



IMPROVING EFFICIENCY IN PUBLIC FINANCIAL MANAGEMENT:

**A STUDY ON THE ADOPTION OF THE UNIFIED
ACCOUNT CODE STRUCTURE (UACS) IN SELECT
NATIONAL GOVERNMENT AGENCIES**

Agnes Kristine Arban-Quilinguing

Background

PEFA Assessment

The World Bank conducted an independent assessment of the Philippine PFM System in 2007

- no common budgetary and accounting classification
- weak cash management system
- budget not results-based
- no integrated financial management information system
- weak monitoring of contingent liabilities

PFM Policy Basis

- EO No. 55 directs the integration and automation of PFM systems, and implementation of the PFM Reform Roadmap
- The PFM Reform Roadmap is a five-year masterplan for improving the financial management of the government
- The PFM Reform Program aims to improve efficiency, accountability, and transparency in the use of public funds

PFM Reforms

- UACS and Revised Chart of Accounts, including the BFARs
- Performance Informed Budgeting (PIB)
- Treasury Single Account (TSA)
- Contingent Liability Framework
- Accounting and Auditing Reforms
- GIFMIS/BTMS

What is UACS?

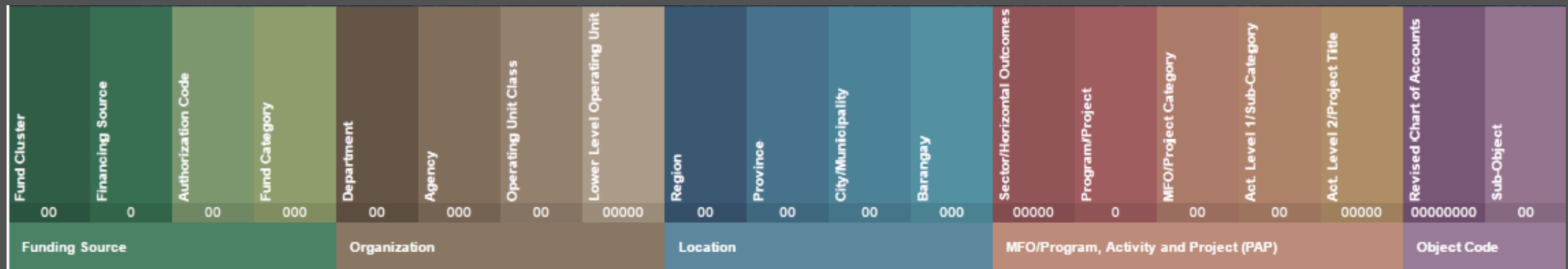
- The Unified Account Code Structure (UACS) is a government-wide harmonized budgetary, treasury, and accounting code classification framework to facilitate the reporting of all financial transactions of the government, including revenue reporting
- Jointly developed by COA, DBM, BTr, and DOF through JC 2013-1, the UACS was initially adopted for FY 2014 budget.

Why UACS?

- To harmonize budgetary, treasury, and accounting classification
- To simplify and consolidate formats for financial reports
- To facilitate timely and accurate reporting of actual receipts, collections and expenditures against programmed revenues and expenditures
- To enable comparison of disbursement for programs, projects and activities, with their approved appropriations

Elements of UACS

ELEMENT	NO. DIGITS (Per COA-DBM-DOF JC 2013-1)	NO. DIGITS (Per COA-DBM-DOF JC 2014-1)
Funding Source	6-digit	8-digit
Organization	12-digit	12-digit
Location	9-digit	9-digit
MFO/PAP	9-digit	15-digit
Object	10-digit	10-digit
TOTAL	46-digit	54-digit



Use of UACS: FY 2017 Budget (in billion pesos)

AGENCY	APPROPRIATIONS	ALLOTMENTS	OBLIGATIONS	DISBURSEMENTS
Education	501.2	472.1	458.4	384.4
Health	114.3	112.3	106.7	67.6
Local Government	209.6	202.4	200.9	183.6
Defense	223.9	218.4	212.6	142.5
Social Welfare	161.6	161.6	153.6	129.7
Public Works	689.0	674.9	621.9	225.9
Transportation	83.4	82.3	69.2	27.2

Statement of the Problem

- The study looks at the state of adoption of the UACS reform in national government agencies.
- Using the Technology Acceptance Model (TAM), it describes UACS' Usefulness and Ease of Use towards NGAs' actual system use

