

# PHILIPPINE PUBLIC FINANCIAL MANAGEMENT

*A sound public financial management system for effective, efficient and economical delivery of public services*



## ABOUT PFM

The Public Financial Management (PFM) Reform Program aims to ensure the effective delivery of public services especially to the poor through improved efficiency, transparency, and accountability in public fund use.

The Program implements the key strategies of the *Philippine PFM Reform Roadmap: Towards Improved Accountability and Transparency (2011-2016)*, a comprehensive map that seeks **to clarify, simplify, improve and harmonize the government's financial management processes and information systems**. The integrated systems shall cover all financial transactions of government and apply uniformly to all government agencies.

## PFM GOVERNANCE

Executive Order No. 55 signed by President Benigno S. Aquino on September 6, 2011 authorizes the PFM Committee composed of the Commission on Audit (COA), Department of Budget and Management (DBM), Department of Finance (DOF) and Bureau of the Treasury (BTr) to oversee and coordinate the integration and automation of government financial systems, and the implementation of the PFM roadmap.

## OBJECTIVES

By 2016, it is envisioned that the core Government Integrated Financial Management Information System (GIFMIS)) will be functioning to provide decision makers with the following benefits:

1. Real-time on-line monitoring and control of budgetary accounts and their direct links to cash disbursements for more effective financial control and accountability;
2. Consolidated financial management reporting requirements using harmonized budgetary, treasury and accounting classification with standardized definitions for fiscal terminologies:
  - Budgetary accounts – appropriations, allotments, obligations and expenditures
  - Treasury accounts – cash flow statements of the National Treasury
  - General ledger accounts – assets, liabilities, equity, income and expenses
3. A single treasury account that provides BTr a more effective way of cash management, a more economical system for cash disbursements, and enables it to reconcile bank balances and remove revenue and expenditure floats;
4. A predictable and streamlined allotment and cash release program throughout the year to support the operations of implementing agencies based on

### PFM Principals

Chairperson Ma. Gracia M. Pulido Tan (COA)  
Secretary Florencio B. Abad (DBM)  
Secretary Cesar V. Purisima (DOF)

### PFM Committee Chair

Undersecretary Richard E. Moya (DBM)

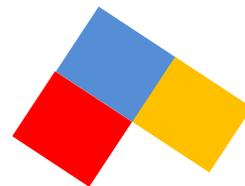
### Members

1. Undersecretary Gil S. Beltran (DOF)
2. Undersecretary Laura B. Pascua (DBM)
3. Commissioner Heidi L. Mendoza (COA)
4. Treasurer Rosalia V. De Leon (BTr)
5. Assistant Commissioner Arcadio B. Cuenco, Jr. (COA)
6. Assistant Secretary Ma. Teresa S. Habitan (DOF)
7. Deputy Treasurer Eduardo S. Mendiola (BTr)

reliable cash forecasting and programming by DBM and the BTr;

5. Regular in-year reports on the status of budget execution, and timely year-end audit reports of agency financial and physical operations which will be used in the budget preparation process, the congressional debate on agency budgets and performance, and the public's participation in the budget process; and

6. Systematic recording and reporting of all liabilities of government entities including guaranteed and contingent liabilities to enable national government to manage its financial exposure.



## Government Integrated Financial Management Information System (GIFMIS)

A major PFM reform is the development of a Government Integrated Financial Management Information System (GIFMIS) as an integrated IT solution that will collect and organize financial information in a central database to support budget management and financial reporting. The GIFMIS Conceptual Design, which is the blueprint for its development and implementation, has been approved through PFM Committee Resolution No. 02-2013. A tender will be released for GIFMIS in the third quarter of 2013; configuration of GIFMIS and testing to ensure it meets the GOP business requirements will be undertaken during 2014 and 2015 leading to go live by October 2015 in pilot agencies: DBM, COA, DOF, BTR, BIR, BOC, and DepEd.

## Budget Reporting and Performance Standards

To enable the integration of financial systems, it is necessary to harmonize, simplify and consolidate data structures and apply a consistent set of budgeting and accounting rules and regulations for generating financial and physical performance reports vis-à-vis plans, policies and targets. In April 2013, the PFM Committee adopted a government-wide harmonized budgetary and accounting code classification system or Unified Accounts Code Structure (UACS). Budget officers from all national government agencies (NGAs) received training to understand the UACS and use the Online Submission of Budget Proposal System (OSBPS), which enables NGAs to submit FY2014 budget proposals electronically. During 2013, budget execution systems utilized by NGAs will need to be amended to make them UACS compliant and related harmonized reporting templates created in readiness for FY2014. Standards on the development of performance indicators and templates on performance reporting to support results based budgeting will also be developed.

## Accounting and Auditing Reforms

The project aims to harmonize the government's accounting and auditing systems and practices with international standards, enhance accounting and auditing IT-based systems and tools, and develop guidelines for participatory audit and audit of multi-sectoral programs and projects. In January 2013, COA adopted the Revised Chart of Accounts, which is the foundation of the UACS that unifies national government accounting and budgeting classifications. COA also developed the Philippine Public Sector Accounting Standards (PPSAS) that are harmonized with the International Public Sector Accounting Standards and is set to adopt the Philippine Public Sector Standards on Auditing (PPSSA). Training for NGAs on the application of the Revised Chart of Accounts, PPSAS and PPSSA will commence in mid-2013.

## Improved Treasury Cash Management Operations

The aim is to develop a cash management system that will provide accurate and timely information on bank account balances, revenue and cash positions and fund utilization. As its core initiative, the treasury single account (TSA) will serve as unified structure of government bank accounts that will give a consolidated view of Government cash resources. Identification and analysis of all existing bank accounts and closure of dormant accounts are ongoing. By end of 2013, the consolidation of accounts, piloting of the functional TSA, and development of cash management systems are set to be completed.

## Liability Management

This aims to develop a system for recording and reporting all liabilities of government entities to better manage the National Government's financial exposure. To date, the GOCC debt report templates have been completed while the development of GOCC Monitoring System (GMS) and database build-up for the GOCC Monitoring System for select priority GOCCs/GFIs/SSIs is underway.

## Capacity Building

Capacity building seeks to support and sustain the various PFM reforms and business process improvements through training and development, communications, change management and advocacy involving stakeholders from the civil service, legislature and civil society. By the end of 2013, a comprehensive PFM competency framework will be developed to provide a whole-of-government approach to developing a highly skilled and able PFM workforce. The framework will define the full range of competencies and qualification standards that will guide the development and delivery of competency-based training and career development of individuals at all levels of PFM jobs in the National Government.