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Administrative Financial Management Practices and Fiscal Performance of the Local Government of Lake Sebu: Basis for Intervention Plan

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ABSTRACT

This study examined the administrative financial management practices (AFMP) and fiscal performance of the Local Government of Lake Sebu. Specifically, it determined the profile of the respondents in terms of position, years of service, and office/unit; assessed the extent of implementation of AFMP in terms of budget planning and preparation, revenue generation and collection practices, expenditure management, and internal control and financial reporting; and evaluated the level of fiscal performance in terms of financial sustainability, efficiency in resource utilization, timeliness of project and program implementation, responsiveness of public service delivery, and accountability and financial transparency. The study also determined the relationship between AFMP and fiscal performance and examined the influence of AFMP dimensions on fiscal performance.

A quantitative descriptive-correlational research design was employed in the study. Data were gathered from 50 respondents composed of staff, supervisors, and managers from different offices and units of the local government. Mean and standard deviation were used to determine the extent of implementation of AFMP and the level of fiscal performance. Spearman's rho correlation was utilized to determine the relationship between AFMP and fiscal performance, while multiple regression analysis was employed to determine the influence of AFMP dimensions on fiscal performance.

The findings revealed that the implementation of AFMP was generally very high, particularly in internal control and financial reporting and budget planning and preparation. Fiscal performance was also rated very high, especially in accountability and financial transparency and responsiveness of public service delivery. A very strong positive and significant relationship was found between AFMP and fiscal performance ($\rho = 0.85$, $p = 0.000$). Furthermore, all dimensions of AFMP significantly influenced fiscal performance, with internal control and financial reporting emerging as the strongest predictor.

The study concluded that effective administrative financial management practices significantly contribute to improved fiscal performance in the Local Government of Lake Sebu. It is recommended that the local government strengthen participatory budgeting, enhance digital revenue systems, improve expenditure monitoring, and sustain transparent financial reporting mechanisms to further strengthen fiscal governance and organizational performance.

INTRODUCTION

Background of the Study

Administrative financial management practices (AFMP) are fundamental mechanisms that ensure transparency, accountability, efficiency, and sustainability in public sector organizations. Effective financial management systems enable local government units (LGUs) to allocate resources appropriately, implement development programs efficiently, and provide quality public services to constituents. In contemporary governance, strong financial management practices are increasingly recognized as essential determinants of institutional effectiveness and fiscal performance.

Local governments are entrusted with managing public funds responsibly while ensuring that financial decisions align with development priorities and community needs. Budget planning, revenue generation, expenditure management, and internal control systems are critical dimensions of public financial management that directly influence fiscal outcomes. According to Allen et al. (2022), effective public financial management systems promote accountability, strengthen governance, and improve organizational performance by ensuring that resources are utilized efficiently and transparently.

Fiscal performance refers to the ability of government institutions to sustain financial stability, maximize resource utilization, deliver public services effectively, and maintain accountability and transparency. Strong fiscal performance reflects sound governance practices and effective financial management systems. Andrews et al. (2022) emphasized that organizational capability and financial governance significantly influence public sector effectiveness and institutional sustainability.

Internal control and financial reporting systems play a particularly critical role in promoting transparency and minimizing financial risks. Accurate reporting and effective internal audit systems strengthen public trust and ensure compliance with regulatory standards. The International Federation of Accountants (2025) highlighted that robust internal control systems are essential in maintaining financial integrity and ensuring accountability in public sector organizations.

Despite the importance of AFMP, local governments continue to face challenges related to revenue generation, expenditure efficiency, stakeholder participation, and financial sustainability. Revenue systems may be constrained by administrative limitations and socio-economic factors, while expenditure management requires continuous monitoring and cost control mechanisms. Furthermore, increasing public demand for transparency and accountability necessitates stronger reporting systems and participatory governance approaches.

The Local Government of Lake Sebu, as a public institution responsible for delivering services and implementing development programs, requires effective administrative financial management systems to sustain fiscal performance and organizational effectiveness. Assessing the implementation of AFMP and its relationship with fiscal performance is therefore essential in identifying strengths, weaknesses, and opportunities for institutional improvement.

This study was conducted to determine the administrative financial management practices and fiscal performance of the Local Government of Lake Sebu. The findings of the study may provide valuable insights for policymakers, administrators, financial managers, and future researchers in strengthening financial governance systems and improving fiscal outcomes in local government institutions.

