

REVISED PROCEDURES IN THE PAYMENT OF ACCOUNTS PAYABLE

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1.0 DBM shall issue a separate Notice of Cash Allocation (NCA) to facilitate payment of due and demandable Accounts Payable (A/Ps). A/Ps shall refer to prior years recorded unpaid obligations of the agency, (in this case, 1998 and before), for which goods and services have already been delivered and/or rendered, and, are thus ready for payment in accordance with existing accounting and auditing rules and regulations.

2.0 The NCA issued for A/Ps shall be for specific creditor intended to be paid and can not be used to pay the agencies' regular requirements including continuing appropriations. Thus, all national government agencies are required to open and maintain a separate MDS account, by fund, for A/Ps.

3.0 DBM shall schedule the release of NCAs for A/Ps on a monthly basis.

4.0 There shall be two (2) payment schemes for A/Ps, to wit:

4.1 Direct remittance to the account of creditors.

4.1.1 Under this system, the NCA/Advice of NCA issued (ANCAI) together with the list of creditors to be paid shall be issued by DBM to Government Servicing Bank (GSB)/concerned agency.

4.1.2 The agency shall authorize the GSB to debit its MDS account using the Advice to Debit Account (ADA) form within twenty four (24) hours after receipt of ANCAI. The ADA, which shall correspond to the total amount of NCA issued shall be supported by a list of creditors and the amounts due each creditor.

4.1.3 The creditors' accounts shall be credited by the GSB within twenty four (24) hours after receipt of the agency's notice.

4.1.4 The GSB shall ensure that the list of creditors to be paid as provided by the agency is consistent with the list of creditors which the DBM attached to the NCA issued.

4.2 Payment of creditors through MDS checks.

4.2.1 Under this system, the NCA/Advice of NCA issued (ANCAI) together with the list of creditors to be paid shall be issued by DBM to GSB/concerned agency.

4.2.2 The agency shall issue the MDS checks to creditors included in the list which DBM attached to the NCA issued.

4.2.3 The GSB shall ensure that the name of creditors and the amount paid as reflected in the Advice of Checks Issued and Cancelled (ACIC) is consistent with the list of creditors attached to the NCA issued by DBM.

5.0 Agencies, may now submit their requests for issuance of NCA. The said request must be supported by the list of due and demandable creditors, arranged in the order of payment priority, certified correct by the head of the accounting unit and approved by the agency head. The list should be segregated by external creditors i.e., contractors/suppliers/individuals who are not employees of the department or agencies concerned; and, internal creditors i.e., employees of the department or agencies who have pending claims in the nature of unpaid salaries, overtime pay, etc.

6.0 In addition to the list of due and demandable creditors, the agency shall see to it that they have complied in submitting the following accountability reports:

6.1

Updated Monthly Trial Balance and Monthly Statement of Charges to Accounts Payable (BAF 305) from January of the current year to the immediately preceding month when the request was submitted. The Monthly Statement Charges shall only indicate the A/Ps for which payments/reversion/adjustments have been made.

6.2

For A/P requests submitted after March 31 of each year, the following accountability reports for the immediately preceding year, in addition to the ones specified under 6.1 should be submitted:

6.2.1 Preliminary and Final Trial Balance;

6.2.2 Master List of Accounts Payable (BAF 304) which should tally with the payable account per Final Trial Balance;

7.0 All requests for A/Ps currently pending with DBM shall be returned immediately for re-submission once the conditions of this Circular have been met.

8.0 Initially, the following departments shall adopt the direct remittance to the account of creditors scheme:

- Department of Agriculture;
- Department of Education, Culture and Sports;
- Department of Health;
- Department of National Defense; and,
- Department of Public Works and Highways

8.1

The direct remittance scheme shall be applied to external creditors only.

8.2

To facilitate the use of this payment scheme, the aforesaid pilot departments should require their creditors to open a Current or Savings Account with their authorized MDS servicing bank. Thereafter, the creditors shall furnish the agencies with their respective bank and current to which the amount to be released shall be credited.

8.3

It shall be the agencies' responsibility to provide its GSB with the Bank/Account No. of these creditors.

9.0 It is understood that all agencies under the coverage of DBM-Regional Offices (ROs) shall submit their requests for issuance of NCA for A/Ps with the DBM-RO concerned.

10.0 All provisions of existing issuances, which are consistent with the provisions of this Circular Letter, shall remain in force.

11.0 These guidelines shall take effect immediately.

Adopted: 15 Jan. 1999

(SGD.) BENJAMIN E. DIOKNO

Secretary

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