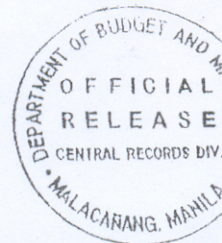




REPUBLIC OF THE PHILIPPINES
Department of Budget and Management
Malacañang, Manila



CIRCULAR LETTER

No. **2008 – 11**

December 8, 2008

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-GSB), and All Others Concerned

SUBJECT : Guidelines in the Release of Notice of Cash Allocation (NCA) for FY 2009

1.0 Purpose

- 1.1 To strengthen cash programming on the part of agencies thereby ensuring resource predictability in the payment of goods and services delivered; and,
- 1.2 To simplify the procedures in the release of NCAs for regular operating requirements of agencies.

2.0 Coverage

This Circular shall cover the following:

- 2.1 NCA releases for regular operating requirements of all national government agencies including SUCs which are credited to their Regular MDS Accounts under the General Fund (101), Foreign-Assisted Projects (FAPs) and Special Accounts in the General Fund (SAGFs).
- 2.2 NCA releases for assistance to government owned/or controlled corporations and local government units which are released thru the Bureau of the Treasury (BTr) and Department of Budget and Management (DBM), respectively.

3.0 General Guidelines

- 3.1 Effective January 2009, the following modifications in the NCA release shall be adopted:
 - 3.1.1 NCAs to cover regular requirements of agencies under item 2.0 of this Circular shall be **comprehensively released**, with a breakdown of the monthly NCA requirements by operating unit or OU. (An operating unit refers to the "agency" receiving NCA directly from DBM). Basis for the comprehensive release shall

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be the **Monthly Cash Program** (MCP) submitted by the OUs. The MCP, a budget execution document, reflects the monthly disbursement requirements of OUs.

OUs shall prepare a realistic MCP for the implementation of their programs and projects, taking into consideration the seasonality (peak and slack times) of activities, scheduled work targets of Capital Outlays, and timing of the grant of Productivity Incentive Benefit, Uniform Allowance, Year-end Benefits and other similar items of expenditures.

3.1.2 Additional NCAs shall be released corresponding to the SAROs to be issued to the OUs. These additional NCAs shall be issued on the basis of the **separate MCPs** submitted by the OUs as supporting document to their special budget requests for release of SAROs.

3.1.3 All NCAs programmed and credited for the month whether part of the comprehensive release or constituting the additional NCA releases, shall be valid only until the **last working day of the said month**. Thus, any unutilized NCA corresponding to the book balance (i.e., net of outstanding checks) shall automatically lapse at the end of that month.

3.1.4 DBM shall provide the MDS-GSB and OU concerned, a monthly schedule of the NCA releases i.e., monthly NCA requirements of OUs.

3.1.5 Upon receipt of the NCAs, the MDS-GSB shall ensure that the amount programmed for the month, if there is any, shall be credited immediately to the Regular MDS Accounts of OUs. Thereafter, the NCA requirements for the subsequent months shall be credited on the first working day of the month consistent with the schedule to be provided by DBM as cited under item 3.1.4 above.

3.2 Pending approval of the GAA for the year, the DBM in coordination with the OUs, shall prepare a **tentative cash program** which shall serve as basis for the release of the **initial NCA** covering the first semester (January to June) requirements of each OU. The total tentative cash program for the first semester should be more or less equal to the programmed allotment for the same period.

3.3 Likewise, at the start of the year, OUs may submit to DBM a request for the release of NCA requirements chargeable against prior year's budget, as follows:

3.3.1 Balances of allotments as of end of the immediately preceding year which are still valid for obligation in the current year. The request shall be supported with the MCP for the purpose and copy of the last page of the Registries of Allotments and

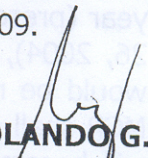
Obligations for MOOE and CO showing such Continuing Appropriations prepared by the Budget Officer.

- 3.3.2 Commitments or obligations which are not yet due and demandable as of end of the immediately preceding year for which, goods and services are expected to be delivered during the current year or future years. The request shall be supported with the MCP for the purpose and List of Not Yet Due and Demandable Obligations as of end of the immediately preceding year (prescribed under Circular Letter No. 2004-2 dated January 26, 2004), reflecting the estimated period when said obligations would be recognized as A/Ps. The total NCA requirements per MCP shall correspond to the total prior years' obligations which will become due and demandable during the current year (i.e., estimated period of 360 days and below per submitted List of Not Yet Due and Demandable Obligations).
- 3.4 Upon approval of the GAA for the year, OUs shall submit MCPs reflecting their programmed disbursement requirements corresponding to the amounts expected to be comprehensively released under their Agency Budget Matrix.
- 3.5 Disbursements of the OUs covered with Advice of Checks Issued and Cancelled (ACIC) received by the MDS-GSB from the first working day until the last working day of the month shall be charged against the programmed/credited NCA for the same month.
- 3.6 OUs should ensure that their ACICs are promptly submitted to the MDS-GSBs within the prescribed cut-off period in order to fully maximize the available NCAs programmed for the month.
- 3.7 Outstanding checks of the OUs as of the end of the month shall still be charged against the month when these were issued. In the event that outstanding checks are cancelled, the replacement MDS checks shall be charged against the NCA programmed for the month when the replacement check and covering ACIC are issued.
- 3.8 The Common Fund Scheme shall continue to apply. Thus, OUs, after satisfying the obligations programmed to be paid during the month, may use the free portion of the credited monthly NCAs to pay current year's due and demandable accounts payable (A/Ps) not included in the MCP. The Common Fund Scheme however, **will not apply** to current year A/Ps to external creditors of the five departments covered by the Direct Payment Scheme i.e., DPWH, DepEd, DOH, CHED and SUCs. In this instance, specific NCAs shall be issued for the purpose thru their Special MDS Accounts, consistent with CL 2005-2 dated January 28, 2005.
- 3.9 OUs shall prepare and submit a Monthly Report of Disbursements (MRD) to the DBM on or before the 10th day following the month covered by the report, as prescribed under NBC 507.

- 3.10 The MDS-GSBs shall continue to provide DBM, a Monthly Report on NCAs Issued, Negotiated Checks, Outstanding Checks, NCA Book Balance and NCA Bank Balance per MDS account of OUs. Said data will be used by DBM in validating the actual NCA disbursements of OUs reported per submitted MRD.

4.0 Effectivity

This Circular shall take effect on January 2, 2009.


ROLANDO G. ANDAYA, JR.

Secretary

