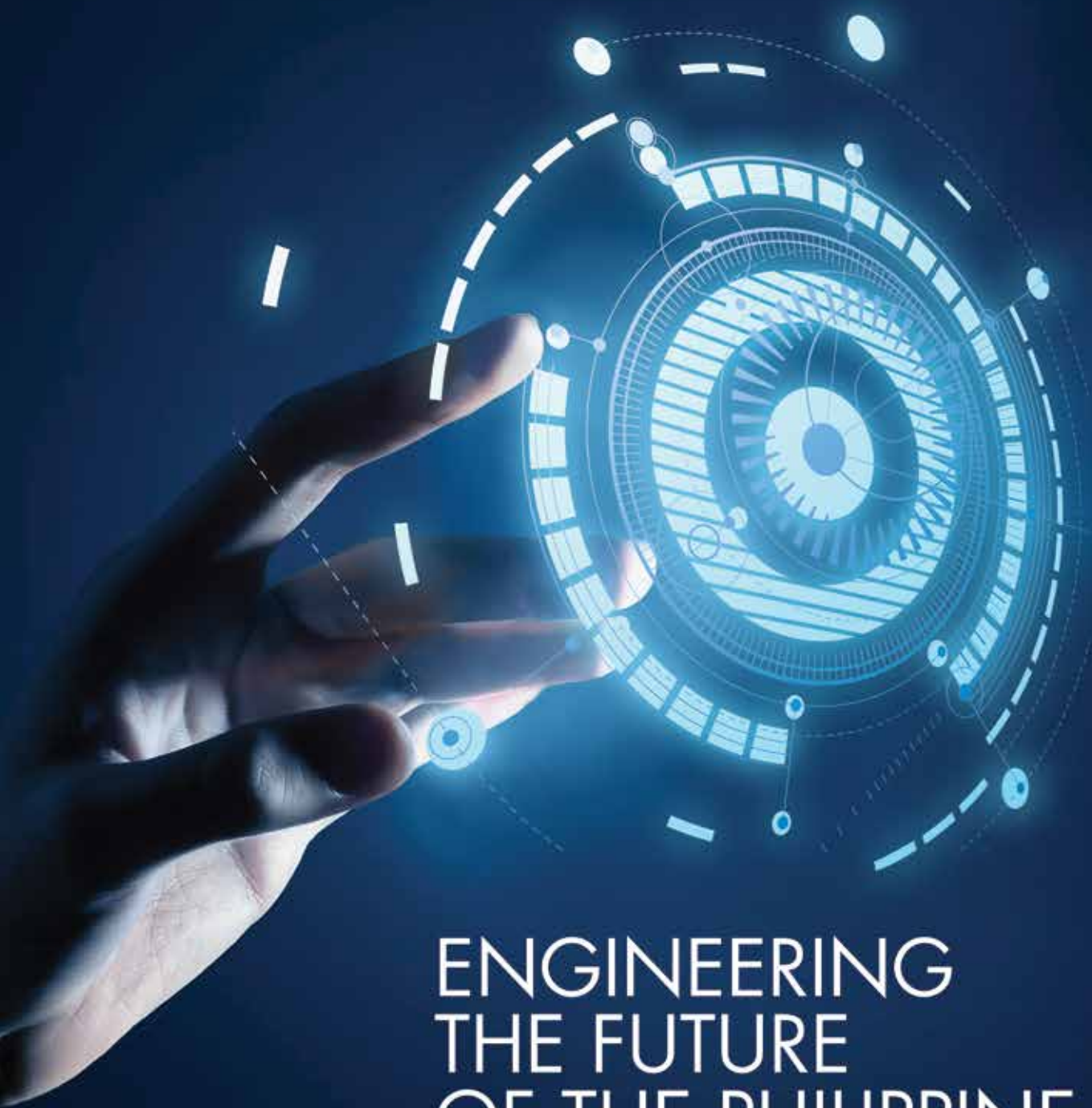




# 2016 ANNUAL REPORT

DEPARTMENT OF FINANCE  
BUREAU OF THE TREASURY



## ENGINEERING THE FUTURE OF THE PHILIPPINE TREASURY



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# MANDATE

## **Under Executive Order No. 449:**

- Assist in the formulation of policies on borrowing, investment and capital market development;
- Formulate adequate operations guidelines for fiscal and financial policies;
- Assist in the preparation by government agencies concerned of an annual program for revenue and expenditure targets, borrowing levels and cash balances of the National Government;
- Maintain books of accounts of cash transactions;
- Manage the cash resources, collect advances made by NG and guarantee forward cover fees due NG, control and service its public debt, both foreign and domestic;
- Issue, service, redeem government securities for the account of NG as may be authorized by the President pursuant to law;
- Administer the Securities Stabilization Fund (SSF) by purchase and sale in the open market of government bills and bonds to increase the liquidity and stabilize the value of said securities in order to promote private investment in government securities;
- Act as principal custodian of financial assets of the NG, its agencies and instrumentalities;
- Bond all accountable public officials and employees pursuant to the provisions of the Public Bonding Law and issue appropriate guidelines therefore; and
- Perform such other related functions as may be assigned to it by competent authorities.

## **Under Republic Act No. 245 as amended by Presidential Decree No. 142; Republic Act No. 1000:**

- Certify allowable debt and guarantee.
- Manage contributions to the Bond Sinking Fund (BSF) and the fund itself.

## **Under Republic Act No. 3894:**

- Manage the Assurance Fund for the redemption of Land Reform Bonds.

## **Under Republic Act No. 6657:**

- Manage the Agrarian Reform Fund.

## **Under Executive Order No. 739 and Republic Act No. 8250:**

- Offset from the budgetary support to GOCCs their corporate cash dividend under R.A. 7656, guarantee fees, advances for loans relented to GOCCs as well as for obligations which are guaranteed by the NG and other valid receivables of NG.