Research Questions

- What is the state of UACS adoption in the central offices of national government agencies?
- What are the factors affecting agency adoption of the UACS technology?
 - Perceived Usefulness
 - Perceived Ease of UACS Use
 - Other factors

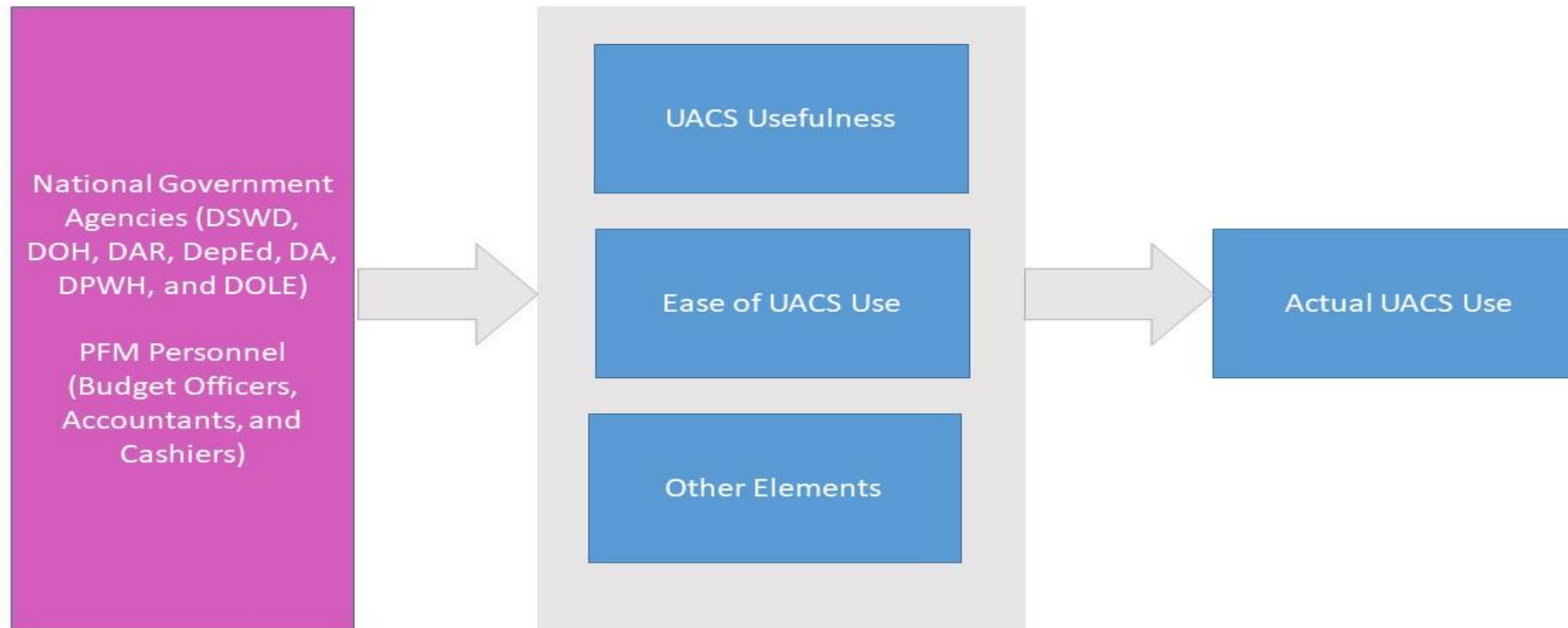
Objectives of the Study

- To determine whether spending agencies are still using UACS;
- To identify factors affecting agency user adoption of UACS (i.e. usefulness and ease of use)

Limitations of the Study

- Central offices of 7 national government agencies
 - DPWH
 - DSWD
 - DOH
 - DepEd
 - DAR
 - DA
 - DOLE

Research Framework



Methodology

- TAM Survey
 - 78 PFM personnel, including 28 budget officers, 29 accountants, and 21 cashiers
- Qualitative Interviews
 - Chief budget officers, chief accountants, and chief cashiers

