Republic of the Philippines
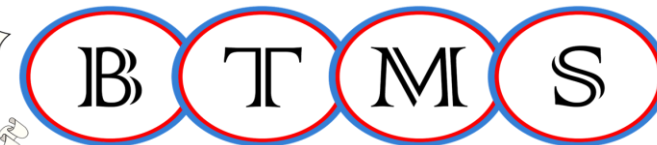DEPARTMENT OF BUDGET AND MANAGEMENT

BUDGET AND TREASURY MANAGEMENT SYSTEM (BTMS)

PHILIPPINE ASSOCIATION OF GOVERNMENT BUDGET ADMINISTRATION, INC. (PAGBA, INC.)
2020 First Quarterly Seminar and Meeting
March 13, 2020

BTMS
Budget and Treasury Management System

Agenda

Section	Contents
1	Rationale and Background
2	What is BTMS?
3	Main Controls and Features
4	How do we get to the target state – Critical Path & Challenges
5	Implementation Strategy based on the DBM Circular
6	BTMS Functions
7	E-Learning – BTMS Learning Management System
8	Rollout and Next Steps

Rationale and Background

Why do we need to do this?

- This is a period of reform.

- Oversight and spending agencies need to manage government financial information to enable government leaders to make timely decisions.

- Move towards innovation and automation.

- The Government of the Philippines (GOP) needs to address gaps in the public financial management system.

2010 PFM Cycle and Gaps, and 2016 PEFA findings

What is PEFA?

The Public Expenditure and Financial Accountability (PEFA) program provides a framework for assessing and reporting on the strengths and weaknesses of public financial management (PFM) using quantitative indicators to measure performance.

Gaps

- **Lacks budget credibility**
- Budget not results-based
- **Lack of funding predictability**
- Weak budget oversight by Congress and the public
- **Weak cash management system**
- No common budgetary and accounting classification
- Weak monitoring of contingent liabilities

Strategy to address gaps

- To acquire a centralized web-based application to capture revenues and expenses as they occur
- To support the budget management needs of DBM as well as the treasury and cash management needs of Bureau of the Treasury and support for the Treasury Single Account
- To automate the accounting and fiscal reporting needs of the NGAs and oversight agencies
- To provide automated workflow processes for budget utilization, accounting and fiscal reporting needs of all spending agencies

BTMS and PFM Reform

EO No. 55 of 2011

Directing the integration and automation of Government Financial Management Systems.
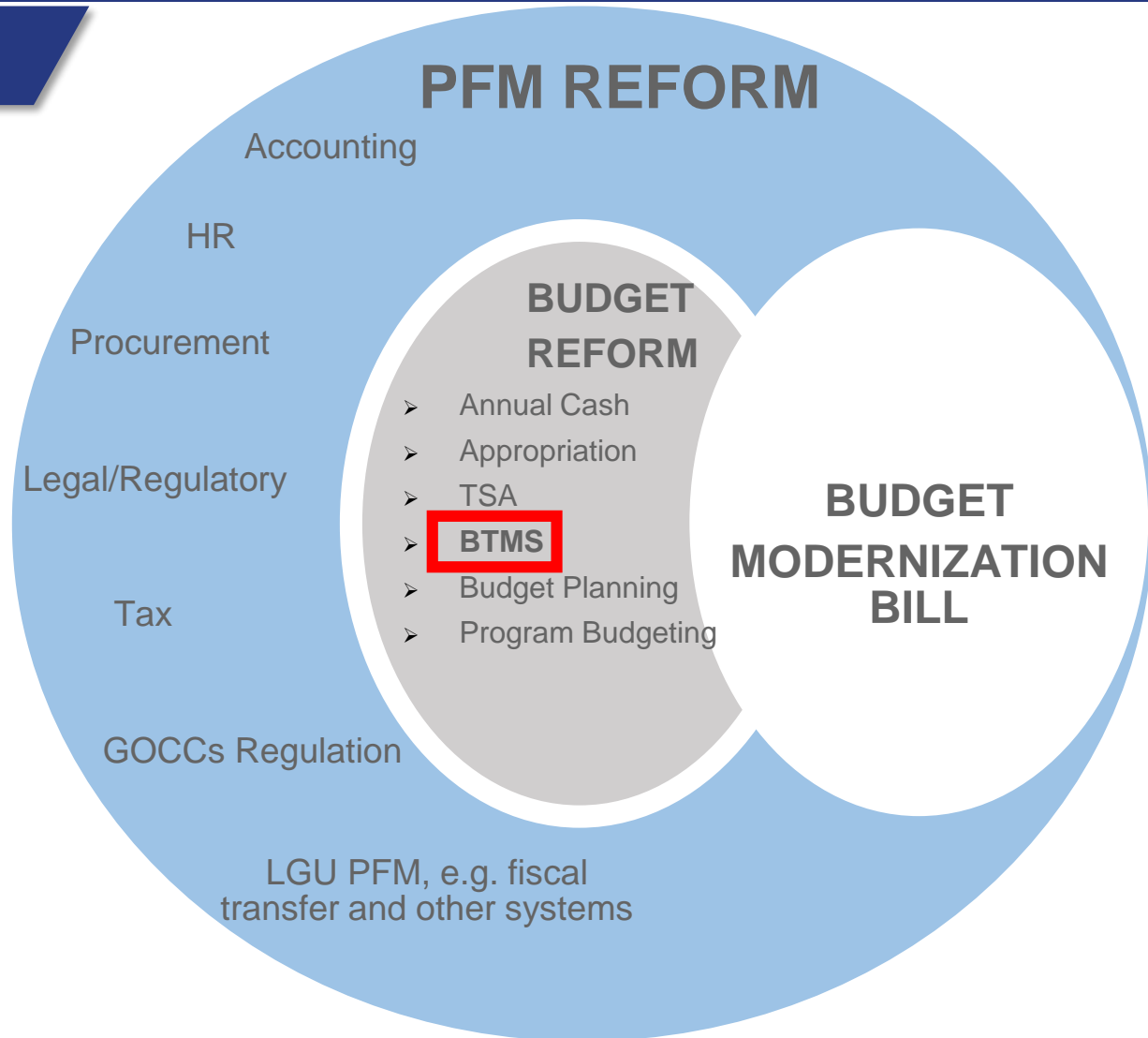
PFM Reform

A comprehensive reform agenda that seeks to clarify, simplify, improve and harmonize the government's financial management processes and information systems.

PFM Committee

Executive Order No. 55 s. 2011 mandated the **PFM Committee composed of COA, DBM, DOF and Bureau of the Treasury** to oversee the integration and automation of government financial and information systems, and implementation of the PFM Reform Roadmap.

The roadmap is implemented through **six key initiatives**:

- Budget Reporting and Performance Standards,
- Accounting and Auditing Reforms,
- Improvement of Treasury Cash Management Operations
- Liability management
- Government Integrated Financial Management Information Systems
- Capacity Building.

PFM REFORM

Accounting

HR

Procurement

Legal/Regulatory

Tax

GOCCs Regulation

BUDGET REFORM

- ➤ Annual Cash
- ➤ Appropriation
- ➤ TSA
- ➤ BTMS
- ➤ Budget Planning
- ➤ Program Budgeting

BUDGET MODERNIZATION BILL

LGU PFM, e.g. fiscal transfer and other systems

BTMS
Budget and Treasury Management System

What is BTMS?

What is BTMS?