## **Under Act No. 3936 as amended by Presidential Decree No. 679:**

- Initiate legal proceedings for escheat of unclaimed balances in favor of the government.

# VISION

To be a pro-active manager of public funds characterized by active duration management, minimization of interest rate risks and hedging of financial risks.

# MISSION

To efficiently and effectively manage the financial resources of government by maximizing revenues from available funds and minimizing costs of financing whenever possible.

## QUALITY POLICY

We, the Bureau of the Treasury (BTr), commit to provide our clients and stakeholders with transparent, responsive, and cost efficient Treasury services by continually improving our quality management systems and adopting best practices in governance. We shall be steadfast in pursuing prudent and proactive management of financial resources and debt portfolio of the Government.

We adhere to:

1. Deliver our services with excellence, professionalism, competitiveness and with a high degree of ethical standards in relations with clients, stakeholders, and the general public;
2. Comply with all applicable laws, rules, and regulations; and
3. Uphold continuous improvement through disciplined exercise of financial integrity and operational efficiency in our functions.

We advocate a high standard of public service through pro-active quality culture in building economic progress and development, founded on empowered and skilled professionals.

***“Makabago, Maunlad at Mabisang Pamamahala ng Inatang-yaman”***

## CREDO

I am a Civil Servant to the Bureau of the Treasury.  
 As such, I believe in the spirit of service.  
 It is my cherished principle and purpose.  
 I value the trust and confidence reposed on me.  
 I offer back my loyalty to the institution.  
 I value my integrity and professionalism.  
 I commit to protect them.  
 I value the talents bestowed on me by God.  
 I endeavour to sharpen them always and must bear fruit.  
 I value my colleagues and my co-workers.  
 I strive to lead, inspire and be selfless.  
 I give my whole in carrying out the duties and responsibilities entrusted to me through:  
 Competence and diligence in my work;  
 Refinement in my words and deeds;  
 Justice and fairness in my decisions;  
 Openness and teamwork in dealing with others;  
 Accountability for all my actions.  
 All these I will promote and nurture through my work,  
 in the service of my beloved Bureau,  
 my country and God Almighty.





# LETTER TO THE PRESIDENT

## **PRESIDENT RODRIGO ROA DUTERTE**

Republic of the Philippines  
Malacañang, Manila

Dear Mr. President:

I am honored to present the Annual Report of the Bureau of the Treasury for the year 2016.

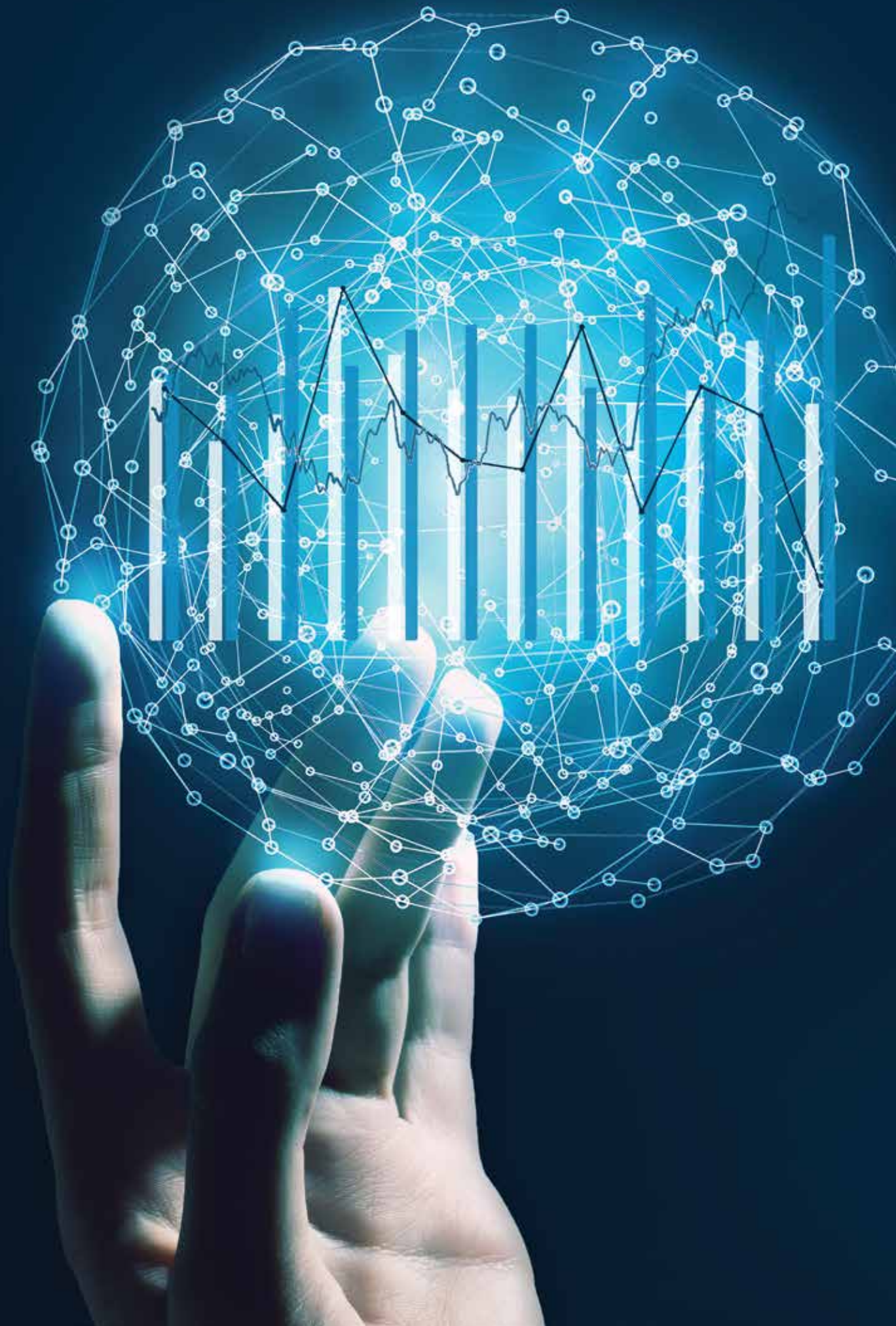
The report highlights the Bureau's considerable contributions through various reforms and programs in exercising prudent and proactive management of the Government's financial resources.