THEORETICAL FRAMEWORK

This study is anchored on Public Financial Management Theory and Organizational Capability Theory.

Public Financial Management Theory emphasizes that effective management of public resources is essential for achieving fiscal discipline, efficient allocation of resources, accountability, and sustainable development outcomes. Budget planning, revenue management, expenditure control, and financial reporting systems collectively contribute to organizational effectiveness and good governance.

Organizational Capability Theory posits that institutional performance depends on the organization’s ability to effectively utilize resources, systems, competencies, and governance mechanisms to achieve strategic objectives. Strong organizational capabilities enhance accountability, operational efficiency, and fiscal sustainability.

These theories support the assumption that effective administrative financial management practices significantly influence fiscal performance in local government institutions.

General Objective

To determine the administrative financial management practices and fiscal performance of the Local Government of Lake Sebu.

Specific Objectives

1. To determine the profile of respondents in terms of:
   - position;
   - years of service; and
   - office/unit.
2. To determine the extent of implementation of administrative financial management practices in terms of:
   - budget planning and preparation;
   - revenue generation and collection practices;
   - expenditure management; and
   - internal control and financial reporting.
3. To determine the level of fiscal performance of the Local Government of Lake Sebu in terms of:
   - financial sustainability;
   - efficiency in resource utilization;
   - timeliness of project and program implementation;
   - responsiveness of public service delivery; and
   - accountability and financial transparency.
4. To determine the significant relationship between administrative financial management practices and fiscal performance.
5. To determine the significant influence of AFMP dimensions on fiscal performance.
6. To propose an intervention plan to strengthen AFMP and improve fiscal performance in the Local Government of Lake Sebu.

REVIEW OF RELATED LITERATURE AND STUDIES

Related Literature

Administrative financial management practices are essential components of effective governance and institutional accountability in public organizations. Financial management systems ensure that public resources are planned, allocated, monitored, and reported efficiently and transparently. Allen et al. (2022) emphasized that sound public financial management systems improve fiscal discipline, accountability, and organizational effectiveness.

Budget planning and preparation are critical processes in public financial governance because they guide resource allocation and institutional priorities. Effective budgeting ensures alignment between organizational objectives and financial resources. Andrews et al. (2022) highlighted that strategic budgeting systems significantly contribute to governance efficiency and service delivery effectiveness.

Revenue generation and collection systems are equally important because they determine the financial capacity of local governments to sustain programs and services. Diversified and efficient revenue systems strengthen fiscal sustainability and institutional resilience. Studies indicate that digitalization and monitoring systems significantly improve revenue efficiency and compliance (Amini et al., 2023).

Expenditure management and internal control systems also play essential roles in ensuring responsible utilization of public funds. Effective expenditure monitoring minimizes inefficiencies and promotes accountability. Meanwhile, internal control and financial reporting systems ensure transparency, accuracy, and compliance with financial regulations. The International Federation of Accountants (2025) emphasized that transparent reporting systems enhance public trust and organizational credibility.

Fiscal performance reflects the effectiveness of financial governance systems in sustaining financial stability, maximizing resource utilization, and ensuring responsive public service delivery. Strong fiscal performance is commonly associated with sound financial management systems and institutional accountability.

Related Studies

Several studies have examined the relationship between financial management practices and organizational performance in public sector institutions. Allen et al. (2022) found that effective financial management systems significantly improve fiscal discipline, accountability, and operational efficiency.

Research further indicates that internal control and financial reporting systems strongly influence fiscal performance and governance outcomes. Amini et al. (2023) emphasized that accurate financial reporting and strong audit systems minimize risks, strengthen accountability, and improve public trust.

Studies additionally revealed that strategic budgeting and expenditure management contribute significantly to efficient resource utilization and service delivery effectiveness. Andrews et al. (2022) highlighted that organizations with strong financial governance systems generally demonstrate higher levels of institutional performance and fiscal sustainability.

Research Gap

Although several studies have explored financial management systems and fiscal governance, limited studies have specifically examined the relationship between administrative financial management practices and fiscal performance within localized local government contexts such as the Local Government of Lake Sebu.

Existing studies often focus broadly on public financial management without examining budgeting, revenue systems, expenditure management, and internal control systems in detail. Moreover, limited localized studies have explored the predictive influence of AFMP dimensions on fiscal performance.

Hence, this study was conducted to address these gaps and provide empirical evidence regarding the administrative financial management practices and fiscal performance of the Local Government of Lake Sebu.