The BTMS is a **common, modern, integrated, accurate, reliable and secure** information system for the public financial management (PFM) operations of the Philippine Government.
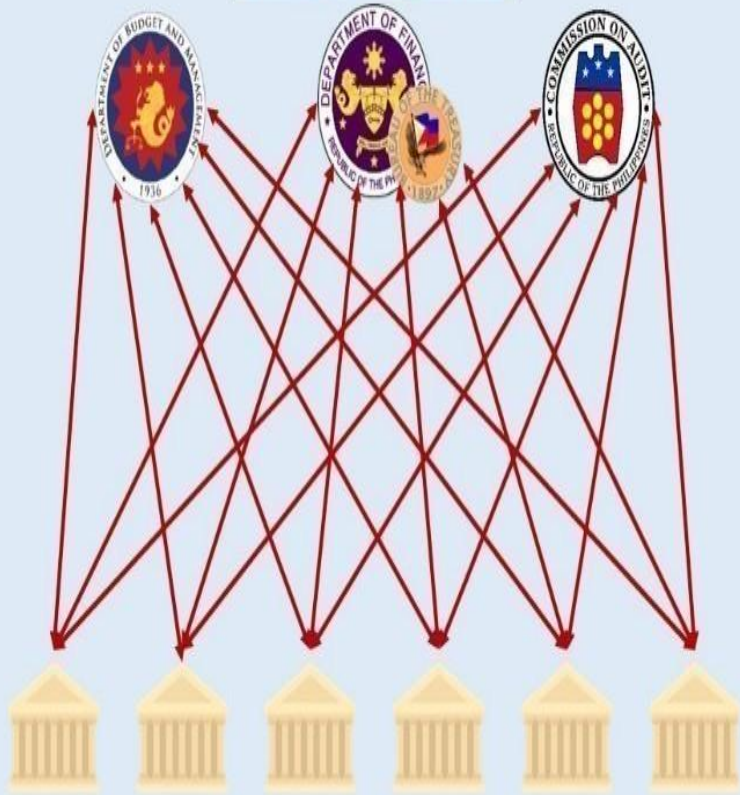
Purpose
BTMS acts as an enabler of the PFM reform program.
It is the first phase towards the Integrated Financial Management Information System (IFMIS) of the Government of the Philippines (GOP).
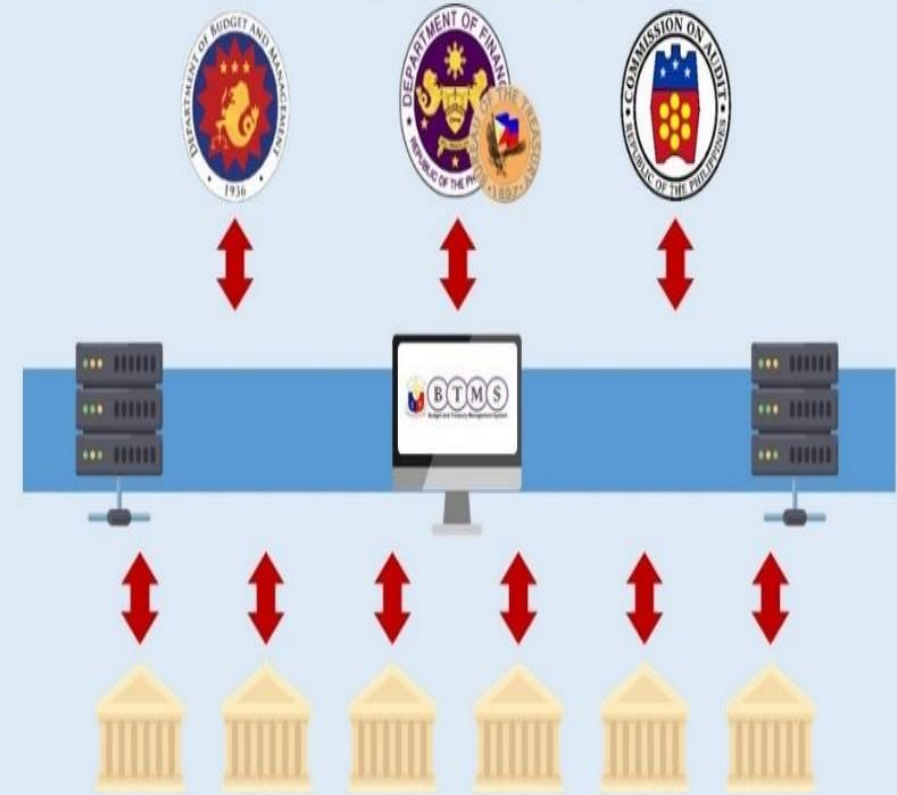
BTMS
Budget and Treasury Management System

BTMS Components
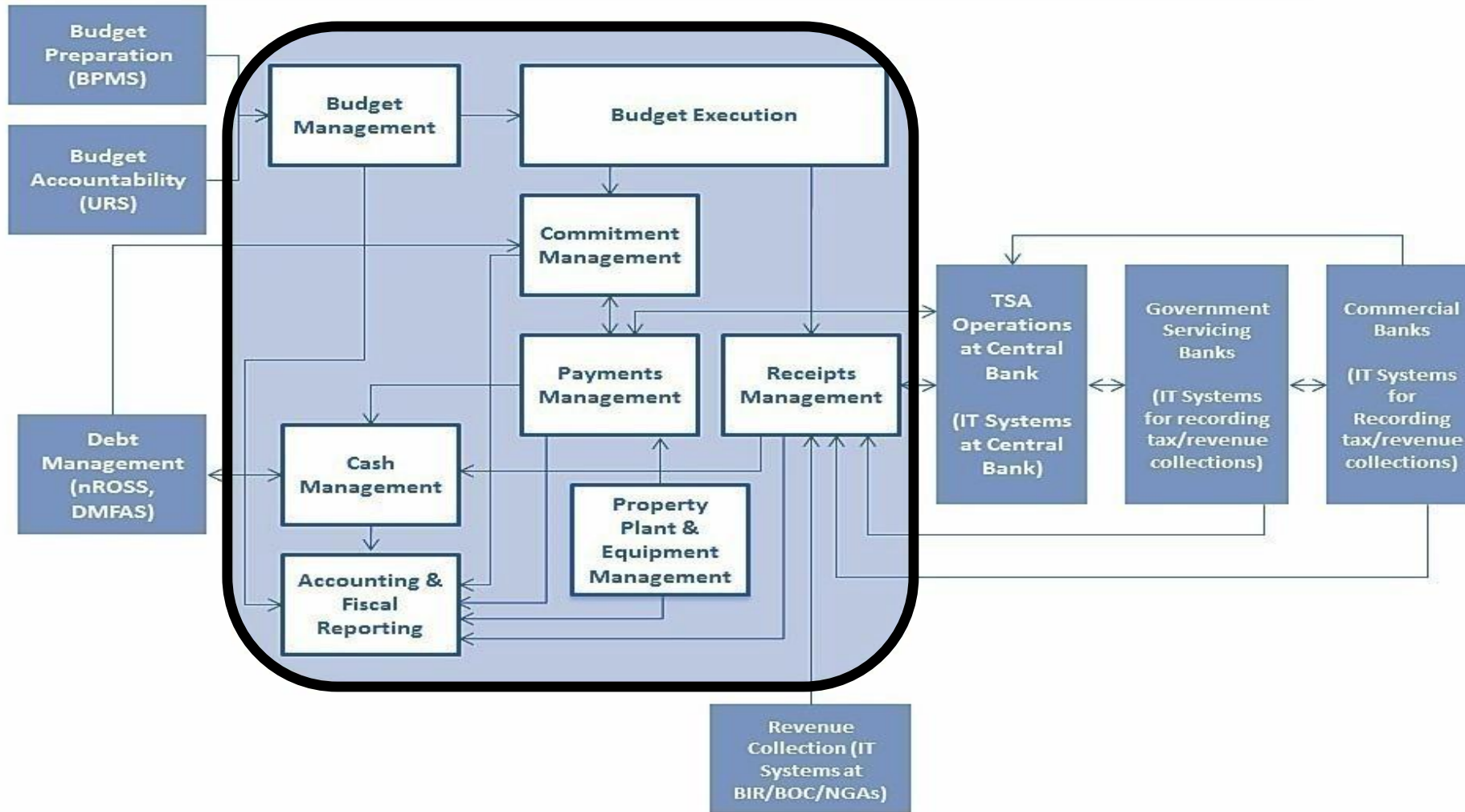
Budget Utilization for Spending Agencies

