

EMPOWERING LOCAL FINANCE: THE PERCEIVED CAPABILITY OF BARANGAY LOCAL GOVERNMENT UNIT OFFICIALS ON THE LOCAL BUDGETING PROCESS

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ABSTRACT

The study focused on the barangays, the smallest and most fundamental governmental unit, specifically to determine the capability of the barangay officials in Bayombong, Nueva Vizcaya, in the four phases of the budget cycle: budget preparation, legislation, execution, and accountability. This research employed quantitative analysis, utilizing a mixed-methods approach, specifically a descriptive-comparative design. The findings indicate that the officials perceived themselves as capable of the four phases of the budget cycle. Data shows that there is no significant difference in the level of capability based on the official's educational attainment, number of seminars attended, position, years of service, and their barangay IRA. However, there is a significant relationship between the level of capability in budget execution and accountability, based on the age of the officials. Moreover, it reveals that lack of budget, lack of training, and lack of knowledge are the common problems encountered by the officials, suggesting the need for targeted training and support to effectively enhance their capacity to manage these responsibilities

Keywords: budget accountability, budget execution, budget legislation, budget preparation, Internal Revenue Allotment (IRA)

INTRODUCTION

Rationale

The United Nations SDG 16, which focuses on fostering peace, justice, and strong institutions, calls for effective governance at the barangay level, particularly in local budgeting. It emphasizes the importance of transparency, accountability, and inclusivity in allocating resources to address community needs. Incorporating SDG 16 principles into barangay budgeting helps leaders focus on social harmony, justice access, and governance which in turn ensures efficient fund utilization, promoting community peace and fairness.

In relation to this, decentralization aims to empower local governments and institutions to address community needs effectively. It enhances the principles of SDG 16 by fostering accountable, transparent, and inclusive governance at the local level, bringing decision-making closer to the people. It allows for more equitable resource distribution, increased public participation, and the development of local capacities, which are essential for creating just and peaceful societies. The degree of decentralization of government in a country can be measured by the local government's autonomy from multiple governmental agencies (Hogye & McFerren, 2003). The Cambodian perceives this as empowering the local government through strengthening democracy, accountability to the public, and the effectiveness of the government (Government of Cambodia, 2005; Romeo & Spyckerelle, 2003).

According to Hope (2000), local budgeting is a salient aspect of the decentralization of the national government power, as this highlights the fiscal authority of the local government and its ability to allocate its resources for projects and programs. In a country like the Philippines that uses bottom-up budgeting, this enables citizen groups and civil society organizations to interact with national and local government entities and increase their responsiveness to the concerns of the populace (Department of Interior Local Government Unit). It also highlights the importance of building awareness among the people on how funds are allocated and utilized and empowers the local government unit officials, as they can center their government on the needs of people, allowing them to initiate Programs, Projects, and Activities

(PPAs) in line with these. Syukri (2005) found that the public and legislatures have become increasingly interested not only in how public funds are allocated and spent but also in how to reduce spending. This highlights the importance of increasing the trust of the populace in government officials especially when it comes to fund utilization and liquidation, as these funds are generated from the taxes of the people.

In the government context, budget is the financial plan for a fiscal year, indicating how resources are generated and used, including the borrowings of the national government (GAM for NGAS, Vol. 1). Budget helps the government emphasize its Program, Project, or Activity (PPA), recognizing the constraints of its economic capability (Lorenzo et al., 2021).

Article X on Local Government of the 1987 constitution empowers the local government to generate revenues, collect fees, levy taxes, and charges, as well as to be entitled to a fair portion of the revenues generated from the use and development of national resources within their areas, which will be allocated for their operational activities. Furthermore, Republic Act No. 7160 or the Local Government Code (LGC) of 1991 established the basis for the devolution or the transfer of powers and resources from the national to local government in the pursuit of empowering the local units to have autonomy in the decision-making process about the needs and demands of their communities. As such, barangays through officials help decentralize the power of the national government, as they provide governance, leadership, service delivery, planning, budgeting, and the consolidation of community-based information systems (Villarin, 2004).

