

Capabilities and Difficulties of Barangay Officials on Local Budgeting Process

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Abstract: This study assessed the extent of capabilities and explored the encountered difficulties of barangay officials on the local budgeting process in the Municipality of Santo Tomas, Davao del Norte, Philippines. This study used the descriptive method of research with 126 respondents. The research instrument is anchored in the Department of Budget and Management Manual, wherein its reliability was tested through pilot testing. The study revealed that barangay officials can properly perform local budgeting duties and functions along with preparation, authorization, execution, and accountability processes. It also revealed a significant difference in the extent of the capability on local budgeting process of the non-degree holder and degree holder barangay officials. Furthermore, several problems encountered by barangay officials on the local budgeting process were also revealed. This study would serve as a basis for the higher authorities in fiscal administration, particularly those who are responsible for barangay governments in improving the process in budgeting.

Keywords: Barangay, Local Budgeting Process, Fiscal Administration, Descriptive Analysis, Philippines

I. INTRODUCTION

1.1. Background of the Study

Budgeting is an essential tool for planning and control. It involves the steps of setting short or long-term objectives and programs specifying how resources, primarily money, will be allocated or spent during a particular period. The budget is made to ensure that there is at least a balance between income earned and the expenses incurred. It is a comprehensive and coordinated plan, expressed in financial terms, for the operations and resources of an agency or institution for some specified period in the future. In other words, it is a numerical plan of action that must be prepared in advance of commencing operations, stating what and how things are to be done.

Suppose the process of budgeting is done properly. In that case, it can be one of the most powerful tools that can be utilized to ensure the continued viability of any department, agency, or institution [16]. Moreover, having a basic understanding of what a budget is and the process is essential. Similarly, budgeting helps an individual plan, intend finances, and examine the actual financial transactions for a certain period compared to the planned transactions. It requires managerial and planning skills by which government officials should possess to provide public goods and services [1].

Meanwhile, the exercise of the power in budgeting by local governments is governed by some provisions in Article X on Local Government in the 1987 Philippine Constitution. Local governments are given local fiscal autonomy to ensure that stability and sustainability on fiscal administration are observed in their locality. This provision also provides that local governments should have an equitable share in the utilization and development of the national wealth.

In the local setting, particularly in the Municipal Budget Office (MBO) and Sangguniang Bayan Office (SBO) of Santo Tomas, Davao del Norte, it is observed that there were some delays in the submissions of the proposed annual budgets, which consequently delays in the approval of Barangay Annual Budget. Some of the budget proposals also contain clerical errors, which lead the office to send them back to the barangay concern. It was also observed by the MBO that some of the barangay's annual budget proposals lack some documentary requirements, which cause the delay in its approval. The existing problems relevant to the barangay annual budget may impede the efficiency and effectiveness of the operation of the barangay local governments. This result to the procurement of goods and services shall not be allowed unless the proposed annual budget is already approved for that current fiscal year.

Capability is very significant in the context of government operations since the capability is converted into performance. Accordingly, capability refers to the ability to device and incorporates various resources to attain a certain objective. The higher the capability of an individual, the higher the chance of getting quality performance from them [24]. Hence, if the government officials can perform the duties and functions mandated to them, such as the capability to perform local budgeting processes, they will have a great chance to get the quality services they deserve.

Article XI of the Philippine Constitution stressed that "public office is a public trust." All government officials and employees are at all times accountable to the people. This particular provision mandates all officials and employees in the government to serve the people with utmost integrity, loyalty, responsibility, and efficiency, including the officials in the basic political unit of the government, the barangay. Further, RA 7160, Article 2 obligates the punong barangays, barangay treasurers, and barangay kagawads to be the key

players in the preparation, authorization, execution, and accounting of the barangay budget [19].

This study assessed the capability of barangay officials. The assumption behind this study is that if the barangay officials were capacity-constrained regarding the capacity to prepare, execute, review, and account for financial resources, and then they may be unable to complete the necessary steps to claim a grant and be approved by higher authority. This is the focus of the study.

1.2. Theoretical Framework

This study is anchored on the assertion that the capability to perform relates to the degree to which an individual possesses task-relevant skills, abilities, knowledge, and experiences. Unless an employee knows what is supposed to be done and how to do it, a high level of job performance is not possible [10]. Thus, the capability of barangay officials in the local budgeting process relates to the performance and accomplishment of the barangay.

This concept is supported by the accountability theory of Cariño that "the concept of accountability flows from the concept of stewardship." If a democracy rests on the consent of the governed, then the government must answer to the people for its actions [4]. The populace selects Punong barangays and barangay kagawads by virtue of suffrage at the end of fixed terms, and they might not be returned to the office if voters believe that they have not performed according to their mandate. Barangay appointed officials, including barangay treasurers and secretaries, are indirectly accountable as they submit to higher officials in the hierarchy, which at its apex is composed of those chosen by the voters.

This theory is supported by Article XI Section 1 of the Philippine Constitution of 1987, which states that public office is a public trust. Public officers and employees must, at all times, be accountable to the people, serve them with utmost responsibility, integrity, loyalty, and efficiency. Due to the need for accountability in a barangay local government, the theory will be applied as it necessitates answering to others--the barangay treasurer who assists the local chief executive in the preparation of the annual budget, barangay kagawad as a member of the Sangguniang barangay who is responsible for the legislative enactment of the annual budget and the punong barangay who is the leading responsible in the operation of the local budgeting process of the barangay as mandated by Section 331 of the RA 7160. Hence, faithfully executing and performing the duties and functions assigned to them can truly make a difference not just in their locality but to the entire Philippines as well.

