



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



CIRCULAR LETTER

No. 2011-7

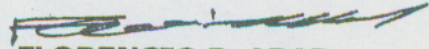
September 28 , 2011

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) for Regular MDS Accounts

- 1.0 In order to further enhance the effectiveness of fund release policies, the Department of Budget and Management (DBM) conducted an assessment of the policy on the monthly validity of NCAs under Regular MDS Accounts of Operating Units (OUs) as enunciated in CL No. 2008-11.
- 2.0 On the basis of the results of the said assessment and to optimize the use of available resources, **effective October 01, 2011**, the quarterly validity of NCAs under Regular MDS Accounts shall be adopted instead of the current month-end validity.
 - 2.1 For the Fourth Quarter of FY 2011, all NCAs under Regular MDS Accounts, comprehensively released prior to October 01 but to be credited within the fourth quarter of FY 2011 as well as additional NCA releases starting October 01, 2011 **shall be valid until December 31, 2011**.
 - 2.2 Starting January 01, 2012, all NCAs under Regular MDS Accounts credited for the month whether part of the comprehensive releases or constituting additional NCA releases, **shall be valid until the last working day of the 3rd month of that quarter**. Example: NCAs released/effective in February and March shall lapse on March 31.
 - 2.3 Thus, the MDS-GSB shall automatically credit any unutilized NCA corresponding to the book balance at the end of the month to the immediately succeeding month within the same quarter.
- 3.0 Disbursement 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 total available NCAs i.e., programmed/credited NCA for the month plus any valid unutilized NCAs from the past month/s of the same quarter.
 - 3.1 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 for the month.

- 3.2 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 available NCA for the month when the replacement check and covering ACIC are issued.
- 4.0 It is understood that all NCAs are considered lapsed after the last working hour of December 31 of every year.
- 5.0 This Circular shall take effect on October 1, 2011.


FLORENCIO B. ABAD
Secretary