REFORMING and SUSTAINING LOCAL GOVERNMENT UNIT PUBLIC FINANCIAL MANAGEMENT (LGU-PFM) SYSTEMS in the PHILIPPINES

PAGBA 2nd Quarterly Seminar and Meeting
“Public Financial Management in a Difficult & Changing Environment”
May 1-4, 2019, The Crown Legacy Hotel, Baguio City

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DEPARTMENT OF BUDGET & MANAGEMENT
CENTRAL VISAYAS, CEBU CITY
OUTLINE OF PRESENTATION

I. IMPLEMENTING FRAMEWORK AND INSTITUTIONAL STRUCTURES

II. PUBLIC FINANCIAL MANAGEMENT
   1.0 DEFINITION, ELEMENTS, VISION, GOAL, STRATEGIC DIRECTIONS

III. MANUALS USED BY LGUs
   1.0 REFORM ROADMAP
   2.0 IMPLEMENTATION STRATEGY
   3.0 PUBLIC FINANCIAL MANAGEMENT ASSESSMENT TOOL

IV. THE STATE OF PFM SYSTEMS
   1.0 COUNTRYWIDE SAMPLE 550 LGUs (2013)
   2.0 CENTRAL VISAYAS FOR ALL 136 LGUS

V. PFMAT RESULTS ANALYSIS AND INTERPRETATION (BASIS FOR PFMIP PREPARATION)

VI. SUSTAINING LGU PFM REFORMS IN DIFFICULT & CHANGING ENVIRONMENT
   1.0 CHALLENGES
   2.0 SUSTAINING REFORMS
I. IMPLEMENTING FRAMEWORK AND INSTITUTIONAL STRUCTURES
DBM-DILG-DOF-NEDA JMC No. 2015-1 dtd Feb. 24, 2015 directed the Adoption of the Local Government Units Public Financial Management Reform Roadmap and Implementation Strategy
NATIONAL Inter-Agency Team (NIAT) on LGU Public Financial Management:
LGU POLICY UNIT

DEPARTMENT OF BUDGET AND MANAGEMENT

DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT

NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

DEPARTMENT OF FINANCE BUREAU OF LOCAL GOVERNMENT FINANCE

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Regional Inter-Agency Team (RIAT) on LGU Public Financial Management
Regional Inter-Agency Team (RIAT) on LGU Public Financial Management

DBM-DILG-DOF-NEDA JMC NO. 2015-1 DATED FEB. 24, 2015 mandated the establishment of RIATs and its Functions:

1. Shall primarily roll-out the PFM Reforms to the LGUs and provide technical assistance in the design and implementation of the LGUs PFMIPs;
2. Shall undertake measures to continually strengthen coordination and convergence among the OAs;

3. DBM takes the lead for the duration of the EU funded project which concluded on June 30, 2016.
LGU Public Financial Management Team

CHAIRPERSON: Local Chief Executives (LCEs)

MEMBERS: Department Heads of the Budget, Treasury, Accounting, Planning and Development, Assessment, General Services Office, and Chair of the Bids and Awards Committee (BAC), among others.
1. The LGU PFM Team shall:

2.1 undertake regular PFM Assessment;
2.2 design, sequence and lead in the implementation of PFM improvement measures as contained in their PFM Improvement Plans (PFMIP)
Regional Inter-Agency Team (RIAT) on LGU Public Financial Management

LGU Public Financial Management Team
II. PUBLIC FINANCIAL MANAGEMENT

DEFINITION, ELEMENTS, VISION, GOAL, and STRATEGIC DIRECTIONS
PUBLIC FINANCIAL MANAGEMENT

System of rules, procedures and practices for government to manage public finances

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Elements of Public Financial Management

Public Reporting of Public Sector Financial Operations

Revenue Generation

Management of Public Debt

Budgeting

Accounting

Auditing

Cash Management
VISION FOR LGU-PFM REFORM:

“An LGU service delivery system that lowers the cost of doing business, stimulates private investments, generates employment and income opportunities, thereby improving the welfare of LGU constituents and reducing the incidence of poverty.”
Goals of Public Financial Management:

