

Translating Commitments Into Action Through Strategic Partnerships

PFM REFORM ROADMAP: A STATUS REPORT

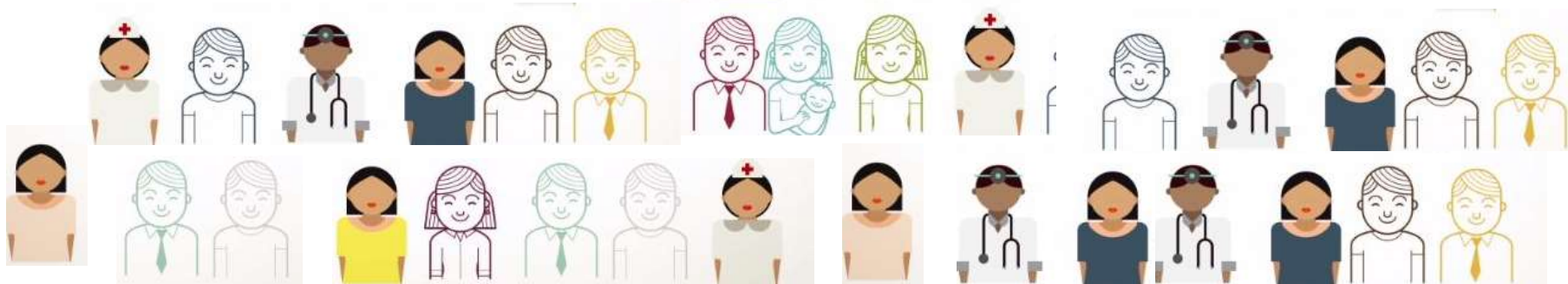
THE STORY OF JUAN





“kung walang corrupt, walang mahirap.”

... growth that benefits all and leaves no one behind.



The two years that was.....

.....Years 2010-2012

THE PACT

The Department of Finance - Bureau of the Treasury (DOF-BTr), a National Government Agency created and existing under the laws of the Republic of the Philippines, with principal office address at DOF Building, BSP Complex, Roxas Boulevard, Manila, herein represented by MARGARITO B. TEVES, in his capacity as Secretary of Finance, and hereinafter referred to as the DOF-BTr;

IN WITNESS WHEREOF and on behalf of our respective agencies, we accept the terms of this MOA in cooperation and herewith set our signatures on the date and place above-written.


COMMISSION ON AUDIT

By:


REYNALDO A. VILLAR
Chairman

DEPARTMENT OF BUDGET AND MANAGEMENT

By:


ROLANDO G. ANDAYA, JR.
Secretary

DEPARTMENT OF FINANCE - BUREAU OF THE TREASURY

By:


MARGARITO B. TEVES
Secretary (193564)

Signed in the presence of:


Rolando B. Andaya, Jr.
Secretary


Margarito B. Teves
Secretary


Reynaldo A. Villar
Chairman

MOA-signing among COA, DBM, DOF and BTr to foster the development of GIFMIS



Defining the goals of the PFM Reform Roadmap

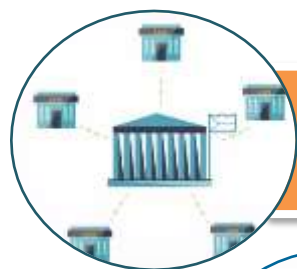


Honest and effective governance – truly transparent, disciplined, and serving the interest of the country and its people.

PFM Vision

Laying the foundations of the PFM Reforms

Implementing the action plans



**IMPROVED TREASURY
CASH MANAGEMENT**



GIFMIS DEVELOPMENT



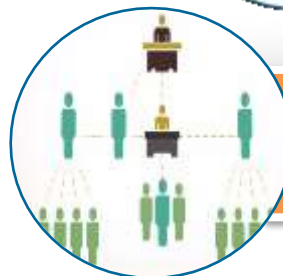
LIABILITY MANAGEMENT



**BUDGET REPORT &
PERFORMANCE
STANDARDS**



**ACCOUNTING AND
AUDITING REFORMS**



CAPACITY BUILDING

MALACAÑAN PALACE

MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 55

DIRECTING THE INTEGRATION AND AUTOMATION OF GOVERNMENT FINANCIAL MANAGEMENT SYSTEMS

WHEREAS, it is the policy of the State to adopt and implement full public disclosure of all its transactions involving public interest and recognize the right of the people to information on matter of public concern as embodied under Section 28, Article II and Section 7, Article III of the 1987 Constitution;

