



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

CIRCULAR LETTER

No. 2013- 11

November 11, 2013

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 In the disbursement of funds, national government agencies (NGAs) observe the following procedures as prescribed under Circular Letter No. 91-3 dated March 14, 1991:
 - 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 MDS checks the day after the covering ACIC has been submitted to the servicing bank concerned.
 - 1.3 MDS Checks shall be presented 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 during the current year and to facilitate immediate encashment of MDS checks issued, as well as to avoid undue pressure on next year's cash disbursement program (FY 2014) due to outstanding checks at year-end, the aforementioned procedures are temporarily modified. **During the period December 1 to December 31, 2013**, the following modified procedures shall be adopted:
 - 2.1 **The 24-hour waiting period for the encashment of MDS checks (as cited in Item 1.3) is hereby lifted/suspended/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/OU**s are encouraged to settle their current year's due and demandable obligations as soon as possible, **by issuing MDS checks as scheduled but not later than December 24, 2013**, if practicable. However, they may still issue MDS checks up to the last working day of the year (i.e., December 27, 2013) although there is a great possibility that there may become outstanding checks.
- 4.0 This Circular shall take effect immediately.



FLORENCIO B. ABAD
Secretary