As mandated by the Local Government Code of 1991 Section 318, the local chief executive shall prepare the executive budget for the ensuing fiscal year. The first phase in the local government budget process is *budget preparation*. This refers to the issuance of the local government budget call, cost estimation, preparation of budget proposals, executive review of budget proposals, and finally, the preparation of the budget

message, local expenditure program, and budget expenditures and sources of financing.

The second phase in the local government budget process is a *budget authorization*. It starts from the time the local chief executive submits the budget to the sanggunian for legislative deliberation and ends with the corresponding enactment of the appropriations ordinance. The punong barangay, as far as the local legislation is concerned, also serves as the presiding officer of the Sangguniang barangay as mandated in the LGC.

The third phase is on *budget execution*. This involves the release and actual disbursement of funds appropriated to perform and undertake projects and activities. The collection of funds such as disbursements does not exceed appropriations and the determination of the actual funding requirements of programs, projects, and activities. This process also includes the procurement of goods and services in accordance with Republic Act 9184, also known as the Government Procurement Reform Act of 2003.

Budget accountability involves the accurate recording and reporting of LGU's income and expenditures and the evaluation of LGU's physical and financial performance. This is the last stage of the budget process whereby the financial and physical performance of the barangays are monitored, recorded, validated, and evaluated purposely to assess whether performance is in accordance with targets or budget plans.

1.3. Statement of the Problem

The purpose of this study to answer the following:

1. What is the extent of the capability of barangay officials on the local budgeting process in terms of:
 - 1.1 Budget Preparation;
 - 1.2 Budget Authorization;
 - 1.3 Budget Execution; and
 - 1.4 Budget Accountability?
2. Is there a significant difference in the extent of the capability of barangay officials on the local budgeting process when grouped according to educational attainment?
3. What are the problems encountered by the barangay officials in the local budgeting process?

1.4. Hypothesis

There is no significant difference in the extent of the capability of barangay officials on the local budgeting process when grouped according to educational attainment.

1.5. Delimitation of the Study

This study was delimited to determining the extent of the capability of barangay officials in the Municipality of Santo Tomas, which covers 19 barangays. The research participants were all the Barangay Officials except the barangay secretaries since they are not mandated as key players of the barangay budgeting process. The descriptive method was used in the study, employing the researcher-made questionnaire as

a tool to gather data. The study was conducted from January to February 2018.

1.6. Definition of Terms

For better understanding and appreciation of this study, the following terms were defined operationally:

Barangay Officials: Barangay officials, in this study, refer to the punong barangay, barangay kagawad, barangay treasurer, and the indigenous peoples' mandatory representatives. They were elected by the populace where the local government is geographically located.

Local Budgeting Process: In this study, the local budgeting process refers to the system of rules that governs the decision-making in the formulation of budget from its preparation, through its legislative approval and execution, and with the assurance of accountability.

Capabilities: This study refers to an individual's abilities to perform specific tasks and functions to accomplish the objectives in the local budgeting process, specifically the budget preparation, budget authorization, budget execution, and budget accountability.

Difficulties: In this study, refers to the problems and issues encountered by the barangay officials relevant to the local budgeting process.

II. METHODOLOGY

2.1. Research Design

This study utilized the descriptive method of research to determine the extent of the capability of barangay officials on local budgeting processes in terms of budget preparation, authorization, execution, and accountability. This type of research includes collecting data through a survey questionnaire so that information can be quantified and subjected to statistical treatment to support or counter-information or claims. Moreover, the descriptive research design is set to seek accurate information and adequate descriptions of activities, objects, processes, and persons. It is used to gather information from prevailing conditions and situations to describe and interpret [5]. With this design, the extent of capability on the budgeting process and problems encountered by the barangay officials could be identified.

