

ENSURING THAT CONTRACTS ARE SIGNED ONLY WHEN SUPPORTED BY AVAILABLE FUNDS

LETTER OF INSTRUCTIONS NO. 968, December 17, 1979

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TO:

Ministries and Heads/Chief Accountants of Ministry, Bureau, Office, Agency of the National Government, including State Universities and Colleges

The Chairman, Commission on Audit

WHEREAS, agencies of the Government contract routinely for capital projects and for the supply of materials, services, and other items of current operating expenditure;

WHEREAS, existing regulation of government require the availability of funds as precondition for entering into such contracts;

WHEREAS, it is necessary to ensure the proper recording of such contract agreements in the books of account of government;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, do hereby Order and Instruct:

- All contracts for capital projects and for the supply of commodities and services, including equipment, maintenance contracts, and other agreements requiring payment which are chargeable to agency current operating or capital expenditure funds, shall be signed by agency heads or other duly authorized official only when there are available funds. The Chief Accountant of the contracting agency shall sign such contracts as witness and contracts without such witness shall be considered as null and void;
- It shall be the responsibility of the Chief Accountant to verify the availability of funds, as duly evidenced by programmed appropriation released by the Ministry of the Budget and received by the agency, from which such contract shall be ultimately payable. His signature shall be considered as constituting a certification to that effect;
- Letter-contracts calling for the conformity of the Head of the agency or other duly authorized official shall be reviewed and signed or initialed by the Chief Accountant in the manner provided in items 1 and 2 hereof;
- Contracts signed by Regional or District officials under formally delegated authority and pertinent rules and regulations, shall be witnessed under the same terms and conditions provided in items 1 and 2 hereof, by the responsible accounting official of the region or district as the case may be;
- The Accounting Division of agencies shall maintain a file of copies of contracts;
- Accountants who sign contracts without the availability of funds shall be subject to the penalties provided by

accounting and budget law pertaining to such payments and certifications;

- In its conduct of agency audits, the Commission on Audit shall examine agency contract and verify compliance with this Letter, in addition to observing the provision of Sec. 86 of P.D. No. 1445 otherwise known as the Auditing Code of the Philippines.

Done in the city of Manila, this 17th day of December, nineteen hundred and seventy-nine.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

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