



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF BUDGET AND MANAGEMENT  
MALACANANG, MANILA



**CIRCULAR LETTER**

**No. 2011- 15**

December 26, 2011

**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 : Validity of Notice of Cash Allocation (NCA)**

- 1.0 Given the early enactment of the 2012 GAA, the President, during His Excellency's meeting with the Economic Development Clusters last 14 December 2011, directed the immediate implementation of various government programs, particularly infrastructure projects with multiplier effects to ensure economic development.
- 2.0 Hence, **implementing agencies are enjoined to improve their spending capacities in FY 2012**, with accelerated documentation and preparatory requirements avoiding delays in project implementation. **Agencies shall ensure optimum utilization of their available NCA releases** within the scheduled program/project/activity implementation period as reflected in their submitted Monthly Cash Programs.
- 3.0 In this regard, the validity of NCAs shall be as follows:

**FOR REGULAR MDS ACCOUNTS**

- 3.1 Effective January 1, 2012, **all NCA releases for regular MDS accounts**, whether comprehensively released or additional releases, shall be credited for the month programmed, and 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.
- 3.2 The pertinent provisions of Circular Letter No. 2008-11, among others, are hereby reiterated:
  - 3.2.1 DBM shall provide the MDS-Government Servicing Bank (GSB) and OUs concerned, a monthly schedule of the NCA releases i.e., monthly NCA requirements of OUs.





3.2.2 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 3.2.1 above.

3.2.3 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.

3.2.4 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.

#### **FOR SPECIAL MDS ACCOUNTS**

3.3. NCA issued and credited to the Special MDS Accounts of OUs for payment of: 1) retirement gratuity/terminal leave benefits; 2) current year and prior year's A/Ps to external creditors (EC) of departments adopting the Direct Payment System (DPS) (i.e., DPWH, DOH, DEPED, SUCs, CHED, TESDA); and, 3) prior years' accounts payable (A/P) of departments/agencies not implementing DPS, shall be **valid until the last working day of the following month when the NCA was issued.**

3.4. For payment of accounts payable, pertinent provisions of Circular Letter No. 2005-2, among others, are hereby reiterated:

3.4.1 For prior year's A/P, agencies are reminded of the **January 31 deadline for the submission of** requests for release of NCAs supported by the **List of Due and Demandable Accounts Payable (LDDAP) as of December 31 of each year.** Likewise, agencies shall submit a **List of Not Yet Due and Demandable Obligations as of December 31 of each year** for cash programming purposes.

3.4.2 For current year A/Ps of departments adopting the Direct Payment System, said departments shall submit to DBM, requests for NCA to cover the payment to external creditors together with the properly accomplished LDDAP-EC, on a regular basis. MDS-GSB shall pay the external creditors included in the LDDAP-EC thru the direct payment system not earlier than twenty-four (24) hours but not later than forty-eight hours after receipt of the NCA from DBM.

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#### **FOR TRUST RECEIPTS**

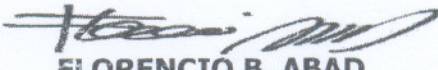
3.5 NCA issued for trust receipts (Fund 101-184) shall be valid until December 31 of each year.

#### **4.0 SAVING CLAUSE**

All pertinent provisions of previous issuances inconsistent with the provisions of this Circular are deemed repealed.

#### **5.0 EFFECTIVITY**

This Circular shall take effect on January 1, 2012.

  
**FLORENCIO B. ABAD**  
Secretary