2.2. Research Locale

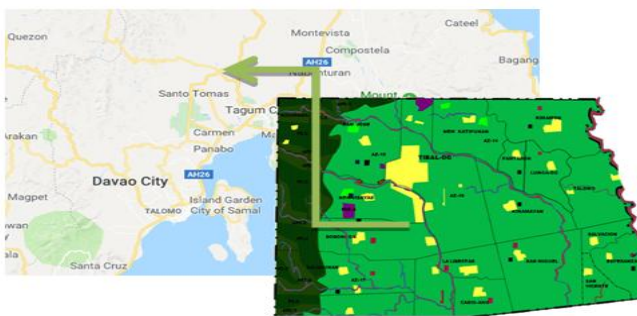


Figure 1: Geographical Map of Municipality of Santo Tomas

2.2. Research Locale

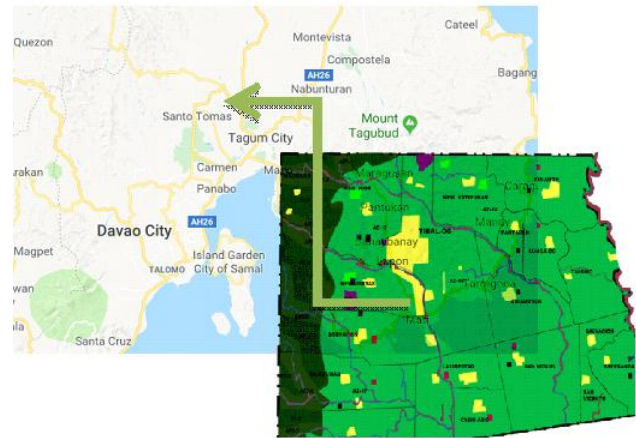


Figure 1. Geographical Map of Municipality of Santo Tomas

The study was conducted in the Municipality of Santo Tomas, Province of Davao del Norte. Santo Tomas is geographically located on the island of Mindanao, and it is in the province's second political district. It is bounded in the north by the Municipalities of Kapalong and Talaingod, in the east by the Municipality of Asuncion, in the west by Davao City, and in the south by the Municipality of Braulio E. Dujali. Figure 1 illustrates the map of the locale.

The significant contributors to the economic development of Santo Tomas are the number of multi-national corporations and cooperatives engaged in banana-based commercial production that successfully operating in the municipality. Rice production can also be counted as one contributor to the municipality's economic development.

The Municipality of Santo Tomas is composed of nineteen (19) barangays namely: Barangay Tibal-og, Barangay Kinamayan, Barangay Magwawa, Barangay San Jose, Barangay New Katipunan, Barangay Kimamon, Barangay Pantaron, Barangay Lunga-og, Barangay Salvacion, Barangay San Vicente, Barangay San Miguel, Barangay Casig-ang, Barangay La Libertad, Barangay Bobongon, Barangay Balagunan, Barangay Tulalian, Barangay New Visayas, Barangay Esperanza and Barangay Talomo. The municipality is classified as a first-class municipality in the Province of Davao del Norte, having a total land area of 221.80 km² (85.64 sq mi) and a population of 118,750 as of the 2015 census.

2.3. Research Respondents

The respondents of the study were the barangay officials of Santo Tomas, Davao del Norte, which consists of punong barangays, barangay kagawads, and indigenous peoples mandatory representatives (IPMRs), and barangay treasurers. The Local Government Code mandates these elected and appointed officials to be the key players and the accountable persons in the barangay budgeting process. The Slovin's

Formula was used to determine the sample size from the population. Through this formula, there were 126 respondents of the study. Table 1 shows the distribution of respondents.

Table I. Distribution of Respondents

Barangay Officials	Populations	Sample
Punong Barangays	19	13
Barangay Kagawads	133	92
IPMR	12	8
Barangay Treasurers	19	13
Total	183	126

2.4. Research Instrument

The research instrument of this study is a researcher-made questionnaire anchored in the Department of Budget and Management (DBM) Operations Manual for Barangay Budgeting Process [8]. It consists of two parts. The first part is about the respondents' personal information that specifically includes the educational attainment, position, length of service, and age. While the second part is about the capability on the local budgeting process in terms of budget preparation, authorization, execution, and accountability; each entails ten (10) questions, including identifying problems encountered.

The instrument was validated by the experts, namely: Municipal Local Government Operations Officer (MLGOO) of Department of the Interior and Local Government (DILG), Administrative Officer VI of the Sangguniang Bayan, and an Administrative Officer V who is in charge of the preliminary review of the barangay annual budgets of the Municipal Budget Office. In addition, the reliability test was conducted to get the reliability coefficient. Its reliability was secured when the questionnaire was accomplished by thirty (30) barangay officials who were not part of the supposed regular respondents. The result of the reliability test was Cronbach's Alpha value of 0.857. Based on the result, the instrument was proved to be reliable.

A Likert-type five (5) point scale was adopted to analyze and interpret the data. The study responses were scored ranging from Very much capable (5), Much capable (4), Capable (3), Less capable (2), and Not capable (1). The scales are as follows:

Scale	Scale Interval	Qualitative Description	Qualifying Statement
5	4.21 - 5.00	Very much capable	The official can competently perform such function.
4	3.41 - 4.20	Much capable	The official can properly perform such function.
3	2.61 - 3.40	Capable	The official can perform such function.
2	1.81 - 2.60	Less capable	The official with the aid of others can perform such function.
1	1.00 - 1.80	Not capable	The official cannot perform such function.

2.5. Data Gathering Procedures

Approval of the panel members and the Dean of the College of Business was sought to float the research instrument. Permission letter was delivered and directly approved by the DILG Region XI through the Municipal Operations Officer of Santo Tomas. The same procedure was also done in the conduct of pilot testing in the Municipality of Kapalong, Davao del Norte. The researcher distributed and administered the questionnaire to the barangay officials and retrieved it after it was accomplished. The retrieval rate of the questionnaire was 100%.

2.6. Treatment of Data

To answer problem one, mean and standard deviation were used to compute the extent of the capability of the barangay officials on the local budgeting process.

To answer problem two, a t-test was used to determine the significant difference in the extent of the capability of barangay officials on the local budgeting process when grouped according to educational attainment. While in answering problem three, frequency and percentage were used.

III. RESULTS and DISCUSSIONS

This section presents the analysis and interpretation of data gathered from the barangay officials of the Municipality of Santo Tomas, Davao del Norte, relevant to the local budgeting process.