On behalf of the officials and employees of the Bureau, I would like to take this opportunity to thank the President for the support and guidance in our pursuit of fiscal management objectives. Rest assured that the Bureau will uphold its mandate of fiscal efficiency and sustainability, contributing towards shared economic prosperity.

Very truly yours,



**ROSALIA V. DE LEON**  
Treasurer of the Philippines





# CASH AND ASSET MANAGEMENT

As principal custodian of government funds, the Bureau of the Treasury (BTr) is responsible for ensuring the sufficiency of Government financial resources including the active management and investment of excess funds.



# CASH AND ASSET MANAGEMENT

## Cash Management

For 2016, the Treasury Single Account Reporting and Monitoring System (TRAMS) collection module reported P1.806 trillion from taxes, customs duties, and fees and charges while the total Negotiated Checks/Authority to Debit Account with the Land Bank of the Philippines, Development Bank of the Philippines, and Philippine Veterans' Bank amounted to P2.547 trillion. The transaction fees paid to Authorized Agent Banks (AABs)/Authorized Government Depository Banks (AGDBs) are composed of:

### Transaction Fees Paid to AABs/AGDBs

BIR (OTC)	P523,414,245.90
BIR (EFPS)	20,020,873.60
BOC (PAS)	9,786,676.90
NCS	31,462,800.00
Total	P584,684,596.40

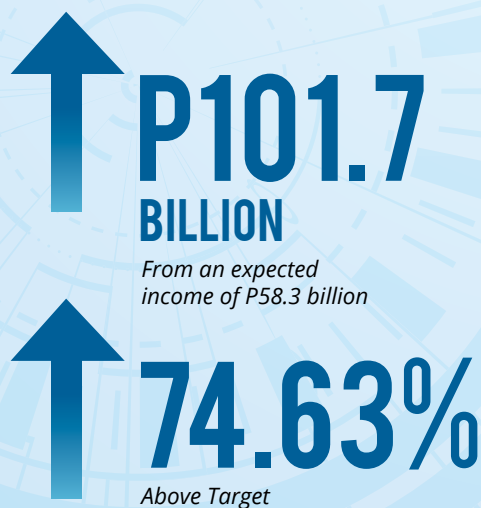
To align with the implementation of the Treasury Single Account framework, Treasury Circular No. 01-2016 was issued on September 6, 2016 amending Treasury Circular No. 03-2013, adjusting the cut-off time for the remittances of collections (cash/checks) to the Bangko Sentral ng Pilipinas-TSA account not later than 11:30AM and reporting of collection thru the TRAMS not later than 4:00PM.

The BTr-National Cash Accounting Division (NCAD) validated 58 closed bank accounts with remitted balances of P1.79 million as of August 23, 2016. The National Government Agencies (NGAs) reported 225 closed accounts with a value of P20.86 million that is not yet validated by BTr-NCAD. Based on the 2016 partial report of their respective Commission on Audit offices, the said NGAs have 645 existing dormant accounts valued at P73.95 million.

## Fund Management

The BTr raised P101.7 billion, exceeding its original income target of P58.3 billion for 2016 by P43.5 billion or 74.63%. Aside from dividend remittance and share holdings of the National Government, the BTr was able to overperform against its investment targets for deposits as well as holdings of the various funds under its management particularly the Bond Sinking Fund. This is despite the decreased asset base given the Bureau's proactive stance in managing cash resources and government debt levels.

### BTr Income





## Comparative Table on Actual BTr Income vs. Program

January 1 – December 31, 2016

(in million pesos)

Particulars	Full Year Program	Jan 01 - Dec 31 Actual	Difference (Actual vs. Program)	Percent Change
<b>A. BTr Income</b>	<b><u>36,534</u></b>	<b><u>45,370</u></b>	<b><u>8,836</u></b>	<b><u>24.19%</u></b>
1. Interest Income on NG Deposits	<u>2,431</u>	<u>4,276</u>	<u>1,845</u>	<u>75.89%</u>
a. BSP	1,505	4,051	2,546	169.17%
b. Other Banks	926	225	(701)	-75.70%
2. Interest on Advances to GOCCs	770	10	(760)	-98.70%
3. Income from BSF/SSF	26,912	34,656	7,744	28.78%
4. Guarantee Fee	3,800	1,947	(1,853)	-48.76%
5. Foreign Exchange Risk Cover Fee	1,700	1,496	(204)	-12.00%
6. Government Service Income	<u>921</u>	<u>2,985</u>	<u>2,064</u>	<u>224.10%</u>
a. Fidelity Bond Premia	300	874	574	191.33%
b. Subscription Fee - RoSS Participants	11	11	0	0.00%
c. Escheat of Unclaimed Balances	30	78	48	160.00%
d. Service Fee on Relent Loans	580	558	(22)	-3.79%
e. Others	0	1,464	1,464	
<b>B. NG Income Collected by BTr</b>	<b><u>21,725</u></b>	<b><u>56,367</u></b>	<b><u>34,642</u></b>	<b><u>159.46%</u></b>
1. Dividends on Shares of Stocks	5,500	28,888	23,388	425.24%
2. NG Share in Airport Terminal Fee	475	879	404	85.05%
3. NG Share in PAGCOR Income	15,000	24,877	9,877	65.85%
4. NG Share in MIAA Profit	750	1,723	973	129.73%
<b>C. TOTAL BTr INCOME</b>	<b><u>58,259</u></b>	<b><u>101,737</u></b>	<b><u>43,478</u></b>	<b><u>74.63%</u></b>

Source: Bureau of the Treasury



# LIABILITY MANAGEMENT

The Treasury undertakes liability management alongside its financing operations to manage the underlying risks in the debt portfolio. These go hand-in-hand with initiatives that seek to improve the efficiency of the domestic capital market.