1. **Commitment and Obligation Management**

2. **Payment Management**

3. **Receipts Management**

4. **Property, Plant and Equipment**

5. **Accounting and Fiscal Reporting**

The Joint-Venture

FreeBalance

- ❖ FreeBalance Inc. develops software solutions for public financial management.
- ❖ FreeBalance Inc. provides its software exclusively to government/s.
- ❖ It is headquartered in Ottawa, Canada.
- ❖ The company serves central governments, regional and local government agencies, agencies and authorities, and aid projects and GRP shared services worldwide.

innove COMMUNICATIONS

- ❖ Innove is a subsidiary of Globe Telecom
- ❖ Provides Broadband and Telecommunication services
- ❖ It offers advanced data capabilities for customers in need of private networking and high-capacity data services.

BTMS Website

BTMS is NOT...

- A replacement of e-NGAS

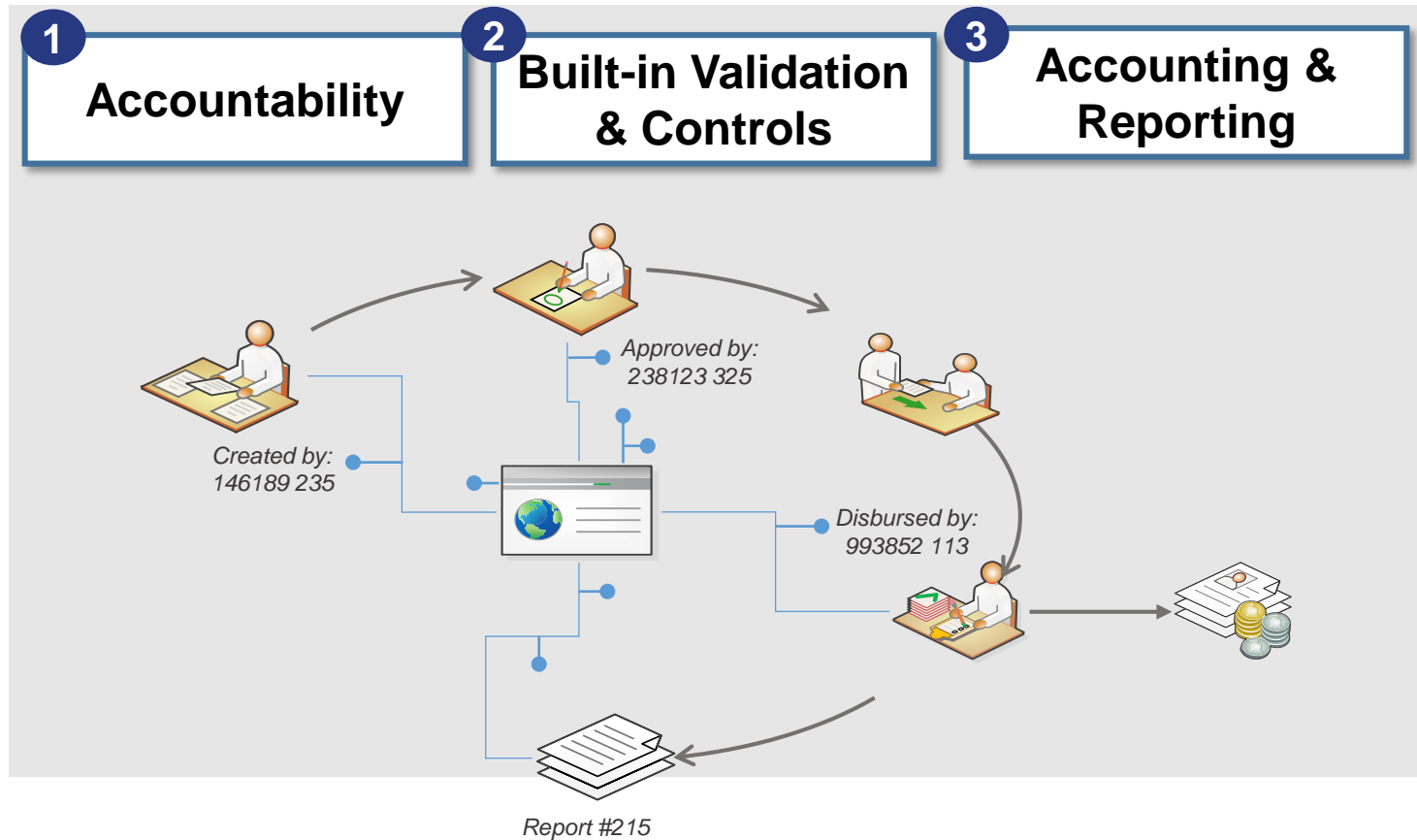- Just another stand-alone system

BTMS is...

- A centerpiece reform for the Philippines' public financial management
- The core of the IFMIS

Main Controls and Features

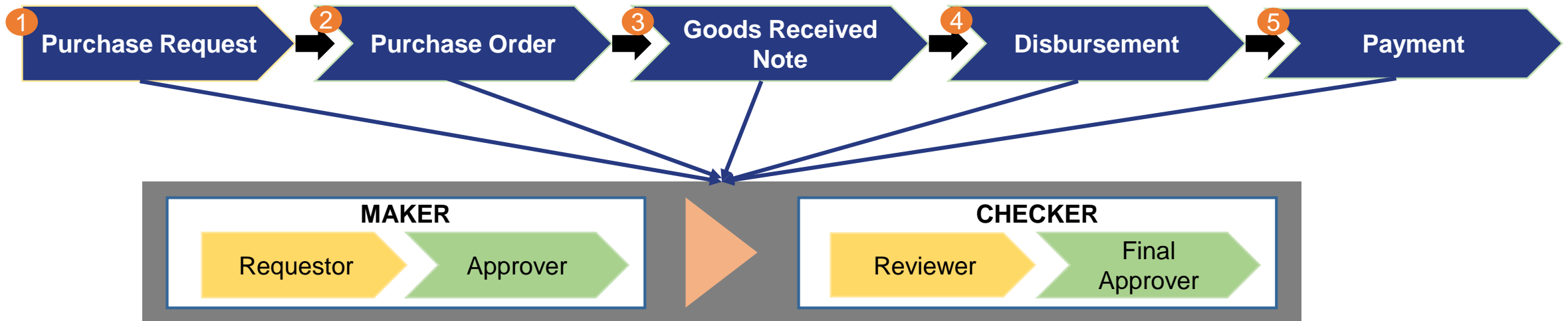# BTMS Main Controls and Features – What's in it for us?

