DBM'S INSTITUTIONAL STRENGTHENING EFFORTS

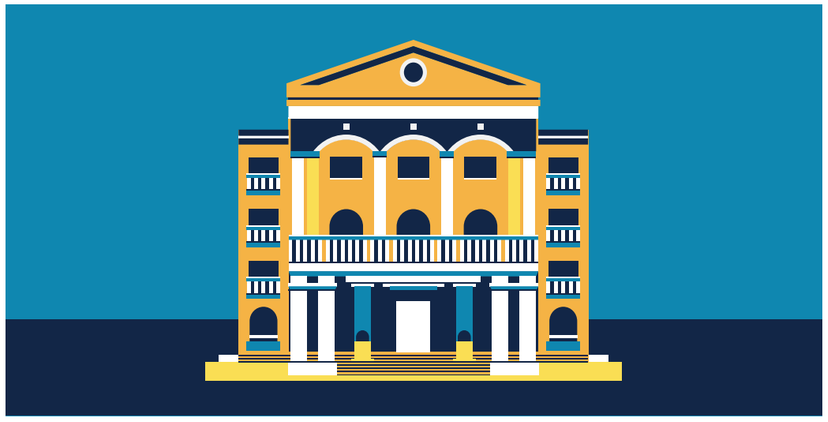
Beefing Up an Institution That is at the Center of PFM Reform

IN A NUTSHELL

- Since 2010, DBM has been at the forefront of implementing PFM reforms which have profoundly changed the way public funds are managed today.

- Thus, DBM pursued institutional strengthening efforts that entailed three lines of action. Below are the major initiatives and key changes in each:
  - DBM institutional strengthening efforts
    - Formation of six functional groups and designation of group heads to streamline the rollout of reforms in and outside of the agency
    - Creation of new organic offices to perform specific PFM functions and additional positions to support the implementation of reforms
  - Improvement of systems and processes
    - Digitization of processes in the budget cycle and everyday work of the employees
    - Obtaining the ISO Quality Management System Certification, which put a stamp of quality on the entire budget and management process
  - Building the capacities of DBM's workforce
    - Rollout of DBM 100 and DBM Tibay as a series of capacity development initiatives for DBM staff and leaders
    - Expansion of HR functions to improve recruitment and management of employees, through strategic partnerships

- Moving forward, DBM should monitor the effectiveness of the reorganization efforts, manage trends in attrition and the looming retirement of one-third of its workforce, maintain and eventually upgrade its standard of service to the new requirements of the ISO.



> "The DBM has been adopting institutional strengthening measures to fortify and upgrade its organizational capability to lead the implementation of various public financial management reform initiatives, and ensure that DBM's efforts are sustained, become irreversible and scaled-up."
>
> **DBM Department Order No. 2016-9**

The bold PFM reforms implemented since 2010 has profoundly changed the way public funds had been managed. The DBM was at the forefront of introducing such reforms, and it would be incumbent upon the people who championed these reforms to keep up with the challenge of constantly innovating for change.

In DBM's case, these reforms required it to strengthen its "M" function more.

For instance, various fiscal management reforms increased revenue collections and widened the fiscal space (*see Fiscal Management*). "The concern, unlike before, was not about where to get money but how to use it," said Director Cristina B. Clasara of the BMB for Human Development Sector. In the past, DBM had been accustomed to a culture of control: they had been fixated on reining in on expenditures in the last decade, when revenues constantly fell short. Today, the glut of resources compels it to shift gears: to streamline processes so that funds can move faster, make sure that these funds are used effectively to deliver results, and improve transparency and accountability throughout the PFM process.

Thus, DBM took various initiatives to strengthen its capacity as an institution that was leading PFM reforms throughout the bureaucracy.

"The rationale behind DBM's institutional strengthening initiatives is the commitment to improve service delivery," said Undersecretary Richard E. Moya, head of the Technical Working Group (TWG) on DBM's Institutional Strengthening Efforts. These initiatives included enhancing DBM's organizational structure, streamlining its processes to adhere to international standards of quality, and, perhaps most importantly, investing in the capability of its people. These efforts should bolster DBM's ability to sustain, strengthen, and scale innovations beyond 2016.

REORGANIZING DBM TO BUILD ITS MUSCLE FOR PFM

> "The reorganization is meant to provide the institutional structure to address gaps in the budget process."
>
> **Assistant Secretary Myrna S. Chua**
> DBM ORGANIZATION AND SYSTEMS IMPROVEMENT GROUP

In 2014[1], DBM through its TWG on Institutional Strengthening Efforts conducted a thorough review of the department's existing structure, mandate, and performance goals to determine areas of improvement.[2] The assessment revealed that its organizational structure needed enhancement so that it could sustain and scale up PFM reforms.

Key strategies were taken to modify the organizational structure, functions, and operations of DBM.[3] First, the responsibilities of DBM Senior Officials were recalibrated, which effectively created six functional groups[4]. Related functions were then aligned by regrouping existing organizational units.[5] In addition, organic offices were created to perform PFM functions essential to sustaining PFM reforms, which at that time were underdeveloped.[6]

The DBM used a two-stage approach to pursue these strategies: an Interim Set-Up and a Re-organized Set-Up. The Interim Set-Up, which was rolled out in April 2015,[7] instituted key organizational changes immediately to support ongoing reforms. This stage entailed adjustments in the names, functions, and staffing complement of existing DBM units, which did not require approval by the President.[8] The Reorganized Set-Up involved the creation of new operational units, sub-units, and additional positions, as well as new bureaus or services that would need authority from the President.[9]

Both stages of the reorganization were inclusive: functional group heads were required to cascade the plans to their units and personnel, and consultations on the proposed changes were held with officials and staff and the union of employees[10].

The department is now composed of six functional groups: Budget Policy and Strategy (BPS); Budget Preparation and Execution (BPE); Organization and Systems Improvement (OSI); Budget Performance Monitoring and Evaluation (BPME); Comptroller General (CG); and Internal Management (IM). The functions of these groups and key changes to their operational units are described as follows: (*see organizational chart on page 284 to 285*).

Budget Policy and Strategy

The BPS Group[11] leads the formulation of fiscal policies that shape the annual Budget and serves as DBM's arm in leading the DBCC. It also coordinates the implementation of PFM reforms, and in fact has incubated many of these: from the ZBB (*see Linking Planning and Budgeting*) to the new DBCC fiscal reports (*see Fiscal Transparency*).

