TO: All Heads of Departments, Agencies, Bureaus, Offices, Commissions of the National Government, State Universities and Colleges, including those maintaining Special Accounts in the General Fund, and Other Instrumentalities of the Government, Chiefs of Financial and Management Services, COA Auditors, MDS — Government Servicing Banks, and All Others Concerned

SUBJECT: 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 (FMIS) 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).
4.0 KEY FEATURES OF THE BTMS

4.1 The BTMS is an integrated and web-based FMIS built on a centralized database to support the Public Financial Management (PFM) processes of the government.

4.2 The BTMS covers the budget execution and the budget utilization phases of the National Budget cycle and supports the following PFM functions: budget management, commitments management, payments management, receipts management, cash management, debt management, property, plant and equipment (i.e., fixed assets), accounting, and fiscal reporting.

4.3 The BTMS provides standard workflow and signing authorities ensuring proper segregation of duties and enforcement of budget execution controls.

4.4 The BTMS is secure and compliant with digital documents enforceability as prescribed under Republic Act No. 8792, also known as the Electronic Commerce Act of 2000.

5.0 USING THE BTMS FOR BUDGET UTILIZATION

5.1 A major functionality of the BTMS is Budget Utilization (BU). The BTMS-BU shall be used to carry out expenditures in accordance with the GAA.

5.2 The BTMS-BU provides standard workflows and signing authorities for the budget utilization processes. These standards are described in the Annex A hereof.

5.3 The BTMS-BU generates standard forms, documents and reports in digital form with an option to print hard copies. The forms, documents and reports generated by the BTMS are listed in the Annex B hereof.

5.4 The BTMS-BU produces comprehensive financial reports, at the aggregated or consolidated level, and at the disaggregated level, covering Financial Statements, Standard and Custom Reports, and Planning and Performance Management Reports (refer to Annex B – Standard Forms, Financial Statements, and Reports).

5.5 The BTMS-BU operates in the following modes:

5.5.1 **Transaction Mode.** In this mode, each step of a process is conducted in the system, according to a pre-defined workflow, with enforcement of budget execution controls.

5.5.2 **Encoding Mode.** In this mode, all the steps of the process are conducted outside the system, which will later be encoded into the system.
5.6 The BTMS-BU supports two (2) disbursement frameworks:

5.6.1 **Modified Disbursement Scheme, or MDS.** This is the current disbursement scheme and banking arrangement used by the NGAs, and operated by the Government Servicing Banks (GSBs). In this framework, the bulk of payments are issued by the NGAs via the List of Due and Demandable Accounts Payable - Advice to Debit Account (LDDAP-ADA) against their MDS sub-account; and those costing ₱10,000 or less via checks.

5.6.2 **Treasury Single Account, or TSA.** This is the future disbursement scheme and banking arrangement involving the BTMS and the TSA at the Bangko Sentral ng Pilipinas. With this framework, payments are issued by the NGAs via a transaction in BTMS, generating an Electronic Fund Transfer (EFT) from the TSA to the payee’s bank account in any bank.

6.0 **IMPLEMENTATION STRATEGY**

6.1 The initial implementation of the BTMS–BU shall be guided by the following strategy:

6.1.1 **High Value Transactions**

6.1.1.1 For transactions amounting to ₱1 Million and above, the NGAs shall use the BTMS-BU module in transaction mode as defined in item 5.5.1 hereof for each step of the expenditure process, in conformance with the standard workflows and signing authorities (refer to Annex A).

6.1.2 **Low Value Transactions**

6.1.2.1 For transactions amounting to less than ₱1 Million, the NGAs shall use the encoding mode as defined in item 5.5.2 hereof.

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

6.1.2.3 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.
6.2 All payments shall be recorded in the BTMS-BU module, including Personnel Services (PS), Maintenance and Other Operating Expenses (MOOE), Capital Outlays (CO), and Financial Expenses (FinEx).

6.3 Reports conform with the GAM and are enhanced to facilitate the consolidation of Financial Accountability Reports (FARs) and other related reports of the National Government.

7.0 RESPONSIBILITIES

7.1 Responsibilities of the Agency:

7.1.1 Ensure that all transactions are carried out under the BTMS-BU by July 1, 2019, using the transaction mode for high value transactions, and the encoding mode for low value transactions.

7.1.2 Designate the appropriate team of personnel to handle the smooth implementation of the BTMS-BU.

7.1.3 Appoint employees to be trained as power users of the BTMS-BU module. There shall be two (2) categories of users, namely, transaction users (that will use BTMS in the transaction mode), and encoding users (that will use the BTMS in the encoding mode).