3.1. Extent of Capability on Local Budgeting Process in terms of Budget Preparation

Table 2 presents the assessment of the barangay officials in the municipality of Santo Tomas on the extent of capability on the local budgeting process regarding *budget preparation*. It can be seen in this table that the overall mean of their capability on budget preparation is *much capable*. This means that barangay officials can properly perform the preparation and formulation of the Barangay AIP, ELA, executive issuance known as the Budget Call, Budget Message, a summary of financial statements in the budget document, reviewing of the budget proposal, revenue measures, fiscal policy decisions, objectives, priority programs, activities, and expected results, and facilitation of budget workshops and consultation to civil society accredited NGOs in the community and private sector. The standard deviation for the overall mean on the extent of budget preparation capability of barangay officials indicates that the responses were varied and therefore heterogeneous.

Table II. Extent of Capability on Local Budgeting Process in terms of Budget Preparation

Budget Preparation	Mean	SD	Description
1. Preparation of the Barangay Annual Investment Plan (AIP)	3.93	0.85	Much Capable
2. Reviewing budget proposal as to the consistency with the AIP	3.81	0.80	Much Capable
3. Consultation with civil society,	3.79	0.84	Much

accredited NGOs in the community and private sector			Capable
4. Formulation of a Budget Message setting forth the significance of the executive budget, particularly in relation to the approved local development plan	3.77	0.80	Much Capable
5. Formulation of the Executive and Legislative Agenda (ELA)	3.76	0.80	Much Capable
6. Interpretation of spending ceiling, revenue/tax measures, resource allocation scheme or fiscal policy decisions, objectives, priority programs/activities, and expected results	3.73	0.84	Much Capable
7. Formulation of a summary of financial statements in the budget document	3.73	0.95	Much Capable
8. Preparation of the executive issuance known as the Budget Call	3.69	0.90	Much Capable
9. Facilitation of Budget workshops/forum for the accomplishment of budget forms and documents	3.69	0.94	Much Capable
10. Production of facts and details on spending ceiling, revenue/tax measures, resource allocation scheme or fiscal policy decisions, objectives, priority programs/activities, and expected results	3.67	0.91	Much Capable
Overall Mean	3.76	0.86	Much Capable

Generally, barangay officials can properly perform all activities under budget preparation. This means that the efforts exerted by the DILG and DBM in coordination with LGU Santo Tomas on the conduct of training and orientations of barangay officials before they took their office as barangay officials of their respective barangays were effective specifically in budget preparation.

The result is contrary to the revelation that almost half of the public officials worldwide lack adequate financial management capabilities. The result from the survey he conducted revealed that finance officials indicate that despite the progress in streamlining transactional efficiency over the past years, the most important financial management constraints remain to face governments around the globe [6].

3.2. Extent of Capability on Local Budgeting Process in terms of Budget Authorization

Table 3 presents the assessment of the barangay officials about the extent of their capability on local budgeting process regarding *budget authorization*. It can be perceived in this table that the extent of their capability on budget authorization is *much capable*. It reveals that barangay officials in the municipality of Santo Tomas can properly perform budget-related activities in the aspect of legislation such as enacting Appropriation Ordinance, deliberating the budget through public hearings or consultation, evaluating the consistency of the budget on the local development plans, and ensuring that the budget complied with the budgetary requirements and General Limitations set by the law. The standard deviation for the overall mean on the extent of budget authorization

capability of barangay officials indicates that the responses were varied and therefore heterogeneous.

In general, barangay officials can properly perform all activities under budget authorization. This implies that the interventions initiated by the SBO in coordination with DILG in conducting local legislative procedures and policy analysis trainings were effective and worthwhile.

The extent of barangay officials' capability conforms to what was stressed that it is essential in the budget process that legislators have active participation in promoting good governance and fiscal transparency. When financial policies and medium-term budgetary objectives are deliberated in the legislature, the constituents generally own budget plans and rules [15]. With their capability, they can avoid the consequence of failing to create an appropriation ordinance. Since the Local Government Code provided that if the Sangguniang barangay fails to enact an appropriations ordinance for the current fiscal year, the appropriations of the preceding year shall be deemed re-enacted and shall remain in force and operative until the ordinance authorizing the proposed appropriations is passed by the Sangguniang barangay.

Table III. Extent of Capability on Local Budgeting Process in terms of Budget Authorization

Budget Authorization	Mean	SD	Description
1. Approval through the enactment of an ordinance known as Appropriation Ordinance authorizing the budget of the barangay government	3.83	0.87	Much Capable
2. Deliberation of the proposed budget via public hearings or consultation	3.79	0.84	Much Capable
3. Evaluation of the budget on the basis of its consistency with the approved local development plans	3.78	0.85	Much Capable
4. Consideration of the executive budget as a priority measure for legislation	3.75	0.83	Much Capable
5. Guaranteeing that the executive budget is development or results-oriented, poverty-focused, and promotes economic growth	3.75	0.84	Much Capable
6. Ensuring that the provisions on Budgetary requirements and General Limitations prescribed were complied in the proposed budget	3.72	0.82	Much Capable
7. Preliminary review and evaluation of the executive budget by the committee of appropriations	3.71	0.90	Much Capable
8. Comprehension about the limitations of the sanggunian to increase and include new items in the annual budget	3.68	0.79	Much Capable
9. Comprehension about the liabilities of the chief executive in failing to submit the executive budget to the sanggunian on or before October 16 of every fiscal year	3.68	0.81	Much Capable
10. Analysis of the budget for the purpose of ensuring compliance with statutory and administrative requirements	3.63	0.79	Much Capable
Overall Mean	3.73	0.83	Much Capable