- Aggregate Fiscal Discipline
- Strategic allocation of Resources
- Efficient Service Delivery

PFM

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GOAL FOR LGU-PFM REFORM:

“An open and transparent LGU PFM System that is stable and sustainable, renders financial compliance, ensures the highest level of accountability and provides genuine citizens’ participation, thus, enabling efficient and effective delivery of services.”
PUBLIC FINANCIAL MANAGEMENT AND GOOD GOVERNANCE

Open and Orderly PFM System

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Effective and Accountable PFM

FISCAL
- Spending within means
- Spending on the right things
- Obtaining best value for money

SOCIAL
- Transparency & accountability in LGU financial operations

OPERATIONAL
- Ability in terms of competent people to operate and maintain the LGU PFM system

STRATEGIC DIRECTIONS

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Effective and Accountable PFM

LGU PFM REFORM ROADMAP AND IMPLEMENTATION STRATEGY

HOW DO WE GET THERE?

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III. MANUALS USED BY LGUs

1.0 REFORM ROADMAP
2.0 IMPLEMENTATION STRATEGY
3.0 PUBLIC FINANCIAL MANAGEMENT ASSESSMENT TOOL
A strategic guide on what LGUs want to do and achieve with their PFM in the immediate, medium and long term periods to attain their desired end-state (vision)
complemented by a well-designed action program that details the activities and timeframe on how and when they could reach their PFM goals and vision.
Provide LGUs with strategic directions to strengthen their PFM systems towards improved revenue generation and expenditure management.

Two crucial systems in the efficient and effective delivery of services.
Assist the OAs to strengthen their coordination in better supporting PFM reforms identified, designed and being implemented by the LGUs

Guide Development Partners in identifying possible entry points for financial support and other interventions
PFMAT ASSESSMENT TO BE DONE BY LGUs and FOCUSED ON 7 CRITICAL DIMENSIONS & 20 Sub-Indicators

Overall Results: 4.0

- Citizens Participation
- Policy based budgeting
- Comprehensiveness & transparency
- Credibility of the budget
- Predictability and control in budget execution
- Accounting, recording and reporting
- Internal and External Audit

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CLUSTERS OF REFORM SEQUENCE

- Linking Budget Planning to Policy Priorities
- Developing Reliable and Predictable Budgets
- Integrating Transparency & Accountability into Financial & Performance Management
- Holding Managers to Account
CLUSTERS OF REFORM SEQUENCE

- Linking Budget Planning to Policy Priorities
  - Coordination among Oversight Agencies
  - Sustainability of PFM Assessment Tool (PFMAT)
- Developing Reliable and Predictable Budgets
  - PFM Culture and Leadership at LGU Level
  - Link between PDPFP/CDP-LDIP-AIP and Budget
- Integrating Transparency & Accountability into Financial & Performance Management
  - Viability of Local Economic Enterprises and Public Utilities
- Holding Managers to Account
CLUSTERS OF REFORM SEQUENCE

- Linking Budget Planning to Policy Priorities
  - Access to Budget Information
  - Revenue and Expenditure Forecasts
- Developing Reliable and Predictable Budgets
  - Local Revenue Generation
  - Cash Flow Forecasting
- Integrating Transparency & Accountability into Financial & Performance Management
  - Compliance with R.A. No. 9184 and its IRR
  - Availment of CSE from DBM-PS
- Holding Managers to Account

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CLUSTERS OF REFORM SEQUENCE

- Linking Budget Planning to Policy Priorities
- Developing Reliable and Predictable Budgets
- Integrating Transparency & Accountability into Financial & Performance Management
- Holding Managers to Account

- CSO Accreditation Process
- CSO Participation in the Budget Process
- LGU Partnership with Accredited CSOs
- CSO Access to Information
CLUSTERS OF REFORM SEQUENCE