7.1.4 Agency’s power users shall replicate the training to the agency’s staff.

7.1.5 Provide its own computational resources (i.e., PCs, laptops, printers, scanners) and communications (i.e., access to the internet) for its users to access the BTMS via the internet.

7.2 Responsibilities of the DBM:

7.2.1 Provide the necessary user licenses for the BTMS.

7.2.2 Provide formal training on the BTMS-BU module to the Agency to be power users; which includes:

7.2.2.1 Computer-based training and eLearning modules.

7.2.2.2 User’s Manual and Quick Reference Guide for easy access and navigation in using the BTMS-BU module.

7.2.3 Provide a Helpdesk to support the agency power users.
7.2.4 Maintain the BTMS application and its underlying IT infrastructure.

7.2.5 Monitor compliance by all agencies with the use of the BTMS-BU module.

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

8.0 EFFECTIVITY

This Circular Letter shall take effect immediately.

BENJAMIN E. DIOKNO
Secretary
ANNEX A - Standard Workflows and Signing Authorities

The BTMS’s transaction workflow is GAM-compliant with standard approval levels and accompanying signing authorities.

The system’s transitioning mechanism starts with the requesting unit as the creator and follows through with an escalating level of approvals each of which should be consistent with the agency’s organizational structure.

The system can accommodate three levels of review (line approvers) before it transitions to the final approvers.

Table 1. Shows the prescribed standard workflow for commitments management. It should be noted that final approvers vary based on the threshold amount with the following categories: ₱ 1,000,000 to ₱ 5,000,000; ₱ 5,000,001 to ₱ 100,000,000, and those that are over ₱ 100,000,000.

<table>
<thead>
<tr>
<th>Transaction Approval Workflow</th>
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<tbody>
<tr>
<td>CREATOR</td>
</tr>
<tr>
<td>Obligation</td>
</tr>
<tr>
<td>Purchase Request</td>
</tr>
<tr>
<td>Purchase Order</td>
</tr>
<tr>
<td>Goods Received Note</td>
</tr>
<tr>
<td>Disbursement</td>
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</tbody>
</table>

* As per GAM, this requires an authorized official or representative.
Table 2. Shows the prescribed transaction approval workflow for payments and receipts management.

<table>
<thead>
<tr>
<th>Transaction Approval Workflow</th>
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</thead>
<tbody>
<tr>
<td>CREATOR</td>
</tr>
<tr>
<td>PAYMENT CASH (Specific to BTMS)</td>
</tr>
<tr>
<td>Revenue Voucher (Order of Payment)</td>
</tr>
<tr>
<td>Revenue Receipt Voucher (Receipt)</td>
</tr>
<tr>
<td>Journal Entry Voucher</td>
</tr>
<tr>
<td>CHECK / Advice to Debit Account (ADA)</td>
</tr>
<tr>
<td>List of Due and Demandable Accounts Payable (LDDAP)</td>
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</tbody>
</table>

Table 3. Presents the functionalities as well as its transaction approval workflow (under the Budget Control Update Voucher [BCUV] of the BTMS) for the purposes of modification of allotments.

<table>
<thead>
<tr>
<th>Transaction Approval Workflow</th>
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<tbody>
<tr>
<td>CREATOR</td>
</tr>
<tr>
<td>BUDGET CONTROL UPDATE VOUCHER (BCUV)</td>
</tr>
<tr>
<td>Reallocation Advice for user of Personnel Services Appropriation (RAPSA)</td>
</tr>
<tr>
<td>Realignment Advice Form (RAF)</td>
</tr>
<tr>
<td>Sub Allotment Advice (SAA)</td>
</tr>
<tr>
<td>Notice of Transfer Allocation (NTA)</td>
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</tbody>
</table>

Department Orders issued by each agency concerning approval levels on its budget execution transactions should therefore be in line with the standard workflow and signing authorities as prescribed in this Circular Letter.
## ANNEX B - Standard Forms, Financial Statements, and Reports

### B.1 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)

### B.2 Financial Statements

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

### B.3 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 Report  
8. Check Issued 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
### B.4 Planning and Performance Management Reports

1. **BAR 1**: Quarterly Physical Report of Operation
2. **BED 1**: Financial Plan
3. **BED 2**: Physical Plan
4. **BED 3**: Monthly Disbursement Program
5. **FAR 1**: Statement of Appropriations, Allotments, Obligations, Disbursements and Balances
6. **FAR 1A**: Summary 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**: Summary 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**: Quarterly Report of Revenue and Other Receipts