

DBM CIRCULAR LETTER NO. 2011-16 DECEMBER 27, 2011, December 27, 2011

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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 :

CLARIFICATION ON THE ENCASHMENT OF CHECKS UNDER THE MODIFIED DISBURSEMENT SYSTEM (MDS)

1.0

Circular Letter No. 91-3 dated Mar 14, 1991 provides the following policies/procedures:

1.1

MDS checks issued by agencies shall be covered by Advice, Checks issued and Cancelled (ACIC) and shall be presented for encashment with government servicing banks (GSBs) after twenty four (24) hours from the date of issue.

1.2

The agencies shall only release the MDS checks the day after the covering ACIC has been submitted to the concerned servicing bank.

2.0

Given the relatively comfortable cash balances at the Bureau of the Treasury and to facilitate immediate encashment of MDS checks issued, the foregoing policies/procedures are hereby modified:

2.1

The 24-hour waiting period for the encashment of MDS checks as mentioned under 1.1 is temporarily lifted for the remaining few days of this year. Thus, agencies/operating units (OUs) shall ensure that the properly accomplished ACICs are immediately submitted to the MDS-GSBs.

2.2

Once the covering ACIC has already submitted to the concerned MDS-GSBs, agencies/ OUs shall immediately release the MDS checks to creditor/, payees.

3.0

Agencies are enjoined to issue MDS checks to settle their current year due and demandable obligations as soon as possible, if practicable not later than December 26, 2011 as cited in our December 22, 2011 Memorandum to the Cabinet Secretaries, and not wait for the last working day of the year.

4.0

However, agencies/OUs are not precluded from issuing MDS checks up to the last working day of the year, i.e. December 29, 2011. These MDS checks may, however, become outstanding at the end of the year which would unduly add pressure to the FY 2012 Cash Disbursement Program.

5.0

Please be guided accordingly.

(Sgd.) FLORENCIO B. ABAD
Secretary

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