WHEREAS, the present administration subscribes to the emerging global thrust towards open government and greater budget transparency and accords the highest priority to public sector initiatives that promote transparency, accountability and good governance as contained in the President's Social Contract with the Filipino people;

WHEREAS, the development of a government integrated financial management information systems (GIFMIS) will facilitate the generation of vital information on any and all aspects of government financial transactions that can be made accessible to the public through information technology, subject to existing laws, and greater participation of civil society organizations in fiscal governance, as well as the effective and efficient delivery of public services;

WHEREAS, the said integrated system will, among others, allow greater financial management and control at the oversight and agency levels, ensure stricter compliance of the budget to appropriation laws and corresponding rules and regulations, significantly improve Treasury cash management, and facilitate keeping of general accounts of government and management reporting at various levels of government

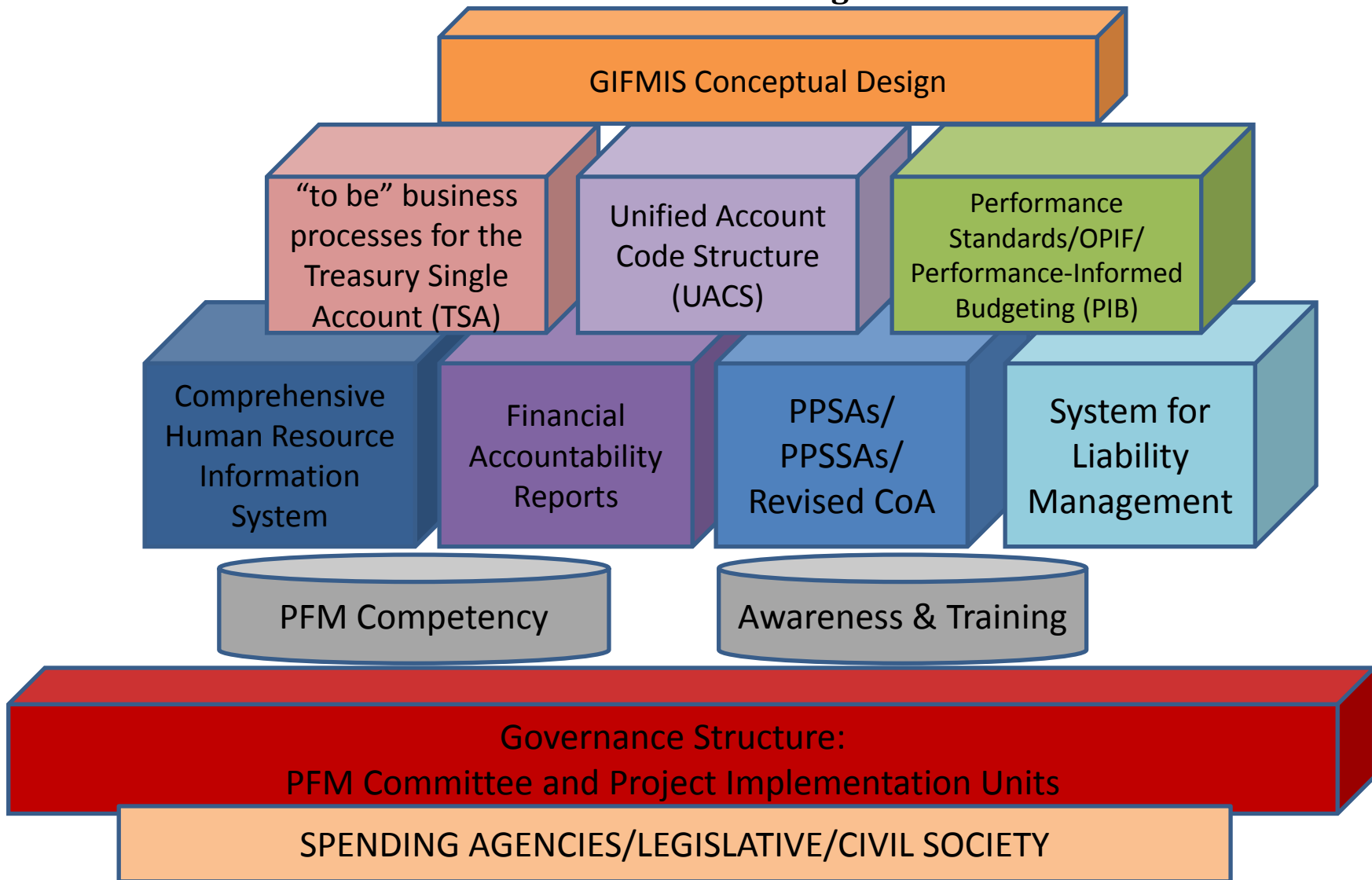


Executive Order No. 55



YEAR 2012-PRESENT

The Building Blocks



Harmonized Financial Accountability Reports



- **Joint COA-DBM Circular No. 2013-1** (dated 15 March 2013) - guidelines on the submission of quarterly accountability reports on appropriations, allotments, obligations, and disbursements.
- To ensure **financial accountability reports (FARs)** are harmonized and simplified to provide timely, reliable and accurate information, and also in preparation of the GIFMIS that will be developed.
- **FARs** - reports on appropriations, allotments, obligations, disbursement authorities, disbursements, and balances.

Accounting and Auditing Reforms

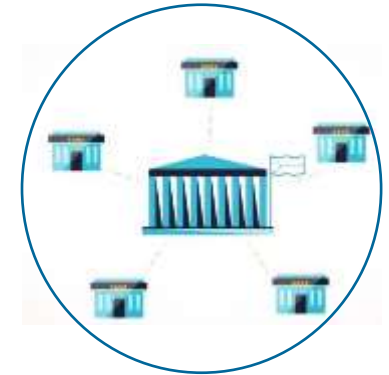


- **25 Philippine Public Sector Accounting Standards (PPSAS) reviewed and harmonized with International Public Sector Accounting Standards (IPSAS)**
