



Describing the Practices of Barangay Treasurers in Fund Management: Basis for Community Engagement Services

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ABSTRACT

The Local Government Code of the Philippines governs the management of funds by the Barangay Treasurer. According to the Code, Barangay Treasurers manage and collect various revenues and funds within their respective barangays. The Barangay Treasurer plays a crucial role in ensuring the proper and efficient collection of funds, which are vital for the local development and services provided by the barangay. This research aims to describe the practices of Barangay Treasurers in consideration of adhering to the guidelines and procedures outlined in the Code to prevent mismanagement, corruption, or any irregularities in the collection and handling of these funds. This study employs a qualitative research design with a multiple-case study approach and conducted interviews and observations, guided by Merriam's Case Study model. Data was collected through utilizing interview-guide, followed by data mining. Results showed that the Barangay Treasurers highlighted the essential documents and reports for overseeing fund collection, disbursement, liquidation, and auditing by the COA adhering to procedures outlined by the Local Government and the COA. However, data mining findings indicate that Barangay Treasurers with college degrees are more prompt in providing complete documents compared to those with high school diplomas. The findings offer a valuable basis for Local Government Units to provide training sessions and seminars which are essential to enhance both knowledge and skills to help them carry out their respective duties and responsibilities in the Barangay effectively and efficiently.

Keywords: *Fund Management, Local Government Code, Barangay Treasurer*

1. Introduction

The No. 7160 Republic Act or the "Local Government Code of 1991" entrusts each Barangay governed by the officials to provide their subordinates or the people in the community with the services and facilities they need. However, the duties and functions mentioned can only be carried out if sufficient funds are available (Local Government Code, 1991)

The Barangay treasurers are essential in handling and managing the funds properly whose responsibilities and duties include the collection of taxes and other funds, fund custodian, and keeping track of the disbursements according to Republic Act 7160. Unfortunately, there are still Barangays incapable of being financially independent because of reasons such as managing the funds of the Barangay ineffectively and inefficiently and not utilizing them according to their purpose. Due to these reasons, competent, capable, and reliable Barangay treasurers play a vital role in the Barangay's collection and disbursement of funds (Macalma, 2012).

Barangay treasurers, especially in remote areas, often lack the necessary qualifications and relevant education to effectively fulfill their duties, potentially leading to challenges in fund management and disbursement within the Barangay. Consequently, government accountants may require assistance in monitoring Barangay expenditure to address this issue (Naranjo, 2017).

Educational qualifications have a limited impact on job performance, as argued in a study. Undeniably, when individuals perform the same tasks, one may demonstrate a higher level of competence than the others. Those with higher educational attainment and better knowledge about fund management always do better than those who know less. In line with these is also the potential and capability of the Treasurer. With great potential and capability comes excellent performance; thus, the more outstanding the capability, the better the performance (Dagohoy, 2021).

Hence, Barangay officials, including the treasurers, must be competent in their knowledge and skills in carrying out their responsibilities to the community to achieve and maintain government transparency and accountability. These individuals must be capable of managing funds and other financial sources. Additionally, according to Section 384, Republic Act No. 7160, the Barangay is a political unit that plays a vital role in society in implementing the national government's policies, planning activities, programs, and projects for the betterment of the community. It is a forum where people can express their opinions and suggestions on matters related to the Barangay and where issues on different matters are settled (Local Government Code, 1991).

The Treasurer typically manages, reports, and oversees an organization's finances. Generally, the Treasurer's specific responsibilities are typically outlined in an organization's bylaws. The Treasurer's performance of her duties plays a significant role in the perception, trust, and assurance of the public in the nonprofit as a whole because an organization's fiscal operation is directly related to the responsibilities of the Treasurer. In light of this, businesses should look for treasurers who possess desirable traits like financial literacy, attention to detail, timeliness in completing tasks, clarity and accuracy in record-keeping, and a readiness to engage in dialogue (Berger, 2017).

With all the information acquired about the significant role of a treasurer in a Barangay in managing funds, the researchers conducted this study to describe the practices of Barangay Treasurers in Fund Management in the Barangays of Pagadian City to be able to identify their weak points in terms of managing funds and disbursements. This study focused on describing the practices of treasurers in each Barangay and whether they are performing effectively in managing the funds. Indeed, Barangay Treasurers must have background knowledge supported by training and fund management experience to prevent misrepresenting financial reports.