1. LINKING BUDGET PLANNING TO POLICY PRIORITIES
   - Accounts Reconciliation
   - Liquidation of Cash Advances
   - Financial Reports
   - Internal Audit Unit / Internal Audit Service
   - Internal Audit Reports
   - Management Action on Internal Audit
   - External Audit Recommendation
   - Addressing Adverse COA Findings
   - Chart Of Accounts for LGUs
   - Budget Performance Monitoring

2. DEVELOPING RELIABLE AND PREDICTABLE BUDGETS

3. INTEGRATING TRANSPARENCY & ACCOUNTABILITY INTO FINANCIAL & PERFORMANCE MANAGEMENT

4. HOLDING MANAGERS TO ACCOUNT

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IV. THE STATE OF PFM SYSTEMS

1.0 COUNTRYWIDE SAMPLE 550 LGUs (2013)

2.0 CENTRAL VISAYAS FOR ALL 136 LGUS

The State of LGU PFM:

Public Financial Management Assessment Tool (PFMAT) results for 550 FY 2013 Bottom-up Budgeting (BuB) Focus LGUs

Indicates that elements of an open and orderly PFM system are not complete but what exist are already fully operational.
PFMAT
PUBLIC FINANCIAL MANAGEMENT ASSESSMENT TOOL FOR LGUs
## Overall State of the PFM Systems of Sample LGUs

<table>
<thead>
<tr>
<th>All Sample LGUs</th>
<th></th>
<th>Sample Size</th>
<th>550</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>CD No.</th>
<th>Critical Dimension (CD)</th>
<th>Mean score</th>
<th>% Contribution to overall PFMAT score</th>
<th>Rank as a PFM concern</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Policy based budgeting</td>
<td>1.70</td>
<td>10.5%</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Comprehensiveness and transparency</td>
<td>2.99</td>
<td>18.4%</td>
<td>7</td>
</tr>
<tr>
<td>3</td>
<td>Credibility of the budget</td>
<td>2.85</td>
<td>17.5%</td>
<td>6</td>
</tr>
<tr>
<td>4</td>
<td>Predictability and control in budget execution</td>
<td>2.36</td>
<td>14.6%</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Accounting, recording and reporting</td>
<td>2.26</td>
<td>14.0%</td>
<td>3</td>
</tr>
<tr>
<td>6</td>
<td>Internal and external audit</td>
<td>1.24</td>
<td>7.7%</td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td>Citizens' participation</td>
<td>2.82</td>
<td>17.4%</td>
<td>5</td>
</tr>
</tbody>
</table>

### Overall PFMAT Score

- Overall PFMAT score of 2.32 (between 2.0 and 2.9) across LGUs indicate that the elements of an open and orderly PFM system are not complete but what are in place are fully operational.
<table>
<thead>
<tr>
<th>CD No.</th>
<th>Critical Dimension (CD)</th>
<th>Mean score</th>
<th>% Contribution to overall PFMAT score</th>
<th>Sample Size</th>
<th>50</th>
<th>Rank as a PFM concern</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Policy based budgeting</td>
<td>2.08</td>
<td>11.7%</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Comprehensiveness and transparency</td>
<td>3.24</td>
<td>18.2%</td>
<td></td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>3</td>
<td>Credibility of the budget</td>
<td>2.87</td>
<td>16.1%</td>
<td></td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>Predictability and control in budget execution</td>
<td>2.61</td>
<td>14.7%</td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Accounting, recording and reporting</td>
<td>2.38</td>
<td>13.3%</td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>6</td>
<td>Internal and external audit</td>
<td>1.55</td>
<td>8.7%</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td>Citizens' participation</td>
<td>3.07</td>
<td>17.3%</td>
<td></td>
<td></td>
<td>6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Overall PFMAT Score</th>
<th>Mean score</th>
<th>% Contribution to overall PFMAT score</th>
<th>Sample Size</th>
<th>50</th>
<th>Rank as a PFM concern</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.54</td>
<td>100.0%</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
## Overall State of the PFM Systems of Sample LGUs