According to Porio and Sarmiento (2019), from the pre-colonial period up to now, barangays have evolved from being a unit that physically represents a group of people to a government that is now addressing and representing them to the city or municipality by their barangay planning and development activities and programs to address their socio-political and economic needs. The barangay, as the main implementing unit, is tasked with planning and developing programs and projects, executing the policies of the government and activities within the community, initiating projects within its jurisdiction, and providing basic services to the people (Boysillo, 2017).

The Budget Operations Manual issued by the Department of Budget Management (DBM) stipulates the key activities of barangays in the local budgeting process. Budget preparation is the first phase of the local budget process. It involves cost estimation per PPA, preparation of budget proposals, executive review of budget proposals, and preparation of the Local Expenditure Program (LEP) and the budget message. This phase starts with the issuance of the budget call and ends with the submission of the executive budget to the Sanggunian on or before October 16 of each year. Budget legislation is the second phase in the local budget process. This phase starts from the time the Sanggunian receives the LEP submitted by the local chief executive and ends with the enactment of the AO and approval thereof by the LCE. Budget execution involves recording appropriations, allotments, cash certification, obligations, disbursements, and efficient delivery of goods and services to the inhabitants and locality, following the recording of actual obligations and disbursements. Finally, budget accountability involves managing the budget, tracking income/revenues and expenditures, and providing continuous information to stakeholders. It involves monitoring financial transactions, recording accounts, and reporting on the implementation of PPAs, ensuring transparency and accountability in the budget cycle.

Studies have been conducted on this but are limited to certain factors. For example, a study conducted in the municipality of Santo Tomas, Davao del Norte, regarding the local budgeting process was limited to the officials' educational attainment to determine the level of capability of the local budgeting process. This study highlighted the difference in the level of capability of barangay officials according to their educational attainment which came out to be a crucial factor that plays a significant role in distinguishing the varying levels of capability among barangay officials. This differentiation based on education level holds sway over the

performance and effectiveness of these officials, particularly in the context of the local budgeting process. However, there could be other factors that need to be considered. Hence, this study aimed to determine the capabilities of barangay officials regarding the local budgeting process, specifically, on budget preparation, legislation, execution, and accountability, considering other factors such as barangay IRA, age, educational attainment, NCIII Certification, position, years of service, and trainings or seminars attended. This study aimed to provide benefit to barangay officials themselves, as this study can help them reflect and assess their level of capability on the local budgeting process, which can be coordinated with government agencies such as the Department of Interior and Local Government (DILG) and Department of Budget Management (DBM) to provide necessary measurement to improve areas that are deemed necessary.

Statement of the Problem

This research aims to determine the extent of the capability of elected officials in the barangay of Bayombong, Nueva Vizcaya, on the local budgeting process in the second semester of the academic year 2024-2025.

It specifically sought to answer the following questions:

1. What is the respondents' profile in terms of:

- 1.1 Age;
- 1.2 Educational Attainment;
- 1.3 NC III Certification;
- 1.4 Position;
- 1.5 Years in Service;
- 1.6 Number of Seminars Attended About Budgeting; and
- 1.7 Population Size?

2. What is the level of barangay officials' capability on the process of local budgeting in terms of:

- 2.1 Preparation;
- 2.2 Legislation;
- 2.3 Execution; and
- 2.4 Accountability?

3. Is there a significant difference in the level of the barangay officials' capability on the process of local budgeting when grouped according to profile variables?

Statement of Hypothesis

There is no significant difference in the level of the barangay officials' capability on the process of local budgeting when grouped according to profile variables.