1.1 Theoretical Framework

Human Capital theory of Becker (2018) encompasses the capitalized investments required to cultivate the economic capabilities geared toward human labor. This involves expenses related to professional education, coupled with living expenses. These outlays are essential in nurturing the physical vessel of human capital—the human body. They encompass the time and resources expended from birth to the commencement of a professional journey, preparing individuals for their chosen vocations (Kozioł et al., 2017).

Economists Mincer, Becker, and Schultz were the primary generation of human capitalists in the early 70s. Consider human capital theory as a less extreme version of eugenics, shedding the idea of inherent abilities and selective breeding. However, it retains the Nietzschean notion that the success of humanity is primarily linked to exceptionally talented individuals. Within human capital theory exist, individuals of remarkable productivity, often called *übermensch*. These *übermensch* achieve more in an hour than most of us manage weekly. Even a mere 1% of these top individuals surpass the productivity of the entire bottom half of society. According to human capital theory, removing half of society would not significantly impact economic output. While few proponents of human capital theory support such extreme actions, the point is that the theory itself harbors the seeds of eugenics and even Nazism (Fix, 2021). On the other hand, this theory points out the influence of education and training on the performance of an individual.

In the context of barangay governance, Human Capital Theory implies that investing in the knowledge, skills, and capabilities of individuals involved in governance can contribute to better decision-making, improved service delivery, and, ultimately, the development of the barangay. It focuses on skills and productivity. This could be valuable in identifying strategies to improve the effectiveness of barangay governance by enhancing the human capital of barangay officials (Arachchi et al., 2020).

2. Objectives

This research delves into evaluating the efficacy of Barangay Treasurers in managing funds. The study entailed conducting individual interviews with 15 participants, aiming to scrutinize practical knowledge in fund management among three distinct groups: graduate Barangay Treasurers with business-related courses, those with non-business-related courses, and high school graduate Barangay Treasurers. Utilizing a multiple case study approach, a qualitative research method that gathers and analyzes non-numerical data, the study seeks to gain deeper insights into the perspectives and experiences of the treasurers. This design is fitting as it enables an in-depth examination and comparison of responses gathered from various Barangay Treasurers across Pagadian City, unveiling clear distinctions and similarities in their answers. The research used a multiple case study. Multiple or comparative case studies involve collecting and analyzing data from several cases. According to Merriam (2002), in a multiple-case study, there are two stages of analysis the within-case analysis and the cross-case analysis.

This study shows the crucial role of Barangay Treasurers in fund management, including the processes of fund management and the personal challenges they encountered and how they manage to overcome it.

3. Literature Review

The 1987 Constitution of the Philippines emphasizes that holding a public office entails a public trust, with accountability for officials in local government being paramount. Additionally, the 1991 Local Government Code delegates power to the Barangay Development Council (BDC) for implementing and executing projects and programs related to development and advancement (Caldo et al., 2015). Barangay treasurers are tasked with maintaining accurate financial records, preparing budgets, ensuring compliance with regulations, and coordinating with local authorities and stakeholders. They also disburse funds for barangay projects and play a vital role in promoting transparency and accountability in financial management (DBM, n.d.).

A study was conducted in Makassar, a government office in India, about the timely delivery of treasurer accountability reports. The study stresses that responsibility and accountability work together and are crucial in government financial management. The budgeting and allocation must be in line with the financial plan and government process for which the Treasurer is responsible and accountable to the power of the State (Rajagukguk et al., 2020).

Fund management is vital in financial operations in every international, national, and local organization, including the Barangay. It is associated with managing the cash flows of an institution. The competence of a person or body that holds the responsibility and accountability of governing the funds is most important to carry out its goals (Vaidya, 2018).

Funds and budgeting are essential for operational activities in organizations, necessitating treasury competence for effective fund management, which is indicative of excellent governance. Studies highlight the positive impact of educational background, training, and knowledge on performance. Higher educational attainment and alignment with job responsibilities lead to better outcomes. Proficiency significantly influences performance, with greater capability resulting in better performance (Budiman et al., 2022). According to Manik (2017), educational background, training, and knowledge of the position or job positively impact performance. Those with higher educational attainment and better knowledge about fund management always do better than those who know less. Also, aligning your college program with your job is a strong influence and factor in performance. Excellent performance comes with great potential and capability; thus, the greater the capability, the better the performance (Dagohoy, 2021).