# LIABILITY MANAGEMENT

## National Government Financing

For 2016, the National Government (NG) raised P507.0 billion in gross financing, to cover the budget

deficit as well as refinancing requirements (principal debt payments) including the debt exchange in March. Domestic borrowing was still heavily favored for an external-to-domestic financing mix of 29:71.

### NG Financing Performance

January 1 – December 31, 2016  
(in million pesos)

Particulars	Full Year 2016			Actual vs Rev 2016	
	Program <sup>1/</sup>	Revised Program <sup>2/</sup>	Actual <sup>3/</sup>	Difference	Variance
<b>NET FINANCING</b>	<b>327,100</b>	<b>516,804</b>	<b>330,939</b>	<b>(185,865)</b>	<b>-36%</b>
External Borrowing (Net)	(13,068)	(18,219)	(24,113)	(5,894)	32%
External Borrowing (Gross)	104,575	157,051	149,523	(7,528)	-5%
Less: Amortization	117,643	175,270	173,636 <sup>4/</sup>	(1,634)	-1%
Domestic Borrowing (Net)	<b>340,168</b>	<b>535,023</b>	<b>355,052</b>	<b>(179,971)</b>	<b>-34%</b>
Domestic Borrowings (Gross)	570,228	538,373	357,497	(180,876)	-34%
Less: Net Amortization <sup>5/</sup>	6,482	3,350	2,445	(905)	-27%
Amortization	374,225	312,780	311,875	(905)	0%
o/w Serviced by the BSF <sup>6/</sup>	367,743	309,429	309,430	0	0%
<b>GROSS FINANCING</b>	<b>674,803</b>	<b>695,424</b>	<b>507,020</b>	<b>(188,404)</b>	
<b>Financing Mix (% of the Total)</b>					
External	15%	23%	29%		
Domestic	85%	77%	71%		

Source: Bureau of the Treasury

<sup>1/</sup> Based on BESF 2016 Table D.1

<sup>2/</sup> Based on BESF 2017 Table D.1

<sup>3/</sup> Based on 2016 Cash Operations Report

<sup>4/</sup> Includes prepayments made through bond exchange transactions

<sup>5/</sup> Domestic Amortization only includes A/R Bonds

<sup>6/</sup> Actual redemption from Sinking Fund

Domestic borrowings through the auction of Treasury Bills and Bonds contributed P357.5 billion or 71 percent to the borrowing effort. Gross Treasury Bills flotation amounted to P215.5 billion while redemptions amounted to P192.0 billion, leaving P23.5 billion for financing. Meanwhile, P234.0 billion came from the issuances of 5-, 7-, and 10-year Treasury Bonds. In September, a total of P100.0 billion was raised from the issuance of the 18th tranche of Retail Treasury Bonds as part of the government's initiative of reaching a wider investor base, promoting savings and investment consciousness among Filipinos, and mobilizing domestic savings.

Meanwhile, P149.5 billion or 29% was raised externally through the availment of concessional loans from development partners and issuance of dollar bonds in the international capital market. Program loans from the Asian Development Bank (ADB) comprised the bulk of loan availments, specifically: (1) US \$300 million or P14.1 billion from Encouraging Investments through Capital Market Reform Program and (2) US \$300 million or P14.1 billion from Expanding Private Participation in Infrastructure Program.

A new 25-year Global Bond (or ROP) in the amount of US \$2.0 billion (P95.1 billion) was issued in March. The bonds were priced at par with a coupon of 3.70%, the lowest coupon ever issued by the Republic to date on a global bond after an initial pricing guidance around the 4.00% area. Moreover, the transaction was also the first sovereign USD bond issuance and the longest-dated USD bond issuance from Asia so far in 2016.

In line with debt management efforts to reduce interest payments and extend

portfolio maturities, the ROP issuance was conducted concurrently with a 1-day Accelerated Switch Tender Offer for 16 series of USD bonds maturing between 2016 and 2037.

Due to its stellar execution of the international liability management transaction, the Philippines was recognized with the Best Sovereign Issuer Award at The Asset's Asian Awards on February 22, 2016. Treasurer Roberto B. Tan and Deputy Treasurer Erwin D. Sta. Ana received the award on behalf of the Republic.

## Debt and Risk Indicators

The National Government's outstanding debt rose to P6.09 trillion in 2016, 2.3% higher than the P5.95 trillion posted in 2015. Of the total, 35% or P2.15 trillion were sourced from external creditors while 65% or P3.9 trillion were owed to domestic creditors.

The Government saw improvements on its debt sustainability as the debt-to-GDP ratio continued to narrow to 42.1% from 44.7% a year ago due to the moderate increment in debt as part of prudent fiscal management and steady economic growth.

Alongside improvements in the relative size of its debt, the NG was also successful in shifting the profile of its outstanding debt in line with cost and risk considerations.

- The currency mix of NG obligation indicates moderate exposure to adverse adjustments in foreign exchange. Based on value, Peso-denominated obligations account for 66% of the total; followed by USD, JPY and EUR at 27%, 6%, and 1%, respectively. Year-on-year, the currency mix has been kept fairly stable.

# LIABILITY MANAGEMENT

- The debt structure maintains minimal exposure to unfavorable swings in interest rate. Only 8.64% of the total debt portfolio is subject to resetting, which limits the sensitivity of interest payments to volatile market conditions.
- Average residual maturity continues to be at the upper bound of the medium-term target of 7-10 years. The average maturity of NG debt is 10.05 years long, with domestic and external debt having remaining maturities of 8.73 and 12.17 years, respectively. Short term debt (less than 1-year maturity) based on residual maturity makes up a mere 8.92% of the total debt portfolio as of end-2016.
- The weighted average interest rate (WAIR) for total NG Debt has remained low and stable at 4.99% from 5.19% a year ago. The WAIR for both domestic and foreign borrowing has gone down to 5.24% and 4.54% as of end-2016 from 5.46% and 4.67% a year ago, respectively.
- Concomitantly, Interest Payments (IP) went down to P304.5 billion in 2016 from P309.4 billion in 2015. It eased to 13.9% of revenues and 11.9% of expenditures, from 14.7% and 13.9% the year before, respectively.

