

**[DBM DEPARTMENT OF FINANCE - DEPARTMENT
OF BUDGET AND MANAGEMENT JOINT CIRCULAR
NO. 1-99, March 22, 1999]**

**GUIDELINES IN THE USE OF ADVICE/AUTHORITY TO DEBIT
ACCOUNT BY NATIONAL GOVERNMENT AGENCIES**

1.0 Purpose

1.1 To authorize the use of the bank debit system as a method of disbursement under the Modified Disbursement Scheme prescribed under Joint Circular No. 1-90 dated February 27, 1990;

1.2 To provide guidelines in the use of bank debit system for payment of Accounts Payable (A/Ps) and Retirement Gratuity and Terminal Leave (RG/TL) benefits; and,

1.3 To prescribe the disbursement document to be used by departments/agencies consistent with the bank debit system of the Modified Disbursement Scheme-Government Servicing Banks.

2.0 Definition of Terms

For the purpose of this Circular the following terms shall be construed to mean:

2.1 Bank Debit System refers to the system whereby national government agencies (NGAs) authorize their Modified Disbursement Scheme-Government Servicing Banks to deduct from their available Notice of Cash Allocation (NCA) balances the amounts to cover payment of A/Ps and RG/TL.

2.2 Advice/Authority to Debit Account (ADA) refers to the document which shall serve as notice to the bank to debit the agency's MDS sub-account for payments made for A/Ps and RG/TL.

2.3 Modified Disbursement Scheme-Government Servicing Bank (MDS-GSB) refers to the authorized government servicing bank where the NCA is issued by DBM, for credit to the MDS sub-account of the agency.

2.4 Bank Debit Advice is a document showing evidence of withdrawal of specific amount from the agency's MDS sub-account.

3.0 General Guidelines

3.1 The ADA shall be used as the disbursement document to cover payment of A/Ps to external creditors of the national government and RG/TL benefits to government employees. Initially, the use of ADA will be implemented by the following five (5) pilot departments effective April 1, 1999:

3.1.1 Department of Agriculture

3.1.2 Department of Education, Culture and Sports;

3.1.3 Department of Health;

3.1.4 Department of National Defense; and,

3.1.5 Department of Public Works and Highways.

3.2 The duly accomplished ADA form shall be issued by the agency to its MDS-GSB to authorize the latter to debit its MDS sub-account and credit the Current Account/Savings Account (CA/SA) of the creditor/retiree.

3.3 The ADA shall be considered as an accountable document. The ADA forms shall be accomplished by the agency.

4.0 *Responsibilities*

4.1 The DBM shall:

4.1.1 Issue the NCAs together with the list of creditors/retirees to be paid to cover payment of AP and RG/TL benefits of departments/agencies; and,

4.1.2 Provide the BTR with copies of signed NCAs on a daily basis.

4.2 The NGA shall:

4.2.1 Advise their external creditors/retirees to open a CA/SA with any branch of its MDS-GSB. To facilitate the opening of the CA/SA, Letters of Introduction (LOI) shall be issued addressed to the MDS-GSB;

4.2.2 Upon receipt of NCA from DBM, accomplish the ADA to cover payment of AP and RG/TL benefits;

4.2.2.1 The ADA shall be signed by the same officials authorized to sign MDS checks of the agencies.

4.2.2.2 If there is only one (1) payee to the transaction, the name shall be indicated in the ADA. However, if there are several payees, the list of external creditors/retirees to be paid shall be attached to the ADA. The list of creditors shall be consistent with the list provided by DBM.

4.2.3 Based on the validated debit advice from the MDS-GSB, confirm and reconcile the disbursements made through the ADA as recorded in their books of account and their MDS bank accounts;

4.2.4 Include the ADAs issued in the Advice of Checks Issued and Cancelled (ACIC) submitted to the MDS-GSB. The ACIC shall thus be renamed as Advice of Checks/ADA Issued and Cancelled; and,

4.2.5 Include the payments made through the ADA as part of their disbursements in