RESEARCH METHODOLOGY

Research Design

This study utilized a quantitative descriptive-correlational research design. The descriptive method was employed to determine the extent of implementation of administrative financial management practices and the level of fiscal performance, while the correlational method was used to determine the relationship between the variables and the influence of AFMP dimensions on fiscal performance.

Respondents of the Study

The respondents of the study were 50 employees of the Local Government of Lake Sebu composed of staff, supervisors, and managers from different offices and units.

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Research Instrument

The study utilized a researcher-made questionnaire composed of the following parts:

- Part I – Profile of Respondents
- Part II – Administrative Financial Management Practices
- Part III – Fiscal Performance

The questionnaire utilized a five-point Likert scale.

Validity and Reliability of the Instrument

The instrument underwent expert validation and pilot testing to ensure content validity and reliability. Necessary revisions were incorporated based on the recommendations of evaluators.

Data Gathering Procedure

1. Securing permission from local government authorities
2. Distribution of questionnaires to respondents
3. Retrieval and consolidation of responses
4. Observance of ethical standards and confidentiality

Statistical Tools

The following statistical tools were utilized:

1. Frequency and Percentage
2. Mean and Standard Deviation
3. Spearman’s rho Correlation
4. Multiple Regression Analysis

RESULTS AND DISCUSSION

Table 1. Profile of Respondents in Terms of Position, Years of Service, and Office/Unit

Variable	Category	f	%
Position	Staff	28	56.0
	Supervisor	15	30.0
	Manager	7	14.0
Years of Service	1–5 years	18	36.0
	6–10 years	16	32.0
	11 years and above	16	32.0
Office/Unit	Treasury	12	24.0
	Accounting	10	20.0
	Budget	9	18.0
	Planning	8	16.0
	Administrative	11	22.0

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Table 1 presents the profile of respondents in terms of position, years of service, and office/unit. The majority of respondents are staff employees, indicating that operational-level personnel comprise the largest proportion of the workforce involved in administrative financial management activities. Supervisors and managers are also represented, suggesting the inclusion of both technical and decision-making perspectives in the assessment of financial management practices.

In terms of years of service, the distribution of respondents indicates a balanced representation of early-career and experienced personnel. According to Andrews et al. (2022), institutional effectiveness is strengthened when organizations combine experienced personnel with newer employees capable of adapting to evolving governance and financial management systems.

The respondents come from different financial and administrative offices, suggesting broad organizational representation. Allen et al. (2022) emphasized that effective public financial management requires coordinated participation among multiple organizational units responsible for budgeting, accounting, treasury operations, planning, and administration.

Overall, the respondent profile suggests that the study reflects diverse institutional perspectives relevant to administrative financial management and fiscal governance.

Table 2. Extent of Implementation of Administrative Financial Management Practices in Terms of Budget Planning and Preparation, Revenue Generation and Collection Practices, Expenditure Management, and Internal Control and Financial Reporting

Dimensions	Mean	SD	Interpretation
Budget Planning and Preparation	4.32	0.48	Very High
Revenue Generation and Collection Practices	4.18	0.52	High
Expenditure Management	4.25	0.50	Very High
Internal Control and Financial Reporting	4.40	0.45	Very High
Grand Mean	**4.29**	**0.49**	**Very High**

DISCUSSION

Table 2 presents the extent of implementation of administrative financial management practices in the Local Government of Lake Sebu. The grand mean of 4.29 indicates a “Very High” level of implementation, suggesting that the local government demonstrates strong financial governance practices.

Internal control and financial reporting obtained the highest mean, indicating effective systems for financial monitoring, accountability, and transparency. The International Federation of Accountants (2025) emphasized that robust internal control systems and transparent reporting mechanisms are essential in promoting public trust and minimizing financial risks.

Budget planning and preparation also received a very high rating, suggesting that the local government effectively aligns financial resources with organizational priorities and development programs. Allen et al. (2022) highlighted that strategic budgeting systems significantly improve governance efficiency and resource allocation effectiveness.

Revenue generation and collection practices obtained the lowest mean, although still interpreted as “High.” This finding suggests that revenue systems remain effective but may still require enhancement, particularly in digitalization, compliance monitoring, and collection efficiency. Amini et al. (2023) explained that modernized revenue systems significantly improve fiscal sustainability and financial efficiency.

Overall, the findings imply that the Local Government of Lake Sebu demonstrates strong implementation of AFMP, particularly in areas related to accountability, budgeting, and financial control systems.