1	2	3
Accountability	**Built-in Validation & Controls**	**Accounting & Reporting**

Created by:
146189 235

Approved by:
238123 325

Disbursed by:
993852 113

Report #215

Additional Features:

❖ Automated processes
❖ Integrated system
❖ Online monitoring/reporting
❖ Common centralized database
❖ Budget control validation up to the expenditure level
❖ Government-wide consolidation
❖ Capture at the source

1. ACCOUNTABILITY

BTMS provides a standard workflow function, whereby the segregation of duties are in place. Maker, Reviewer, and Approver will play different roles within the transaction lifecycle. The BTMS workflow follows these guiding principles and is implemented as below.

e.g. **Purchase-to-Payment** – The system will not allow creation of **Purchase Order** until **Purchase Request** is fully approved. This is true to the entire **Purchase-to-Payment** lifecycle.
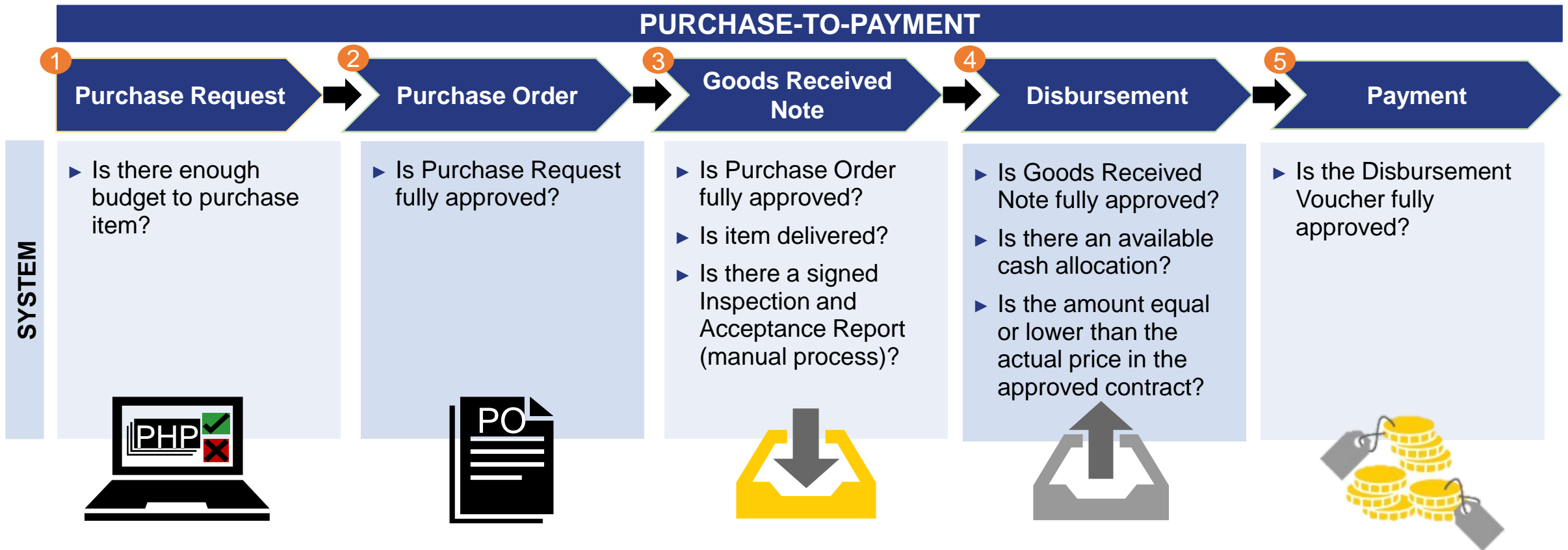
| 1 Purchase Request | 2 Purchase Order | 3 Goods Received Note | 4 Disbursement | 5 Payment |

MAKER
Requestor → Approver

CHECKER
Reviewer → Final Approver

For each sub-process, a set of maker / checker functions are provided which are user-role based.

e.g. For **Purchase Request**, **Maker** is assigned to **requesting units**, while **Checker** is assigned to units responsible for managing the **APP/PPMP** (e.g. **Procurement Services**)
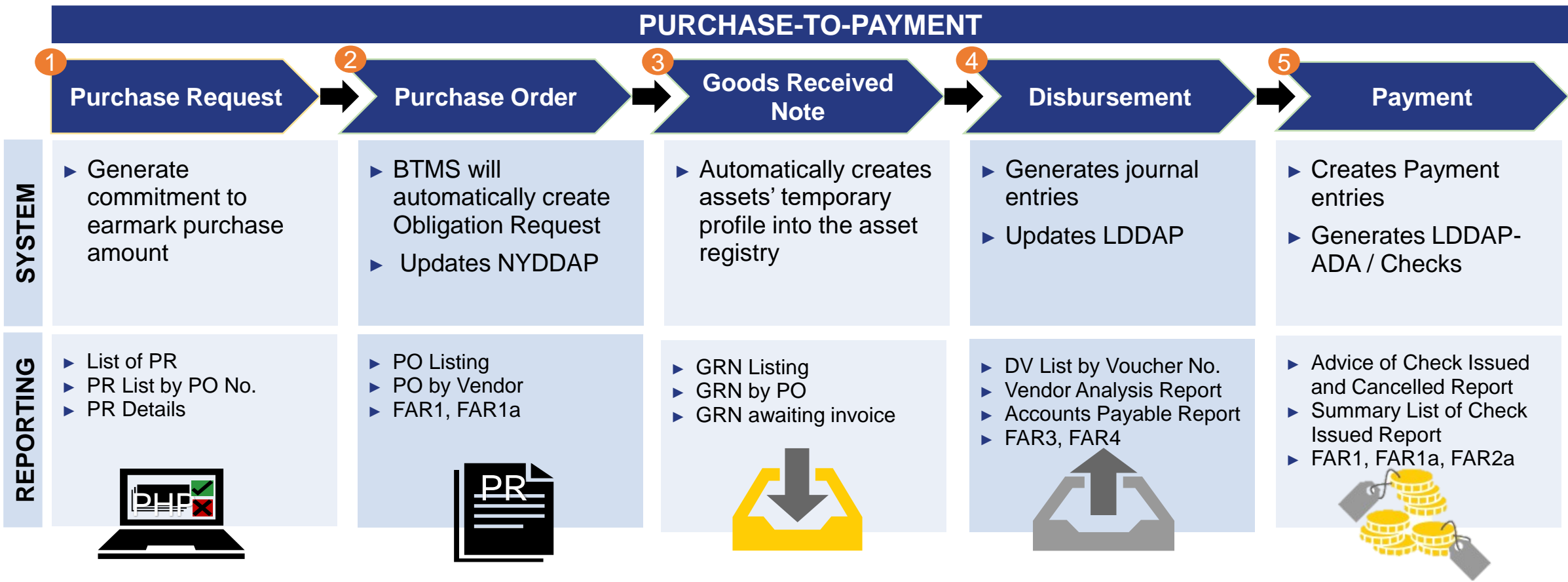
2. BUILT-IN VALIDATION & CONTROLS

BTMS provides automated and real-time validation on certain functionalities that is already stored in the system. Some of these validations will not allow creation or transition of sub-processes. An audit trail is provided by the system to ensure historical transactions are recorded and can be reviewed at any given time.