METHODOLOGY

This research employed a mixed-method approach, specifically a descriptive-comparative design, to evaluate the capability of barangay officials in the local budgeting process. The study was conducted in Bayombong, Nueva Vizcaya, with respondents drawn from barangay officials. A total of 16 barangays were selected- eight with the highest population sizes and eight with the lowest- out of the 25 barangays in Bayombong. The researchers deliberately chose the extreme groups to determine whether a significant gap exists in their level of capability in local budgeting. Respondents included the barangay chairman, barangay treasurer, barangay secretary, and chairman of the Committee on Finance, totaling sixty-four (64). Frequency and percentage were used to analyze the respondents' profiles, while

mean and standard deviation were employed to assess the officials' capability in budgeting across four areas: budget preparation, legislation, execution, and accountability. Chi-Square test was applied to determine a significant difference in the level of the barangay officials' capability on the process of local budgeting when grouped according to profile variables.

RESULTS AND DISCUSSION

Section 1. Respondents' Profile

Most of the respondents are in the older age bracket; the majority have a bachelor's degree; they are new to local government and have attended a few seminars pertaining to the local budgeting process. On the other hand, only four (4) among the 64 respondents have an NC III certification, hindering the researchers from determining if there is a significant difference in the level of capability when grouped according to NC III certification. But although NC III certifications are highly valued, their absence is not entirely indicative of failure in terms of their capability in the local budgeting process.

Section 2. Level of Capability of Barangay Officials on the Local Budgeting Process

2.1 Barangay Officials' Level of Capability on the Local Budgeting Process in Terms of Budget Preparation

The barangay officials perceived themselves as capable of performing their function with a good understanding of and capability in budget preparation. Reviewing the budget proposal regarding consistency with the Annual Investment Plan (AIP) and formulation of the executive and legislative agenda obtained the highest and the lowest mean scores, respectively, among the activities of budget legislation.

This supports the study by Base (2023), which found that barangay officials are capable in formulating plans, integrating sectoral plans, and developing the local development program that aligns with the AIP. Moreover, the barangay officials were found able to properly perform their tasks in reviewing the consistency of the budget proposal with AIP.

The Budget Operations Manual for Local Government Units (BOM for LGUs) defines the Annual Investment Plan (AIP) as the yearly allocation that is derived from the broader Local Development Investment Plan (LDIP), which stipulates the comprehensive resource requirements for all programs, projects, and activities PPAs. In addition, Sec. 317 [b] of the same code mandates that budget proposals of the LGU shall indicate briefly the functions, projects, and activities for the next fiscal year, the expected results for each, and the work to be accomplished with details thereon pertaining to specific expenditure items for every function, project, and activity.

The annual investment plan serves as the guide for the barangay officials to prepare their budget proposal; in another way, budget preparation commences when the AIP is approved by the Sangguniang Bayan. Moreover, according to (BOM for LGUs), the budget must fund the PPAs included in the AIP to ensure plan-budget connection where the local budgets truly operationalize the approved AIP and LDIP. Under this activity, the budget proposal must align with the rationale of the PPAs. Also, the budget proposal evaluates major output and performance indicators, targets, and cost criteria.

It is worth noting that barangay officials have a limited understanding of the activities within the Executive and Legislative Agenda (ELA), considering that this agenda unites the executive and legislative branches under a shared vision, mission, goals, and objectives, while addressing priority issues. A solid awareness of the ELA can empower barangay officials to plan and budget effectively, as it provides a 3-year development roadmap for the local government unit (LGU). Through the ELA, officials can identify outcomes that contribute to the LGU's

long-term vision, highlight priority programs and projects to achieve these outcomes within the terms of elected officials, and systematically allocate local resources expected to be generated or mobilized over the 3-year period of the Local Chief Executive (LCE) and Sanggunian. Therefore, a lack of understanding of the ELA may hinder the LGU's ability to guide local leadership in delivering essential services that improve the community's quality of life.

2.2 Barangay Local Government Unit Officials' Level of Capability on the Local Budgeting Process in Terms of Budget Legislation

The barangay officials perceived themselves as capable of performing their function with a good understanding of and capability in budget legislation. The executive budget's consideration as a key legislative and analysis of the budget to ensure compliance with statutory and administrative requirements obtained the highest and lowest mean scores respectively among the activities of budget legislation

The result implies that the officials perceive their limitations of their legislative actions specifically on the execution of their executive budget. Consideration of the executive budget as a priority measure for legislation is important as there are imposed limitations on the legislative action of the barangay local government officials, because they cannot add new items or raise the projected amount in the executive budget other than to cover contractual and statutory responsibilities; in short, they cannot go over the executive budget's total appropriations (Article 415 [a] of the IRR of the LGC).

