



Republic of the Philippines
Department of Budget and Management
PROCUREMENT SERVICE
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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
MALACANANG, MANILA

MAR 31 2014



The Executive Director
Procurement Service
Department of Budget and Management
RR Road, Cristobal Street, Paco, Manila

Dear Director Granados:

This refers to the following proposals of the Procurement Service (PS) through the memorandum dated February 20, 2014 regarding adoption of DBM Circular Letter No. 2013-16 Re: Expanded Modified Direct Payment Scheme (Expanded MDPS) for Accounts Payable (A/Ps):

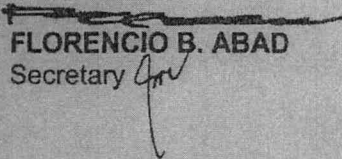
1. Exemption of the PS from being covered by the CL No. 2013-16, notwithstanding its still being a national government agency. The PS utilizes its internally generated funds to pay creditors through a Current Account, instead of an MDS account; and
2. Issuance of an addendum to CL No. 2013-16 to prescribe the use of the List of Advances/Deposits-Advice to Debit Account (LAD-ADA) instead of the LDDAP-ADA, since CL No. 2013-16 specifically covers accounts payable.

Given the inherent advantages of the adoption of direct payment system thru the use of Advice to Debit Account (checkless payment system that allows efficient/timely payments of payables and elimination of outstanding checks), the DBM intends to expand this system to also cover other transactions of the government such as remittance of advances/deposits for planned procurement of supplies /equipment from the PS, which are **not** categorized as A/Ps.

Pending such guidelines, NGAs shall, in the meantime, continue to remit cash advances/deposits to the PS using MDS checks as usual. Further, with the PS not being a direct recipient of budgetary appropriations, you can continue to use your current account for the settlement of payables to suppliers/creditors.

Please be guided accordingly.

Very truly yours,


FLORENCIO B. ABAD
Secretary

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