A study in Olongapo City Local Government assessed the performance of treasurers in supply and property management and cash control. Participants included 17 treasurers, bookkeepers, and the Barangay captain, with a total of 54 respondents. The research used a descriptive survey method with interviews, questionnaires, and observations to measure competency in knowledge, skills, and behavior. Treasurers showed moderate competency correlated with effective fund and property management. They were reported to have high competence in knowledge (weighted mean 4.10), skills (weighted mean 4.03), and behavior (weighted mean 4.33). The study concluded that treasurers need fundamental skills for effective performance and suggested training and seminars to enhance their skills and experience (Mackay, 2016).

The study by Binaluyo (2019) was conducted to gather data on the efficiency of the barangays of San Juan's fund management procedures. The study's objective was to collect data on the effectiveness of the fund management procedures in the barangays of San Juan. Based on the survey results, it was determined that the respondents prioritize adherence to fund management practices or the policies established by the COA due to their perceived efficiency, though areas for improvement were identified. However, the respondents rated the practices for disbursements as being extremely effective.

In Santo Tomas, Batangas, a study was conducted entitled Assessment of Competency Measures of the Barangay Council, which includes the Barangay treasurers as respondents. The Barangay officials and the treasurers were strongly believed to be competent in performing their duties and functions in the Barangay. As a way of consistent evaluation, Sto. Tomas suggested a policy that gives the Sangguniang Barangay an evaluation tool to monitor and regulate its performance and competence closely (Caldo, 2015).

The literature underscores the importance of competency in government fund management practices. Research from diverse locations highlights factors affecting these practices and stresses the importance of constant performance monitoring and evaluation.

4. Research Design

This study utilizes Merriam's Qualitative approach, focusing on understanding human behavior and motivations through exploratory means. It utilizes a multiple case study design to analyze data from various Barangay Treasurers in Pagadian City, aiming to evaluate their efficacy in fund management. Through individual interviews with 15 participants from different educational backgrounds, including graduate treasurers with business-related and non-business-related courses, as well as high school graduates, the study seeks to gain insights into their practical knowledge and experiences in fund management. This approach allows for a comprehensive examination and comparison of responses, revealing distinct patterns and similarities among treasurers.

4.1 Research Environment

The study was conducted in Pagadian City, Zamboanga Del Sur, the primary hub of the Zamboanga peninsula, housing 54 barangays. This location was chosen purposefully to investigate the prevalent practices of barangay treasurers in fund management through interviews. Researchers strategically adhered to local limitations and were strategically stationed to concentrate on the task at hand. Their deliberate focus in one area allowed them to tap into the prevalent cultural context within the neighborhood, providing a comprehensive understanding of the prevailing trends in how barangay treasurers manage funds.

4.2 Research Participants

The research focused on selected Barangay Treasurers in Pagadian City, with data obtained from the Department of the Interior and Local Government. The participants were categorized based on their educational attainment: College graduates with business-related, College graduates with non-business-related courses, and High school graduates. Purposive sampling was used to select five treasurers from each category, representing the target population. The sample size was determined to ensure accurate data collection within an acceptable margin of error, considering the study's objectives (Adam et al., 2020). Demographic profiles of participants were analyzed based on their education attainment to fulfill the study's goals.

4.3 Data Gathering Procedure

Proper research processes ensured the study was carried out successfully and without dispute. Before learning about the barangays in Pagadian City, the researchers obtained an official letter requesting authorization from the instructor, research adviser, and research director. The Philippine Statistics Authority Region IX was the recipient of the letter. Second, the researchers identified the number of barangays in Pagadian City at the Philippine Statistics Authority. The information was then added to determine the population as a whole.

The researchers used an interview guide questionnaire as the research instrument. Before deploying it, they established its dependability by obtaining clearance from research panels and directors. Following their approval, the researchers produced the interview guide for printing and distribution to the participants. The researchers maintained the confidentiality of the interview guide questionnaire participants' thoughts and responses. This was the actual information gathering and collection from the participants. The researchers first requested their permission via a formal letter to verify the participants' willingness and unbiased participation in the research project.

The researchers employed data mining technique through examining the documents or the outputs of the Barangay Treasurers found at the City Accountant's Office where they submit their financial documents. During the conduct of the research, the researchers had on-the-job training at the City Accountant's Office specifically in the Barangay Services Division which all the treasurers submit their documents to our supervisors which are the bookkeepers. The researchers' job was to receive and check the documents submitted by the Barangay treasurers but before integrating their observation in the study, they had sought permission from the Barangay Treasurers to access the documents for review and examination of outputs. The researchers obtained access of the monthly reports, disbursement vouchers, transmittal letters and other related documents necessary in the study. Hence, the researchers found out that some of the responses of the Barangay treasurers regarding their practices contradicts with their outputs such as submitting incomplete documents to the bookkeepers. This method helped the researchers observed how the Barangay Treasurers applied their knowledge into their actual output which is crucial in describing their practices in fund management.

