



Modeling the Seal of Good Fiscal Administration in the LGU

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ABSTRACT

It is not undeniable that fiscal administration has been a challenge in every localized department. This study assessed the Fiscal Administration (Seal of Good Financial Housekeeping) in its influence on the constituents' perception of transparency in the Local Government Units. By exercising government policy and delivering public services that are vital to local citizens, local councils will make an important contribution towards public welfare. The research questions included the relevant information of the respondent groups, the status of fiscal administration of the city as perceived by the respondent groups (in the domains of good financial housekeeping, financial performance, and financial development), the significant difference between the perception of respondent groups towards fiscal administration of Lapu-Lapu City, and the best practices of Lapu-Lapu city government concerning the aforementioned domains. This study is purely quantitative, utilizing a descriptive comparative design. The respondents of this study were the Lapu-Lapu City Government Employees and Lapu-Lapu City Stakeholders. A random sampling technique was used by the researchers in this study. Researcher-made questionnaires were utilized based on the criteria of the DILG's requirement for Fiscal Administration to gather information from the identified respondent groups. The data for respondents' profiles were treated by simple percentage, weighted mean for the 3 domains, and t-test for the respondent groups' perception towards Lapu-Lapu City's fiscal administration. Documentary and the records-based method were used to get the essential information needed in this study. It was found out in this study that there is no significant difference between the perception of respondent groups towards Fiscal Administration. The best practices of Lapu-Lapu City's Fiscal Administration were taken from the interviews conducted from the respondent groups. Anchored on the findings, a transparency framework was designed to address the gaps in the information dissemination of public information in the LGU.

Keywords: Modeling of Good Fiscal Administration, Good Financial Housekeeping, Financial Performance, Financial Development

1. Introduction & Background

Local government has the potential to be the most transparent and accountable level of government in providing services to the citizen of the country (Shah, 2007; Mikesell, 2007; Menifield, 2020). Moreover, local governments should seek to enhance the well-being of their citizenry through the provision of public services consistent with the goals of the country. Consequently, if the government fail to provide these services, to pay for their provision in a responsible way, or to safeguard resources obtained to provide these services, the well-being of the citizen at present, and in the future will be jeopardy. Previous research by Mbedzi and Gondo (2010) and Gilbert et al. (2013) emphasized that fiscal administration is an aspect of the department that empowers local authorities to manage an office through which their local authorities are able to provide better service. While fiscal administration has offered lower levels of government revenue and expenditure decision-making authority, many local authorities in the developed world find the implementation process also an intimidating challenge. Van et al. (2012) stated that public or fiscal administration is among the factors that are essential in developing good managers for any entity either privately or publicly owned. Among the key responsibilities that help people in management roles include budgeting, public revenue management, public revenue expenditure, and the knowledge of block grants and bonding and debt management and budget interactions among government agencies (Bovaird & Löffler, 2015; Abbink, 2004; Andrews et al., 2005).

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The Republic of the Philippines adopts a unitary type of government, making the national government central in deciding on matters securing the overall national interest of the country (1987 Philippine Constitution). Being an archipelagic country, the Philippine national government had difficulties in catering to the needs of its constituents due to its geography. After the Marcos regime, the 1987 Philippine Constitution, also known as the "Freedom Constitution," was promulgated and ensured that the government's powers be decentralized (GOVPH, 2015).

With the enactment of the 1991 Local Government Code of the Philippines, Local Government Units or LGUs were accorded with fiscal and administrative autonomy; an example is the Autonomous Region of Muslim Mindanao, now presently known as the Bangsamoro Autonomous Region of Muslim Mindanao.

As LGUs strive to improve public service to their constituents, the Department of Interior and Local Government or DILG was given the task of "promoting peace and order, ensuring public safety and strengthening local government capability aimed towards the effective delivery of basic services to the citizenry," stated in R.A. No. 6975. With the implementation of the Local Government Code, there were several problems have arisen years after, and one of them is transparency. The Philippines has been ranked 113 out of 180 the least corrupt nations according to the 2019 Corruption Perceptions Index reported by the non-government organization known as Transparency International. The DILG initiated the Seal of Good Financial Housekeeping for the Local Government Units in its effort and commitment to aggressively scale up interventions to elevate the practice of governance that values transparency, accountability, participation, and performance into an institutionalized status. According to an article published by the Union of Local Authorities of the Philippines or ULAP, the Seal of Good Financial Housekeeping was launched by the DILG in 2010, which measured financial transparency and instituted public reporting of budget and expenditure of local governments, with the previous being one of the agency's partners in the implementation. (DILG, 2010).