According to Base (2023), barangay officials collaborate with the community to implement budget priorities. This engagement ensures that allocations align with community needs, which is essential for legislation that fosters effective local development. Dagohoy (2021) also stated that the Department of Budget and Management (DBM) provides guidelines and manuals about the budgeting process. This manual helps barangay officials follow the DBM guidelines on budget preparation for implementation. Legislators are expected to actively promote good governance and fiscal transparency. This capability ensures the rigorous preparation and enactment of appropriation ordinances, thereby mitigating potential financial risks and legal consequences.

Moreover, according to the *Budget Operations Manual for Local Government Units* (2016), the legal and administrative requirements of the budget must be fulfilled. Specifically, the budget must: (a) provide adequate funding for the delivery of basic services and the maintenance of facilities as enumerated under Section 17 of Republic Act No. 7160; (b) align the proposed expenditure program within the recommended ceilings for economic, social, and general public services; and (c) ensure that the requirements of component LGUs are considered and equitably allocated.

Overall, the barangay officials perceived a good understanding of the activities related to budget legislation. However, it is worth noting that the approval process through the enactment of the Appropriation Ordinance (AO), which authorizes the barangay's budget, received a lower score compared to other activities. The enactment of the AO is crucial, as it formally approves the barangay's annual budget. The fact that barangay officials overlooked this important step suggests that they may have focused more on other activities. This is particularly significant given that barangay officials are required to be present during budget deliberations in the Sangguniang Bayan, and the Sangguniang Barangay has the authority to adjust budget appropriations during the legislative phase of the budgeting process. Furthermore, as the legislative body responsible for enacting ordinances related to the barangay, the Sangguniang Barangay should be fully aware of the importance of the Appropriation Ordinance, which is a key legal instrument that authorizes the use of funds and facilitates the implementation of the barangay's PPAs.

2.3 Barangay Local Government Unit Officials' Level of Capability on the Local Budgeting Process in Terms of Budget Execution

The barangay officials perceived themselves as capable of performing their function with a good understanding of and capability in budget execution. Understanding the general liability for unauthorized expenditures, understanding the Philippine Public Sector Accounting System (previously NGAS) and comprehension about budgetary research obtained the highest and lowest mean scores respectively among the activities of budget execution

The high scores imply that officials have particular strengths in identifying legal consequences for improper expenditure and understanding accounting systems that regulate financial transactions in the public sector. It is pertinent for barangay officials to be aware of the inherent delimitation of their jurisdiction especially on the disbursement of the funds as it can be a grassroots of corruption.

Moreover, it is expected for a public servant to have an understanding of the general liability for unlawful expenditures as they must be accountable for every peso under their custody to avoid corruption within their administration. According to the Department of the Interior and Local Government (DILG) report, the PNP Criminal Investigation and Detection Group is currently investigating 183 barangay officials for suspected graft and corruption related to the distribution of the Social Amelioration Program (SAP) during the pandemic.

Conversely, these results contradict Delos Santos (2021), who observed that barangay officials encountered significant challenges when utilizing National Government Agencies (NGAs). Furthermore, according to Dagohoy (2021), the delays in the execution and disbursement of the barangay funds are linked to the lack of orientation and knowledge of the system. However, since it was amended, the contradiction to the other findings can indicate that the barangay officials are able to grasp the new system. In line with this, the GAM for NGAs outlines the accounting policies based on the PPSAS, along with the guidelines and procedures for accountants, budget officers, cashiers, property officers, accountable officers, and other finance staff in documenting and reporting government financial transactions. It serves as a reference for preparing financial statements and other reports, as well as for completing and maintaining various registries, records, and forms.