To sustain such reforms, DBM strengthened the BPS Group's ability to conduct fiscal policy and research, access international best practices, and incubate innovations in PFM. First, the Fiscal Policy and Reforms Bureau (FPRB)[12] had been expanded from four to six divisions as it absorbed the functions of the Reforms Division.[13] concerning the conceptualization and management of the rollout of budgeting innovations, the enhancement of its core fiscal planning functions, and the sustainability of new practices.

The Department Legislative Liaison Office (DLLO) has been lodged under the BPS Group[14] to help it better coordinate the formulation of DBM's official position on proposed new laws with fiscal implications.

Budget Preparation and Execution

The BPE Group[5] would continue to lead the core of DBM's operations: the preparation of the annual Budget, the release of the approved budgets of agencies, and the analysis of agencies' financial and physical performance. The group had been essential to mainstreaming key PFM reforms, notably the GAA-as-Release Document, the PIB, and the UACS, among others.

A landmark change in the BPE Group mirrored DBM's efforts to deepen the link between the development plan and the annual Budget: the regrouping of the Budget and Management Bureaus (BMBs) according to the five priority sectors.[16] BMBs A to E[17] were renamed and the sectors and agencies that they cover were regrouped (*see Table 1*).

The Budget Technical Bureau (BTB) has been renamed[18] to better reflect its expanded role in developing, promulgating, and coordinating budget preparation and execution guidelines and processes. The BTB would continue to administer the Contingent Fund, the Miscellaneous Personnel Benefits Fund, the Pension and Gratuity Fund, and the Unprogrammed Fund.

The DBM has likewise strengthened its sixteen Regional Offices (ROs) through additional technical positions. An additional RO was created for the new Negros Island Region. While the head of the BPE Group would continue to give technical supervision to the ROs on budget preparation and execution, the ROs had been placed under the general supervision of the head of the CG Group.

Organization and Systems Improvement

This new group handles the development of policies and guidelines on organization, staffing, compensation and position classification, as well as systems and productivity improvement-related measures that are intended to achieve efficiency and enhance productivity in government.

The Organization, Position Classification, and Compensation Bureau (OPCCB) and the Systems and Productivity Improvement Bureau (SPIB), which were formerly under the Policy Group has been transferred to the OSI Group.

Moreover, as part of the implementation of the DBM's institutional strengthening efforts, the supervision of the Budget and Treasury Management System (BTMS)[19] Project and other PFM IT systems of the DBM has been transferred from the OCIO to the ICTSS. In addition, the provision of technical and administrative support services to the PFM Steering Committee will now be under the supervision of the FPRB.

Finally, the activities being undertaken by the DBM relative to the implementation of the Medium-term Information and Communications Technology Harmonization Initiative (MITHI) Program have been transferred to the SPIB.

Table 1. Regrouping and Renaming of BMBs[20]

From	To	Coverage
BMB-A	BMB for Economic Development Sector (EDS)	*Agencies:* DOF, DPWH, DOT, DTI, DOTC, NEDA, MinDA, Joint Legislative-Executive Councils; *SPFs:* Feasibility Studies Fund
BMB-B	BMB for Human Development Sector (HDS)	*Agencies:* DepEd, DOH, DOLE, DSWD, CHED, KWF, FDCP, HLURB, HUDCC, MTRCB, NAPC, NCCA, NCIP, NHCP, NLP, NAP, OMB, PCW, PSC, PCUP, SUCs (policy supervision)
BMB-C	BMB for Good Governance Sector (GGS)	*Agencies:* OP, OVP, Congress, CSC, COA, COMELEC, DBM, PCOO, PCDSPO, PLLO, PMS, AMLC, GAB, GCG, NTC, PhilRacom, GOCCs (policy supervision and review of corporate budgets)[22]
BMB-D	BMB for Security, Peace and Justice Sector (SPJS)	*Agencies:* The Judiciary, Ombudsman, CHR, ARMM, DFA, DILG, DOJ, DND (including OCD), CFO, DDB, NCMF, NICA, NSC, OPAPP, PDEA, *SPFs:* International Commitments Fund, Allocations to LGUs (administration of IRA, Special Shares, and other allocations)[23]
BMB-E	BMB for Food Security, Ecological Protection and Climate Change Management Sector (FS EP CCMS)	*Agencies:* DA, DAR, DOE, DENR, DOST, CCC, ERC, FPA, PRRC, *SPFs:* NDRRM Fund, E-Government Fund

Source: Section 4.4 of D.O. No. 2015-7, as amended

Performance Monitoring and Evaluation

The reforms that DBM has introduced, notably the PIB, reoriented budgeting from input-based to results-based (*see Linking Budgeting and Results*). This fundamental shift has required DBM to strengthen its monitoring of the implementation of the agencies' budgets and evaluation of the results achieved. The BPME Group[24] was thus created to be DBM's arm in leading, with the NEDA, the formulation of an M&E policy framework and its implementation across the agencies.

To give flesh and bone to this functional group, a BMB[25] was converted into the Performance Monitoring and Evaluation Bureau (PMEB): a bureau whose primary role is to strengthen policies, standards, and methodologies related to M&E. The PMEB was also tasked to supervise the program evaluations[26] that DBM should regularly conduct. Furthermore, DBM organized an ad-hoc Strategic Performance Delivery Staff (SPDS)[27] to monitor and fast track the implementation of priority programs.

Comptroller General

The DBM took initial steps in realizing the proposed Office of the Comptroller General (OCG): a new function under DBM that would strengthen its oversight and management of PFM policies and the reporting of the government's consolidated finances (*see Budget Integrity*). Toward this end, a BMB[28] was converted into the Public Expenditure Management Bureau (PEMB), tasked to formulate and enforce internal control standards[29]; oversee the agencies' implementation of accounting and auditing rules set by the COA as well as rules on financial reporting; operationalize the IFMIS (see Integrated PFM); and develop competency-based policies for PFM positions throughout the bureaucracy.