Transparency and open government are one of the priorities identified by the Congress in its Roadmap of activities on the 'prevention of corruption and the promotion of public ethics at local and regional levels. This report highlights the potential of open governance to improve democracy at local and regional levels. It explores the concept of 'Open government' and identifies local government activities to which it can apply, such as budgeting, law making, policy making, contracting and service delivery (Galster, 2018; Klingner et al., 2015, Rushe, 2011). According to an article published by the Union of Local Authorities of the Philippines or ULAP, the Seal of Good Financial Housekeeping was launched by the DILG in 2010, which measured financial transparency and instituted public reporting of budget and expenditure of local governments, with the previous being one of the agency's partners in the implementation. This meant that local government units which passed the reporting guidelines of the Commission of Audit and declared their financial reports online and inconspicuous places in communities according to the Full Disclosure Policy would be receive the seal. The goal is to ensure transparency and honesty in spending public funds. Though the Seal of Good Financial Housekeeping, eventually merged with the overall Financial or Fiscal Administration, is part of a more extensive program, the Seal of Good Local Governance, this is vital for receiving the award. Thus, this research assessed the Fiscal Administration (Seal of Good Fiscal Housekeeping) in its influence on the constituents' perception of transparency in the Local Government Units. The focus is Lapu-Lapu City.

2. Objective of the Study

Financial Administration, for anti-corruption has been highly recommended to decrease the chances of the emergence of corruption which results in further complications towards the constituents. This research analyzed the perception of the constituents on the Transparency Framework, the Good Fiscal Administration, and the Lapu-Lapu Local Government Unit. Hence, this research assessed the status of the Fiscal Administration of the LGU of Lapu-Lapu in the calendar year 2019. Specifically, this answers the following questions: Profile of the employees, status of the fiscal administration and the best practices of the LLC government

3. Methodology

A descriptive method of research was utilized and a researcher-made questionnaire has been conducted to test the hypotheses generated. The Lapu-Lapu City Government Employees and Stakeholders were requested to answer the questionnaires which assessed the respondents' profile, the status of the Fiscal Administration of the city as perceived by the respondent groups in terms of the following domains; good financial housekeeping, financial performance, and financial development, the significant difference between the perceptions of respondent groups towards Fiscal Administration of the Lapu-Lapu City Government, and its best practices concerning the aforementioned domains. The survey questionnaires were composed of two (2) parts. Part 1 was about the respondents' profile. Part 2, on the other hand, gauged the awareness and perceptions of the respondents regarding the Fiscal Administration (Seal of Good Fiscal Housekeeping). In this research, the survey questionnaires were used to assemble information from the respondents. In the validation of the questionnaires, this research sought samples from the DILG's Good Fiscal Administration Criteria. In the data administration, participants were made to answer the informed consent before they proceeded with the questionnaires. The data gathered have been compiled and have undergone tabulation, data analysis, and interpretation

4. Results and Discussions

Table 1. Age and Gender

Demographic Information	N	Percentage
Age		
62 years old & above	10	4.00
51 - 61 years old	25	10.00
40 - 50 years old	38	15.20
29 - 39 years old	81	32.40
18 - 28 years old	96	38.40
Total	250	100.00
Sex		
Female	172	68.80
Male	78	31.20
Total	250	100.00

As indicated in Table 2, ninety-six (96) of the majority respondents are ages 18-29 years old, which are considered part of the youth sector of our country. The majority of these respondents answered through Google Forms. The least, on the other hand, are ages 62 years old and above, which are considered part of the senior citizen sector. Among the sexes, the majority of the respondents are Females while the least are Males. It is also noted that those willing to answer immediately on the survey forms were Females, while the Males would often refuse to answer. Females have this sense of responsibility in accommodating others who would always ask for help from them. Males, on the other hand, would rather say no to these kinds of requests

Table 2. Lapu-Lapu City Government and Stakeholders' Civil Status

Civil Status	N	Percentage
Single	147	58.80
Married	89	35.60
Separated	6	2.40
Window	8	3.20
Total	250	100.00

Among the respondents' civil status, the majority of the respondents are those who are single. It is also important to note that most of these respondents are young people; therefore, it follows that they are still single. The least, on the other hand, are those who are separated.