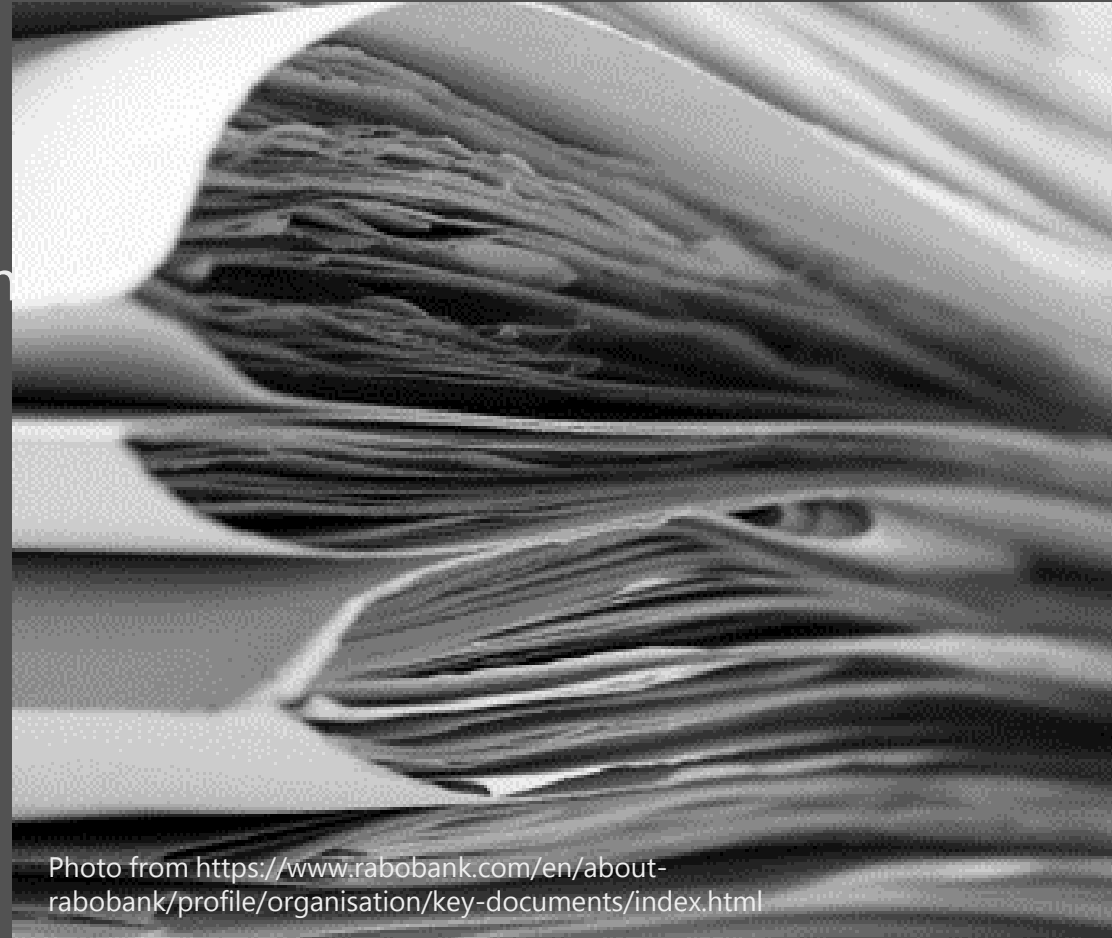


Photo from <https://www.rabobank.com/en/about-rabobank/profile/organisation/key-documents/index.html>

Key findings

UACS Use

- All of the PFM personnel surveyed, including the accountants, budget officers, and cashiers have used and continue to use UACS;
 - Budget Preparation
 - Budget Execution
 - Budget Accountability

Key findings

UACS Usefulness

- 46% of the respondents agreed that UACS enables them to perform their tasks
 - Usefulness in terms of reporting requirements (accountants and budget officers)
- 62% of the PFM personnel found UACS very useful for their work

Key findings

Ease of Use

- 56% of the respondents found UACS easy to use
- 67% of the respondents said they were trained in the use of UACS
 - Transfers and recruitment
- 85% of the PFM personnel confirmed that there are existing guides/manuals on how to use UACS
- UACS and old system being equal in difficulty
 - Accountants and budget officers with more positive perception

Key findings

Other Elements

- Compliance to the policies enforced by oversight agencies: COA, DBM, and DOF
- Benefits for oversight agencies – data aggregation

Conclusion

- All national government agencies have already adopted UACS; the agencies continued to use UACS even after a change in administration in 2016;
- PFM personnel found UACS useful for their work, and easy to use

Recommendations

- UACS adoption as a compliance exercise
 - Learning sessions with spending agencies on how UACS can be used to track and monitor agency performance
- UACS review
 - Regular and systematic review of the UACS
- UACS Training
 - Continued staff training on UACS and other PFM reforms



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