PURCHASE-TO-PAYMENT

1 Purchase Request	2 Purchase Order	3 Goods Received Note	4 Disbursement	5 Payment
► Is there enough budget to purchase item?	► Is Purchase Request fully approved?	► Is Purchase Order fully approved? ► Is item delivered? ► Is there a signed Inspection and Acceptance Report (manual process)?	► Is Goods Received Note fully approved? ► Is there an available cash allocation? ► Is the amount equal or lower than the actual price in the approved contract?	► Is the Disbursement Voucher fully approved?

SYSTEM

3. ACCOUNTING & REPORTING

BTMS generates accounting entries automatically for each of the sub processes whenever specific sets of accounting entries are required, and are immediately reflected in their respective reports. This allows management and oversight agencies to have a near real-time view of the whole of government's budget utilization status.

PURCHASE-TO-PAYMENT

	1 Purchase Request	2 Purchase Order	3 Goods Received Note	4 Disbursement	5 Payment
SYSTEM	► Generate commitment to earmark purchase amount	► BTMS will automatically create Obligation Request ► Updates NYDDAP	► Automatically creates assets' temporary profile into the asset registry	► Generates journal entries ► Updates LDDAP	► Creates Payment entries ► Generates LDDAP-ADA / Checks
REPORTING	► List of PR ► PR List by PO No. ► PR Details	► PO Listing ► PO by Vendor ► FAR1, FAR1a	► GRN Listing ► GRN by PO ► GRN awaiting invoice	► DV List by Voucher No. ► Vendor Analysis Report ► Accounts Payable Report ► FAR3, FAR4	► Advice of Check Issued and Cancelled Report ► Summary List of Check Issued Report ► FAR1, FAR1a, FAR2a

Standard Forms, Financial Statements and Reports - What's in it for us?

Transaction Forms

1. Purchase Request
2. Commitment Request
3. Obligation Request
4. Purchase Order
5. Goods Receipt Note
6. Goods Return Note
7. Disbursement Voucher
8. Journal Entry Voucher
9. Order of Payment
10. Official Receipt
11. Letter of Authority
12. List of Due and Demandable Accounts Payable – Advice to Debit Accounts (LDDAP-ADA)

Financial Statements

1. Statement of Financial Position
2. Statement of Financial Performance
3. Statement of Cash Flows
4. Statement of Changes in Net Assets/Equity
5. Statement of Comparison of Budget and Actual Amounts

Standard and Custom Reports

1. Registry of Allotments, Obligations and Disbursements
2. Accounts Payable Report
3. Index of Payment Report
4. Alphabetical List of Taxes Withheld from Vendors Report
5. Withholding Tax Report
6. Advice of Check Issued and Cancelled Report
7. Summary List of Check Issued and Cancelled Report
8. Check Issued Report
9. List of Journal Entry Voucher Report
10. Revenue Collection and Deposit Report
11. Schedule of Subsidiary Ledger Balances Report
12. Subsidiary Ledger Report
13. General Journal
14. Registry of Appropriations and Allotments
15. Registry of Allotment, Obligation and Disbursements
16. Inventory and Inspection Report of Unserviceable Property
17. PAR Issuance Control
18. Report on Physical Count of PPE
19. Waste Materials Report

Planning and Performance

1. BAR 1: Quarterly Physical Report on Operation
2. BED 1: Financial Plan
3. BED 2: Physical Plan
4. BED 3: Monthly Disbursement Plan
5. FAR 1: Statement of Appropriations, Allotments, Obligations, Disbursements and Balances
6. FAR 1A: Statement of Appropriations, Allotments, Obligations, Disbursements and Balances by Object of Expenditures
7. FAR 1B: List of Allotments and Sub-allotments
8. FAR 2: Statement of Approved Budget, Utilizations, Disbursements and Balances
9. FAR 2A: Statement of Approved Budget, Utilizations, Disbursements and Balances by Object of Expenditures
10. FAR 3: Aging of Due and Demandable Obligations
11. FAR 4: Monthly Report of Disbursement
12. FAR 5: Monthly Report of Revenue and Other Receipts

What's in it for us?

- Systematic and automated consolidation at an aggregate government wide point of view

- Promote more efficiency in fiscal reporting by replacing manual controls with automated controls

- One source of truth of government financial information

- Standardization of processes

- Managing the bottomline of government finances

What's in it for us?

- Mapping of transactions enabling the URS reports to be generated from the BTMS

- Stronger monitoring of budget utilization

As a Nation, how do we implement BTMS?

CHALLENGES & CRITICAL PATH

Challenges:

- Everyone is busy, and yet, this has to be done.
- Interpretation of compliance to GAM, RA9184, COA and other internal processes.
- Dynamic Organization – changes in roles impact Security Access Matrix (SAM) Configuration and Training.
- Common Approval Matrix across all agencies
- Timely capture of transactions to ensure integrity of Financial Reports.

Implementation Strategy

Budget and Treasury Management System

DBM Circular Letter No. 2019 - 4

Guidelines on the Adoption and Use of the Budget and Treasury Management System for Budget Utilization

1.0 RATIONALE

To **standardize and automate the budget utilization of the spending agency** through the adoption and use of the Budget and Treasury Management System (BTMS) as the **core and foundation of an integrated Financial Management Information System (IFMIS)** and the sole means for obligating, disbursing and reporting all government expenditures.

2.0 PURPOSE

2.1 To prescribe the **guidelines in the adoption and use of the BTMS for budget utilization.**

2.2 To **facilitate the adoption and use of the BTMS by all National Government Agencies (NGAs)** for budget utilization and fiscal and financial reporting.

3.0 COVERAGE

This Circular Letter covers all Agencies of the National Government with budgetary appropriations in the General Appropriations Act (GAA)

BTMS Rapid Roll-out Strategy
World Bank Study on Government Spending

10% Transactions	5% Expenditures
90% Transactions	95% Expenditures

■ 1 Million and Above
■ 1 Million Below

■ Low Value Transactions
■ High Value Transactions
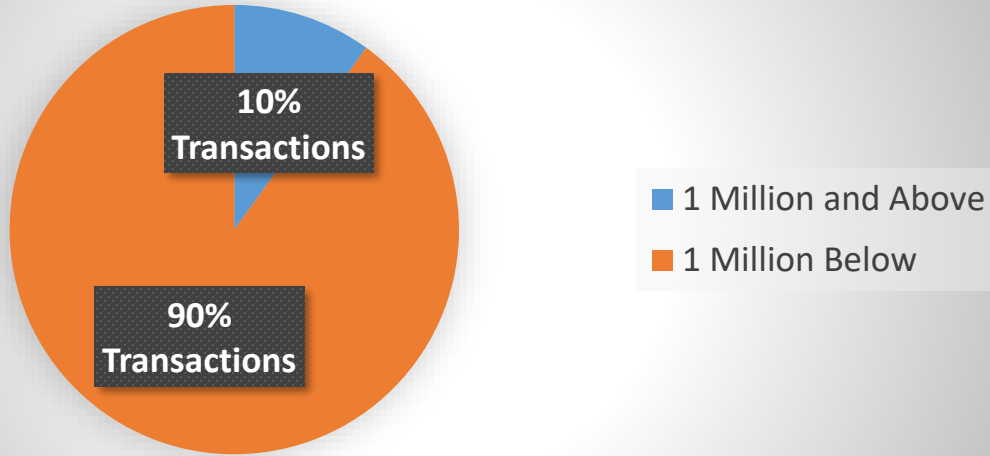
Number of Transactions

