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CIRCULAR 05-2018

18 May 2018

TO : Heads of Departments, Bureaus, Offices and Agencies of the National Government including State Universities and Colleges, Government Owned and/or Controlled Corporations, Government Financial Institutions, and Local Government Units

SUBJECT : Issuance of Certificate of Availability of Funds (CAF) for Early Procurement Activities

1.0 PURPOSE

This Circular is issued to clarify at what stage of the procurement process shall the Certificate of Availability of Funds (CAF) be issued for purposes of Early Procurement Activities.

2.0 SCOPE

All Departments, Bureaus, Offices and Agencies of the National Government including State Universities and Colleges, Government-Owned and/or Controlled Corporations, Government Financial Institutions, and Local Government Units.

3.0 EARLY PROCUREMENT ACTIVITIES

3.1 General Provisions of the 2018 General Appropriations Act (GAA), similar to the 2016 and 2017 GAAs, authorize government agencies to undertake early procurement activities, thus:

“Sec. 19. Early Procurement Activities. To ensure full budget utilization, timely contract implementation and efficient delivery of services, agencies are authorized to undertake procurement activities from pre-procurement conference until post-qualification of bids based on their proposed budget in the National Expenditure Program, Corporate Operating Budgets or Appropriations Ordinances, in accordance with the guidelines issued by the GPPB.

For multi-year projects, the issuance of Multi-Year Obligational Authority (MYOA) or any similar document as may be prescribed by the DBM is required prior to commencement of any procurement activity.

Agencies may only proceed with the awarding of contract upon approval or enactment of their respective appropriations or budget authorization document, as the case may be, and based on the amount authorized.”

- 3.2** Section 7.6 of the 2016 IRR of RA 9184 likewise contains a similar provision on the conduct of early procurement activities, thus:

“To facilitate the immediate implementation of procurement of Goods, Infrastructure Projects or Consulting Services, even pending approval of the GAA, corporate budget or appropriations ordinance, as the case may be, and notwithstanding Section 7.2 hereof, the Procuring Entity may undertake the procurement activities short of award.

NGAs, SUCs, Constitutional Commissions or Offices are encouraged to start their procurement activities immediately after the National Expenditure Program (NEP) has been submitted by the President to Congress, provided that the HoPE has approved the corresponding indicative APP. This will facilitate the awarding of procurement contracts after the enactment of the GAA, enabling the timely implementation and completion of programs and projects.

For a contract with a period not exceeding one (1) year, the ABC shall be based on the amount in the indicative APP as included in the proposed national budget submitted by the President to Congress; for GOCCs, on budget levels as proposed to the governing board; or for LGUs, on budget levels as proposed in the executive budget submitted to the Sanggunian. In the case of multi-year contracts, for which a MYOA or an equivalent document is required, the ABC shall be the amount reflected in the MYOA or equivalent document.

No award of contract shall be made until the GAA, corporate budget or appropriations ordinance, as the case may be, has been approved or enacted”

- 3.3** Under Section 20.1(c)(i) of the 2016 IRR of RA 9184, “[f]or the purpose of pre-procurement conference, pending the approval or enactment of the GAA, corporate budget or appropriations ordinances, as the case may be, the certification of availability of funds refers to the amount in the indicative APP consistent with the NEP, or MYOA or its equivalent document, the proposed corporate budget or executive budget”.

4.0 CLARIFICATION; CAF REQUIREMENT

- 4.1 CAF is not yet required prior to the commencement of early procurement activities.
- 4.2 For purposes of pre-procurement conference, the amount in the indicative APP consistent with the NEP, or MYOA or its equivalent document, the

proposed corporate budget or executive budget shall be the basis of certification or confirmation of the availability of funds;

- 4.3. Once the budget has been approved, the CAF shall be reflected or attached in the Contract as part of the contract award and execution stage of the procurement process, in accordance with the Government Accounting Manual (GAM: COA Circular No. 2015-007, dated 22 October 2015, effective 1 January 2016).
- 5.0 This Circular shall take effect immediately.
- 6.0 For guidance and compliance.

(SGD)
BENJAMIN E. DIOKNO
Chairperson