<table>
<thead>
<tr>
<th>CD No.</th>
<th>Critical Dimension (CD)</th>
<th>Mean Score</th>
<th>% Contribution to overall PFMAT score</th>
<th>Sample Size</th>
<th>500 Rank as a PFM concern</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Policy based budgeting</td>
<td>1.67</td>
<td>10.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Comprehensiveness and transparency</td>
<td>2.96</td>
<td>18.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Credibility of the budget</td>
<td>2.84</td>
<td>17.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Predictability and control in budget execution</td>
<td>2.34</td>
<td>14.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Accounting, recording and reporting</td>
<td>2.25</td>
<td>14.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Internal and external audit</td>
<td>1.21</td>
<td>7.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Citizens' participation</td>
<td>2.79</td>
<td>17.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Overall PFMAT Score</strong></td>
<td><strong>2.29</strong></td>
<td><strong>100.0%</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
V. PFMAT RESULTS

ANALYSIS AND INTERPRETATION

(BASIS IN PREPARING LGU IMPROVEMENT PLANS: PFMIP)
PFMAT result for the LGU – PFMAT measures “all or some aspects of its PFM that require attention.”

- Overall state of LGU PFM: Description of (lower 4 of the 5 score ranges) the overall average score of the LGU expressed as a deficiency. Thus, the overall PFM scores of any LGU can either be of 4 types:
TYPES OF SCORES:

(3.0-3.9) Complete open and orderly PFM system are not fully operational

(2.0-2.9) Incomplete elements of an open and orderly PFM system are in place and these partial elements are fully operational

(0.1-1.9) Incomplete elements of an open and orderly PFM system are in place and these partial elements are not fully operational

(0) All elements of an open and orderly PFM system are not in place
RANKING the areas needing improvement

• The lower the CD score, the lower is its contribution to the overall PFMAT score, the higher is its priority as a LGU PFM concern.

• Within each CD, rank “causes” according to the PI and SI scores.
Summary of Results

Except for Citizens’ Participation, weakest PFM Critical Dimensions are the same for Cities and Municipalities:

1. Internal and External Audit
2. Policy-Based Budgeting
3. Accounting, Recording and Reporting
4. Predictability and Control in the Budget
5. Citizens’ Participation
6. Credibility of the Budget
7. Comprehensiveness and Transparency

Citizens’ Participation appears to be stronger in Cities than in Municipalities
1. Internal and external audit in terms of:

- Weak internal audit system – IAS in LGUs is virtually non-existent, and therefore both the frequency and quality of internal audit reports suffer. Whatever reports are generated are often not properly acted on by management; and

- Lack of follow-up actions on the results of external audit in terms of the settlement of COA disallowances and compliance with audit recommendations.
2. Policy-based budgeting primarily arising from:

- Tenuous linkages between multi-year development plans, the corresponding multi-year investment programs, and the Annual Investment Program incorporated in the LGU annual budget; and

- Delays in the submission of the duly enacted LGU budget to the appropriate reviewing authority, which undermines the orderliness of the budget process.
3. Accounting, reporting and recording in terms of timeliness and regularity of bank reconciliation, which delays the discovery of irregularities in LGU financial transaction.

4. Predictability and control in budget execution arising from:

4.1 Poor Real Property Tax (RPT) accomplishment rate;
4.2 Ineffective tax enhancement measures including ineffective use of civil remedies for tax collection; poor data linkages of the RPT database system; and poor collection strategies on delinquent RPT accounts;

4.3 Poor cash flow forecasting which often results in non-availability of cash to meet expenditure obligations though the budget is sufficient; and
4.4 Weak “value for money” considerations as well procurement controls primarily arising from poor availment of the economies of scale provided by DBM’s Procurement Service in the procurement of commonly-used supplies and equipment and poor compliance with the public bidding process in the procurement of non-commonly used supplies and equipment.
5. Citizens’ participation. The accreditation process of CSOs is rated strong but participation in the critical budget process is rated weak.