Based on the results shown in table 3, the item that generated the highest mean is the approval through *the enactment of an ordinance known as Appropriation Ordinance authorizing the budget of the barangay government*. It shows that the barangay officials are more knowledgeable about enacting an appropriation ordinance which will be used to reference their financial activities for the whole year. Also, the barangay officials understand the consequences of failing to create an appropriation ordinance. The standard deviation indicates heterogeneity in the barangay officials' responses in the assessment of their capability. This means that respondents have different extents on capability, particularly in this matter.

3.3. Extent of Capability on Local Budgeting Process in terms of Budget Execution

Table 4 presents the assessment of the barangay officials on the extent of their capability on local budgeting process regarding *budget execution*. It can be observed in this table that the extent of their capability on *budget execution* is *much capable*. This reveals that barangay officials in the municipality of Santo Tomas can properly perform the task of understanding the RA 9184, also known as Government Procurement Reform Act of 2003, limitations and prohibitions on disbursements, the Philippine Public Sector Accounting System (Formerly NGAS), the Allotment System in the Local Government Units and Obligating, the issuance of Certificate on the Obligation Slip. The standard deviation for the overall mean on the extent of budget execution capability of barangay officials shows that the responses were diverse and thus heterogeneous.

In general, barangay officials can properly perform all activities under budget execution. This indicates that the advocacy of the Local Budget Officers Association in Davao Region in partnership with DBM and local government units was worthwhile. Every year, the association conducted capability-building seminars and workshops, which helps develop the capability of barangay officials on-budget execution.

The results point out that the barangay officials can properly perform the mandate of the Local Government Code. They need to ensure that the revenues as estimated are realized, approved programs and projects in the barangay development plan, and the annual budget is implemented. Further, barangay funds are disbursed in accordance with the appropriation ordinance and reviewed annual budget, and all financial transactions of the barangay follow accounting and auditing rules.

However, the results contradict the findings of the capacity constraints of officials on the budgeting process in Sub-Saharan Africa. Public expenditures were very technical documents that were not easily interpreted by individuals who possess an accounting or financial background based on national budgets and auditors' general reports. This only means that numerous Sub-Saharan African parliaments, including members of the public accounts committee, were ill-

equipped to comprehend and scrutinize these types of documents, making it difficult for the parliamentary committees to monitor the level to which proposed budgets were in line with developmental goals [17].

As shown in Table 4, the item that gained the highest mean is the *comprehension of the Republic Act 9184, also known as the Government Procurement Reform Act of 2003*. According to DBM, this activity promotes transparency in the procurement process,

Table IV. Extent of Capability on Local Budgeting Process in terms of Budget Execution

Budget Execution	Mean	SD	Description
1. Comprehension about the Republic Act 9184, also known as Government Procurement Reform Act of 2003.	3.75	0.81	Much Capable
2. Knowledge on the limitations/prohibitions on disbursements	3.71	0.91	Much Capable
3. Comprehension about the general liability for unlawful expenditures	3.71	0.84	Much Capable
4. Comprehension about the Philippine Public Sector Accounting System (Formerly NGAS)	3.67	0.86	Much Capable
5. Comprehension on Disbursing, the issuance of certification on Disbursement Vouchers	3.64	0.92	Much Capable
6. Preparation of the Local budget Matrix (LBM)	3.63	0.84	Much Capable
7. Understanding about the Allotment System in the Local Government Units	3.63	0.90	Much Capable
8. Operation of Cash Flow Forecast/Analysis Tool	3.53	0.90	Much Capable
9. Comprehension about the Budgetary Reserves	3.52	0.86	Much Capable
10. Comprehension on Obligating, the issuance of Certificate on the Obligation Slip	3.48	0.94	Much Capable
Overall Mean	3.63	0.88	Much Capable

Competitiveness by extending equal opportunity, streamlined procurement process, system accountability, and public monitoring of the procurement process [7]. This is a manifestation that barangay officials are well informed about the Government Procurement Act, which guides them in the disbursement of funds in their respective barangay government units. However, the activity also has the lowest heterogeneity response based on the standard deviation results among other undertakings from the respondents. This indicates that barangay officials have mutual extents in the capability on this specific activity under budget execution.

3.4. Extent of Capability on Local Budgeting Process in terms of Budget Accountability

Table 5 presents the assessment of the barangay officials on the extent of their capability on local budgeting process in terms of *budget accountability*. It can be seen in the table that the extent of their capability on *budget accountability* is *much capable*. This reveals that barangay officials in the municipality of Santo Tomas can perform properly the mandate of being aware of the functions and responsibilities

of the Commission on Audit (COA) as to the disbursement of local funds and Auditorial Visitation of COA's duly authorized representatives. They can properly perform the posting, monitoring, and submit reports, income summary, and tax collection efficiency. Further, they can also properly perform the task of conducting mid-year and annual reviews. The standard deviation for the overall mean on the extent of budget accountability capability of barangay officials indicates that the responses were varied and therefore heterogeneous.

