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GUIDELINES REITERATING PROCEDURES IN THE PROCESSING/PAYMENT OF ACCOUNTS PAYABLE (A/P) AND CHANGE IN THE NAME OF CREDITORS/RETIREES

DBM CIRCULAR LETTER NO. 2002-17, SEPTEMBER 27, 2002, September 27, 2002

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1.0

Purpose

1.1 To reiterate the provision on the submission of complete supporting documents on requests for issuance of Notice of Cash Allocation (NCA) for A/P;

1.2 To modify the modes of settlement/payment to external creditors/retirees; and,

1.3 To clarify the authority delegated to agency heads to approve change in the name of creditors and retirees/pensioners under Circular Letter (CL) No. 2001-14 dated July 31, 2001.

2.0

Guidelines

2.1 Submission of Requests

2.1.1 Requests for payment of A/P shall be submitted to the DBM through the Systems and Procedures Bureau.

For SUCs, Regional Offices of DPWH, DOH, DECS and TESDA (with respect to Fund 101 requests except for the OSEC-CO), the requests shall be submitted to DBM Regional Offices concerned.

2.1.2 The letter request should be in the following format:

Department:

Agency:

Fund Code:

Amount of Request :

Internal Creditors:

External Creditors:

2.1.3 Request should be supported with the documentary requirements prescribed under CL No. 99-2, as reiterated below, with the exception of the Trial Balance, which under the implementation of the New Government Accounting System, does not provide a distinction in the prior years and current year obligations:

- List of Due and Demandable A/P, arranged in the order of payment priority, certified correct by the head of the accounting unit and approved by the agency head;

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Only due and demandable A/Ps (ready for payment, after compliance with accounting and auditing rules and regulations) shall be included in the request for issuance of NCA for A/Ps.

- Master List of A/Ps (BAF 304) as of end of the fiscal year; and,

The A/Ps should be arranged by year of obligation and classified into: Due and Demandable A/Ps; A/Ps covered with Advances; A/Ps covered with Direct Payments; and, A/Ps covered with Prepayments and Deposits. (A diskette containing the Master List shall be submitted together with the hard copy).

- Monthly Statement of Charges to A/Ps (BAF 305) of the immediately preceding month when the request was submitted.

This shall indicate only the A/Ps for which payments/reversions/adjustments have been made.

2.2 Modes of Settlement/Payment

As provided under CL 99-2 and 99-11, external creditors refer to contractors/suppliers/individuals who are not employees of the department or agency concerned, for which, payment of A/P shall be made thru the Direct Remittance to their Accounts (Direct Remittance Scheme). However, the following may be exempted from the said payment scheme:

2.2.1 External creditors with one-time or small transactions (e.g. below the Government Servicing Bank's minimum maintaining balance of P1,000) with government agencies. In such case, payment of A/P will be made through MDS check.

2.2.2 External creditors where opening of a current or savings account with MDS-GSBs is not feasible/difficult due to company policy. The following procedures shall be adopted in this case:

- The NCA for the purpose shall be issued to the MDS-GSB of the agency.

- The MDS-GSB of agency concerned shall forward the payment to the creditor's bank of preference, chargeable against the NCA issued. The bank charges arising from the transfer shall be deducted from the amount credited to the creditor's account.

2.2.3 Retirees will be given the option to choose their preferred mode of payment, either thru MDS check or thru Direct Payment Scheme.

2.3 The agency should properly disclose in the List of Due and Demandable A/Ps, the external creditors to be paid through MDS checks.

2.4 Correction in the Name of Creditors/Retirees

2.4.1 To facilitate payment of claims and avoid the circuitous flow of actions on recurring requests from agencies, the authority to approve change in the name of creditors and retirees (including pensioners) was delegated to agency heads per CL 2001-14 dated July 31, 2001.

2.4.2 In addition to the nature of typographical errors specifically authorized to be considered under CL 2001-14, the correction in name of creditors/retirees referring to one and the same person or company is likewise delegated to the agency.

Examples:

- Change in family name as a result of change in status.

- Omission of "Jr." from the name of creditor/retiree, or "Company/Incorporated" from the business name.

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- Upon presentation of proof that the name or business name of the creditor appearing in the List of Due and Demandable A/P is one and the same persons/company being claimed, correction shall be made through a letter to the MDS-GSB, to be signed by the agency's authorized signatories in the MDS Check/Advice to Debit Account.

3.0

Repealing Clause

Provisions of existing circulars, which are not consistent with these guidelines are hereby repealed and/or modified accordingly.

4.0

Effectivity

These guidelines shall take effect immediately.

Adopted: 27 Sept. 2002

(SGD.) EMILIA T. BONCODIN
Secretary

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