## Comparative Table on NG Outstanding Debt

2016 vs 2015

(in million pesos)

Particulars	2015	2016	Difference	
			Dec	% Change
	Dec	Dec	Y-o-Y	Dec
<b>TOTAL</b>	<b><u>5,954,537</u></b>	<b><u>6,090,262</u></b>	<b>135,725</b>	<b>2.3%</b>
<b>Domestic</b>	<b><u>3,884,380</u></b>	<b><u>3,934,097</u></b>	<b>49,717</b>	<b>1.3%</b>
Loans	<u>598</u>	<u>598</u>	<b>0</b>	<b>0.0%</b>
Direct Loans	<u>156</u>	<u>156</u>	0	0.0%
Availed by Agencies	156	156	0	0.0%
Relent to GOCCs	0	0	0	
Assumed Loans	442	442	0	0.0%
Government Securities	3,883,782	3,933,499	49,717	1.3%
<b>External</b>	<b><u>2,070,157</u></b>	<b><u>2,156,165</u></b>	<b>86,008</b>	<b>4.2%</b>
Loans	<u>767,510</u>	<u>814,348</u>	<b>46,838</b>	<b>6.1%</b>
Direct	<u>767,510</u>	<u>814,348</u>	46,838	6.1%
Availed by Agencies	739,748	787,062	47,314	6.4%
Relent to GOCCs	27,762	27,286	-476	-1.7%
Assumed Loans	0	0	0	
Government Securities	<u>1,302,647</u>	<u>1,341,817</u>	39,170	3.0%
<b>Forex Rate Used</b>	<b>47.150</b>	<b>47.769</b>		

Source: Bureau of the Treasury



## Capital Market Reforms and Initiatives

**Reduction of ISINs.** To promote further market liquidity of the bond issues of the government, the Bureau has continuously focused on reissuing and building up the size of its securities issuances. For 2016, there were only two new series of bonds issued. This has significantly reduced the number of securities in 2016 to 82 from 89 in 2015.

**Interbank Repo.** The Bureau submitted its comments on the draft Interbank Repo Operating Guidelines prepared by the Bankers Association of the Philippines (BAP). The proposed program will be bilaterally negotiated and will be guided by a Global Master Repurchase Agreement (GMRA). The interdealer repo will provide securities dealers with a platform to borrow scarce securities and hedge positions to effectively improve liquidity in the local currency bond markets and help deepen the country's debt market.

**Primary Dealer System.** In line with the Bureau's thrust to further improve the performance of the primary debt securities market, the BTr exposed last May 25, 2016 the envisioned Primary Dealer (PD) System concept paper that will classify Government Securities Dealers (GSEDs) as Primary Dealers after meeting certain eligibility criteria. The PD system aims to increase

the liquidity and depth of the secondary market for government securities (GS) to reduce funding costs of NG, and to draw out support from the existing GSED partners of the Bureau in GS market development.

**BTr Business Continuity and Crisis Management Handbook.** As the country's fund manager, the Bureau of the Treasury has the institutional responsibility to ensure financial stability in the country through the continuity of its operations during unforeseen, disruptive events whether they be human-induced, technological, or natural. Aware of its exposure to these risks, the Bureau takes on its role as a critical Financial Market Infrastructure (FMI) provider and operator of the Registry for government securities and thus, has put into place a Business Continuity and Crisis Management Handbook. This document provides BTr Management and Staff of concerned business units with details of information and decision-making protocols to guide them during times of disturbance to ensure business continuance in a manner consistent with its strategic objectives and thus, avert further disruption in the financial markets.