In general, barangay officials can properly perform all activities under budget Accountability. The result manifests the effectiveness of the annual interventions conducted by the COA in partnership with the Municipal Accounting Office through seminars and workshops in promoting the principles of transparency and accountability in the operations of local governments. In which developed the capability of barangay officials in budget accountability.

As manifested in table 5, the item that yielded the highest mean is the *awareness of the functions and responsibilities of the Commission on Audit (COA) as to the disbursement of local funds and statements of accounts as being mandated by law*. This is an indicator that barangay officials are aware of the mandate of the Commission on Audit to monitor and check the financial operations of their barangay government units. This is an indication that barangay officials are responsive to the mandate of the Commission on Audit on ensuring that accountability and transparency are present in the operation of government agencies as provided in the 1987 Constitution. Further, this activity got heterogeneity on the standard deviation, which implies that there is the various extent of the capability of barangay officials on this activity under budget accountability phase.

However, the item that got the lowest but still on much capable status is the determination of the major outputs and activities to be measured and assigning weight to each output and undertakings being reported as part of the performance evaluation. Barangay officials in the context of budget accountability need more interventions on this particular activity. As provided to DBM Manual to constitute a good performance measurement system, the indicators should be results-oriented, selective, useful, accessible, and reliable. This provides a measurement system in the evaluation of the major final outputs in the local government. Similar to the activity in the budget accountability, the standard deviation also showed heterogeneity. There is a distinguished degree of capability of barangay officials on this activity under budget accountability.

Table V. Extent of Capability on Local Budgeting Process in terms of Budget Accountability

Budget Accountability	Mean	SD	Description
1. Awareness to the functions and responsibilities of the Commission on Audit (COA) as to the disbursement of local funds and statements of accounts	3.98	0.83	Much Capable

as being mandated by law			
2. Awareness on the Auditorial Visitation of COA's duly authorized representatives	3.90	0.83	Much Capable
3. Posting of Summary of Income and Expenditures in conspicuous places of the barangay	3.89	0.87	Much Capable
4. Submission of accountability reports to COA and other higher agencies	3.87	0.79	Much Capable
5. Monitoring of the efficiency of local income and tax collection	3.87	0.84	Much Capable
6. Inspection of goods and services procured by the barangay government in accordance to RA 9184	3.81	0.85	Much Capable
7. Posting of performance review report in conspicuous places in the barangay	3.73	0.79	Much Capable
8. Conduct mid-year review and examination of cost and accomplishments against performance standards	3.71	0.81	Much Capable
9. Conduct annual review and examination of cost and accomplishments against performance standards	3.65	0.83	Much Capable
10. Determination of the major outputs/activities to be measured and assigning weight to each output/activity being reported as part of the performance evaluation	3.63	0.84	Much Capable
Overall Mean	3.81	0.83	Much Capable

3.5. Extent of Capability on Local Budgeting Process

Table 6 presents the assessment of the barangay officials in the municipality of Santo Tomas on the extent of capability on the local budgeting process. The result indicates that the barangay officials have an overall average mean of *much capable*. This simply implies that barangay officials can properly perform duties and functions that would realize the purpose and mandate of the local budgeting process. It is also observed that the result of the standard deviation showed heterogeneity of responses. This means that there is diversity in the answers of the respondents in the different local budgeting processes.

Similarly, a study revealed that most barangays have officials with suitable qualifications. They have to move forward in learning more about their responsibilities. This enables the development of local government performance in its mission for a better quality of community life for its citizenry. Progress depends on the capability of leaders, not only at the national level but mostly in the local government level down to the lowest political unit, which is the barangay [11]. The barangay officials in the municipality of Santo Tomas can actually fulfill their duties as key players of the local budgeting to better deliver services in their locality.

Table VI. Extent of Capability on Local Budgeting Process

Local Budgeting Process	Mean	SD	Description
1. Budget Accountability	3.81	0.83	Much Capable
2. Budget Preparation	3.76	0.86	Much Capable

3. Budget Authorization	3.73	0.83	Much Capable
4. Budget Execution	3.63	0.88	Much Capable
Overall Mean	3.73	0.85	Much Capable

It can be seen that the highest mean on local budgeting process is on budget accountability having an overall mean of much capable. This manifests that barangay officials are more capable of budget accountability, and the barangay officials realized the proposition that government agencies should always remain transparent to ensure that the expenditures are within the budget plans and authorizations [13].

The capability of barangay officials with the least extent in budgeting procedures but still with an overall mean of *much capable* is on budget execution. Despite being the least among local budgeting processes, the barangay officials are still considered competent in performing duties and functions under budget execution. This contradicts the assertion that only the barangay treasurer draws up the barangay annual budget and controls it. Since the accounting, auditing, and budget monitoring tasks are decentralized, the treasurer has to handle the whole thing. They are answerable to keep records according to New Government Accounting System standards (NGAS) [23].

3.6. Significant Difference of the Extent of Capability when Grouped According to Educational Attainment

Table 7 presents the assessment of the barangay officials on the extent of their capability in the local budgeting process when grouped according to educational attainment. It can be seen in this table that there is a significant difference in the extent of the capability of barangay officials when grouped according to educational attainment. This indicates that degree holder officials have a higher extent of capability than non-degree holder officials.