On the latter, DBM took steps toward creating the proposed Public Financial Management Institute (PFMI) under the Comptroller General Group. The DBM convened a PFMI Technical Working Group (TWG) as an interim set-up. Composed of the staff from the Training and Information Service (TIS)[30], the said TWG would continue to implement PFM capacity-building initiatives such as the PFM Certificate Program (PFMCP, *see Integrated PFM*). In June 2016, D.O. No. 2016-9 created two additional divisions under PEMB for the PFMCP pending the creation of the PFMI.

The OCG and PEMB were also tasked to formulate PFM policies and guidelines for the implementation of the LGUs (*see Meaningful Devolution*). The ROs and the Regional Coordination Unit were also placed under the supervision of the head of the CG Group to emphasize the need to strengthen PFM practices of LGUs.

Internal Management

As DBM enhanced its core functions and organization, it must likewise strengthen the management of its internal affairs and its ability to cater to the needs of its staff. Thus, the operational units under the IM Group were strengthened so that DBM could manage its internal affairs.

In particular, the Administrative Service (AS) was beefed up with the creation of two new divisions. First, its Human Resources Development Division (HRDD) was unbundled into the HRDD and the new HR Management Division (HRMD). In doing so, the HRDD could invest more effort in managing the performance and career development of DBM's workforce; while the new HRMD would take charge of recruitment, compensation management, and personnel relations. Second, a Procurement Management Division (PMD) was created under the AS to conduct activities such as procurement planning, the provision of secretariat services to the department's Bids and Awards Committee, and post-award contract management and administration, pursuant to A.O. No. 46 and NBC-558 (*see Procurement Reform*).

The Corporate Planning and Reforms Service (CPRS) was also reshaped before it was renamed into the Planning and Management Service (PMS): it absorbed the Management Division;[31] and its Reforms Division was transferred to FPRB. These changes would enable the PMS to focus on preparing and consolidating the annual plan and targets of the Department, and monitoring and evaluation of the performance of the different DBM units under the annual plan and targets.

With a stronger focus on database and network management, as well as IT support to DBM offices, the Information and Communication Technology Systems Service (ICTSS) was transferred to the IM Group from the OSI Group. ICTSS likewise provides support to agencies on the use of technology tools such as the OSBPS, GMIS, and URS for budgeting and reporting.

The Finance Service (FS)[32] would focus on improving the formulation, implementation, and accounting of DBM's budget. The FS and the PMS would continue to tighten their coordination in order to deepen the link among planning, budgeting, and performance monitoring in DBM.

The DBM's Legal Service (LS) was also strengthened by adding Lawyer positions and creating an additional division to support the provision of legal services required by DBM.

The DBM likewise restructured the TIS to effect a new strategic direction: to capacitate the PFM practitioners across the bureaucracy through the PFMI; and to strengthen knowledge management within DBM to support the institutionalization of reforms. For the latter, the TIS was renamed the Knowledge Management and Fiscal Transparency Service (KMFTS)[33] to serve a dual role.[34] First, as an internal support function, KMFTS would lead the organized capture, documentation, storage, retrieval, and use of DBM's knowledge assets[35]. Second, as an externally oriented function, it would support policy and operations, to institutionalize fiscal transparency improvements (*see Fiscal Transparency*) by enforcing budget transparency policies and institutionalizing DBM's publications, including the People's Budget.

Strengthening the Office of the Secretary (OSEC)

The OSEC[36] has played a key role in implementing PFM Reforms in the Aquino administration. For one, DBM strengthened the Internal Audit Service (IAS) through providing additional staff so that it could adequately help strengthen internal controls in the agency (*see Internal Control*).

Since 2010, ad-hoc units has been created under the OSEC to perform new functions: the CSO Desk for DBM's engagement with CSOs and the development of participatory budgeting mechanisms (*see Citizens' Participation*); the Public Information Unit (PIU) to proactively communicate the Budget through the mainstream media, social media, and other means; the Strategic Communication Unit (StratComm) to develop the People's Budget and other materials that promote PFM reforms; and the Reforms and Innovations Delivery Support Unit (RIU) as the secretariat of the Cabinet Cluster on Good Governance and Anti-Corruption (GGAC) and coordinator of the Philippines' engagement in the Open Government Partnership (OGP).

IMPROVEMENT OF SYSTEMS AND PROCESSES OF DBM

> "When we aim for our government to spend within its means, on the right priorities, and with measurable results, our procedures and practices for doing so should be well-documented, regularly monitored, and further improved."
>
> **Secretary Florencio Abad**
> DBM

The DBM enhanced its systems and processes, through technological innovations, to lessen clerical work and make way for more analytical work. Moreover, these internal reforms streamlined and strengthened the agency's processes to adhere to international standards, most notably those of the International Organization for Standardization (ISO).

Digitization of Processes and Systems

The incorporation of technology in the budget processes was one of the highlights of the reforms implemented by DBM during the Aquino administration (*see Integrated PFM*). Initiatives to digitize the PFM processes not only facilitated the work of DBM employees but also embedded transparency in their work. For instance, the UACS—the backbone of the IFMIS—properly tagged the programs, activities, and projects in the Budget for their easier monitoring. According to Mr. Rainier Diaz of the PEMB, this initiative cut the time previously spent on asking data from each bureau in order to monitor projects[37].The OSBP and the URS likewise lessened the need for DBM staff to encode data manually from the agencies' budget proposals and reports, thus enabling them to save time and focus on analysis.[38]

The DBM likewise implemented internal ICT reforms that transformed the work of its staff. First, DBM in 2011 adopted Google Enterprise for its email and other cloud-supported needs. The Gmail and Google Drive facilities, for instance, continued to be heavily used by DBM in disseminating memoranda, circulars, and internal orders.[39] In 2013, the DBM also set up the Document Management System (DMS): a customized facility that would handle the receiving, routing, tracking, releasing, and archiving of official documents issued or received by DBM. The DMS enabled easy follow up on and tracking of the numerous documents that circulate within the agency (DBM, 2015).

DBM's ISO Quality Management System (QMS) Certification

On October 29, 2015, DBM made history by being the first to obtain a department-wide ISO[40] 9001:2008 QMS Certificate on its first try. The certification aims to make an organization more effective and efficient. The DBM's ISO certification puts a stamp of quality on its entire budget and management process: policy formulation, preparation and management or administration of the national Budget, and the monitoring and analysis of performance (DBM, 2014; Almazan, 2015).
As the Chair of the Government Quality Management Committee,[41] which oversees the agencies' adoption of ISO Quality

Management System (QMS) standards, the time was right for DBM to secure an ISO QMS certification. More importantly, DBM's application for ISO certification was inevitable and likewise a testament to its vision of being a "World Class" PFM agency by 2016 (DBM, 2014).

