



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF BUDGET AND MANAGEMENT  
BONCODIN HALL, GENERAL SOLANO STREET, SAN MIGUEL, MANILA

**CIRCULAR LETTER**

No. 2019-3  
January 4, 2019

**TO** : All Heads of Departments/Agencies/State Universities and Colleges and Other Offices of the National Government, Budget Officers; Heads of Accounting Units, COA Auditors, Heads of Modified Disbursement System-Government Servicing Banks (MDS-GSBs) and All Others Concerned

**SUBJECT** : **Guidelines Covering the Crediting and Validity of Notice of Cash Allocation (NCA) for Regular MDS Sub-Accounts Effective First Quarter of FY 2019 and Onwards**

- 1.0 To ensure the timely implementation of programs and projects, disbursement authorization documents are issued to make cash available within the scheduled program/activity/project implementation period as reflected in the corresponding DBM-evaluated Monthly Disbursement Programs (MDPs) submitted by agencies.
- 2.0 Relative thereto, the following policies and procedures shall be observed by all concerned beginning the first quarter of 2019:
  - 2.1 All NCA releases for Regular MDS Sub-Accounts, to be credited for any month, whether part of the comprehensive releases or constituting additional NCA releases, shall continue to be **valid until the last working day of the 3<sup>rd</sup> month of the quarter covered.**
  - 2.2 The NCAs shall be credited to regular MDS Sub-accounts as follows:
    - 2.2.1 Upon receipt of the NCAs from the DBM, the MDS-GSB shall ensure the **immediate crediting on the date of issuance of such NCAs** to the Regular MDS Sub-Accounts of OUs **of the amount programmed for the month**, if any, as shown in the Monthly Requirement Schedule for Notice of Cash Allocation (MRS-NCA). Thereafter, the NCA requirements for the subsequent months, as applicable, shall be credited on the first working day of the month consistent with the MRS-NCA;
    - 2.2.2 Only the amount programmed for the month shall be credited by the MDS-GSB to the account of the Agencies/OUs; and
    - 2.2.3 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.**

- 2.3 It is understood that **all NCA balances of regular MDS Sub-Accounts at the end of each quarter are considered lapsed after the last working hour of said quarter.**
- 2.4 Agencies/OUs are reminded that payment for their mandatories, i.e., PS, MOOE, and CO requirements, shall take precedence over accounts payable (A/Ps) in the utilization of the NCAs received. Only when these mandatory requirements are satisfied can the payment of A/Ps be charged against the available NCAs.
- 2.5 All concerned are enjoined to regularly submit to the DBM the requisite reports on the utilization of NCAs to wit:
- 2.5.1 For agencies/OUs, the **Monthly Report of Disbursements (MRD- Financial Accountability Report No. 4)** to DBM **on or before the 30<sup>th</sup> day following the end of the month covered by the report** as prescribed under DBM-COA Joint Circular No. 2014-1 dated July 2, 2014.
- 2.5.2 For the MDS-GSB, they shall provide DBM a **monthly report on NCAs credited and utilized per MDS account of agencies/OUs by fund on or before the 2<sup>nd</sup> working day following the month covered by the report**, pursuant to DBM CL No. 2013-12 dated November 21, 2013.
- 3.0 All MDS-GSBs shall ensure that their respective electronic systems are appropriately calibrated in a timely manner to enable the accurate processing, monitoring and reporting of utilization of NCAs issued consistent with the guidelines prescribed herein.
- 4.0 All pertinent provisions of previous issuances inconsistent with the provisions of this Circular are deemed repealed.
- 5.0 Cases not covered in this Circular shall be referred to the DBM for resolution.
- 6.0 This Circular shall take effect on January 3, 2019.

  
BENJAMIN E. DIOKNO  
Secretary

