



# PHILIPPINE

Public Financial Management

## Program Brief

*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 improve efficiency, accountability and transparency in public fund use in order to ensure the direct, immediate, substantial and economical delivery of public services especially to the poor.

The Program implements the key strategies of the *Philippine PFM Reform Roadmap: Towards Improved Accountability and Transparency (2011-2016)*, a comprehensive reform agenda that seeks **to clarify, simplify, improve and harmonize the government's financial management processes and information systems**. The integrated systems shall cover all 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 Treasury (BTr) to oversee and coordinate the integration and automation of government financial systems, and implementation of the PFM roadmap.

#### PFM Principals

Chairperson Ma. Gracia M. Pulido Tan (COA)

Secretary Florencio B. Abad (DBM)

Secretary Cesar V. Purisima (DOF)

#### PFM Committee Chair

Commissioner Juanito G. Espino, Jr. (COA)

#### Members:

1. Undersecretary Gil S. Beltran (DOF)
2. Undersecretary Richard E. Moya (DBM)
3. Undersecretary Laura B. Pascua (DBM)
4. Treasurer Roberto B. Tan (BTr)
5. Deputy Treasurer Eduardo S. Mendiola (BTr)
6. Assistant Commissioner Arcadio B. Cuenco, Jr. (COA)
7. Assistant Secretary Ma. Teresa S. Habitan (DOF)

### OBJECTIVES

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

1. Real-time on-line monitoring and control of obligations and their direct links to cash disbursements for more effective financial control and accountability;
2. Consolidated financial management reporting requirements using harmonized classification of budgetary, treasury and accounting accounts 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 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.

## KEY PROJECTS

### Government Integrated Financial Management Information System (GIFMIS) Development

GIFMIS is an integrated web-based application that will enable oversight and implementing agencies to generate real-time, reliable and accurate financial reports for use of policy decision makers and for scrutiny of the public. GIFMIS supports fundamental reforms of PFM business processes of the national government (NG) where financial information will be collected and organized in a centralized database. With the GIFMIS set to be operational by 2016, the rollout of specific module applications on budget preparation and management, expenditure management, accounting and reporting, revenue management, human resource information (GHRIS) and national payroll system (NPS) will be phased throughout 2013 to 2015. Set for pilot and rollout in 2013 are the NPS, the GHRIS, the Online Submission of Budget Proposal, and the enhanced Budget Preparation system.

### Improving Treasury Cash Management Operations

The goal is to put in place a system of cash management that can keep daily cash balances of government at appropriate levels, and the cost of treasury operations at a minimum. Outputs include the inventory of all agency bank accounts and bringing them under a Treasury Single Account to improve cash programming and result in predictable, stable revenue inflows and cash disbursements.

### Budget Reporting and Performance Standards

The aim is to harmonize, simplify and consolidate data structures and apply a consistent set of budgeting and accounting rules and regulations for generating financial and physical reports in accordance with plans, policies and targets. Key outputs include the harmonization of budgetary and accounting chart of accounts and the Unified Account Code Structure (UACS) which are major reforms critical to the development of GIFMIS. The unified chart will be used by agencies in preparing budget proposals for FY2014. Outputs will include the DBM and COA consolidated financial reporting formats, the PFM Manual, and development of standards to support performance budgeting.

### Accounting and Auditing Reforms

The objective is to harmonize the Philippine Government Accounting System with the International Financial Reporting System (IFRS) and the International Public Sector Accounting Standards (IPSAS); enhance the National Government Accounting Systems and interface with eBudget; conduct IT/info systems audit; revise the chart of accounts with DBM and DOF; adopt the accounting and auditing standards manual; and develop guidelines for participatory audit with civil society organizations, and audit of multi-sectoral programs and projects.

### Liability Management

The project aims to develop a system for recording and reporting all liabilities of government entities to better manage the NG's financial exposure. Activities include a GOCC debt reporting system, NG debt management and debt indicators system, and database for contingent liabilities arising from public-private partnerships and other NG guarantees.

### Capacity Building

The objective is to support the various policy reform, business process and system improvements through training and learning, communications and advocacy. Activities include retooling and retraining of functional users (financial executives, managers and staff) and technical users (IT and network administration staff) on the new job roles and processes and the GIFMIS system. Information, education and communication activities will be undertaken to create awareness and mobilize the civil service, legislature, CSOs, development partners and the public to support the reforms.

For information, please contact:

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