Thus, DBM began preparing for the ISO QMS certification in 2012. With the technical guidance of the Development Academy of the Philippines, the department established a QMS Organization, headed by a designated Overall Quality Management Representative and Deputy Overall QMR. They were assisted by the QMS Core Team, which is further subdivided into Documents and Records Control, Workplace Organization, Training and Education, and Internal Quality Audit Teams, is composed of personnel from different Bureaus/Services/Offices (B/S/Os) from the Central Office and Regional Offices to ensure the smooth implementation of the QMS in the Department. The DBM QMS implementation required the Core Team together with other DBM selected personnel, to attend related trainings and workshops, which made the Internal Quality Audit and Management Reviews at the B/S/O, Functional Group and Executive Committee levels implementable.

The Certification International Philippines, Inc. (CIP), a third party Certification Body, conducted the Stage 1 (Document Review) Audit on December 1 to 3, 2014 and Stage 2 (On-site) Audit in DBM's Central and Regional Offices (ROs) in three batches, i.e., first two batches for ROs on February 18 to 24 and March 16 to 19, 2015, and Central Office on August 25 to 28, 2015, using a sampling method of three Budget and Management Bureaus and seven Regional Offices. The Stage 2 (On-site) Audit resulted in two major and seven minor nonconformities which DBM addressed by submitting to the CIP the Action Request Response detailing the correction, root cause analyses and corrective actions, and supporting documents. After the review of the CIP, the ISO 9001:2008 QMS Certification was conferred to DBM (DBM, 2015).

The DBM QMS is not to be understood as an entirely new system, but as standards of quality while performing one's daily work. Director Clotilde Drapete of the SPIB emphasized that the ISO certification was "built on" DBM's current practices and not "built in" as a new reform. In the CY 2015 Management Review, DBM's units cited positive effects brought about by the QMS which emphasized how to best solicit feedback from customers, including client agencies; adherence to deadlines; development of tools for monitoring; proper documentation of processes; opportunities for professional and personal growth; and maintaining an orderly working environment (DBM, 2015).

BUILDING THE CAPACITIES OF DBM'S MOST IMPORTANT RESOURCE

> "One of the major roles of management is to provide the best possible environment for their people so that they, in turn, can produce their best possible results or even surpass expectations."
>
> **Undersecretary Clare G. Amador**
> DBM OFFICE OF THE SECRETARY CHIEF OF STAFF

Investing in the professional growth of public servants is key to improving the overall performance of an agency. To encourage both dedication and innovation in their work, a public sector organization must identify employees as essential to the organization's success and develop their leadership capabilities (Paschane, 2012; Yusoff, 2005).

Indeed, without the commitment and talent of the officials and staff, the reforms pursued in the last six years would have been fruitless. While the leadership provided strategy and direction of the DBM, the employees concretized the vision of change. Therefore, DBM's management encouraged various efforts in human resource (HR) and organizational development: from more training opportunities to changes in HR management policies.

Making DBM a Learning Organization: DBM 100 and DBM Tibay

To sustain reforms, it is necessary to invest in the current and future leaders of DBM. However, no department-wide program had been in place in the past administrations to cater to the personal and professional development of its employees.

Thus, in 2012, the agency launched DBM 100, a pilot program on organizational development. The program aimed to lay the groundwork for DBM to become a learning organization, in which human resources were developed to their fullest potential, and where continued learning was used to improve its overall performance (Yusoff, 2005). It opened with the two-day Foundations of Leadership Excellence (FLEX) module, which included sessions to identify the individual employees' personal visions and collective aspirations for the team, how one behaves and interacts in a team, and how different elements of an organization influence each other. Directors of DBM at the time also went through additional training on Systems Thinking[42] and how this approach was relevant in implementing PFM reforms. The Committee on Organizational and Human Resource Development (COHRD) and the AS-HRDD worked with the OSEC to run DBM-wide activities from 2012 to 2013.

Employees who participated in the first run of FLEX gave positive feedback, which included an expression of support for the agenda of reform pursued at the time. Almost two and a half years later, in a post-project assessment, graduates of FLEX were able to recall leadership concepts introduced during the program and continued to appreciate the ongoing reforms (Bombarda, 2015). Apart from FLEX, other initiatives included the Alternative Learning Sessions, which provided DBM staff a venue to gain and share knowledge on topics and issues relevant to them: from Technical Writing and Complete Staff Work to the foundations of Inclusive Development.

Taking off from the momentum gained by FLEX, the OSEC re-conceptualized and improved DBM 100 to create DBM Tibay. Launched in 2015, it employed a two-tiered approach in instilling a culture of performance in DBM. For mid-level managers[43], the program sought to enhance their ability to coach and mentor their staff. For the staff, the program provided training on personal leadership, effective communication, shifting paradigms, and on giving and accepting constructive feedback (OSEC, 2015).

DBM Tibay entailed three waves of capacity development initiatives. First of these was the Executive Coaching Program which aimed to create a culture of coaching. The six-month intensive program featured a process where the participants develop and implement action plans on their respective leadership and personal goals, guided by professional coaches in meeting these goals. It also included modules on coaching and mentoring methods, sessions on the Philippine political economy, and other learning activities to acquire soft leadership skills, such as effective communication. The participants who completed the program were then certified as DBM Executive Coaches.

> "The Executive Coaching Program, the first of its kind in the department, shows that there has been a paradigm shift in DBM to be more people-oriented."
>
> **Director Carmela S. Fernan**
> DBM REGIONAL OFFICE VI

Second, the Performance Excellence Seminars (PES), which builds on FLEX by reinforcing the values of integrity, responsibility, teamwork, commitment, and nation building both in their personal and professional development. PES is a two-day session that focused on deepening interpersonal and intrapersonal relationships, systems thinking and creative problem-solving, and other skills that enhance the self-leadership of employees. After undergoing the PES, the 1,200 staff of DBM Central Office and the ROs who participated in the program were also assigned to formulate professional and personal goals. Their superiors who underwent the Executive Coaching Program were tasked to coach them.