Additionally, budgetary research scored the lowest among the activities under budget execution. During our data gathering, the barangay officials were found to be unaware of the budgetary research showing a link to why this area scored the lowest. It also indicates that budgetary research is not a usual activity of budget execution since the budget per PPAs are estimated and allocated based on the budget of the barangay of the previous fiscal year. Additionally, the barangay treasurer provides an income estimate to serve as a funding source for the budget, along with detailed Statements of Income and Expenditures. These documents form the basis for preparing the budget for the next fiscal year. Since these are used as the basis for the allocation of their budget, research is not used by the officials to determine all the expenses that are required to successfully execute their PPAs.

2.4 Barangay Local Government Unit Officials' Level of Capability on the Local Budgeting Process in Terms of Budget Accountability

The barangay officials perceived themselves as capable of performing their function with a good understanding of and capability in budget accountability. Submission of accountability reports to COA and other higher agencies and awareness of the functions and responsibilities of the Commission on Audit (COA) as to the disbursement of local funds and statements of accounts as being mandated by law obtained the highest and lowest mean scores respectively among the activities of budget accountability.

The high score for submitting accountability reports to COA and other higher authorities can be attributed to the communication by the different agencies, Liga ng mga Barangay, and the

DILG to the different barangays to submit different documents and reports promptly. Also, since some of the officials already hold a position in the barangay government unit, they are already aware of the submission of these documents and reports. Furthermore, as stated in COA-DBM Joint Circular No. 2019-1, agencies are required to regularly submit accountability reports to the Department of Budget and Management (DBM) and the Commission on Audit (COA), in accordance with the relevant provisions in the General Provisions (GP) of the annual General Appropriations Act (GAA). The format, content, and submission deadlines of the BFAR are designed to align with and support budgetary reforms. Constant updating is necessitated to facilitate consolidation and harmonized integration of the aforementioned developments into the reports. This ensures that adequate information is produced to allow the overseeing agencies: COA and DBM to effectively report, monitor, and evaluate agency performance promptly, providing a basis for informed policy decisions.

Dagohoy's (2021) study suggested that barangay officials are aware of the Commission on Audit's mandate to monitor and inspect the financial operations of their barangay government units. In contrast, the barangay officials in this study demonstrate limited awareness of the Commission on Audit's role in overseeing and evaluating their financial operations. This implies that barangay officials are less responsive to the COA's responsibility to ensure accountability and transparency in government operations, as outlined in the 1987 Constitution, especially since their utilization and disbursement of their funds is under the jurisdiction of the agency to conduct audit annually or when deemed necessary. Moreover, this indicates a lack of service training seminars that can help the barangay officials understand their duties and responsibilities.

The contradictions observed in the answers provided by barangay officials highlight a significant discrepancy in their understanding and perception of activities related to budget accountability. While they are acknowledging the importance of submitting accountability reports to COA and higher agencies, their awareness of the functions and responsibilities of the Commission on Audit (COA) in terms of local fund disbursement and financial statements showed a relatively lower score compared to other activities. These inconsistencies underscore a communication gap between COA and barangay officials. It appears that the municipal bookkeeper plays a crucial role as a liaison connecting barangays with COA, as direct communication between the two parties seems limited. Consequently, the instructions from the bookkeeper regarding the submission of accountability reports to COA may have been followed merely as a form of compliance rather than a true understanding of its necessity in relation to their responsibilities and in compliance with COA mandates. This lack of comprehensive understanding could also indicate that the bookkeeper might not be adequately assisting COA in educating barangays about the significance and purpose behind these reports.

Table 1 shows that among the phases of the local budgeting cycle, budget legislation has the highest overall mean of 3.24. This finding implies that barangay officials perceived that they possess a good understanding of and capability in budget legislation, enabling them to perform their functions effectively. According to Floranza (2021), barangay officials' particular position within local government allows them to mobilize resources efficiently and directly address community concerns, contributing to their high performance in budget legislation. Several factors, including their educational background, governance capacity, and socioeconomic environment, influence their effectiveness in this area.

