



Republic of the Philippines
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT
REGION XIII (CARAGA REGION)
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DILG RO XIII
FILE

July 30, 2014

LBC 125702259827
DILG - REGION XIII
RELEASED
 DATE: **JUL 31 2014**
 TIME: 8:41 AM
 BY: *PA*

ARMANDO ISMAEL D. SIEGA
 Municipal Accountant
 Barobo, Surigao del Sur

Dear Mr. Siega:

This refers to your letter relative to the operation of your Local Economic Enterprise (LEE), specifically on the hiring of personnel. You represented that one of the requirements of the Civil Service Commission (CSC) as regards new appointments is the Certification of Availability of Funds (CAF) by the Accountant and the Budget Officer. However, since the LEE is losing since its creation, you asked about the extent of your liability if you certify as to the availability of funds and if you can be forced by the mayor to sign the CAF.

At the outset, we invite you to revisit Local Budget Circular (LBC) No. 100 dated October 1, 2012 subject of which is the Policy Guidelines on the Use of LGU Transfers/Advances to LEEs/PUs, specifically Policy Guidelines 3.5 and its sub-paragraphs enumerating options for LGUs with LEEs that cannot fully fund their PS requirements (*copy of the LBC is attached hereto for easy reference*). To emphasize, "The appropriations for the PS of such economic enterprise shall be charged to their respective budgets. The establishment of local economic enterprises (LEEs) and public utilities (PUs) is premised on their sustained financial viability over the long term while delivering quality goods and services to the general public."

As to your query, given the financial situation of your LEE, we opine that you may be justified in not issuing CAF to support new appointments for confirmation by the Civil Service Commission and being justified, you may not have any liability to speak of. If forced

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to sign CAF, you may instead issue a waiver stating the reasons for the non-issuance of the same or explore possible filing of a case for grave coercion, among others.

We hope that the foregoing sufficiently addressed your concerns. This opinion is rendered without prejudice to the decisions that competent higher authorities and the courts may subsequently decree.

Thank you and God bless!

Very truly yours,


LILIBETH A. FAMACION, CESO IV
Regional Director 

cc: *PEDRITO P. ALACABA*
Provincial Director
DILG-Surigao del Sur