Table 3. Highest Educational Attainment.

Highest educational attainment	N	Percentage
Elementary	21	8.40
Eigh school	80	32.00
College/undergraduate	123	49.20
Graduate studies	22	8.80
Postgraduate studies	3	1.20
Postdoctoral studies	1	0.40
TOTAL	250	100.00

In table 3, the data shows that those who have finished their college or undergraduate studies are those who are the dominant respondents in terms of educational attainment. This is also because those who are literate are the ones who would always be willing to answer these types of questionnaires that involve complex concepts in public administration. The least are those who have pursued their postgraduate studies. This is because it is rare for Filipinos to pursue this kind of study.

Table 4. Number of years in service.

No. of years employed	N	Percentage
Less than one year	61	24.40
1 - 10 years	139	55.60
11 - 20 years	36	14.40
21 years & above	14	5.60
Total	250	100.00

In terms of the years of services, the majority of the respondents are those who have worked from 1 to 10 years. It is also important to note that because most of our respondents are from the youth sector, it automatically follows that their working experiences would somewhat be lesser than others. The least, on the other hand, are those who have worked for 21 years and above. This is because they are mostly coming from the youth sector. Therefore, we expect that they would have lesser working experiences. The least are those who have experienced working for 21 years and above. This is because those who have rendered more years in service are coming from the elderly sector.

Table 5. Relevant Training and Seminars Attended

Title of Seminars and Training	Types of Seminars and Training
Advance Supervisory Course	Managerial/Supervisory
Association of Government Accountants of the Philippines' Seminar	Technical
Association of Government Internal Auditors, Inc.'s Seminar	Technical
Basic & Advance Military Course	Technical
Career Rescue: Ways to Impress Interviewers	Technical
Customer Service Training and Seminar	Technical
Effective Leadership Training	Managerial/Supervisory
Financial Management Seminar	Technical
Gender Equality and Development	Technical
How to handle Government Service	Technical
Knowing me, Knowing you. The Great Customer Service Connection	Technical
KONKA Seminar	Technical
Leadership Skills Seminar	Managerial/Supervisory
Management Training	Managerial/Supervisory
Orientation Seminar	Foundation
Philippine Association of Government Budget Administration's Seminar	Technical
Philippine Banking System Symposium	Technical
Professional Development Seminar	Technical
Social Awareness Seminar (Civil Service)	Technical
The Importance of Personality Development in Career Advancement	Technical

Table 5 shows the relevant training and seminars attended by the respondents. Finding shows that more than half of the training and seminars attended by the respondents were more on technical, while there were less managerial or supervisory development.

Table 6. Stakeholders' Perception towards Fiscal Administration in terms of Good Financial Housekeeping

GOOD FINANCIAL HOUSEKEEPING	WM	VD
The Lapu-Lapu City Local Government Unit (LGU) is submitting audit reports to Commission on Audit (COA) annually.	3.24	A
The audit reports submitted to Commission on Audit (COA) is a requirement for the Seal of Good Financial Housekeeping.	3.20	A
The audit report submitted to Commission on Audit (COA) makes Local Government Units (LGUs) more transparent and open to their expenditures.	3.26	SA
The Local Government Units (LGUs) posting information of their public spending in places that are accessible to the public.	3.06	A
The Local Government Units (LGUs) are required to post public information regarding public expenditures.	3.16	A
The full disclosure policy of Local Government Units is implemented to promote transparency.	3.22	A
The Local Development Council helps in the promotion of transparency.	3.10	A
The Local Government Units (LGU) approved budget is available for the public to see.	3.02	A
Average Mean	3.16	A

Legend: 3.26 – 4.00 Strongly Agree; 2.51 – 3.35 Agree, 1.76 – 2.50 Disagree, 1.00 – 1.75 Strongly Disagree