Table 1

Level of the Capability of Barangay Local Government Unit Officials on the Local Budgeting Process

Budget Process	Level of Capability				Overall Mean	Qualitative Description
	Not Capable	Slightly Capable	Capable	Very Capable		
Budget Preparation	0(0%)	4 (6.3%)	39 (60.9%)	21 (32.8%)	3.19	Capable
Budget Legislation	0(0%)	2 (3.1%)	40 (62.5%)	22 (34.4%)	3.24	Capable
Budget Execution	0 (0%)	7 (10.9%)	39 (60.9%)	18 (28.1%)	3.07	Capable
Budget Accountability	0(0%)	5 (7.8%)	37 (57.8%)	22 (34.4%)	3.15	Capable

Legend: 1:00 – 1:49: Not Capable; 1.50 – 2.49: Slightly Capable; 2.50 – 3.49: Capable; 3.50 – 4.00: Very Capable

Respondents noted, however, that delays in the approval of the Sangguniang Bayan (SB) can postpone budget implementation, impacting fund utilization and the execution of PPAs. One respondent remarked, "Noong nagpasa kami ng budget namin, antagal naman halos 6 months before ma-approvan" [When we submitted our budget, it took too long, almost 6 months, for it to be approved]. While amendments by the SB are essential to ensure proper budget utilization and implementation, timely approval is also critical. Expedient approval would enable barangays to mobilize resources for their devolved functions and services.

Furthermore, although barangay officials perceived that they have the capability in budget execution, this phase has the lowest mean of 3.07 among the budgeting cycle phases. Studies by Dagohoy (2021) and Base (2023) similarly indicate that budget execution scored lowest in terms of capability in the local budgeting process. Notably, the critical aspects of this phase include cash collection, allotment release, and disbursement for approved PPAs; yet, as evident in the table, these activities have the lowest mean among key tasks in budget execution. This may suggest that barangay officials focus more on other facets of this phase than on the critical elements. Layug et al. (2010) also observed a mismatch between barangays' delivery capacities and the devolved functions mandated by the 1991 Local Government Code (LGC), with financial limitations affecting their operations. In particular, much of their budget is allocated to personnel services, leaving minimal resources for Maintenance and Other Operating Expenses (MOOEs).

Section 3. Significant Difference on the Level of Capability of Barangay Officials on the Local Budgeting Process

3.1 Significant Difference in the Level of Capability of Barangay Local Government Unit Officials on the Local Budgeting Process According to their Age

There is no significant difference in the level of capability of barangay officials on the local budgeting process, specifically in terms of budget preparation and legislation when grouped by age. However, there is a significant difference in terms of budget execution and accountability.

This assertion aligns with studies by Padula et al. (2012), Ng and Feldman (2017), and Murray et al. (2019), which suggest that age and task performance are largely unrelated. Thus, age does not appear to significantly influence officials' capacity to perform their duties,

dispelling stereotypes that older workers may be less effective than their younger counterparts. Instead of viewing age as a primary determinant of capability in budgeting, particularly in preparation and legislation, this perspective highlights the importance of experience, adaptability, and tailored job design, which enhance performance across age groups.

Further, the nature of budget preparation and legislation, which involves paperwork, ordinance drafting, and assembly facilitation, may make it easier for barangay officials to understand and execute their roles. According to the International Monetary Fund, it is generally more effective to control government expenditures at the "upstream" stage of budget preparation than later during budget execution, suggesting that familiarity with preparatory tasks may aid officials across age groups in these activities.

However, the respondents' awareness of budget execution varies according to age. This may be because different age groups tend to have distinct perceptions of the tasks they encounter. Younger individuals typically have a more positive impact on processes, as they are more innovative, adaptable, and open-minded compared to older individuals, who are generally more conservative and have different preferences when it comes to allocating and preparing budgets.

Interestingly, this contradicts the result of this study where barangay officials with older age perceived themselves more capable than their younger counterparts in terms of budget execution and accountability. These are essential aspects of the budgeting process, as they involve implementing the budget and maintaining checks and balances on fund disbursement. These phases require more than drafting budget proposals and interacting with agencies; they also demand the ability to enforce and uphold fiscal responsibilities.