 - Approval of the PPSAs is critical to the enhancement of current IT-based systems on budget and accounting for the FY 2014 budget cycle, including development of GIFMIS
- **Chart of Accounts for National Government Agencies (NGAs) revised to conform to the harmonized PPSA and harmonized with Budgetary Accounts**
- **Development of Philippine Public Sector Standards on Auditing (PPSSA)**
 - 24 PPSSAs have been adopted by the Commission Proper

Improved Treasury Cash Management Operations



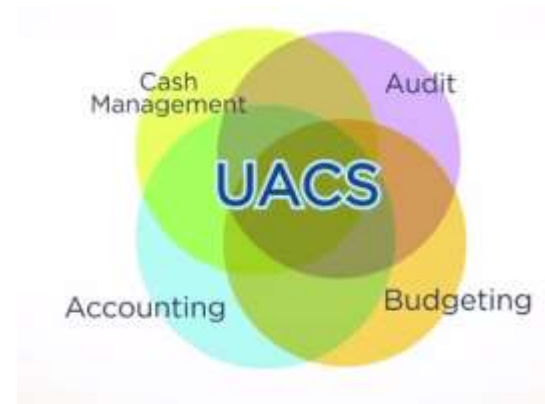
- Design of a Treasury Single Account prepared covering: custody, coverage, structure, and transaction processing
- **TSA Custody -- Central Bank**
 - MOA Signed in November 2013
- **New TSA Framework for Collection**
 - From a float to a fee-based system of compensation
 - MOA signed among commercial banks, BIR/BOC and BTr in November 2013
- **Consolidation of the Accounts**
 - Inventory of the Treasury Accounts completed
 - Inventory of National Government Agencies (NGAs) accounts with Authorized Government Depository Banks prepared
- **Closure of All NGAs Dormant Accounts**
 - consolidation/validation/closing of dormant accounts ongoing



Unified Accounts Code Structure (UACS)



- A government-wide harmonized budgetary, treasury and accounting code classification system formally adopted (DBM-DOF-COA Joint Circular No. 2013-1 dated 06 August 2013)
- Ensures that all financial processes – from budgeting to cash management to accounting and audit – will conform with a single classification system
- UACS serves as an essential prerequisite for the implementation of the GIFMIS



Online Budget Execution Documents (BEDs) System



- **National Budget Circular No. 550** prescribes the changes on the submission of budget execution plans and target for 2014.
- **Online Budget Execution Documents (BEDs) System** was rolled to implementing agencies on November 18, 2013.
- Online BEDs System – A web-based system to facilitate easier preparation and prompt submission of BEDs containing the agencies' physical and financial plans and targets, and monthly disbursement program.

