



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS
**CENTRAL OFFICE
MANILA**

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DEPARTMENT MEMORANDUM)

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CIRCULAR NO. _____)

Series of 2019 *12.04.19*

**FOR / TO : Undersecretaries
Assistant Secretaries
Service Directors
Bureau Directors
Regional Directors
Heads of UPMOs
District Engineers
This Department**

For information and guidance, attached is a copy of DBM Circular Letter No. 2019-15 dated November 29, 2019 entitled **"MODIFICATION ON PERIOD FOR THE ENCASHMENT OF MDS CHECKS AND PAYMENT THROUGH ADVICE TO DEBIT ACCOUNT (ADA) UNDER THE MDS FOR THE REST OF FY 2019"**.

A copy of said National Budget Circular may also be downloaded from the **DPWH website: <http://dpwhweb>**. If an office cannot access the DPWH website, a hard copy may be obtained from the Records Management Division, HRAS upon request.

For dissemination to all concerned.

MARICHU A. PALAFOX, CESO III
Assistant Secretary for Support Services

Encl: DBM Circular Letter No. 2019-15 dated November 29, 2019
Cc: Office of the Secretary

8.1.2 JJC



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
BONCODIN HALL, GEN.SOLANO ST., SAN MIGUEL, MANILA



CIRCULAR LETTER

No. 2019 -15

November 29, 2019

- TO** : Heads of Departments/Agencies/State Universities and Colleges and Other Offices of the National Government, Budget Officers; Heads of Accounting Units; Heads of Modified Disbursement System-Government Servicing Banks (MDS-GSBs); and All Others Concerned
- SUBJECT** : **MODIFICATION ON PERIOD FOR THE ENCASHMENT OF MDS CHECKS AND PAYMENT THROUGH ADVICE TO DEBIT ACCOUNT (ADA) UNDER THE MDS FOR THE REST OF FY 2019**

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- 1.0 In order to facilitate settlement of valid government payables within the current year, and avoid spill-over pressure of outstanding payables to the incoming year's cash disbursement program through immediate payment to government creditors/payees through ADA or encashment of MDS checks issued, this Circular is issued to prescribe the disbursement procedures to be observed for the rest of the current year, FY 2019.
- 2.0 In the disbursement of government funds, the following procedures are prescribed under existing Circular Letters (CLs):
- 2.1. MDS Checks
- 2.1.1. MDS checks issued by agencies/OUs shall be covered by Advice of Checks Issued and Cancelled (ACIC);
- 2.1.2. Agencies shall release MDS checks the day after the covering ACIC has been submitted to the servicing bank concerned; and
- 2.1.3. MDS checks shall be presented to the servicing bank **not earlier than 24 hours after the date of issue.**

2.2. Advice to Debit Account (ADA)

2.2.1. List of Due and Demandable Accounts Payable (LDDAP)-ADAs submitted by agencies/OU's to the MDS-GSB shall be covered by a Summary of LDDAP-ADAs Issued and Invalidated ADA Entries (**SLIIE**), the document equivalent to ACIC; and

2.2.2. MDS-GSBs shall effect direct payment by crediting the creditor/payees' bank account, **not earlier than 24 hours but not later than 48 hours after receipt of the LDDAP-ADA**, chargeable against the agency's MDS sub- account.

2.2.2.1. In the case of far-flung location of certain MDS-GSB branches specifically identified by the MDS-GSB Head Office (where fax/wire/cable cannot be used), the reckoning time for the crediting will be the actual receipt by the said specific MDS-GSB branch, of the copy of the LDDAP-ADA sent via pouch, from either its MDS-GSB HO for DBM CO releases or for the MDS-GSB RO branch for DBM RO releases.

3.0 Effective **December 1 to December 31, of the current year**, the following procedures in the settlement of payables shall be observed in order to facilitate encashment of MDS checks and crediting of payments through ADA to creditor/payee's bank accounts.

3.1. The **24-hour clearing time** for the encashment of MDS checks as well as the crediting of creditor/payee's bank accounts specified in the LDDAP-ADA **is hereby lifted/suspended for the specified period**. Thus, agencies/OU's are instructed to immediately transmit without delay the properly accomplished ACICs/SLIIEs to their respective MDS-GSBs.

3.2. Upon receipt of the covering ACIC/SLIIE by the MDS-GSB concerned:

3.2.1. Agencies/OU's shall immediately release the MDS Checks to creditor/payees.

3.2.2. MDS-GSB shall immediately effect payment to the creditors/payees and provide the NGA/OU concerned with a copy of the duly validated/posted ADA, to inform the NGA/OU of the following:

3.2.2.1. Direct payments effected in favor of creditors/payees, i.e., machine validation shown in the lower portion of the said document; and

3.2.2.2. Non-payment to creditor/payees indicated under "remarks" column, due to any inconsistency of information (i.e., bank branch, account name/number) between bank records and LDDAP-ADA.

- 4.0 Agencies/OUs are **encouraged to settle** their due and demandable obligations as soon as possible, **by issuing MDS checks/paying through ADA, not later than December 20, 2019**, if practicable. However, **they may still issue MDS checks/pay through ADA up to the last working day of the year** (e.g., Friday, December 27 in FY 2019).
- 5.0 Further, agencies/OUs are reminded to advise their respective creditors/payees to ensure immediate encashment of the issued MDS checks.
- 6.0 This Circular shall take effect starting December 1 of the current year until the last working day of the same year.


WENDEL E. AVISADO
Secretary