The study implies that degree holder officials are taught in school about the necessary skills and abilities that enable them to perform properly the duties and functions mandated to them. For instance, management concepts, work ethics, critical thinking were imparted in colleges and universities. These are common subjects in tertiary education that develop the working capability of an individual; particularly, it will help them perform the tasks and duties of the budgeting process properly.

Table VII. Significant Difference of the Extent of Capability when Grouped According to Educational Attainment

Capability on Local Budgeting Process	Educational Attainment	Mean	SD	t-value	p-value	Interpretation
Budget Preparation	Degree Holder	4.11	0.63	2.64	0.009	Significant
	Non-degree Holder	3.72	0.80			
Budget Authorization	Degree Holder	4.13	0.60	3.34	0.001	Significant

n	Non-degree Holder	3.67	0.75			
Budget Execution	Degree Holder	4.09	0.61	3.31	0.001	Significant
	Non-degree Holder	3.59	0.85			
Budget Accountability	Degree Holder	4.15	0.56	2.82	0.006	Significant
	Non-degree Holder	3.76	0.77			

This supports the assertion that the quality of administration found in government could be significantly enhanced by education. Education will focus on techniques and provide competent government leaders, both elected and appointed [21]. Further, it is believed that a college degree should be a requirement enshrined in the Constitution for elected officials. If the government requires members of local and national bureaucracies to be a degree holder, there is no reason why the government should not do the same for elected officials [22].

Moreover, it was found out that higher educational attainment among public servants is associated with higher state governing capability, resulting in better decisions and, ultimately, better development outcomes. Their findings support the result of this study that the higher the educational attainment of officials, the more chance of having better public service outcomes [2].

3.7. Problems Encountered by Barangay Officials on Budget Preparation

Table 8 shows the problems encountered by Barangay Officials on the Local Budgeting Process in the Municipality of Santo Tomas. According to the barangay officials, the first problem in the budget preparation is that there were many documents and budget forms that needed to be accomplished. This includes Executive and Legislative Agenda, Annual Investment Plan, Budget Call, Budget Message, and more. This is cited as a problem in a study that annual budget preparation is becoming an increasingly fruitless exercise [18]. Flexibility is hampered by previous commitments, and it is a time-consuming process. Aside from the fact that there were numerous forms, there were also changes in accomplishing the forms; this was likewise part of the problems encountered by barangay officials.

Table VIII. Problems Encountered by Barangay Officials on Budget Preparation

Problems	Frequency	Percentage
Many documents and budget forms to be accomplished are time-consuming processes	38	30.16
No consultation to civil societies and other stakeholders	28	22.22
Changes in the budget forms	22	17.46
Lack of funds to conduct activities for budget preparation	14	11.11

There was also a study conducted at Agusandel Sur and Dumaguete City. It was discovered that most of the money was spent in the barangay government units from the proceed of the personal services. That is why most of the programs and activities for the efficiency and effectiveness of barangay operation were left behind [12]. Moreover, it is stressed that when local governments are exceedingly dependent on transfers from higher levels of government, they have the practice to overspend and accumulate budget deficits. For lack of coordination, local decision-makers take full credit for additional spending in their jurisdiction and the benefits it brings to the public but fails to assume fully the costs that all taxpayers must bear [25].

Moreover, there were insufficient funds to conduct activities relevant to the budget preparation, such as civil societies and other stakeholders' forums, meetings, and consultations. These activities are mandated by the RA 7160 for participative budgeting. This was also revealed in the study of the International Institute for Environment & Development that besides social preparations such as information dissemination, coordination, and collaboration, funding is the principal hurdle for the participatory governance as the available funds are likely to be less than the requirements of the projects planned for [9].

3.8. Problems Encountered by Barangay Officials on Budget Authorization

Table 9 features the problems encountered by barangay officials in the budget authorization. These include the absenteeism of some of the Sangguniang barangay members, which leads to "out of quorum" during deliberations and causes delays in the enactment of the Appropriation Ordinance.

According to the BBC Monitoring Middle East in Tunisia's parliament, this problem is also present internationally; the House of People's Representatives is pressed for time to enact some crucial legislation within constitutionally set deadlines. Still, its work is affected by the high rate of absenteeism among legislators [3].

This occurrence in the barangay is against the mandate of RA 6713, known as the Code of Conduct and Ethical Standards for Public Officials and Employees, particularly Section 4 thereof, which provide, quote: "Commitment to the public interest. Public officials and employees shall always uphold the public interest over and above personal interest".

Table IX. Problems Encountered by Barangay Officials on Budget Authorization

Problems	Frequency	Percentage
Absenteeism of SB members	43	34.12
Mishandling of the Punong Barangay in the deliberation of the annual budget to the sanggunian	21	16.67
Lack of competence of some members of the sanggunian	18	14.29

Further, the mishandling of the punong barangay, who also serves as the Sangguniang barangay presiding officer, is considered one of the problems encountered by the barangay officials in the budget authorization process. The reason was that the presiding officer employs facilitating techniques to cause delays or fast-track the process in favor of his personal interest.