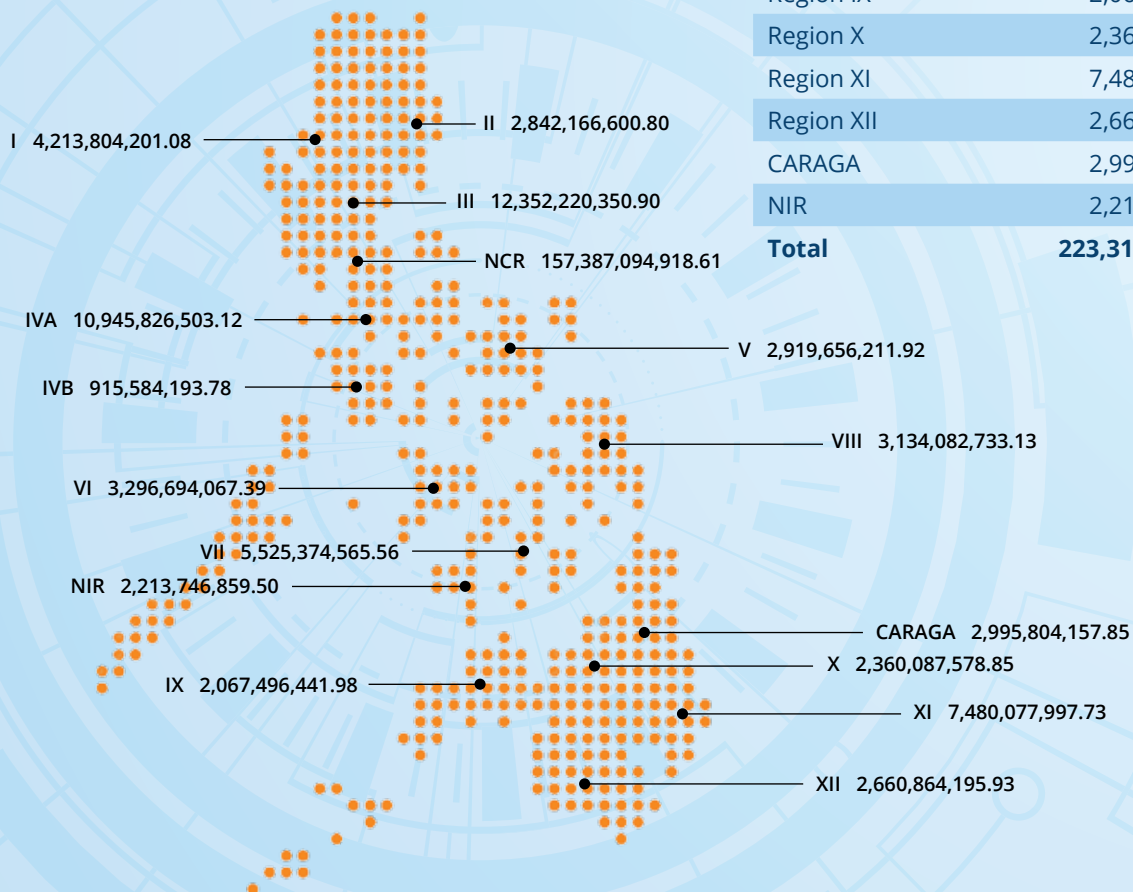
# REGIONAL OPERATIONS

In 2016, the Bureau of the Treasury continued to improve services and accessibility to BTr clients all over the country. BTr now has sixteen (16) Regional Offices that efficiently monitor national collections and validate disbursements while carrying out bonding of Public Accountable Officials and Employees under the Public Bonding Law and Treasury Circular No. 2-2009.

The ROs closely coordinated with National Collecting Officers (NCOs) and Local Treasurers (LTs) to ensure prompt deposit of revenue collections (i.e., fees and charges) with Authorized Government Depository Banks (AGDBs).

## Deposited National Collections, 2016 (in Pesos)

Region	Deposited National Collections
NCR	157,387,094,918.61
Region I	4,213,804,201.08
Region II	2,842,166,600.80
Region III	12,352,220,350.90
Region IVA	10,945,826,503.12
Region IVB	915,584,193.78
Region V	2,919,656,211.92
Region VI	3,296,694,067.39
Region VII	5,525,374,565.56
Region VIII	3,134,082,733.13
Region IX	2,067,496,441.98
Region X	2,360,087,578.85
Region XI	7,480,077,997.73
Region XII	2,660,864,195.93
CARAGA	2,995,804,157.85
NIR	2,213,746,859.50
<b>Total</b>	<b>223,310,581,578.13</b>



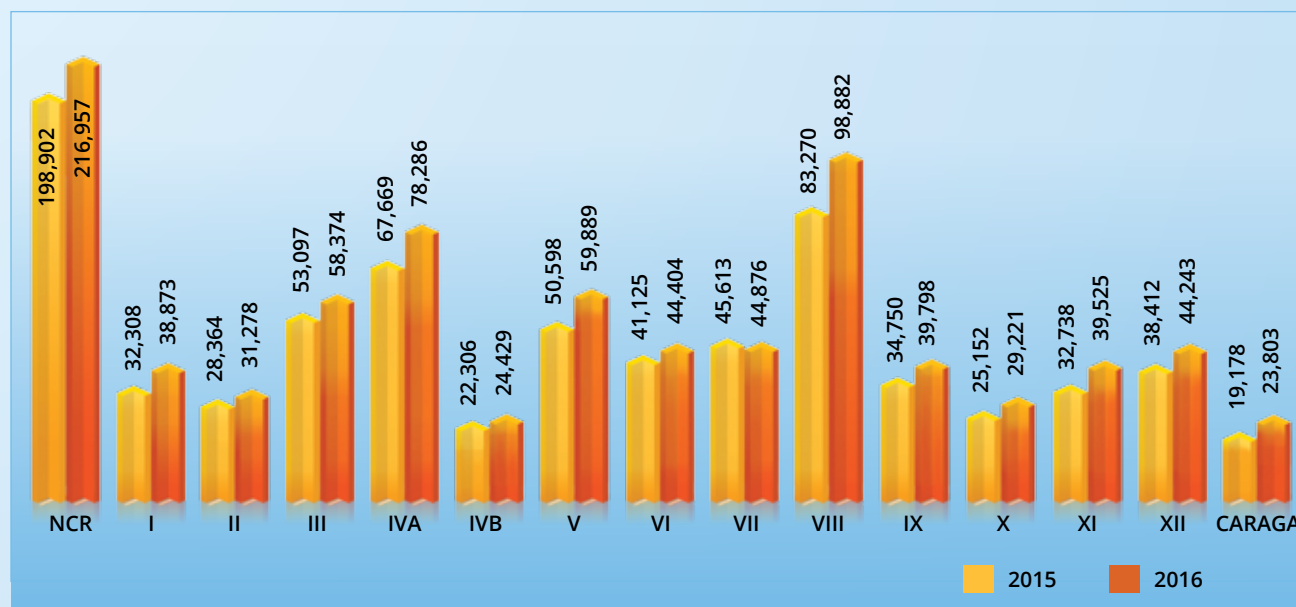
### Bond Premium Collections, 2015-2016 (in Thousand Pesos)

Region	Bond Premium Collections	
	2015	2016
NCR	198,902	216,957
Region I	32,308	38,873
Region II	28,364	31,278
Region III	53,097	58,374
Region IVA	67,669	78,286
Region IVB	22,306	24,429
Region V	50,598	59,889
Region VI	41,125	44,404
Region VII	45,613	44,876
Region VIII	83,270	98,882
Region IX	34,750	39,798
Region X	25,152	29,221
Region XI	32,738	39,525
Region XII	38,412	44,243
CARAGA	19,178	23,803
<b>Total</b>	<b>773,482</b>	<b>872,838</b>

Regional Offices were also instrumental in ensuring NGA's proper release of funds through the Modified Disbursement System (MDS). Disbursement data and forecasts from the top ten (10) spending NGAs enabled the Bureau to come up with more realistic projection of cash flows, minimizing unnecessary borrowings to cover cash shortages and/or overdrafts against its accounts.

