



**REPUBLIC OF THE PHILIPPINES**  
**Department of Finance**  
**Department of Budget and Management**



**JOINT CIRCULAR NO. 2013-1**

September 16, 2013

**TO : The DBM Regional Directors/Heads of DBM Accounting Units, BTr Regional Directors/Districts/Provincial Heads, Heads of the Modified Disbursement Scheme-Authorized Government Servicing Banks, Local Chief Executives and All Others Concerned**

**SUBJECT : Guidelines in the Use of Authority to Debit Account for Transfers to Local Government Units**

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**1.0 RATIONALE**

- 1.1 The Department of Finance (DOF) through the Bureau of the Treasury (BTr) needs to ensure good management of the National Government's financial resources to provide funds needed in implementing the budget, specifically for Internal Revenue Allotment (IRA) and other transfers to local government units (LGUs) in a timely manner.
- 1.2 In order to enhance the predictability of cash outflows in the BTr, and for the efficient cash programming of the National Government, the DOF through the BTr and the Department of Budget and Management (DBM) jointly endeavored to adopt the direct payment scheme by the use of the Authority to Debit Account (ADA).

**2.0 PURPOSE**

- 2.1 To provide guidelines and authorize the use of the bank debit system as a method of disbursement for IRA and other transfers to LGUs;
- 2.2 To prescribe the disbursement document to be used by the DBM-Regional Offices (ROs) as Spending Agency (SA) consistent with the bank debit system of the MDS-Authorized Government Servicing Banks (MDS-AGSBs); and
- 2.3 To delineate the roles and responsibilities of the DBM, DOF-BTr and the AGSBs in the use of the ADA.

### **3.0 COVERAGE**

- 3.1 IRA and all transfers to LGUs sourced from lump-sum appropriations, such as but not limited to, the Special Shares of LGUs from the Proceeds of National Taxes, Calamity Fund (CF) and Local Government Support Fund (LGSF), for which releases are made to the DBM-Regional Offices as conduit of the fund.

### **4.0 DEFINITION OF TERMS**

- 4.1 The terms used in this Joint Circular shall be understood as follows:

- 4.1.1 Spending Agency (SA) – refers to the DBM ROs.
- 4.1.2 Modified Disbursement Scheme - Authorized Government Servicing Bank (MDS-AGSB) – refers to the bank, i.e., Land Bank of the Philippines (LBP), Development Bank of the Philippines (DBP), and Philippine Veterans Bank (PVB) where the Notice of Cash Allocation (NCA) is issued for credit to the MDS sub-account of the SA.
- 4.1.3 Bank Debit System – refers to the system whereby the SA authorizes its MDS-AGSBs to deduct from its available NCA balances the amounts to be disbursed covering the transfers to LGUs.
- 4.1.4 Authority to Debit Account (ADA) – is a document that serves as the authority for the MDS-AGSB to debit the MDS sub-account of the SA for the amounts to be immediately credited to the bank accounts of the LGUs on the value date.
- 4.1.5 Value Date – is the date the bank debits the MDS sub-account of the SA corresponding to actual amount indicated in the ADA and credit the same to the accounts of the LGUs charged against the MDS Seed Fund.
- 4.1.6 Bank Debit Advice – is a document showing the evidence of withdrawal of specific amount from the SA's MDS sub-account.
- 4.1.7 MDS Seed Fund – is a real account maintained by the BTr with AGSBs where MDS disbursements through the ADA shall be charged.

## **5.0 GUIDELINES**

- 5.1 The ADA shall be used to cover the transfer of the IRA and other funds to the LGUs sourced from lump-sum appropriations, such as but not limited to, the Special Shares of LGUs from the Proceeds of National Taxes, Calamity Fund (CF) and Local Government Support Fund (LGSF), to the accounts of the LGUs.
- 5.2 The ADA (refer to Form 1) shall be used as the disbursement document to cover the transfer of the IRA and other funds to the LGUs from the SA's MDS sub-account to the depository account of the LGUs.
- 5.3 The duly accomplished ADA form shall be issued by the SA to its MDS-AGSB to authorize the bank to debit the amount indicated therein from its MDS sub-account and credit the same amount to the depository account of the LGUs. The ADA shall replace the Funding Checks being issued by the SA to the MDS-AGSB for the purpose.
- 5.4 The SAs shall prepare an updated list of the depository bank/bank branch/bank accounts of the LGUs under their respective region for submission to the MDS-AGSBs for validation.
- 5.5 LGUs maintaining accounts with the Philippine National Bank (PNB) are advised to transfer their accounts to any AGSB (i.e., LBP, DBP and PVB). However, the transfer of depository accounts to the PVB should have prior approval from the DOF pursuant to its Department Order No. 27-05 dated December 9, 2005;