> "PES reminded me that each budget I prepare for a port or airport isn't just about the numbers, it's about the welfare of the people—how we maximize allocation of limited funds will affect their well-being."
>
> **Andrew G. Ursolino**
> DBM BUDGET AND MANAGEMENT BUREAU FOR ECONOMIC DEVELOPMENT SECTOR

Third, the Junior Leadership Development (JLD) Program, which was initiated for the young leaders who have the potential to assume management positions in the future. The five-month program featured workshops, ideation sessions, exposure trips, and other similar activities. One assignment given to the participants was to write essays on their personal experience and insights in implementing reforms—all of which are featured in this publication. The JLD participants also implemented special projects, such as organizing a good governance and PFM reform forum for students and the youth; and producing an audio-visual presentation, which was featured during the 80th Anniversary Celebration of DBM.

> "The JLD Program was an effective laboratory where leadership skills were further honed, friendships were built, and networks were strengthened. It has inspired us to commit to a life of servant leadership and to become genuine 'Lingkod Bayanis'."
>
> **Sheryll S. Aromin**
> DBM INTERNAL AUDIT SERVICE

Moreover, DBM Tibay involved more partners, and on a stronger partnership with senior officials and administrative officers to encourage training to the staff. It was designed based on two assessments.[44] The program heightened the use of social media and email for continued interaction within DBM community, which facilitated communication with and the involvement of the ROs in the program. DBM Tibay provided a people-centric complement to the institutional strengthening measures of DBM as the employees underwent training and capacity development.

Usec. Clare G. Amador, who spearheaded DBM 100 and DBM Tibay, emphasized that the programs were "part of a bigger platform of empowerment and capacity development."

Boosting HR Development

The expansion of DBM's HR functions reflected its new approach to HR development and management: more in-depth and strategic rather than transactional. These efforts allowed DBM to compete with private companies in providing benefits to employees in the workplace. "Reforms were done to empower HR and make it a vital part of the institution, so we could focus more on DBM's best capital—its people," said Lolita P. Matias, Chief Administrative Officer of HRDD.

The creation of the new HRMD builds on the recruitment innovations that were jumpstarted in 2010. At that time, Secretary Abad recognized a gap in the manpower needs of the department, created by the freeze hiring by the previous administration in light of fiscal constraints.[45] To close this gap, DBM opened up applications for positions to younger people with diverse backgrounds, which resulted in a staff portfolio of not solely accountants, but also those adept at various fields.

For mid-level manager positions, DBM opened application to anyone who was willing, whether from the private sector or within the ranks but were not "next-in-line." Alongside this innovation, the HR was employing a more open yet rigorous recruitment process. Beyond the CSC's minimum requirements, DBM now administered a battery of tests with selected psychometricians on interested applicants. These tests were a form of quality assurance for DBM to attract and hire the best candidates for a job.

In 2015, DBM forged a partnership with Kalibrr, an online job search and recruitment platform. Beyond merely providing an online bulletin board for job openings, the platform makes use of data analytics and leverages social networks to help DBM reach more potential and appropriate candidates for their openings. In addition, the agency produced more creative recruitment material and participated more actively in job fairs of the top universities in the country. Through these and other initiatives, DBM aims to inspire more young Filipinos to consider jobs in the public sector, as it is as viable a working place as the private sector.

The HRMD also recently developed a Competency-based Recruitment Selection and On-Boarding System, which was supported through training from the Australian Government[46]. This system requires the profiling of almost two hundred positions in DBM to identify the specific competencies each position requires. The system enables DBM to recruit applicants whose technical competencies match with those of the "ideal" candidate. Moreover, it allows the HRMD to test for equally important factors, such as dedication, teamwork, and other soft skills.

While DBM built its recruitment activities, it also doubled its efforts to provide incumbent employees with more training and career growth opportunities.

When the Australian Government saw DBM's commitment in pursuing PFM reforms, it approached the department to offer scholarship opportunities to its staff. In 2015, seven scholars were sent for further studies in Australia through the Australia Awards Program. In 2016, 10 candidates went for the scholarship. The DBM provides qualifications for applicants to apply then the OSEC accepts nominations for the award, which are usually for graduate studies on public financial management. One of the requirements for nominated candidates is to take an English proficiency test administered by the Australian Government. This scholarship is one of the concrete opportunities that DBM provides its employees for further professional development.

The HRDD has made efforts to become a strategic training hub as it strengthened its coordination with Directors, Assistant Directors, and Division Chiefs in determining the training needs of and improving the trainings programs for the employees. In addition, the HRDD has established measures to provide training opportunities to employees.

HOW TO MANAGE CHANGE FOR THE LONG TERM?

> "The biggest challenge that the management is confronted with is how to improve its ability in keeping up with the demand to develop and maintain a pool of competent employees as key performers to DBM's success."
>
> **Assistant Secretary Sofia C. Yanto**
> DBM INTERNAL MANAGEMENT GROUP

For DBM, change is necessary to keep up with the simultaneous implementations of PFM reforms. So far, efforts to strengthen DBM's organization, systems, and people have strengthened the agency's capacity as a leader for reform in the bureaucracy. However, in sustaining these various changes, DBM faces a number of emerging challenges.

In addition, for these efforts to continue will depend largely on the agency's incoming leadership—and the people it will inspire to stay in or join the organization. Interviews with its staff and officials revealed that its character is hinged on the values of diligence, professionalism, and stewardship.[47] Many of the reforms and other changes it had instituted have been fruitful because the employees themselves took ownership of its vision to become a "World Class" PFM agency, as well as recognized the direct impact of such reforms on the way they work.

Constant Change?

The DBM made significant changes to its staffing pattern, created new offices, transferred functions, and redefined roles of existing positions. Given their relatively recent implementation, DBM faces the challenge of properly monitoring and evaluating the effectiveness of the reorganization efforts undertaken during the outgoing administration. Moreover, the creation and expansion of offices meant more physical space requirements, although the AS has been taking steps to address this constraint. The succeeding management should evaluate the effectiveness of the organization's structural changes for continuous improvement and innovation in order to meet future demands.

Retaining Talent and Attracting New Blood

Yet another key challenge that the institution faces is a potential bleed of talent due to anticipated retirements and other trends. In a study conducted by the KM TWG and the AS-HRDD, about a third of DBM's incumbent permanent officials and staff are aged 55 and above and would retire within the next five years.[48] At the other end of the age spectrum are the "Millennials" who are now 34 years old and below and comprise about a third (32 percent) of DBM's population. The same shows for those who were born in 1980 and later, and who were hired by DBM beginning 2001: 60 percent have stayed with DBM. However, the 40 percent have left the service after staying for an average of about three years.