*In terms of **number of transactions**, 90% of transactions are below PhP1 million, 10% of transactions are PhP1 million and above.*
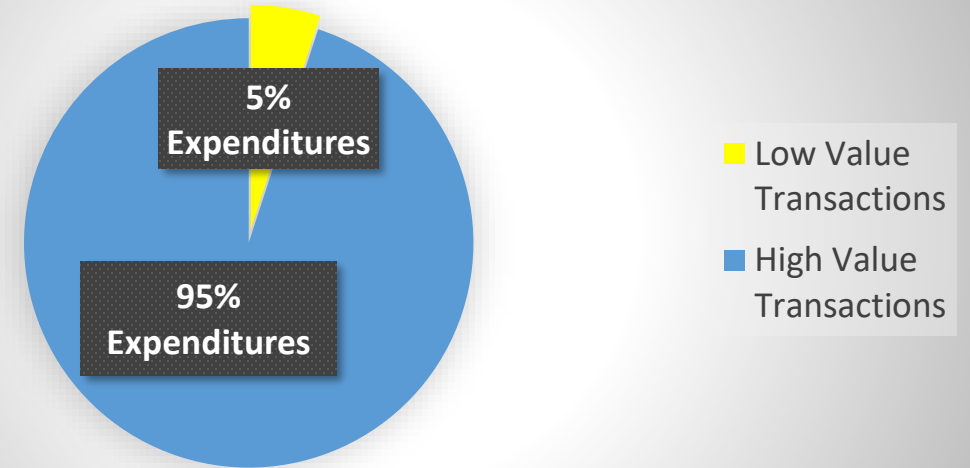
Amount of Expenditures (PhP)

*In terms of **amount of expenditures**, that 10% of transactions already constitute 95% of the amount of the expenditures. The 90% of transactions constitute only 5% of the amount of expenditures.*

How to get there?

High Value Transactions

TRANSACTION MODE

For transactions amounting to **1M and above** shall use the BTMS-BU module in *transaction mode* (See Appendix 1).

Low Value Transactions

ENCODING MODE

For transactions **less than 1M**, the agency shall use the *encoding mode*:

1. NGAs will adopt the current manual procedure, then thereafter encode the transactions in BTMS-BU module.

2. The encoding in the BTMS-BU module shall be done at regular intervals but **not later than 30 calendar days after payment to the payee**.

BTMS Rapid Rollout Strategy

High-value transactions < PhP 1M (Real-Time)

Transaction mode

Low-value transactions ➢ PhP 1M (within 30 days after payment)

Encoding mode

1 Modes of Operation

2 Supported Disbursement Frameworks

- Modified Disbursement Scheme/MDS
- Treasury Single Account/TSA

3 Payments Recording

- *All payments shall be recorded in the BTMS-BU module, including PS, MOOE, CO and FinEx.*

4 Reports

- *Comprehensive financial reports*
  - *Aggregated or consolidated level and at the disaggregated level covering Financial Statement; Standard and Customs Report; and Planning and Performance Management Report.*
- *Reports conform with GAM and enhanced to facilitate consolidation of FARs and other related reports of NG.*

Roles and Responsibilities of DBM and Agencies (Under DBM CL 2019-4)

DBM

➤ Provide the necessary user license and required infrastructure for the BTMS.

➤ Provide formal training:
   • Computer-based training and eLearning modules.
   • User's Manual and Quick Reference Guide

➤ Provide a Helpdesk to support the agency power users.

➤ Project governance - monitor compliance by all agencies with the use of the BTMS.

➤ Provide additional guidelines as may be necessary for the continued and full implementation of the BTMS.

AGENCIES

➤ **Process all transactions under BTMS by July 2019**

➤ Creation of BTMS Project Team (Department Order)
   ➤ Project Roll-Out Team
   ➤ Power Users
   ➤ Encoders for Low Value Transactions

➤ Provide its own computational resources and communications for its users to access the BTMS via the internet.

BTMS Functions:

In BTMS, the budget execution phase covers the following PFM functions:

1. Commitments and Obligations Management
2. Payments Management
3. Receipts Management
4. Property, Plant and Equipment
5. Accounting and Fiscal Reporting