## **6.0 RESPONSIBILITIES**

- 6.1 The SA shall:
  - 6.1.1 Upon receipt of the Advice of NCA Issued (ANCAI), immediately prepare the ADA.
    - 6.1.1.1 The ADA shall be numbered and signed by the Head of the SA and the Accountant;
    - 6.1.1.2 The ADA form and each page of the Annexes shall contain the following Certifications by the concerned SA officials, as follows:

Head of the Agency:

"I hereby assume full responsibility for the veracity and accuracy of the LGU beneficiaries and the amount of shares listed herein."

Head of the Accounting Unit or Cashier:

"I hereby warrant that the total amount in the ADA and the documentary requirements to cover the shares of the LGU beneficiaries listed herein or in Annex "A" was prepared in accordance with existing budgeting, accounting and auditing rules and regulations."

- 6.1.1.3 If there are several LGU beneficiaries which cannot be listed in the face of the ADA, prepare a list of the same which shall serve as Annex "A" of the ADA (refer to Form 2).
- 6.1.1.4 Ensure that the total amount in the list of LGU beneficiaries tallies with the amount per ADA.
- 6.1.2 Forward the Advice of ADA Issued and Cancelled (AAIC) to the MDS-AGSB and BTr-Regional/District/Provincial Office at least one (1) working day before the submission of the ADA.
- 6.1.3 Submit the duly accomplished ADA at least two (2) working days before the value date, to the following:
  - AGSB Branch - Original copy
  - BTr Regional/District/Provincial Office - Duplicate copy
- 6.1.4 Prepare the Notice of ADA Issued and forward the same to the LGUs informing them of the date when the amount of their shares shall be credited to their depository accounts, and other pertinent information on the fund transfer (refer to the attached sample format).
- 6.1.5 Based on the Daily Report of Credits Made and on the validated copy of Debit Advice from the MDS-AGSB, record the disbursement in the books of accounts.

- 6.1.6 Include the payments made through the ADA in the monthly Summary Report of Disbursements as part of the disbursements for the month based on the value date consistent with COA-DBM Joint Circular No. 2013-1 dated March 15, 2013.
  - 6.1.7 In case of error in any of the details in the ADA, immediately inform/call the attention of the AGSB and prepare advisory letter cancelling said ADA, within twenty-four (24) hours upon discovery, copy furnish the BTr-Regional/District/Provincial Office.
  - 6.1.8 Re-issue a new ADA within two (2) working days upon receipt of the cancelled ADA, copy furnish the concerned BTr-Regional/District/Provincial Office.
- 6.2 The MDS-AGSB shall:
- 6.2.1 Validate the bank accounts of the LGUs maintaining accounts with them as against the list to be provided by the SA.
  - 6.2.2 Upon receipt of the AAIC, validate the amount with the outstanding NCA balance of the MDS Sub-Account of the SA.
  - 6.2.3 Upon receipt of the duly accomplished ADA, perform the following:
    - 6.2.3.1 Validate if the ADA is signed by SA's authorized signatories.
    - 6.2.3.2 Validate if the amount indicated in the ADA is consistent with the total amount in the list of the LGU beneficiaries in the ADA form or in the Annex of the ADA, whichever is applicable.
    - 6.2.3.3 Advise the BTr-Asset Management Service (AMS) on the total amount of ADA to be considered on a particular value date at least one (1) working day before said date.
    - 6.2.3.4 Credit to the depository accounts of the beneficiary LGUs the amount indicated in the ADA within 24 hours for online branches and 48 hours for non-online branches, on the value date indicated in the ADA.

- 6.2.3.5 Provide SA and BTr-Regional/District/Provincial Office with a validated copy of the Bank Debit Advice.
- 6.2.3.6 Provide SA with the Daily Report of Credits Made.
- 6.2.3.7 Include ADA in the Statement of Accounts provided to the BTr-Regional/District/Provincial Office.
- 6.2.3.8 In case of discrepancy in the amount indicated in the ADA and the list of LGU beneficiaries, immediately return the ADA to the SA within twenty-four (24) hours upon discovery.
- 6.2.3.9 Inform the concerned BTr-Regional/District/Provincial Office of the cancelled ADA.