Table 2. **Permanent DBM Officials and Staff by Age Group**

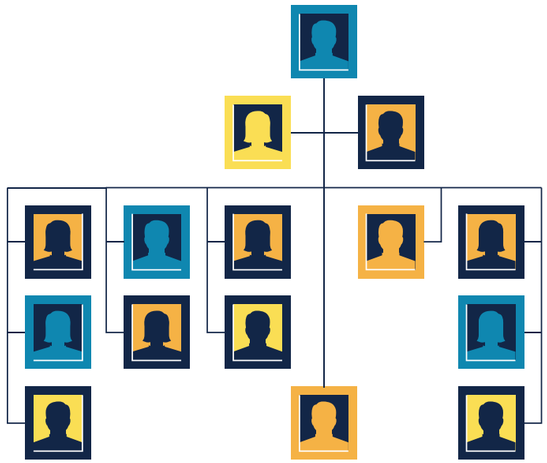
Age Group	Population	Share of Total	Average Years in Service
Baby Boomers			
60-64	98	13%	35
55-59	141	19%	32
50-54	102	14%	26
Generation X			
45-49	42	6%	22
40-44	50	7%	15
35-39	65	9%	11
Millenials			
30-34	87	12%	6
25-29	100	14%	3
20-24	48	7%	1

Source: AS-HRDD data as of January 2016

Should these trends continue, DBM faces the risk of losing a significant part of its current workforce and knowledge base. The situation, however, presents an opportunity: to pay attention to the need to properly document and share the "institutional memory" of senior staff; move deserving staff up the ranks; and in doing so, strengthen succession planning practices, adapt to the trend of attrition and attract new blood by continuing to promote innovative practices, and enhance DBM's credibility as a reform champion. To take advantage of these opportunities, DBM must sustain its efforts in strengthening HR development, as well as in scaling up organizational learning and knowledge management endeavors. These efforts, as well as how the new phase of PFM Reforms will take shape will also be instrumental in addressing the so-called "reform fatigue" among DBM officials and staff.

Further improvement of systems and maintaining the DBM QMS Certifiable to ISO 9001 requirements

Efforts to digitize processes in budgeting and DBM's internal management modernized the way work gets done in the department. However, glitches in technology still need to be addressed and smoothened out. While the effectivity of the DBM ISO QMS Certificate is until September 14, 2018, the implementation of the DBM ISO 9001:2008 QMS has to undergo Surveillance Audits by the CIP in 2016 and 2017 to ensure the department's continued compliance with the ISO standards and the department's policies and processes. However, the ISO 9001:2008 QMS standards would be globally phased out effective at the end of September 2018. Hence, the DBM should start working out its migration to the new version of ISO 9001:2015 before the DBM ISO 9001:2008 QMS Certificate expires. Though the re-certification process may be just as tedious as the original, DBM officials and staffs have embraced the need for an ISO Certification: in the realization of the Department's vision to be an institution composed of highly competent and motivated public servants who observe the highest standards of professionalism and integrity to provide quality delivery of services.



INSIGHT FROM A DBM YOUNG SENIOR OFFICIAL

From Fear to Trust: A Reflection

By Undersecretary Clare G. Amador[1]

They said that public service is thankless—more so, if you work in a strategic and powerful agency as the DBM. You would nearly have a love-hate relationship with the public you serve: the agencies,with whom you need to be strict, like a parent as we set rules, monitor performance, and execute punishment when needed; and the general public, for whom you ought to be transparent and open, but opening yourself up for criticism and misinterpretation.

Six years of this kind of experience, nevertheless, strengthened my heart.

Despite international recognition for budget transparency and participation,unprecedented public investments in social and economic services, and institutionalizing frameworks and performance metrics for budgeting, the DBM sits alone, unrecognized for much of the work it has done here locally.

Historically, the DBM has been a silent worker that draws strength from its professional and diligent workforce.In its silence, however, there are cracks. My experience here involved sensing some fear, some distrust, and some silos. Gaps were perceptible: between the decision-makers and the implementers, the leaders and the staff, the "organic" staff and the so-called "outsiders," the central and the regional offices, and among and within teams.

Perhaps these dynamics developed over the years—over changes in the leadership, the political climate and the people's needs; over the lack of capacity building, or the lack of basic support systems for government employees. There was basic trust (or perhaps, courtesy), a modest platform.

But to move forward, we needed more than the technical competence our jobs required of us. We had to improve our relationships, work on these relationships with one another, with each office and team, with our client agencies, and with the public we serve—to do our work purposefully despite our limited time and circumstances.

The DBM embarked on the difficult task of rebuilding trust in government: from becoming part of the Open Government Partnership to publishing layman versions of the GAA; from welcoming CSOs to the budget process to handholding the government agencies for performance budgeting to creating a culture of empowerment for the people we serve and the people in government. We pursued capacity building and team building activities across units and locations. We strengthened the connection between the staff and the management. We opened access to information and scholarships. We organized town hall meetings and dialogues at various levels, and we established an internal communication system. The result was far from perfect, but it was a good start.

The DBM Tibay, the unfriendly deadlines of the reforms we have set, and the obligatory engagement of the DBM with our stakeholders forced us to know the people we work with and the people we serve. Despite the unsettling relationship-building, the results have shown that conversations, ideas, and the networks amongst us have been enriched: work is now easier to do.

Thus, we moved from fear to trust, from silence to empowerment, from merely working to rediscovering meaning in our work. The DBM emerged at the heart of governance reforms: vilified, but holding strong with integrity.

I have learned that the joy of experiencing life is about why you do what you do, your connection to the people you're with, and who you become in the process, and not so much about what you have achieved. The DBM has strengthened my heart—to face crazier challenges, take greater risks, and be consistently sincere—making it even more formidable and ready for public service. I know I am not the only one.

Thank you, DBM.

The DBM—a team of genuine public servants—will keep building trust in government. From merely calling themselves "good soldiers," they now form the stronger family of empowered Filipinos who will stand for good governance. And that is just the beginning.