Furthermore, the incompetence of some members of the Sangguniang barangay is also one of the problems in the budget authorization process. According to them, some officials specifically in the Sangguniang barangay were unskilled to deliberate the supposed activities and programs under their committee chairmanship for funding purposes. They preferred to create chaotic actions outside the plenary than to formally discuss certain matters before the august body. This is unethical and unnecessary since competent deliberations can be realized if it is discussed thoroughly before all the legislative body members. If an official wants to clarify or object-specific matter in their discussion, the officials should bring this out immediately to the sanggunian than spread things outside the plenary.

3.9. Problems Encountered by Barangay Officials on Budget Execution

On the process of budget execution, it was revealed in table 10 that the mandated process under RA 9184, also known as the Government Procurement Act of 2003, is one of the problems. According to the barangay officials, the problems they encountered under RA 9184 were the complex process of this law, such as the creation of the Bids and Awards Committee (BAC), the public bidding procedures, the procurement posting in the Philippine Government Electronic Procurement System (PhilGEPS) and the different forms to be accomplished even in the alternative mode of procurement. It was revealed that almost half of the total number of respondents encountered the same problems.

Table X. Problems Encountered by Barangay Officials on Budget Execution

Problems	Frequency	Percentage
The complex process mandated by the RA 9184	62	49.20
Complexity of the PPSAS/NGAS	34	26.98

One of the processes under RA 9184 that contributes to the problem in budget execution is the procurement posting on PhilGEPS, since this process requires an internet connection and ICT literacy to be able to post the procurement in the portal of the system. Most of the barangays in the Municipality of Santo Tomas are in remote areas and do not have internet connections because of the lack of signal. Further, it was also observed that most of the barangay officials are seniors. They do not have the expertise to manipulate ICT electronic devices.

Barangay officials also encountered problems in the New Government Accounting System (NGAS) difficulty, which

today is known as the Philippine Public Sector Accounting System (PPSAS). Accordingly, they were not that oriented and well-informed about this system which causes delays of the execution and disbursement in the barangay funds. Similarly, only the treasurer draws up the barangay annual budget and controls its expenditures. Because the accounting, auditing, and budget monitoring functions are devolved, the treasurer not only has to handle the whole thing is relatively responsible for keeping records according to New Government Accounting System standards (NGAS), as well as, in some of its feature was not familiar to barangay treasurers [23].

3.10. Problems Encountered by Barangay Officials on Budget Accountability

The last phase of the local budgeting process is budget accountability. It is shown in table 11 that the problems encountered showed that some barangay governments did not conduct the performance evaluation. That is why they could not assess the efficiency and effectiveness of the performance of their barangay vis-à-vis to the local budgeting process. According to them, the barangay could not conduct because they do not have sufficient funds for such activity. This is also similar in Agusandel Sur and Dumaguete City. Barangays regarding expenditure obligations experienced financial handicap. Most of their money is spent on personal services, leaving little for the maintenance and other operating expenses and the capital outlays. The fund of the performance evaluation activity should be allocated under MOOE. The accomplishment of the different kinds of reports required by the Commission on Audit (COA) such as Summary of Income of Expenditures, Mid-year and Annual Accountability Reports and Performance Evaluation Reports also showed that these are problems encountered by barangay officials [12].

Table XI. Problems Encountered by Barangay Officials on Budget Accountability

Problems	Frequency	Percentage
No performance evaluation conducted	32	25.40
Different types of reports	21	9.30
Inconsistency of monitoring	15	11.90

Similarly, criticized budgets as this is time and resources consuming. It does not allow the entity to seize opportunities, prevent flexibility and adaptability to the environment, and sometimes it eradicates the desire to improve [14].

Another problem encountered under the budget accountability process is the failure of COA to conduct consistent monitoring as to the financial activities of the barangay governments, where barangay officials believe that this will help the key players of the local budgeting process update and improve their operations.

IV. CONCLUSIONS AND RECOMMENDATIONS

4.1. Conclusions

Based on the findings, the following conclusions are drawn:

1. The barangay officials in the municipality of Santo Tomas, Davao del Norte, *can properly perform* their mandate in the local budgeting process, specifically, *budget preparation, budget authorization, budget execution, and budget accountability.*
2. Educational attainment significantly differentiates the extent of the capability of barangay officials. Hence, education can influence the capability of barangay officials in the local budgeting process. Those officials that are degree holders are expected to perform effectively and efficiently in their duties and functions relevant to the local budgeting process.
3. The problems encountered by the barangay officials require the efficiency and effectiveness of the duties and functions not just on the barangay officials but on the side of the higher authorities, particularly those responsibilities are in the fiscal administration of local government units.

4.2. Recommendations

In the light of the findings and conclusions of the study, the following are recommended:

1. The higher authorities, along with the involvement of the barangay officials, should address the problems and issues encountered by the key players in the barangay budgeting process since this significantly contributes to the overall performance of the barangay governments.
2. The DBM and DILG, in coordination with the Municipal Government of Santo Tomas, could provide educational scholarships and other professional development programs to bridge the gap of non-degree holders and degree holders barangay officials and develop their competence not just in the local budgeting process, as well as, to the entire turf of the local government.
3. The DBM may also revisit the budget operations manual for barangays to better provide a guide in the barangay government's operations procedures.
4. Further research is needed in determining deeper the constraints on fiscal matters in the barangay since problems are still present despite the result that they are much capable in the local budgeting process.

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