System for Liability Management

Establishment of a database of Government-Owned and -Controlled Corporations (GOCCs) to facilitate a centralized monitoring and management of guaranteed loans



- GOCC debt report templates completed
- Development of the GOCC Monitoring System (GMS) is underway
- Database build-up for the GOCC Monitoring System is on-going for the selected priority GOCCs/GFIs/SSIs

Performance Standards

Issuance of Guidelines on OPIF-----
Review of Major Final Outputs and
Performance Indicators



Performance-Informed Budgeting (PIB)

“ A set of integrated processes that aim to **improve the efficiency and effectiveness of public expenditure** by linking the funding to the results, making systematic use of performance information, although not solely, in resource allocation and management”

Comprehensive HRIS

- Envisioned to support improved and harmonized management of human resources and personnel expenditures toward improved transparency, accountability and efficient service delivery
- Procurement of an enterprise level solution is underway based on the documented requirements.
 - Design includes all HR transactions under Personnel Information Database System (PIDS), the Government Manpower Information System (GMIS) and other functionalities including payroll.
 - Standardization of policies to implement CHRIS across government.



GIFMIS Development



- The GIFMIS Conceptual Design
 - completed in 2012
 - an analysis of the current environment, recommendations on the possible scope of GIFMIS, necessary changes needed to the regulatory framework, business processes and institutional structures to support GIFMIS implementation
 - foundation for the development of the GIFMIS functional and technical systems design
- Procurement process for the design, implementation, operation and maintenance of GIFMIS ongoing

Now to 2016

- Savings/
- income rules
- AP- FIFO

- No preaudit – internal controls in all agencies
- COA Audit used for decision making

Common PFM Policies & Rules

“PFM” Agency

PFM Manual

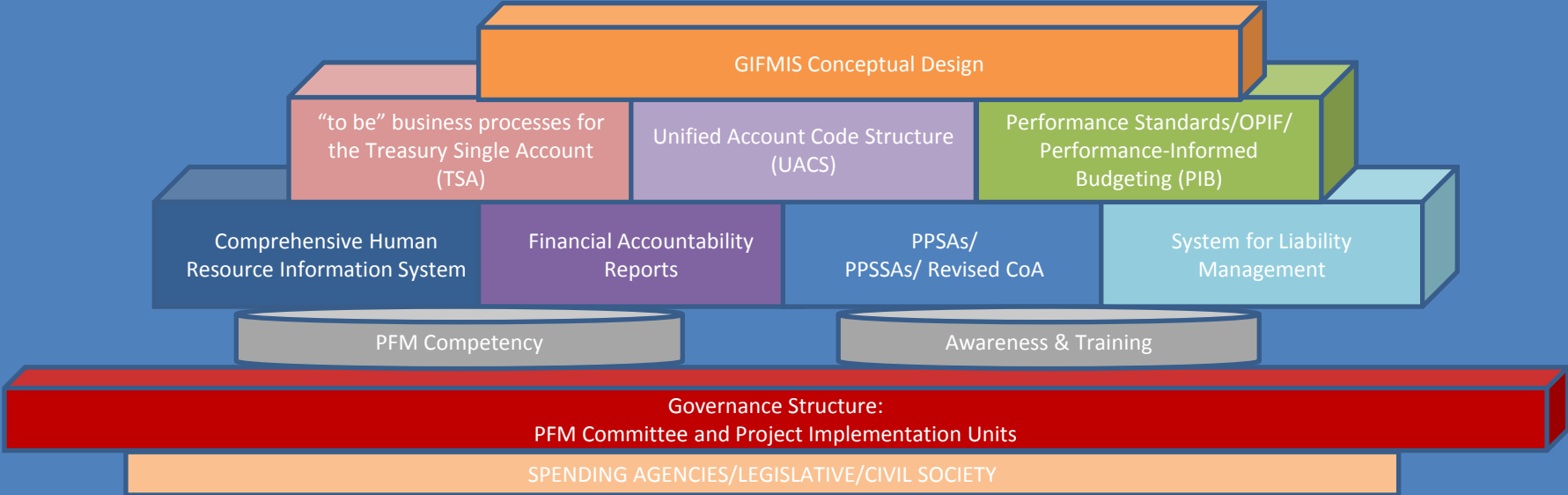
Internal/ External Audit

- Measured on long term outcomes
- Bottom line is outcomes
- PIB
- NGA Performance contracts

PFM Competency Framework

Performance Management

Foundation





PUBLIC FINANCIAL MANAGEMENT

REPUBLIC OF THE PHILIPPINES