[1] *Amador served as Chief of Staff of the Office of Secretary Florencio B. Abad from June 2010 to June 2016. She spearheaded the DBM Tibay, which includes the Junior Leadership Development (JLD) program.*

A REVITALIZED DBM

The DBM had pursued institutional strengthening efforts to support the sustained rollout of reforms. Aside from investing in its human resources and streamlining its systems, DBM also fine-tuned the organization of its bureaus, offices, and units to enhance the agency's service delivery and performance.

Office of the Secretary

Oversees the exercise of the mandate of DBM and the discharge of its power and functions

Comprised of the DBM Secretary, his Undersecretaries and Assistant Secretaries, and their respective offices

- Internal Audit Service (IAS)

Attached Agencies:

- Government Procurement Policy Board- Technical Support Office (GPPB-TSO)
- Procurement Service (PS)

Internal Management (IM) Group

Oversees the provision of administrative, internal planning, legal, human resource management and development, knowledge management, finance and management services within DBM.

- Administrative Service (AS)
- Finance Service (FS)
- Information and Communications Technology Systems Service (ICTSS)
- Knowledge Management and Fiscal Transparency Service (KMFTS)
- Legal Service (LS)
- Planning and Management Service (PMS)

Comptroller General (CG) Group

Develops and reviews public expenditure management policies, standards, and internal controls, for compliance of DBM and other agencies, including LGUs

The Group is also tasked to strengthen the capacity of agencies and PFM professionals in implementing such policies and standards.

- Public Expenditure Management Bureau (PEMB)*
- Regional Coordination Unit (RCU)**

Budget Preparation and Execution (BPE) Group

Conducts budget preparation activities and supervises budget execution in coordination with other DBM units, oversight and other agencies

- Budget Technical Bureau (BTB)
- Budget Management Bureau (BMB) for Economic Development Sector (EDS)
- BMB for Human Development Sector (HDS)
- BMB for Good Governance Sector (GGS)
- BMB for Security, Peace and Justice Sector (SPJS)
- BMB for Food Security, Ecological Protection and Climate Change Management Sector (FSEPCCMS)

Budget Performance Monitoring and Evaluation (BPME) Group

Develops and implements monitoring and evaluation (M&E) frameworks and systems that link the expenditures of agencies with measurable results, and provides strategic M&E reports for policy recommendations and decision-making

- Performance Monitoring and Evaluation Bureau (PMEB)

Budget Policy and Strategy (BPS) Group

Conducts fiscal policy research and planning, oversees the review of legislation and executive issuances that impact budget allocation, conceptualizes and manages budgeting innovations, and acts as Secretariat of the DBCC

- Fiscal Policy and Reforms Bureau (FPRB)
- Department Legislative Liaison Office (DLLO)**

Organization and Systems Improvement (OSI) Group

Develops policies and guidelines on organization, staffing, compensation and position classification, as well as measures on systems and productivity improvement to enhance efficiency and improve service delivery in government

- Organization, Position Classification and Compensation Bureau (OPCCB)
- Systems and Productivity Improvement Bureau (SPIB)

- Regional Offices (ROs) (17)

This fine-tuned organizational structure enables DBM to continue championing reforms. In addition, DBM must maintain compliance with ISO efforts, sustain human resource management initiatives, and strengthen knowledge management.

** PEMB includes two (2) divisions to handle the PFM Certificate Program*

*** Items are currently lumped or straight listed under OSEC*

Sources: SPIB, DBM Department Orders Nos. 2014-4 and 2015-7, as amended

NOTES

[1] In 2011, the DBM initially attempted to revisit the DBM's organizational structure based on its 2009 Rationalization Plan. This initiative, however, was put on hold as the DBM needed to focus on speeding up spending. In a way, the postponement gave the DBM an opportunity to consider the latest PFM reforms introduced from that time in revisiting its organizational structure.

[2] Section 84 (Institutional Strengthening and Productivity Improvement in Agency Organization and Operations and Implementation of Reorganization Mandated by Law) of the General Provisions (GP) of the 2015 GAA states that "The government shall adopt institutional strengthening measures to enhance productivity and improve service delivery". This was reiterated and elaborated on in Section 90 of the GP of the 2016 GAA. However, Section 89 of the GP of the 2016 GAA states that the creation of third level positions—i.e., SG 25 positions and up—require Presidential Approval.

[3] These steps or strategies were expressed in various internal orders of the DBM, particularly: Department Order (D.O.) No. 2014-4, "Delineation of Functions of DBM Senior Officials," dated March 31, 2014, D.O. No. 2015-7, "Implementation of the DBM Institutional Strengthening Efforts under an Interim Set-Up," dated April 13, 2015, as amended; and D.O. No. 2016-9, "Implementation of the Department of Budget and Management's (DBM) Institutional Strengthening Efforts under a Reorganized Set-up", dated June 16, 2016

[4] D.O. No. 2014-4 defined six (6) functional groups (see subsequent portions of this section) and identified the Senior Officials (i.e. the Undersecretaries and Assistant Secretaries) which lead these functional groups.

The DBM's previous organizational structure was composed of three functional groups: Budget and Management Policy; Budget and Management Operations; and Corporate Affairs.

[5] I.e. Bureaus, Services, Offices, and other units (permanent and ad-hoc) of the DBM; as well as their respective sub-units (e.g. divisions and sections under Bureaus, Services, and Offices).

[6] D.O. No. 2015-7 specifically identified the need to create organic offices for a) the formulation and implementation of a monitoring and evaluation (M&E) policy framework, and b) the development, review, and refinement of public expenditure policies and standards, including the operationalization of the integrated FMIS.

[7] Implemented through D.O. No. 2015-7, as amended.

[8] These modifications adhered to the "scrap and build" policy wherein existing vacant funded positions will be abolished to create items concerned.

[9] Consistent with Section 89 of the GP of the 2016 GAA which authorizes the President to create new and modify the existing offices and positions in the Executive Branch whenever public interest warrants, the DBM submitted a request to the Office of the President (OP) in November 2015 for authority to create the proposed Director IV/SG 28 and Director III/ SG 27 positions for the Bureaus/Services concerned. To date, said DBM request is still under review of the OP.

[10] The Budget Union for the Declaration of Genuine Employees' Thrusts

[11] The BPS Group was known as the Budget and Management Policy Group under the 2009 Rationalization Plan. The BPS Group retains many of the functions that it used to have, except those pertaining to organizational, staffing, and compensation management (see OSI Group).