BTMS Solution Functionalities

Obligation Management

Expenditure and Payment Management

Obligation Request

Disbursement Voucher

Payment

BTMS Solution Functionalities

Expenditure and Payment Management

Payment

Disbursement

Voucher
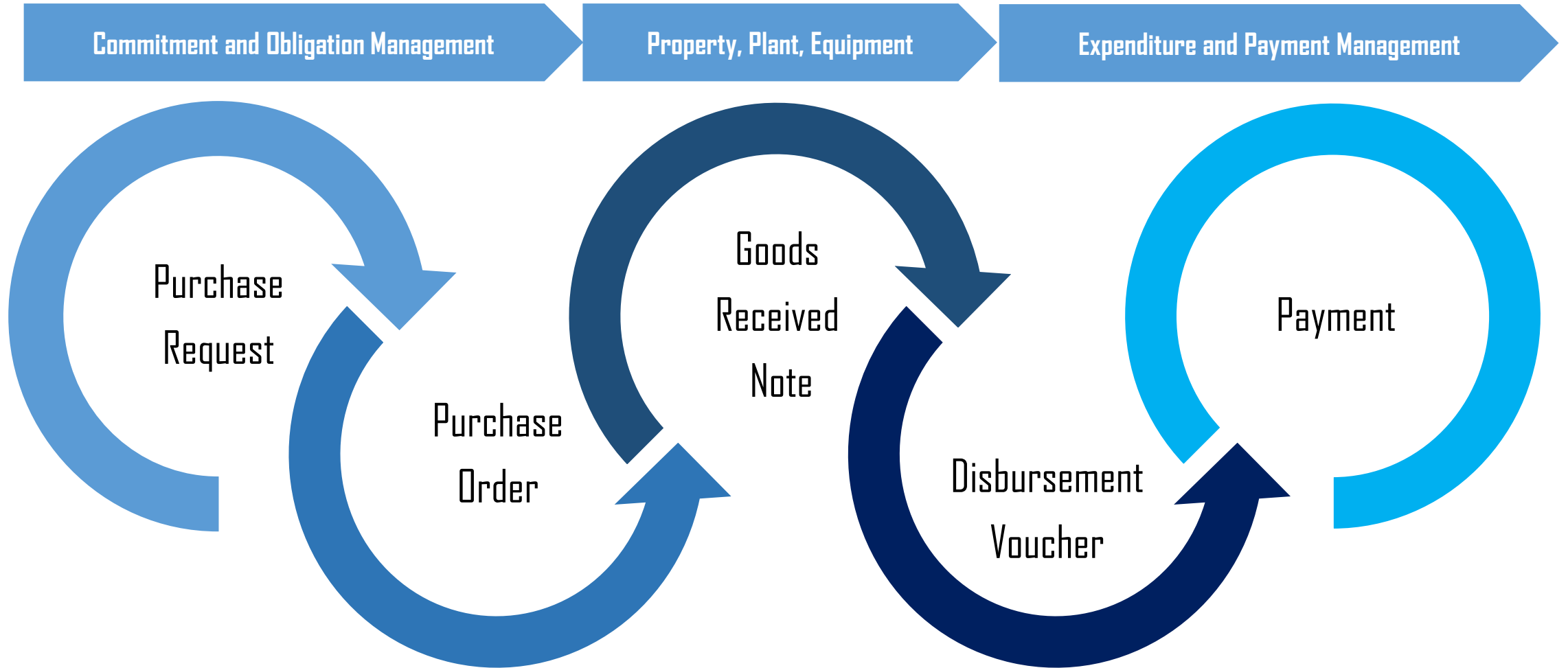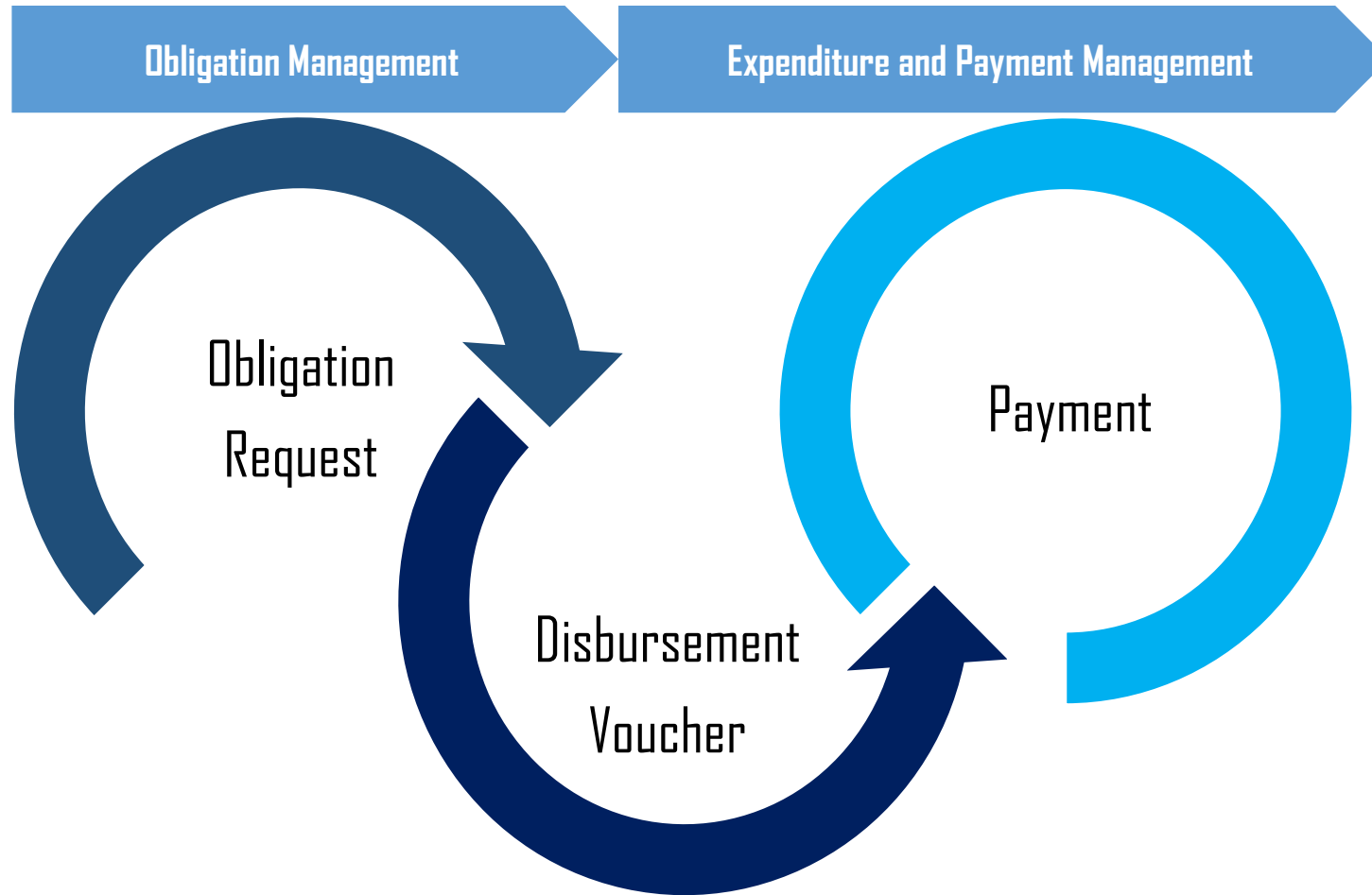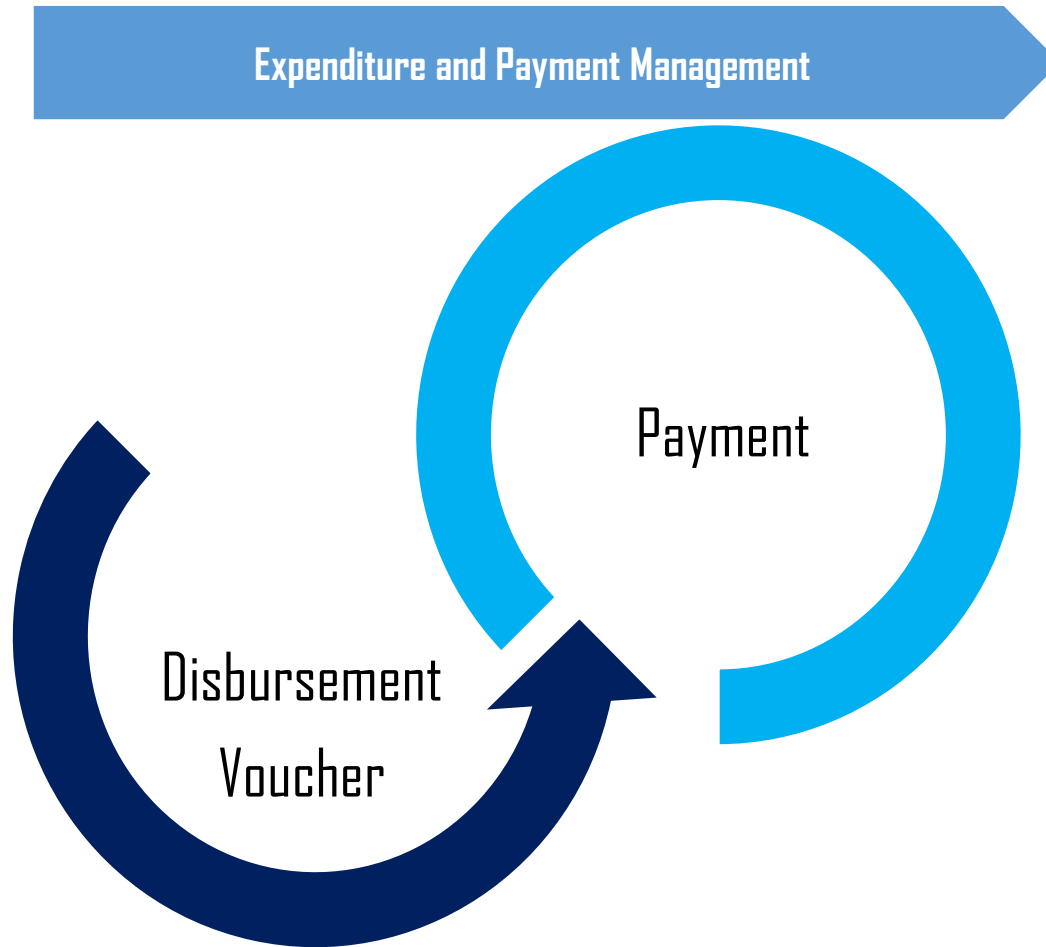
Transactions:
a. Remittances of amounts withheld
b. Other Payments without Obligation