6. Credibility of the budget. Expenditure forecasts are perceived to be more reliable than revenue forecasts.
7. Comprehensiveness and transparency. The comprehensiveness of budget information contained in the appropriation ordinance is highly rated. Public access to information is rated to be slightly weaker.

Overall Result: 2.85/4.0

- Citizens Participation: 3.44
- Policy based budgeting: 2.41
- Comprehensiveness & transparency: 3.36
- Credibility of the budget: 3.28
- Internal and External Audit: 1.94
- Accounting, recording and reporting: 2.77
- Predictability and control in budget execution: 2.74
Overall State of the PFM Systems of 136 LGUs in Region VII

<table>
<thead>
<tr>
<th>Critical Dimensions</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy based budgeting</td>
<td>2.41</td>
</tr>
<tr>
<td>Comprehensiveness and transparency</td>
<td>3.36</td>
</tr>
<tr>
<td>Credibility of the budget</td>
<td>3.28</td>
</tr>
<tr>
<td>Predictability and control in budget</td>
<td>2.74</td>
</tr>
<tr>
<td>Accounting, recording and reporting</td>
<td>2.77</td>
</tr>
<tr>
<td>Internal and external audit</td>
<td>1.94</td>
</tr>
<tr>
<td>Citizens’ participation</td>
<td>3.44</td>
</tr>
</tbody>
</table>

Overall PFMAT score of 2.85
<table>
<thead>
<tr>
<th>Weakest Critical Dimension</th>
<th>Score: 1.94</th>
<th>Score: 2.41</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INTERNAL &amp; EXTERNAL AUDIT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Most LGUs do not have Internal Audit Service (IAS) Units</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• No internal audit reports which are prepared for management to act upon</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Settlement of disallowances and compliance with audit recommendations by the LGUs are low</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>POLICY BASED BUDGETING</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Strong link between Annual Investment Program (AIP) and Budget but weak linkage among Development Plans (PDPFP/CDP-LDIP-AIP)*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>*Comprehensive Development Plans (CDP) not prepared by most LGUs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Local Economic Enterprises (LEEs) not financially self-reliant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Only 1 to 2 PFM Improvement Policies included in the Budgets</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
PREDICTABILITY & CONTROL IN BUDGET EXECUTION

- Most LGUs have tax maps but are not updated
- Some LGUs have computerized tax database but are not linked among relevant offices in the LGU

ACCOUNTING, RECORDING & REPORTING

- Slow detection of irregularities in financial transactions due mainly to bank reconciliations not being prepared in “real time”
- Poor quality of financial reports due to limitations in the number & competence of staff, & the use of manual system for recording & reporting of financial transactions

Weakest Critical Dimension

Score: 2.74

Score: 2.77
CREDIBILITY OF THE BUDGET

- Actual local revenue collections compared with estimated revenues in the budget of most LGUs ranges from 90% to 100%
- Disbursements BUR relatively high with a percentage rating that ranges 95% to 100%, however, needs improvement when it comes to

Score: 3.28

CREDIBILITY OF THE BUDGET

- Obligations BUR (allotment vs obligations) which ranges 85% to 90%
LGUs are better at ensuring that budget information as attached to the Appropriation Ordinances AOs covering the Budget is comprehensive

- Most LGUs are 100% compliant as to the posting of reports pursuant to Full Disclosure Policy (FDP) of the DILG

The Civil Society Organization (CSO) accreditation process in LGUs is strong however, the degree of CSO participation in the Budget Process still need to be improved
## Trajectory of State of PFM System of LGUs in Region VII (PCM)