6.3 The DOF, through the BTr:

6.3.1 BTr - Regional/District/Provincial Offices shall:

- 6.3.1.1 Upon receipt of the copy of ADA, advise BTr Head Office through the AMS of the aggregate amount to be transferred on a particular value date.
- 6.3.1.2 Ensure that the amounts in the ADA and AAIC tally with the amount in the validated copy of the Bank Debit Advice.
- 6.3.1.3 In case of discrepancy, immediately inform/call the attention of the concerned AGSB and SA; and report the said discrepancy in writing to the BTr-Head Office through the AMS.
- 6.3.1.4 Upon receipt of the Statement of Accounts from the AGSBs, report to the BTr-Head Office through the AMS on the amounts covered by the ADA for the replenishment of the MDS Seed Fund.

6.3.2 BTr-AMS shall:

- 6.3.2.1 Ensure the MDS-AGSB Head Office that the amounts authorized by the SAs to be paid through the ADA are available on the value date.

6.3.2.2 Replenish the MDS Seed Fund for the amount of ADA debited from the MDS Sub-Account of the SA.

## **7.0 ACCOUNTING PROCEDURES**

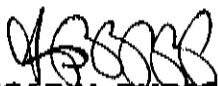
The accounting procedures necessary to implement this Joint Circular shall be consistent with the existing guidelines of the Commission on Audit.


## **8.0 REPEALING CLAUSE**

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

## **9.0 EFFECTIVITY**

This Joint Circular shall take effect immediately.

  
**CESAR V. PURISIMA**  
Secretary  
Department of Finance

  
**FLORENCIO B. ABAD**  
Secretary  
Department of Budget and Management

009695



Department of Budget and Management  
 Regional Office \_\_\_\_\_ (Agency Code)  
 Fund Code \_\_\_\_\_

**AUTHORITY TO DEBIT ACCOUNT**

ADA No.	_____
Value Date	_____
Total Amount	_____
NCA No.	_____
Fund Source	<input type="checkbox"/> IRA
	<input type="checkbox"/> Special Shares
	<input type="checkbox"/> Calamity Fund
	<input type="checkbox"/> PDAF
	<input type="checkbox"/> Others (specify)

To: Name of MDS-GSB Manager  
 Position  
Name of MDS-GSB  
Bank's Address

For (value date), please debit MDS Sub-Account No. \_\_\_\_\_ the amount of (amount in words) (₱ amount in figures), chargeable against NCA No. \_\_\_\_\_ dated \_\_\_\_\_, and credit the account of name of specific LGU/LGUs listed in the attached Annex A, as follows:

Name of LGU Beneficiaries	Bank Account No.	Bank Branch	Amount
		<b>Total</b>	

I hereby assume full responsibility for the veracity and accuracy of the LGU beneficiaries and the amount of shares listed herein.

I hereby warrant that the total amount in the ADA and the documentary requirements to cover the shares of the LGU beneficiaries listed herein or in Annex "A" was prepared in accordance with existing budgeting, accounting and auditing rules and regulations.

Head of the Spending Agency  
 Position  
 Date

Head of the Accounting Unit  
 Position  
 Date

Note: 1. Use one (1) ADA for each MDS Account  
 2. Indicate the ADA No. in every page of the Annexes



Annex "A"

**LIST OF LGU BENEFICIARIES**

Page \_\_\_\_ of \_\_\_\_ page(s)

ADA No. \_\_\_\_\_

NCA No. \_\_\_\_\_

Name of LGU Beneficiaries	Bank Account No.	Bank Branch	Amount
		<b>Total</b>	=====

I hereby assume full responsibility for the veracity and accuracy of the LGU beneficiaries and the amount of shares listed herein.

I hereby warrant that the total amount in the ADA and the documentary requirements to cover the shares of the LGU beneficiaries listed herein or in Annex "A" was prepared in accordance with existing budgeting, accounting and auditing rules and regulations.

Head of the Spending Agency  
Position  
Date

Head of the Accounting Unit  
Position  
Date



Republic of the Philippines  
**DEPARTMENT OF BUDGET AND MANAGEMENT**  
Malacañang, Manila

Date

Name of Chief Local Executive  
Designation  
Address

**NOTICE OF AUTHORITY TO DEBIT ACCOUNT ISSUED**  
Fund 103

Sir/Madam:

Please be informed that the amount of (amount in words) (₱ amount in figures), has been credited to your account on the value date indicated hereunder, details as follows:

ADA No./Value Date	:
GSB/Branch	:
SARO No./Date	:
NCA No./Date	:
Purpose	:

It is understood that disbursements therefrom shall be subject to existing budgeting, accounting and auditing rules and regulations.

Very truly yours,

Name of Authorized Signatory  
Designation