BTMS Solution Functionalities

Receipt Management

Receipt
Revenue Voucher

Revenue Voucher
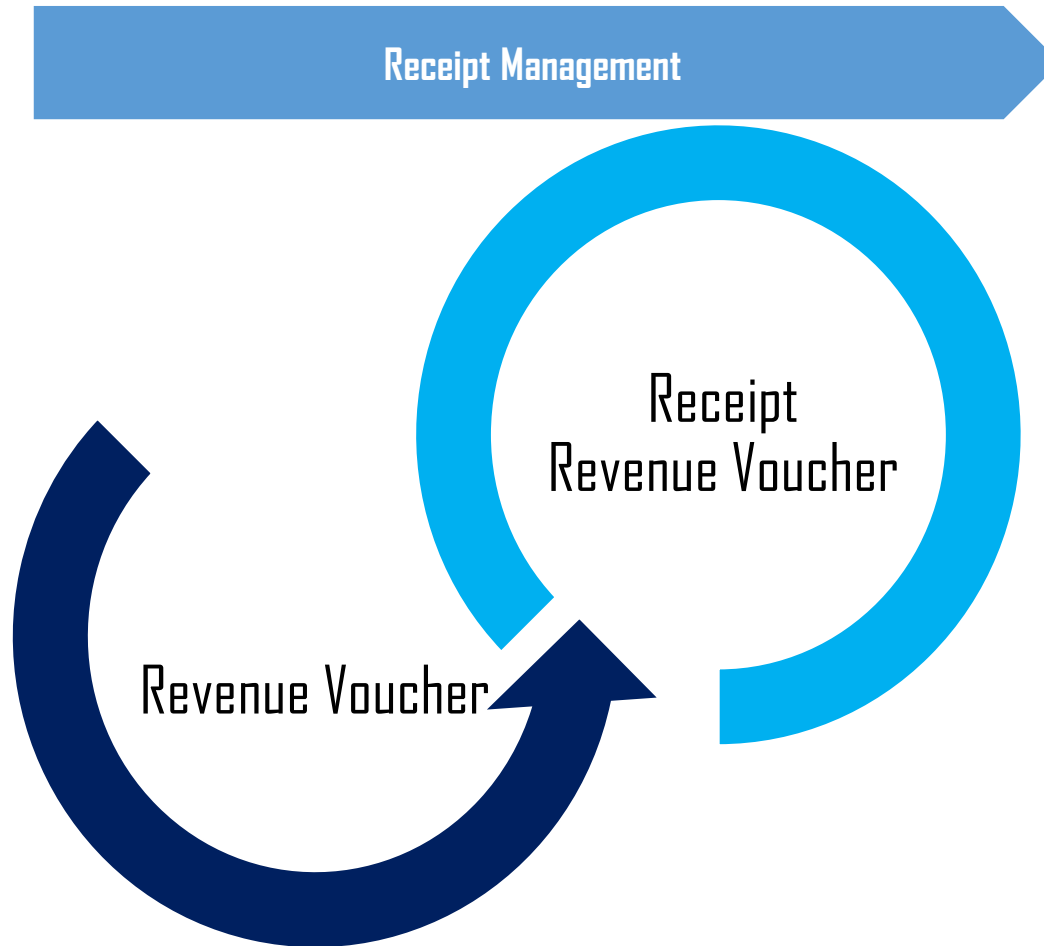
Transactions:
a. Refunds of Cash Advance
b. Sale of bid documents
c. Other Receipts

BTMS Solution Functionalities
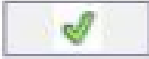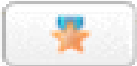
Account and Fiscal Reporting

Journal Entry Voucher
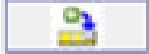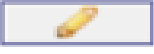
Transactions:
a. Liquidations
b. Corollary Entries (e.g. Petty Cash Fund)
c. Periodic Adjustments
d. Receipt of Notice of Cash Allocation (NCA) or Notice of Transfer of Allocation (NTA)
e. Capitalization of Work in Progress

Icons and Buttons

- New
- Save
- Find
- Update
- Delete
- Lookup or Search
- Checkbox
- Return

- Discard
- Save and Return
- Asterisk
- Search and Find
- Generate in PDF form
- Elements or Import
- Workflow
- Transition

Icons and Buttons

- Dashboard
- New Item
- Retrieve or Generate
- Calendar
- Temp Save
- Budget Rollup
- Result or Refresh

- Copy or Payment Extract Generation
- Audit or Import
- Finish
- Sent
- Mark as Read

The eLearning Module

https://elearning.dbm.gov.ph/

https://elearning.dbm.gov.ph/

Republic of the Philippines
DEPARTMENT OF BUDGET AND MANAGEMENT

https://elearning.dbm.gov.ph/

Rollout Status and Next Steps

Rollout Status as of Date

#	Go-Live Agency	Remarks
1	DBM	Parallel Go-Live status, for full-scale live implementation in 2020
2	BTr	Parallel Go-Live status, for full-scale live implementation in 2020
3	DPWH	Parallel Go-Live status
4	DTI	Parallel Go-Live status
5	DSWD	Parallel Go-Live status; Ongoing regional rollout
6	BengSU	Parallel Go-Live status (first SUC to fully implement BTMS)
7	DENR	Catch-up mode
8	DICT	Catch-up mode
9	DND	Catch-up mode
10	DENR-EMB	Catch-up mode
11	DOST PAGASA	Catch-up mode

Rollout Status

- The BTMS has been introduced to a total of one hundred eight (108) NGAs which are already in various roll-out stages in 2019 all moving towards BTMS Go-Live status in 2020.

- Having the top 80 spending agencies process their budget utilization high value transactions in the BTMS enables the capture of around **40-45%** of the total government expenditures, progressing to **60-70%** upon full onboarding of the top 120 spending agencies.

Next Steps

- Top 120 agencies fully onboarded in the BTMS under Go-Live status (2020-2022)

- BTMS rollout will expand its reach to include the phased implementation for the Go-Live NGAs' regional offices and lowest operating units of spending agencies. (2020-2022).

- Strengthened collaboration of the PFM Committee Members in traversing the roadmap towards full utilization of the BTMS as the core of the IFMIS.

- Integration of systems (IFMIS)

Integrated Financial Management Information System (IFMIS) Roadmap

Consolidation of PS Information (per agency level DBM as pilot)

01

Personnel Service (PS) comprises biggest portion of the budget

2019-2022

Electronic Payment and Government e-Receipts

03

Need to craft policies and mechanics for payment and issuance of gov't electronic receipts

2020-2022

05

BTMS as Core

Mandatory use of BTMS to capture High Value Transactions

2018-onwards

02

MGEPS Interface to BTMS

Mandate the use of Virtual store by all agencies / Integration point thru Purchase Request

2019-onwards

04

IFMIS

IFMIS V.1.0 (2020-2022)

Thank You

Budget and Treasury Management System