



A SOUND PUBLIC FINANCIAL MANAGEMENT SYSTEM FOR EFFECTIVE, EFFICIENT AND ECONOMICAL DELIVERY OF PUBLIC SERVICES

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New Unified Budget and Accounting Classification to Simplify Financial Reporting

Government agencies can expect a simpler, more meaningful way of preparing budgets and reporting financial transactions for improved transparency with the introduction of the Unified Accounts Code Structure (UACS).

UACS provides a harmonized budgetary and accounting classification system, which is the fundamental building block of GIFMIS or the Government Integrated Financial Management Information System.

Under the current set up, it is not easy to get timely, accurate reports on how much of the budget appropriations of an agency are actually spent, on what, when and where. The problem lies with the lack of common codes for recording, presenting and reporting the budget. The UACS addresses this gap by providing a single classification system for revenues, expenditures, assets, liabilities and fund distribution to guide budget

preparation and execution, auditing, and financial reporting.

Spending agencies will welcome the UACS for it will enable them to compare allotment releases vs. appropriations, obligations vs. releases, and actual disbursements vs. obligations making financial analysis and reporting easier.

The UACS includes the object codes in the new Revised Chart of Accounts of the Commission on Audit (COA). Together, these reforms pave the way for simpler and lesser number of financial reports to the Department of Budget and Management (DBM), Department of Finance (DOF), and COA.

With the completion of the UACS, government started integrating financial systems in the DBM, COA and DOF and implementing agencies to improve budgeting, management and accountability processes. *Continued on page 2*

FAST FACTS

UACS

Refers to Unified Accounts Code Structure, a government wide, harmonized budgetary and accounting code classification system required in reporting all government financial transactions

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Total number of elements in the UACS: Funding Source, Organization, Location, Major Final Outputs/PAPs, and Object Codes

WHAT'S NEW



The PFM LOGO: The sun signifies divine blessing and future progress through improved transparency and accountability. The curved V is a representation of the bird to symbolize freedom and flight towards progress. The colors of the Philippine flag are used to connote national pride.

New unified...

The UACS was formulated based on consultations with large spending and oversight agencies during the last quarter of 2012.

National government agencies are expected to use the UACS in preparing their budget proposals starting FY 2014. They will submit the UACS-compliant budget proposals through the new web-based Online Submission of Budget Proposal System (OSBPS).

A training program on the new UACS, chart of accounts and OSBPS will commence in March 2013 for government budget officers, accountants and auditors.

Initial GIFMIS and TSA Conceptual Design Completed

In December 2012, the assessment results of PFM business processes, and proposed conceptual designs for the GIFMIS or Government Integrated Financial Management Information System, and the TSA or Treasury Single Account were presented to the PFM Committee (DBM, DOF, COA and the Treasury). The designs will provide the blueprint for the development of the GIFMIS software or application.

Findings show that traditional PFM practices operate under disparate manual and IT enabled systems with complex business processes which result to higher transaction costs. In cash management, multiple bank accounts make it difficult to track cash balances and report on cash flow requirements on time resulting to higher borrowing costs and lower returns on cash balances.

The proposed GIFMIS conceptual design includes recommendations

on the scope of GIFMIS, regulatory framework changes, business processes and institutional structures to support GIFMIS implementation, and approach for system implementation.

The TSA study on the other hand provided recommendations on how the government will unify the structure of government bank accounts enabling consolidation and optimum utilization of cash resources.

Broad consultations with agencies and other PFM stakeholders were conducted on GIFMIS by PwC India on GIFMIS, and on TSA by Mr. Richard Brun. The study was supported by the Philippines-Australia PFM Program.

In February 2013, the study will continue to the next phase – the formulation of functional and technical requirements and specifications.

TRAINING CALENDAR

Internal Audit and Control (PGIAM)

Module 4 B1	Jan 23-25
Module 5 B4	Jan 28-29
Module 4 B2	Feb 6-8
Module 4 B3	Feb 14-15 & 18

UACS and OSBPS for NGAs

Batch 1	March 5-6
Batch 2	March 7-8
Batch 3	March 12-13
Batch 4	March 14-15
Batch	March 29-20
Batch 6	March 21-22

Revised Chart of Accounts

April 2013

FREQUENTLY ASKED QUESTIONS

What is the relationship of UACS to GIFMIS?

The Unified Account Code Structure provides the government-wide, harmonized budgetary and accounting classification or coding framework that will be used to develop GIFMIS.

What is the scope of UACS?

The UACS provides a single coding framework for identifying, aggregating and reporting financial transactions based on the following elements:

1. Fund Source codes for the recognition of both on and off budget activities
2. Organization codes, i.e. departments, agencies and lower level operating units
3. Location codes, i.e. region, province, city or municipality and barangay
4. Major Final Output, Program, Activity and Project (PAP) code
5. Object codes on the chart of accounts, i.e. assets, liabilities, equity, revenue and expenditure coding including harmonization of coding for capital outlays

Why adopt the UACS?

UACS facilitates timely, accurate reporting of actual revenue collection and expenditure disbursements against revenue projections and budget appropriations. It supports preparation of:

- Financial reports to DBM and COA
- Financial Statements to the Public Sector Accounting Standards Board of the Philippines (PPSAS)
- Management reports to Agency Heads
- Economic statistics in accord with Government Finance Statistics Manual

FOR MORE INFORMATION

PFM Program Management Office (PMO)
 Tel. No. 490-1000 loc 2500
 Telefax 735-4929
 Email: pmo@pfm.gov.ph
 Address: 2F DBM Boncodin Hall
 Gen. Solano St. San Miguel, Manila

www.pfm.gov.ph