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Table 3. Level of Fiscal Performance of the Local Government of Lake Sebu in Terms of Financial Sustainability, Efficiency in Resource Utilization, Timeliness of Project and Program Implementation, Responsiveness of Public Service Delivery, and Accountability and Financial Transparency

Dimensions	Mean	SD	Interpretation
Financial Sustainability	4.22	0.50	Very High
Efficiency in Resource Utilization	4.18	0.54	High
Timeliness of Project and Program Implementation	4.15	0.58	High
Responsiveness of Public Service Delivery	4.30	0.47	Very High
Accountability and Financial Transparency	4.38	0.45	Very High
Grand Mean	**4.25**	**0.49**	**Very High**

Table 3 presents the level of fiscal performance of the Local Government of Lake Sebu. The grand mean of 4.25 indicates a "Very High" level of fiscal performance.

Accountability and financial transparency obtained the highest mean, suggesting that the local government maintains effective systems for public accountability, financial disclosure, and governance transparency. According to IFAC (2025), transparency and accountability are essential dimensions of sustainable public financial governance because they strengthen institutional legitimacy and public trust.

Responsiveness of public service delivery also received a very high rating, indicating that financial resources are effectively translated into public programs and services. Andrews et al. (2022) emphasized that strong financial governance systems significantly improve institutional responsiveness and service delivery effectiveness.

Timeliness of project and program implementation obtained the lowest mean, although still interpreted as "High." This suggests that implementation delays may occasionally occur due to administrative procedures, resource limitations, or project complexities. Allen et al. (2022) explained that project implementation efficiency is influenced by planning systems, resource allocation, and monitoring mechanisms.

Overall, the findings indicate that the Local Government of Lake Sebu demonstrates strong fiscal performance characterized by accountability, transparency, and effective public service delivery.

Table 4. Relationship Between Administrative Financial Management Practices and Fiscal Performance of the Local Government of Lake Sebu

Variables	ρ	p-value	Remarks	Interpretation
AFMP & Fiscal Performance	0.85	0.000	Significant	Very Strong Positive

Table 4 presents the relationship between administrative financial management practices and fiscal performance of the Local Government of Lake Sebu. The correlation coefficient of $\rho = 0.85$ with a p-value of 0.000 indicates a statistically significant and very strong positive relationship.

The findings suggest that stronger implementation of AFMP is strongly associated with higher fiscal performance. Effective budgeting, revenue generation, expenditure management, and internal control systems contribute significantly to financial sustainability, accountability, and service delivery effectiveness.

This finding supports Public Financial Management Theory, which posits that effective financial governance systems significantly improve organizational performance and fiscal discipline. Allen et al. (2022) emphasized that organizations with strong public financial management systems generally demonstrate higher levels of accountability, operational efficiency, and fiscal sustainability.

The results further imply that improving AFMP directly strengthens organizational effectiveness and public sector governance outcomes.

Table 5. Multiple Regression Analysis of AFMP Dimensions as Predictors of Fiscal Performance

Variables	B	Beta (β)	t	p-value	Remarks
Budget Planning and Preparation	0.280	0.255	2.45	0.018	Significant
Revenue Generation and Collection Practices	0.190	0.180	2.10	0.041	Significant
Expenditure Management	0.240	0.230	2.32	0.025	Significant
Internal Control and Financial Reporting	0.390	0.410	3.88	0.000	Significant

Model Summary

R	R^2	Adjusted R^2	F	p-value	Interpretation
0.88	0.77	0.74	37.25	0.000	Significant Model

Table 5 presents the multiple regression analysis examining the influence of AFMP dimensions on fiscal performance.

The model summary indicates that the combined AFMP dimensions explain 77% of the variance in fiscal performance, demonstrating a strong and statistically significant predictive model. Among the dimensions, internal control and financial reporting emerged as the strongest predictor of fiscal performance.

The findings suggest that effective internal audit systems, financial monitoring, transparency mechanisms, and accurate reporting significantly influence organizational accountability and fiscal sustainability. IFAC (2025) emphasized that transparent reporting systems and strong internal controls are central determinants of public financial governance effectiveness.

Budget planning and preparation also significantly influence fiscal performance, indicating that strategic resource allocation contributes positively to organizational efficiency and public service delivery. Andrews et al. (2022) highlighted that effective budgeting systems strengthen institutional responsiveness and fiscal discipline.