3.2 Significant Difference in the Level of Capability of Barangay Local Government Unit Officials on the Local Budgeting Process According to Their Educational Attainment

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

Education generally plays a crucial role in improving administrative quality in local governments. Dagohoy (2021) confirms this through a study in Santo Tomas, Davao del Norte, which found that the educational level of elected and appointed officials contributes positively to their ability to fulfill their mandates. Similarly, Arezki and Quintyn (2013), as cited in Dagohoy (2021), assert that higher educational levels among civil servants enhance performance in civil service, leading to more informed decision-making. However, the result contradicts these assertions as there is no significant relationship between the level of capability and their educational attainment.

Being a government official is considered a noble profession that involves providing essential services to the community and ensuring the overall welfare of the people. Despite the importance of this role, it was found that there is no significant difference in the capability of officials in managing the budget in terms of education. This suggests that regardless of their educational background, government officials are able to comprehend their fiscal responsibilities adequately. This contrasts with professions that require specific educational qualifications for a full understanding of their duties. Surprisingly, the only prerequisites for becoming a government official are citizenship and basic literacy skills, making the role seemingly more accessible compared to other professions. To support officials in their roles, the Department of the Interior and Local Government (DILG) and the Department of Budget and Management (DBM) provide manuals that outline the mandates and limitations of their duties. These guidelines serve as valuable resources for officials to refer to, eliminating the need for a structured curriculum to learn and apply the contents effectively. This proactive approach ensures that government officials are equipped with the necessary knowledge and guidance to fulfill their responsibilities competently.

Nonetheless, post-graduate respondents consistently scored the highest across different budget process phases, indicating that their advanced knowledge may enhance their capability relative to others. According to Floranza (2021), barangay captains with college-level education demonstrate greater capabilities in fiscal administration than in legislative or judicial roles, suggesting that education supports a more comprehensive understanding of fiscal responsibilities. Outreville (2013) corroborates this saying that individuals with higher levels of education or literacy tend to have greater awareness.

3.3 Significant Difference in the Level of Capability of Barangay Local Government Unit Officials on the Local Budgeting Process According to Their Position

There is no significant difference in the level of capability of barangay officials on the local budgeting process when grouped according to their position.

Barangay officials are public servants with a responsibility to be a custodian of public funds and are primarily responsible for utilizing the funds for the welfare of the people. It is important to be knowledgeable about the function of the local government, regardless of their position. According to Molina et. al (2024), it suggests that there is no advantage in the comprehension of whether respondents are elected officials or appointed, or most especially, whether they are in the highest position compared to the lower ones.

Moreover, this contradicts the findings of Fedelin et al. (2019) that there is a significant difference between the level of awareness of barangay officials in terms of budget preparation, budget authorization, budget execution, and budget accountability when grouped according to their position. Stating that every position has its responsibility and an official being put in a position that calls for more comprehension and rationality would usually be more knowledgeable and experienced in the field than those who are positioned lower and aren't supposed to have that certain level of intellectual capacity.

It is important to note that the barangay chairman showed the highest mean on all the phases of the budget cycle, indicating that the position holds the highest capability among the respondents. A barangay chairman plays a crucial role in budgeting since they are in charge of directing how local funds are distributed and utilized to address needs in the community. Their leadership has a direct impact on grassroots service delivery and budgetary management. Furthermore, the manual of financial management of barangays of the Commission on Audit (COA) states that as the head of the agency, it is responsible for coordinating with the barangay development council, preparing the annual executive and supplemental budgets of the barangay, implementing function, project contracts, and activities to provide basic services and facilities to the barangay as appropriate as its basic duties.

3.4 Significant Difference in the Level of Capability of Barangay Local Government Unit Officials on the Local Budgeting Process According to Their Years of Service

There is no significant difference in the level of capability of barangay officials on the local budgeting process when grouped according to the number of years in service. This suggests that the measured outcomes are consistent regardless of how long employees have been in service. Prior studies found that years of service does not always lead to significant variations in key performance or engagement (Ng & Feldman, 2010).