Table 6 shows the results in terms of good financial housekeeping. Finding shows that good financial housekeeping got an overall weighted mean of 3.16 which verbally described as agree. Among the indicators presented on the domain of good financial housekeeping, the one that got Strongly Agree, which is the highest rate among the verbal description and interpretation, was the indicator that stated that the Local Government Unit of Lapu-Lapu is consistent in submitting their annual COA reports. The respondents know that submitting annual COA reports is a process in which an LGU should do to prove that there is no disparity between the budget and the actual project. They also know that the said process is vital in determining whether a specific LGU is worthy of the award. The rest of the indicators, on the other hand, got Agree or Aware, which is the second-highest rate of verbal description and interpretation. This shows that the respondents have some knowledge on how the LGU is implementing the full disclosure of the policy, in which they made information or public documents regarding public expenditures accessible to the public.

Table 7. Stakeholders' Perception towards Fiscal Administration in terms Financial Performance.

FINANCIAL PERFORMANCE	WM	VD
The Local Government Unit (LGU) is self-sustaining in terms of its economy.	3.18	A
The Local Government Unit (LGU) increased economic growth by 5% in the last three years.	3.03	A
The Local Government Unit (LGU) economic growth means that programs are working.	3.15	A
The Local Government Unit (LGU) was able to present the annual budget for the year 2019.	3.06	A
The Local Government Units (LGU) approved annual budget coincides with the accounting documents presented.	3.02	A
Average Mean	3.09	A

Table 7 shows the results in terms of financial performance. Finding shows the financial performance got an overall weighted mean of 3.09 which verbally described as agree. Moreover, In the financial performance domain, the data gathered shows that the respondents are aware of the financial performance being implemented in the City of Lapu-Lapu. The respondents agree that the LGU has been self-sustaining for the past three years and that there is economic growth. They also affirm that the annual budget for 2019 has been passed and is in line with the ongoing projects that are developed. The economic growth that the respondents felt is also an indicator for them that the programs of the LGU are working well.

Table 8. Stakeholders' Perception towards Fiscal Administration in terms of Financial Development.

FINANCIAL DEVELOPMENT	WM	VD
The Local Development Council helps in giving direction to the Local Government Units (LGUs) socio-economic development plans.	3.16	Agree
The Local Development Council had done several projects for the betterment of the city.	3.22	Agree
The Local Government Unit (LGU) of Lapu-Lapu City utilized 20% of its internal revenue allotment in the infrastructure projects.	2.96	Agree
The Local Government Unit (LGU) contributed social-economic development projects using the 20% internal revenue allotment.	2.97	Agree
The Local Government Unit (LGU) made environmental projects using the internal revenue allotment.	3.03	Agree
The Local Government Unit (LGU) was able to utilize its performance challenge fund to improve its programs.	3.07	Agree
The Local Government Unit (LGU) was able to cope with the national goals and priorities using the performance challenge fund.	3.03	Agree
Average Mean	3.06	Agree

Table 8 shows the results in terms of Financial Development. Finding shows that financial development got an overall weighted mean of 3.06 which verbally described as agree. In the domain of financial development, the data gathered shows that the respondents *agree* that the LGU of Lapu-Lapu City has been working towards the socio-economic development of the said city. This includes the utilization of the 20% of its internal revenue allotment in infrastructure projects, utilization of its performance challenge fund in the improvement of its programs. Implemented projects for social-economic development, coping up with the national goals and priorities using the performance challenge fund, and the active involvement of the Local Development Council in the said projects. To conclude, the respondents overall are *aware* that the LGU of the City of Lapu-Lapu is an awardee of the Seal of Fiscal Administration and has been working towards transparency.

Table 9. The Variance between the Perceptions of the Respondent Groups towards Fiscal Administration of the Lapu-Lapu City Government

t-Test: Two-Sample Assuming Unequal Variances		
	<i>LAPU-LAPU CITY GOVERNMENT EMPLOYEES</i>	<i>STAKEHOLDER</i>
Mean	3.204333333	3.077910714
Variance	0.216526607	0.267501947
Observations	50	200
Hypothesized Mean Difference	0	
df	82	
t Stat	1.679222552	
P(T<=t) one-tail	0.048457722	
t Critical one-tail	1.663649185	
P(T<=t) two-tail	0.096915443	
t Critical two-tail	1.989318521	

