the entity concerned. Loan proceeds, whether in cash or in kind, shall not be used without the corresponding release of funds through a Special Budget.

Sec. 36. Basic Requirements for Disbursements and the Required Certifications. Disbursements of government funds shall comply with the following basic requirements and certifications:

- a. Availability of allotment/budget for obligation/utilization certified by the Budget Officer/Head of Budget Unit;
- b. Obligations/Utilizations properly charged against available allotment/budget by the Chief Accountant/Head of Accounting Unit;
- c. Availability of funds certified by the Chief Accountant. The Head of the Accounting Unit shall certify the availability of funds before an Agency Head or his duly authorized representative enter into any contract that involves the expenditure of public funds based on the copy of budget release documents;