The ROs also processed applications for Fidelity Bonding of accountable government officials and employees which contributed funds to NG. In CY 2016, income generated through collections of Fidelity Bond Premia amounted to P872.84 million, P99.36 million higher than the P773.48 million collected in 2015.

The ROs continuously implemented enhancements to the processing of Fidelity Bond application. Representatives from the Civil Service Commission (CSC) conducted performance assessments to ensure strict compliance by ROs to all requirements under the Citizen's Charter, especially in serving the public.





# ADMINISTRATIVE AND SUPPORT SERVICES



## Building Human Resource Capacity

The Human Resource Management Division (HRMD), in its commitment to continually support the learning and development of BTr officials and employees, to help them be more effective, efficient, competitive, and competent in their respective fields, conducted and facilitated various seminars, workshop, and training programs in 2016.

New entrants from Central and Regional/Provincial Offices of the Bureau went through an Employee Orientation Program and Values Orientation Workshop in order to familiarize them with the Bureau and its various functions as well as equip them with the core working values they need to possess as public servants.

Moreover, a Supervisory Development Course and a Leadership Skills Seminar was also conducted by the Civil Service Commission (CSC) and TalkShop, respectively. The courses are meant to help supervisors and management be more effective and efficient in handling responsibilities and accountabilities, dealing with difficult situations, adopting essential communication processes, and keeping teams motivated and inspired among others.

Selected employees from BTr and other agencies went through a Global Finance Professional Training Program with the support of the United Nations Conference on Trade and Development (UNCTAD) program. The training program tackled fixed income securities and currency markets, enterprise risk management, essentials

of financial derivatives and the life cycle of a trade. Participants of the program later on took the Treasury Certification examination wherein some successfully passed as Certified Associate Treasury Professionals, with others recognized as Certified Foreign Exchange or Money Market Dealers.

The CSC also conducted a Seminar-Workshop on Strategic Performance Management Systems. The program aims to help BTr officials and employees lay down performance targets and expectations based on the mandate of their respective units. The discussion also covered boosting performance to reach goals and assessing merit in achieving targets.

On top of these, the Development Academy of the Philippines conducted a series of trainings connected to Bureau initiatives for ISO certification. These programs included: Process Mapping Workshop and Quality Manual Writeshop; Workshop on Risk Management Tools and BTr QMS Manual Finalization; Training Course on Internal Quality Audit; and Cascading Workshop for Regional/Provincial BTr Officials and Employees.





# ADMINISTRATIVE AND SUPPORT SERVICES

## Prime-HRM

PRIME-HRM, or the “Program to Institutionalize Meritocracy and Excellence in Human Resource Management,” is a mechanism introduced by the Civil Service Commission (CSC) to continuously capacitate agencies in the performance of Human Resource Management (HRM) functions. It recognizes best practices in the various areas of HRM and serves as a venue for the exchange and development of expertise to elevate public sector HRM at par with global standards.

In May 23, 2016, the BTr, with assistance from CSC, developed the Action and Assist Plans to address gaps in core HRM systems of the Bureau. For the four (4) HR core processes which involves recruitment, selection and placement, learning and development, performance management and rewards management, the goal is to reinforce efforts in building competency-based HR by aligning the criteria with ideal competencies through the following:

1. Structured orientation, thorough training, as well as full core-process immersion programs for new entrants;
2. Competency building on Treasury core processes;
3. Competency building in oral and written communication skills;

4. Continuous in-service learning and development programs that implement individual development plans across all employees; monitoring and classifying employees in accordance with level of trainings received, and assessing their readiness to assume higher responsibilities for purposes of succession planning;
5. Retooling of BTr employees;
6. Strengthening the positive culture of BTr as a model of good governance, nurturing core values, and continuous and sustained engagement of all employees so they evolve into a *lingkod bayani - tunay na handog sa bayan*, and continue to collaborate and remain motivated in attaining organizational goals, as well as the over-arching goals of the Administration; and
7. Knowledge Management

The foregoing areas are targeted to equip employees with skills that would ready them for continuous growth, where innovation becomes a way of life. The next generation of Treasury employees should be well-versed in all facets of Treasury operations at par with their peers in the Asia Pacific Region. Communication is also highlighted since effective communication is one of the drivers of change and reform. Retooling is also indispensable given the pace of innovation in the field. Lastly, knowledge management is essential to sustain initiatives through changes in the manpower complement of the agency.





## Systems Modernization

### New Registry for Scripless Securities (nRoSS)

A solution specification document detailing the business rules and processes for the new Registry for Scripless Securities (nRoSS) was prepared by the Consultant of the nRoSS Project i.e., the Joint Venture of Montran Corp and Allcard Plastics, Inc. after a series of meetings and workshops with the functional and IT users of the

concerned business units. This initiative is meant to modernize and integrate auction and registry operations to consolidate key information from these systems equipping the BTr with better tools for data mining and analytics to support policy-making. The nRoSS is also set to minimize operational risks by replacing legacy systems and conform to industry practices and international standards. Furthermore, the nRoSS adds support to the Bureau's existing and future liability management programs and capital market initiatives.



# ADMINISTRATIVE AND SUPPORT SERVICES

The Liability Management Service (LMS), in coordination with the nRoSS Project Consultant, conducted a briefing to BTr Management and selected staff last October 4, 2016 on the capabilities of the new auction and registry system using the latest information technology tools and financial messaging standards.