Usec. Laura B. Pascua and Asec. Amelita D. Castillo, both career officials, lead the BPS Group.

[12] FPRB used to be known simply as the Fiscal Planning Bureau.

[13] The Reforms Division used to be part of the CPRS (now PMS). The Assistant Director position of CPRS was also transferred to FPRB. In effect, the Bureau now has two Assistant Director positions.

[14] DLLO is still under OSEC but is currently being supervised by the functional heads of the BPS Group.

[15] The BPE Group was known as the Budget and Management Operations Group under the 2009 Rationalization Plan and largely retained its original functions. The Group still retains BTB and five of the BMBs; while two of the BMBs were moved to other groups.

Usec. Luz M. Cantor and Asec. Tina Rose Marie L. Canda, both career officials, lead the BPE Group.

[16] *See Linking Planning and Budgeting*.

[17] There were originally seven BMBs, but the other two—BMB-F, which covered GOCCs, and BMB-G, which handled the LGUs' shares in the National Budget as well as certain SPFs like the Calamity Fund and the former PDAF—were renamed and transferred to other functional groups, and their functions modified (see succeeding sections of the article).

[18] Formerly the Budget Technical Service

[19] An IT system that would link the financial processes of the DBM and the Bureau of the Treasury (BTr) in order to collect and organize government financial information in a central database to support the performance of the following PFM functions: Budget Management, Commitments Management, Payments Management, Receipts Management, Cash Management, Accounting, and Fiscal Reporting.

[20] The MMDA was retained under the jurisdiction of the RO-NCR.

[21] Initially, the BMB-A was renamed as the BMB for Economic Development and Food Security Sector, but the coverage of the DA was transferred to the BMB-E. Hence, the said bureaus were renamed accordingly.

[22] These functions which were previously with BMB-F were transferred to the BMB for Good Governance Sector. Apart from these are the evaluation of budget proposals of chartered GOCCs requesting budgetary support from the national government, formulation of policies, standards, and guidelines on organization, staffing, and compensation of GOCCs under the DBM. Its functions also include the preparation of position papers on bills or executive issuances with budgetary which are related to GOCCs, including the concerns of the local water districts.

[23] Tis function was transferred to the BMB for Security, Peace, and Justice Sector from BMB-G. Specifically, this is the administration of the IRA, special shares of LGUs in the proceeds of national taxes, and other allocations to LGUs

[24] The Group, also informally called the "M&E Group," is led by Usec. Mario L. Relampagos, a career official; and Asec. Maxine Tanya M. Hamada, a coterminous official who was hired to support the development of the DBM's M&E function.

[25] The BMB-G was renamed into the PMEB and its functions were redefined.

[26] The administration of ZBB studies (*see Linking Planning and Budgeting*) was transferred from FPRB to the PMEB.

[27] The SPDS, composed of one division and reporting directly under the BPME Group's lead senior officials, was created as an interim set-up.

[28] The BMB-F was renamed into the PEMB and its functions were redefined.

[29] Internal control policies were initially developed and incubated by the SPIB.

[30] Under the interim set-up, the PFMI TWG is composed of the Training Division and other staff of the TIS.

[31] The transfer of the Management Division from the former Financial Management Service (now FS) was already effected under DBM Office Order No. 2014-134 dated March 31, 2014

[32] See previous note.

[33] Prior to the formal renaming of TIS into the KMFTS, the DBM issued OO No. 2015-263 on June 16, 2015 to establish the PFMI TWG and the KM TWG. The latter was composed of the TIS-Information Division and the OSEC-StratComm. The KM TWG was responsible for the documentation of budget reforms implemented since 2010, as published through this book.

[34] It will have three divisions, namely: Knowledge Management Division; Fiscal Transparency Division; and Publications Division. The first two divisions correspond to each of the two (2) overall functions of the Service; while the third division caters to both functions.

[35] Knowledge assets include those which are explicit, e.g., records, documents, data, and other "hard" forms of knowledge; and those which are tacit, e.g., the "institutional memory" of Senior DBM officials and staff, experience, networks, and other "soft" forms of knowledge.

[36] In budgetary parlance, "OSEC" is used to refer to a whole Department in contrast to its line agencies. In this particular instance, "OSEC" refers not to the whole DBM but to the offices and personnel reporting directly to the Secretary.

[37] Substantiated by an interview with Mr. Rainier Diaz, OIC Supervising Budget and Management Specialist of the Public Expenditure Management Bureau

[38] Substantiated by interviews with employees from BMB-EDS and BMB-HDS in February 2016

[39] Substantiated by interviews with CAO Lolita Matias and Usec. and CIO Richard Moya

[40] The ISO is a global federation of bodies that administer national standards and helps to develop international standards for services, products, and systems. ISO 9001:2008 pertains to a set of quality management system standards used worldwide to assure consistency of product quality and reliability

[41] "Institutionalizing the Structure, Mechanisms, and Standards to Implement the Government Quality Management Program (GQMP)" dated February 23, 2007

[42] Systems Thinking is defined as the process of understanding how things influence one another within a whole. Within an organization, systems are composed of people, structures, and processed.

[43] Directors, Assistant Directors, and Unit Heads

[44] The DBM Perception Assessment Report was conducted by the Internal Audit Service from September 7-21, 2015 upon the instruction of Secretary Abad, while the H.E.A.R.T (Happiness, Engagement, Assertiveness, Responsibility, Trust, and Initiative) Survey and focus group discussions were conducted by i-CLD Consulting, Inc. from October 20-November 5, 2015.

[45] Substantiated by an interview with Ms. Lolita P. Matias, Division Chief of the AS-HRDD

[46] Specifically by the Philippines Australia Human Resource and Organisational Development Facility

[47] In the production of the January-March 2016 issue of the DBM Bulletin, KM TWG interviewed over fifteen employees in the DBM for the article entitled "Our Reform Story".

[48] Thirteen percent of the DBM population are currently aged 60 and above and are eligible for early retirement in 2016, unless they stay on until the mandatory retirement age of 65. An additional 19 percent are aged 55 to 59 at present and could retire within five years from now if they opt for early retirement, to a maximum of ten years if they opt to stay until mandatory retirement.