



Republika ng Pilipinas
KAGAWARAN NG REFORMANG PANSAKAHAN
(Department of Agrarian Reform)
Tanggapan ng Kalihim
Diliman, Lunsod ng Quezon
Pilipinas

DEPARTMENT MEMORANDUM CIRCULAR NO. 7 by 2-6-78
Series of 1978

T O : Regional Directors, District Officers, Team Leaders, Budget Officers, Heads of Accounting Units, Administrative Officers, Accountants and All Other Concerned.

SUBJECT : Liability for Fictitious Obligation or Creditor and for the Incurrence of Overdrafts.

For the information and guidance of all concerned, quoted hereunder are pertinent provisions of Presidential Decree No. 1177 otherwise known as the Budget Reform Decree of 1977 on the subject treated above.

"Section 46. CERTIFICATION OF AVAILABILITY OF FUNDS. No funds shall be disbursed, and no expenditures or obligations chargeable against any authorized allotment shall be incurred or authorized in any department, office or agency without first securing the certification of its Chief Accountant or head of accounting unit as to the availability of funds and the allotment to which the expenditure or obligation may be properly charged.

"No obligation shall be certified to accounts payable unless the obligation is founded on a valid claim that is properly supported by sufficient evidence and unless there is proper authority for its incurrence. Any certification for a non-existent or fictitious obligation and/or creditor shall be considered void. The certifying official shall be dismissed from the service, without prejudice to criminal prosecutions under the provisions of the Revised Penal Code. Any payment made under such certification shall be illegal and every official authorizing or making such payment, or taking part therein or receiving such payment, shall be jointly and severally liable to the government for the full amount so paid or received. (Underscoring ours).

"Hindi na matatalikuran pa ang pagbabagong-ayos ng pananakahan. Higit kong pangarap na makita ang ating mga mag-asaka na pag-aari ang lupang kanilang binubungkal."

"Section 47 - PROHIBITION AGAINST THE INCURRENCE OF OVERDRAFTS. Heads of department, bureaus, offices and agencies shall not incur nor authorized the incurrence of expenditures or obligations in excess of allotment released by the Commissioner for their respective departments, offices and agencies. Parties responsible for the incurrence of overdrafts shall be held personally liable therefor."(Underscoring ours).

All concerned are hereby advised to take cognizance of the foregoing provisions and henceforth to exercise extra care in acting on claims and/or obligations requiring the use of government funds.

Diliman, Quezon City, February 27, 1978.

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CONRADO F. ESTRELLA
Secretary

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2-27-78