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Policy based budgeting</td>
<td>2.15 (2)</td>
<td>2.41 (2)</td>
</tr>
<tr>
<td>2</td>
<td>Comprehensiveness and transparency</td>
<td>2.93 (5)</td>
<td>3.36 (6)</td>
</tr>
<tr>
<td>3</td>
<td>Credibility of the budget</td>
<td>3.21 (7)</td>
<td>3.28 (5)</td>
</tr>
<tr>
<td>4</td>
<td>Predictability and control in budget execution</td>
<td>2.59 (4)</td>
<td>2.74 (3)</td>
</tr>
<tr>
<td>5</td>
<td>Accounting, recording and reporting</td>
<td>2.39 (3)</td>
<td>2.77 (4)</td>
</tr>
<tr>
<td>6</td>
<td>Internal and external audit</td>
<td>1.58 (1)</td>
<td>1.94 (1)</td>
</tr>
<tr>
<td>7</td>
<td>Citizens' participation</td>
<td>3.20 (6)</td>
<td>3.44 (7)</td>
</tr>
<tr>
<td></td>
<td><strong>Overall PFMAT Mean Score</strong></td>
<td><strong>2.58</strong></td>
<td><strong>2.85 (10% increase)</strong></td>
</tr>
</tbody>
</table>

A positive increase of 10% from a score of 2.58 to 2.85 indicates that LGUs strongly believes that a stronger and healthier PFM Systems directly affects the delivery of public goods and services to its constituents.
# THE LOWER THE SCORE THE HIGHER AS A PRIORITY FOR IMPROVEMENT

<table>
<thead>
<tr>
<th>CD No.</th>
<th>Critical Dimension (CD)</th>
<th>Mean Score (FYs 2013 – 2015 Re-Assessment)</th>
<th>PRIORITY RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Policy based budgeting</td>
<td>2.41</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Comprehensiveness and transparency</td>
<td>3.36</td>
<td>6</td>
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<td>1</td>
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<td>7</td>
</tr>
<tr>
<td></td>
<td><strong>Overall PFMAT Mean Score</strong></td>
<td><strong>2.85</strong></td>
<td></td>
</tr>
</tbody>
</table>
VI. SUSTAINING LGU PFM REFORMS IN DIFFICULT & CHANGING ENVIRONMENT

1.0 CHALLENGES
2.0 SUSTAINING REFORMS
CHALLENGES IN SUSTAINING PFM REFORMS

IN A DIFFICULT AND CHANGING ENVIRONMENT!!!
CHALLENGES IN SUSTAINING PFM REFORMS

1. There is no more FUNDER as the LGU-PFM2 EU funded project concluded in 2016

2. Change in Administration resulting to changes in Cabinet Secretaries of the four (4) Departments composing the NIAT

3. Reshuffling of RDs in the four (4) Oversight Agencies affecting the momentum already established in the Region
4. Change in Leadership at the LGU level every 3 years affecting sustainability of the Reforms,

5. Horizontal and Vertical Trust Issues (Difficulty in having LGU based Team convene to gather the Data hence LGUs could not comply with submission to DBM ROs of assessment results for review, consolidation & analysis),
6. Need for RIAT to provide technical assistance and interventions to address low scores and in the long term improve and strengthen existing PFM Systems, and

7. Need to Institutionalize the submission of Regional PFMAT Scores for consolidation, analysis and publication of “A Country Report on the Status of LGU PFM Systems” at least every 3 years.
STRATEGIES IN SUSTAINING PFM REFORMS

1. For the four (4) Cabinet Secretaries of DBM, DILG, NEDA and DOF-BLGF to re-issue another JMC reiterating:

1.1 The continued use of the LGU PFM Tools by their Regional Offices and LGUs, and

1.2 To Institutionalize the Assessment of existing PFM Systems every 3 years using the PFMAT software
STRATEGIES IN SUSTAINING PFM REFORMS

2. LGU Policy Units of the four (4) Oversight Agencies to convene as TWG:

2.1 Prepare the JMC
2.2 Development of management policies and practices taking advantage of recent technology
2.3 Sustained Capacity building both in the RIAT and LGU level
3. Come up with rewards system for LGUs with marked improvement in PFMAT scores

4. Include as Indicator for the Grant of Seal of Good Local Governance
5. Include as a Good governance condition in the grant of Performance Based Bonus

6. Separate Awards System to be given by the DBM during its Anniversary Celebrations every April 25.
THANK YOU FOR LISTENING & MABUHAY PAGBANS!!!