Revenue generation and expenditure management likewise demonstrated significant influence, suggesting that efficient financial operations improve organizational sustainability and service implementation capacity.

Overall, the findings imply that strengthening all dimensions of AFMP significantly enhances fiscal performance and organizational effectiveness in the Local Government of Lake Sebu.

Table 6. Proposed Intervention Plan to Strengthen Administrative Financial Management Practices and Improve Fiscal Performance in the Local Government of Lake Sebu

Area	Issue Identified	Proposed Intervention	Expected Outcome
Budget Planning	Limited stakeholder participation	Strengthen participatory budgeting mechanisms	Improved transparency and responsiveness
Revenue Generation	Moderate collection efficiency	Enhance digital revenue collection systems	Increased revenue efficiency
Expenditure Management	Delays in fund utilization	Improve expenditure monitoring and tracking systems	Faster project implementation
Internal Control	Need for stronger audit mechanisms	Strengthen internal audit and financial reporting systems	Improved accountability and transparency
Service Delivery	Need for stronger fiscal responsiveness	Integrate performance-based budgeting	Enhanced public service delivery

Table 6 presents the proposed intervention plan to strengthen administrative financial management practices and improve fiscal performance in the Local Government of Lake Sebu.

The intervention plan focuses on strengthening participatory governance, improving financial systems, enhancing accountability mechanisms, and increasing organizational responsiveness. Strengthening participatory budgeting mechanisms is proposed to improve stakeholder involvement in financial planning and resource allocation. According to Allen et al. (2022), participatory budgeting enhances transparency, accountability, and alignment between government programs and community priorities.

Enhancing digital revenue collection systems is recommended to improve efficiency in revenue generation and collection practices. Amini et al. (2023) emphasized that digitalized financial systems improve compliance monitoring, reduce inefficiencies, and strengthen fiscal sustainability in public sector organizations.

Improving expenditure monitoring and tracking systems is also proposed to minimize delays in fund utilization and project implementation. Effective expenditure monitoring contributes significantly to operational efficiency and timely delivery of public services (Andrews et al., 2022).

Strengthening internal audit and financial reporting systems is intended to further improve accountability and transparency. IFAC (2025) highlighted that strong internal control systems minimize financial risks, improve organizational credibility, and strengthen public trust in government institutions.

Finally, integrating performance-based budgeting is proposed to strengthen fiscal responsiveness and improve the effectiveness of public service delivery. Performance-based budgeting aligns financial allocation with measurable organizational outcomes and development goals.

Overall, the intervention plan integrates governance enhancement, digital transformation, accountability systems, and performance-oriented financial management strategies to strengthen fiscal governance and organizational effectiveness in the Local Government of Lake Sebu.

CONCLUSIONS

Based on the findings of the study, the following conclusions were drawn:

1. The Local Government of Lake Sebu demonstrates a very high level of implementation of administrative financial management practices.
2. Internal control and financial reporting constitute the strongest dimension of AFMP.
3. Budget planning and preparation significantly contribute to organizational efficiency and accountability.
4. Revenue generation and collection systems remain effective but require further modernization and enhancement.
5. Fiscal performance of the Local Government of Lake Sebu is very high in terms of accountability, transparency, and public service responsiveness.
6. Timeliness of project and program implementation remains effective but may still be affected by operational and administrative constraints.
7. Administrative financial management practices and fiscal performance are strongly and significantly related.
8. Stronger implementation of AFMP contributes directly to improved fiscal sustainability, operational efficiency, and service delivery effectiveness.
9. Internal control and financial reporting are the strongest predictors of fiscal performance.
10. Strengthening participatory governance, digital financial systems, expenditure monitoring, and accountability mechanisms significantly improves fiscal governance and organizational effectiveness.

RECOMMENDATIONS

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

1. Strengthen participatory budgeting and stakeholder engagement mechanisms.
2. Enhance digital revenue generation and collection systems.
3. Improve expenditure monitoring and project tracking mechanisms.
4. Strengthen internal audit systems and financial reporting procedures.
5. Institutionalize performance-based budgeting and outcome monitoring systems.
6. Conduct continuous training programs on financial governance and accountability.
7. Strengthen transparency and public disclosure mechanisms.
8. Improve coordination among financial and administrative offices.
9. Conduct regular assessments of fiscal performance and financial management systems.
10. Future researchers may explore additional governance, leadership, and organizational variables influencing fiscal performance in local government institutions.

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