

MALACAÑANG
MANILA

MEMORANDUM ORDER NO. 276

ESTABLISHING THE GOVERNMENT'S MODIFIED DISBURSEMENT SYSTEM,
DIRECTING THE USE OF GOVERNMENT FINANCIAL INSTITUTIONS AS
THE SERVICING BANKS, AND FOR OTHER PURPOSES

WHEREAS, there is an imperative need to further improve the Government's Disbursement System;

WHEREAS, the use of government financial institutions as the servicing banks can better serve the objective of cost reduction for the Government as a whole;

WHEREAS, a more effective cash management system is a control measure which is consistent with fiscal and monetary policies;

IN VIEW THEREOF, the Government's Modified Disbursement System is hereby established under the following guidelines:

1. The Department of Budget and Management shall continue to allocate funds appropriated under the General Appropriations Act through the issuance of Advices of Allotment and Notices of Allocation.

2. The Department of Budget and Management shall continue to designate the servicing bank(s) for each government entity, from among the government financial institutions which possess expertise and facilities necessary to provide the requisite services.

3. The Philippine National Bank (PNB), the Land Bank of the Philippines (LBP), and the Development Bank of the Philippines (DBP) shall constitute the servicing banks under the modified disbursement system.

4. The Department of Finance (Bureau of Treasury) shall make the corresponding banking arrangements with the servicing banks so designated; deposit minimum funding requirements for each government entity; and replenish said deposits on a regular basis to reimburse the financial institutions for checks drawn by the government entities and negotiated, as a cash management function which the Bureau of the Treasury has been mandated to perform.

5. The deposits to be maintained shall be in the name of the Treasurer of the Philippines and interests earned thereon, if any, shall accrue to the General Fund.

6. Normal and reasonable banking charges may be paid to the servicing banks to compensate them for services rendered.

7. The Department of Budget and Management and the Department of Finance (Bureau of Treasury) shall issue appropriate rules and regulations to effectively implement this Modified Disbursement System (MDS); ascertain compliance by concerned institutions and agencies of the various requirements thereof, including the timely submission of relevant reports, so that its objectives of adequate control and reduced cost shall be achieved.

8. All government agencies, including government financial institutions, shall extend the necessary cooperation to effectively carry out the provisions of this Memorandum Order.

This Memorandum Order shall take effect on February 1, 1990.

DONE in the City of Manila, this 12th day of January, in the year of Our Lord, nineteen hundred and ninety.

Ernesto S. Aquino

By the President:

Catalino Macaraig, Jr.
CATALINO MACARAIG, JR.
Executive Secretary