Table 9 shows the variance of two variables, the perceptions of Lapu-Lapu City Government Employees & Stakeholders and the Fiscal Administration. The fiscal administration tested 0.09 P value two tail, which means that the pattern has inclined towards the positive axis. The p-value is more significant than the level of significance at 0.05 which means the hypothesis is accepted. There is no significant difference between the perception perceived by the different respondent groups and the fiscal administration. The data generally revealed that the perception of Lapu-Lapu City government employees and stakeholders does not have any significant difference towards fiscal administration. Furthermore, this simply affirms that regardless of what the respondent's group are, their perception is based solely on the implementation of information dissemination of the LGU of Lapu-Lapu City and not based on their respondent groups.

THE BEST PRACTICES OF LAPU-LAPU CITY IN RELATION TO FISCAL ADMINISTRATION

The City of Lapu-Lapu has been awarded the Seal of Good Local Governance, where one of the criteria is Fiscal Administration. The best practices of the City of Lapu-Lapu are seen based on the criteria for the Fiscal Administration. By utilizing the research design, questions were being asked to the respondent groups through oral interviews. The answers of the respondents affirm the criteria of the award. This includes strict adherence to procurement procedure, strategic budget planning, expenditures based on annual procurement plan, submission of financial reports to COA, collection of taxes, invoking private-public partnership, allocated budget is approved within the specific period, etc. The LGU of Lapu-Lapu City had utilized the New Government Accounting System to assure proper auditing of public expenditures. Interesting to note that some of the respondents would associate the success of the LGUs Fiscal Administration to the current local executive administration. This, in turn, has significantly influenced their perception of the Fiscal Administration of the said city. As of the writing of this book, the City of Lapu-Lapu has been Covid 19 free for a month. The city's handling of the pandemic proves that the said city has implemented the correct approach towards fighting the virus, thus proving that the criteria stated were achieved by the city. Based also on the people's perception gathered through the questionnaires, the majority of the respondents agree that the City of Lapu-Lapu is worthy of the said award due to the visible and tangible change and programs that the city has been working on for the past three years. People have also claimed that tourism has been the best feature of the city in which it has been gravely affected by the recent pandemic. But with the upcoming quinentennial celebration of the circumnavigation of the world and the arrival of Christianity in the Philippines, the city has assured that there will be health protocols to be conducted for the said event that would attract more tourists. Nevertheless, the respondents also saw the efforts of the city in containing the said virus.

5. Conclusion

Hence, the data signifies that the City of Lapu-Lapu, with the Seal of Good Fiscal Housekeeping, has worked hard in ensuring socio-economic stability that was felt by the constituents themselves. Considered a highly urbanized city, the LGU of Lapu-Lapu has proven itself that it can be economically sustainable and at the same time be able to be fully transparent and clean when it comes to public expenditures. The researchers have come up with a framework in which information may be better disseminated. Considering that the City of Lapu-Lapu has far-flung communities, we have made a mechanism in which it would be easier for both the LGU and the constituents to inform and to be informed. The Public Information Office of Lapu-Lapu City may create a committee or group of people concentrating on this matter. The sole goal of this committee is to improve the information dissemination process of the LGU. The researchers have thought of utilizing the already existing tri-media outlets in Cebu (print, radio, and television) for the LGU to tap to disseminate public information quickly. The majority of the people would still rely on these traditional mediums of spreading information because these are easier to access than by going directly to the city center or accessing the internet. This would be more appealing to those who are older and are not keen on using of social media. This is also a right way to address the needs of those places in the said city that are too far from the city center and

where internet connection is unstable. The LGU and the chosen media outlets may strike a deal in which the city government may use their mechanism to spread awareness of its overall programs. This, in turn, would increase the constituents' awareness towards the projects of the city and also, at the same time, would ensure that transparency is even more practiced. With the advent of technology, the LGU may also utilize social media platforms (Facebook, Instagram, Twitter, YouTube, TikTok, etc.) in this goal to improve the said process. It is also important to note that these means are more appealing to the younger generation considering that most of the respondents are from the youth sector. The LGU of Lapu-Lapu City may also promote even more their website in which has already public information ready to be read. With the use of their social media accounts, they may share the link of their website for people to know that it exists.

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