



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



**CIRCULAR LETTER**

No. 2012- 19

November 29, 2012

**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 : Modification on Period for the Encashment of Checks under the Modified Disbursement System (MDS)**

- 1.0 Pursuant to Circular Letter No. 91-3 dated March 14, 1991, the following procedures are to be observed:
  - 1.1 MDS Checks issued by agencies/OUs shall be covered by Advice of Checks Issued and Cancelled (ACIC).
  - 1.2 The agencies shall only release the issued MDS checks to creditors/claimants the day after the covering ACIC has been submitted to the servicing bank concerned.
  - 1.3 MDS Checks shall be presented by creditors/claimants to the servicing bank not earlier than 24 hours after the date of issue.
- 2.0 Given the relatively comfortable cash balances at the National Treasury in CY 2012 and to facilitate immediate encashment of MDS checks issued, thus reducing the pressure on the CY 2013 disbursement program due to outstanding checks at year-end, the aforementioned procedures are modified as follows:
  - 2.1 The 24-hour waiting period for the encashment of MDS checks (as cited in Item 1.3) is hereby lifted/removed. Thus, agencies/OUs are instructed to immediately transmit without delay the properly accomplished ACICs to the MDS-GSB.
  - 2.2 Upon receipt of the covering ACIC by the MDS-GSB concerned, agencies/OUs shall immediately release the MDS checks to the creditors/payees.
- 3.0 Agencies/OUs are encouraged to settle their current year's due and demandable obligations as soon as possible, by issuing MDS checks soonest but not later than December 26, 2012, if practicable. Although agencies/OUs may still issue MDS checks up to the last working day of the year (i.e., December 29, 2012), they are reminded that issued checks may become outstanding at the end of the year which would unduly add pressure to the FY 2013 Cash Disbursement Program.
- 4.0 This Circular shall take effect immediately.

  
**FLORENCIO B. ABAD**  
Secretary