On October 26, 2016, the Bureau of the Treasury introduced to key market participants and other stakeholders the upcoming upgrade of its current auction and registry systems. Deputy Treasurer Erwin D. Sta. Ana led the team that gave a comprehensive description of the nRoSS, including its new features, comparison with the existing RoSS and ADAPS, operational changes, hardware requirements and indicative timeline for the project. A series of training and User Acceptance Tests (UAT) for market participants, as well as pre-Go Live activities will be conducted in preparation for the project's expected implementation by 27 February 2017.

Following the introductory briefing in October, BTr conducted an Information Technology Requirements Meeting last November 10 and December 13, 2016 to the network administration group representatives of the various market participants for a more detailed discussion on the technical connectivity requirements of the nRoSS system. The Management Information Systems Service (MISS) Team together with the nRoSS provider spearheaded the discussions.

Further, the nRoSS providers conducted user training for the end-users from October 7-11, 2016 and from October 10-14, 2016, to acquaint them with the different functionalities of the nRoSS system in preparation for the conduct of the test scenarios.

A week-long participant training exercise was also held from Nov 7-11, 2016 at the BTr training room to provide market participants with an in-depth knowledge on the applicable features and functionalities of the nRoSS. Users were given an opportunity to have a hands-on access on the web-based system.

## **Budget and Treasury Management System (BTMS)**

The BTMS is a government resource planning solution that will link the public financial management processes: (i) budget execution and management; (ii), treasury and cash management; and (iii) accounting and fiscal reporting) of the National Government, in pursuit of its goal of improving the efficiency, accountability, and transparency in the use of public funds. The BTMS is covered by four (4) individual modules that are set to go live starting end of Q1 2017:

- a) Budget Execution
- b) Treasury Functions
- c) Budget Management
- d) Integrated System

The Asset Management Service (AMS) has provided various technical assistance to the DBM-PMO and JV of the BTMS project. The BTMS had its ceremonial signing on January 26, 2016.

### **New National Government Accounting System Version 2.0 (NNGAS)**

Proper accounting is necessary in monitoring and evaluating the performance of the different agencies of government. The performance of the public managers would depend on the most, on financial reports generated by the use of accounting systems.

Cognizant of this need, the Commission on Audit (COA) under the new 1987 Constitution, promulgated the New Government Accounting System in the Philippines (NGAS) for use by all government agencies.

However, this accounting system could not be able to cover all the accounting processes of the Bureau of the Treasury. Knowing this incapacity, BTr decided to create a new accounting system that would help the Bureau in achieving its financial targets, and at the same time, would be understood by all users of financial reports.

NNGAS has the characteristics of the architecture that can be felt by users in their day-to-day activities and impact their business functions. NNGAS shall be developed towards the enablement of manageability and maintainability, scalability, high availability, interoperability and security.

In line with NNGAS, the BTr MISS is working with the NNGAS provider, Incuventure, to ensure the availability of resources from development to deployment.

The MISS Team provided the server computer for the production environment and another server for the contingency environment to prevent downtimes and ensure the 100% availability of the system. The MISS team and Incuventure also establish a multi-tier network architecture to inhibit the system from malicious attacks.

Currently, NNGAS is on the state of parallel testing to ensure that the new version of the application performs correctly.



# ADMINISTRATIVE AND SUPPORT SERVICES

“The BTr continues the journey as it pursues with collective passion to improve the quality of treasury services in support of the goal of improving the quality of life of every Filipino.”



## BTr ISO Certification

In compliance with the thrust of the National Government, the Bureau focused its energies and spent considerable time for the required trainings inline with ISO certification. A process map was prepared as early as March 2016. The BTR ISO Core Team was mobilized and received intensive training from June 9 to November 10, 2016.

By December 2016, the Bureau of the Treasury was awarded the ISO 9001:2015 Certification, among the first to receive the 2015 Version of the ISO.

The following units of the Bureau received certification: Central Office, NCR, BTr San Fernando-Pampanga Office, BTr Cebu City Office, and BTr Davao City Office.

ISO certification serves to strengthen the confidence of Stakeholders that the Philippine Treasury follows internationally recognized standards. Currently, the Bureau continues to enhance its systems and processes for the continuing certification of other BTr regional and provincial units, the upcoming certification of its IT Systems, and in preparation for the approaching surveillance audit in 2017 and 2018.

The BTr continues the journey as it pursues with collective passion to improve the quality of treasury services in support of the goal of improving the quality of life of every Filipino.



# KNOWLEDGE SHARING

## Public Expenditure Management Network in Asia (PEMNA) Plenary

The Bureau of the Treasury, in cooperation with the Department of Budget and Management (DBM), hosted the PEMNA Plenary on June 8 to 10, 2016 in Manila. The plenary discussion focused on Philippine Reforms in the key areas of: 1) Budget, 2) Treasury and 3) Audit. The DBM emphasized on the deepening of budget reforms, making these irreversible through the Public Accountability Act that aims to institutionalize reforms in modernizing the Philippine Public Financial Management system. Meanwhile, the BTr presented initiatives in asset and liability management and modernization programs implemented in support of the PFM reforms. Lastly, the Commission on Audit (COA) discussed audit reforms and the importance of citizen participatory audit.

## Regional Forum and Information Caravan

The BTr- AMS, in cooperation with the Regional Offices, conducted regional forums during the 4th quarter of 2016 on Cash Flow Forecasting and Consolidation of NGAs' Trust Accounts to the TSA.

The Regional Forums were conducted in Region III (October 27), Region V (November 24-25), Region IV-A (December 5-6), and Region I/ CAR (December 8-9). Region V holds the highest number of attendees at 89 participants joining the forum.

## Club of 10 Meetings

The Club of 10 conducted its quarterly meetings in January 28, October 7 and December 2, 2016. The meetings were attended by representatives from the top 10 spending NGAs to discuss the submission of the consolidated cash forecast and actual spending. The consolidation of the NGAs accounts to the TSA was also discussed.

To assist the participants in the use of the cash forecasting templates, a two-day forecasting workshop was conducted on April 28-29, 2016. The workshop was led by Mr. Stephen Vajs, a consultant from the International Monetary Fund (IMF).

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