5. Results

This study aims to describe the practices of Barangay Treasurers in Fund Management considering their educational backgrounds in both business-related and non-business fields, including High School graduates, through the research questions listed as follows:

1. How do the Barangay Treasurers manage the collection of funds?

All participants answered that they manage the collection of funds by collecting the payment, recording the transaction to the General Book of Accounts, Issuing Official Receipts, and Depositing the Collections to the bank/local treasury. The certifications and permits are only issued if the payment is made first.

2. How do the Barangay Treasurers control cash disbursement?

Per the COA policy, all participants answered that they disbursed cash by certifying as to the availability of funds and processing disbursement vouchers and supporting documents. They can only disburse cash by processing the supporting documents, including the disbursement voucher.

3. What processes do the Barangay treasurers undertake to liquidate funds?

The Barangay Treasurers unanimously stated that they follow a procedure of fund liquidation prescribed by the city accounting office, which involves meticulously providing the necessary supporting documents that substantiate each transaction and followed by the Submission to City Accountant's Office. The Bookkeeper checks the supporting documents in the City Accountant's Office for validity, legality, and authenticity of the documents submitted.

4. What preparations are necessary to make before the auditing of COA?

The Barangay treasurers prepare a transmittal letter to formally transmit all the financial records and comply with all the financial reports necessary for the auditing process scheduled once every three years prescribed by the COA. The financial reports compose all the financial statements, disbursement vouchers with the official receipts, liquidations, transmittal letters, RAOs, monthly reports, and cash accounts.

5. What are the challenges faced by the Barangay Treasurers in managing funds?

Barangay treasurers deal with administrative hurdles, and issues with grievance management are among the challenges in managing funds. It is essential to guarantee that the documents provided by the barangay are complete when they are processed and sent to accounting, particularly during the COA audit. When there is a lot to prepare, dealing with paperwork may be particularly difficult and stressful. Additionally, the Treasurer may experience difficulties with grievance management when complaints are made about collecting fees or taxes in a barangay. Complaints may result from misunderstandings or unclear charges, payment due dates, or collection techniques.

6. How do the Barangay Treasurers deal with these challenges?

The Barangay treasurers overcame their challenges by implementing measures to resolve them, including scheduling meetings to settle the unpaid balances and maintaining document accountability. Additionally, some barangay treasurers manage the difficulties by accepting the core responsibility

of the position, which requires them to utilize their funds if an emergency arises. Competent barangay treasurers are adept at handling a variety of obstacles that come their way because they have a clear grasp of their duties and a high ability for adaptation.

6. Conclusion

The Barangay treasurer plays a crucial role in a Barangay's effective governance and financial management. Their competencies and dedication contribute to the financial stability, transparency, and progress of the community they serve.

Based on the study's findings, the participants have pointed out the necessary documents and reports for managing the collection of funds, disbursement, liquidations, and auditing by COA. Most participants have the same answer because they followed the procedure prescribed by the Local Government and the COA. The researchers concluded that the participants had shown enough knowledge regardless of their educational attainment. However, skills also matter in being a Barangay Treasurer. Data mining techniques were employed to examine their outputs in regards to fund management practices. While all of the participants responded with full knowledge, some of them, especially the High School graduate Barangay Treasurers failed to meet requirements within the specified timeframe, submitting incomplete paperwork.

Indeed, education equips Barangay treasurers with the knowledge necessary to fulfill their roles effectively. However, there is another factor that contributes to their performance in managing funds aside from knowledge. Skills are also significant and can be learned through experience over time. Hence, participating in training sessions and seminars is crucial for improving both knowledge and skills, preventing stagnation, and staying abreast of modernization.

7. Recommendations

Based on the findings, the researchers endorsed the following recommendations:

- Educational background might be considered as to the qualifications for appointing Barangay treasurer aside from being of legal age, a qualified voter, and an actual resident of the Barangay concerned since their work is crucial as it involves financial transactions.
- To government agencies and other instrumentalities, consider providing and implementing training, seminars, and workshops on fund management, budgeting, computer literacy, accountabilities, ethical standards, and other functions and duties of Barangay Treasurers to further enhance their knowledge and skills.
- To Barangay Treasurers, attend training and seminars to be fully equipped to perform their duties effectively, especially in remote Barangays.
- To future researchers, dig deeper into the skills of the Barangay treasurers in assessing their competence by examining and observing their outputs.

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