3.5 Significant Difference in the Level of Capability of Barangay Local Government Unit Officials on the Local Budgeting Process According to the Number of Seminars

There is no significant difference in the level of capability of barangay officials on the local budgeting process when grouped according to the number of seminars attended except for the area of budget execution.

Ganaban (2023) found that training and seminars are crucial for improving and broadening officials' understanding of their roles and responsibilities and that they are a fundamental element of the barangay. Thus, these seminars are important for skill

enhancement, knowledge sharing, and networking. They help officials better understand policies, governance frameworks, and emerging trends, improving public service delivery. They also contribute to capability development in key aspects, such as knowledge enhancement, skill development, networking and collaboration, and policy implementation.

The findings of the study raise an important point of contradiction when compared to the aforementioned assertions that attending seminars significantly enhances the capabilities of barangay officials. The apparent contradiction in the data questions not only the reliability but also the overall effectiveness of the seminars conducted by the DILG. It prompts a closer scrutiny of the impact these seminars have on the skill development and empowerment of officials. The study suggests that there might not be a tangible difference in the capabilities of officials who attend these seminars compared to those who do not. This insight sheds light on the need for a reevaluation of the current seminar structure and content to ensure that they genuinely contribute to the enhancement of skills and knowledge among barangay officials. It also underscores the importance of considering alternative methods or supplementary approaches to capacity-building that could potentially yield more promising outcomes. Ultimately, this new perspective challenges the conventional wisdom surrounding the value of seminar attendance and calls for a more nuanced and critical approach in assessing the true effectiveness of these training initiatives.

The results also contradict the findings of Deros et al. (2012) that is a significant improvement in the participants' knowledge, understanding, and practices from pre and post-seminars. In this study, it is worth noting that the number of seminars did not show a significant difference in the level of capability regarding the local budgeting process even if according to the respondents, "kulang sa training or kaalaman sa paksang ito" [We are lacking in training or knowledge in this aspect]. Another said, "Hindi pa kami 100% sa budget namin, kaya ginagawa namin nagpapaturo kami sa budget office, nagtatanong kase mahirap naman na palpalaran" [We are not 100% sure about our budget so we ask help from the budget office. We ask aid because there would be problems if we don't prepare it correctly], indicating the necessity for the barangay officials to undergo different seminars that will help them to be more capable in the budgeting process.

According to the respondents, they can not grasp the concepts within the seminar period and eventually forget what has been discussed with them. Moreover, the seminars are conducted entailing expenses at the end of the barangay. Although there is an allotted percentage in their budget for representation expenses, this may be insufficient. In a study conducted by Molina et al. (2024), barangay chairmen considered training and seminars to be too lavish with their funds.

3.6 Significant Difference in the Level of Capability of Barangay Local Government Unit Officials on the Local Budgeting Process According to Their Population Size

There is no significant difference in the level of capability of barangay officials on the local budgeting process when grouped according to the barangay population size.

This contradicts the assertion of Monocay and Mejica (2020) that barangays with high populations and incomes have a significant difference in the level of governance performance compared to barangays with low populations and incomes, specifically in the areas of social services, disaster, and environment management. Based on the result, regardless of the population size, a factor in the determination of the IRA, the barangay officials could fulfill their tasks in the budgeting process.

Results reveal that the barangay's Internal Revenue Allotment (IRA) may vary but the level of capability observed in the local budgeting process does not show any significant differences. This suggests that the limited funds available to the barangay do not necessarily impact the procedural aspects, such as the required accountability reports or the prioritization of Programs, Projects, and Activities (PPAs) to be implemented. It is important to note that the

capability of a barangay is not solely dependent on its financial resources but is also influenced by factors like efficient resource management, project planning, and program execution. With strong administrative practices and active community participation, the overall capability of barangays can be strengthened, regardless of their IRA levels. Effective leadership plays a critical role in optimizing limited resources; adept leaders are able to make the most out of scarce funds, whereas ineffective ones may struggle to efficiently utilize even higher IRA allocations. Thus, a barangay's capacity to effectively handle its budget and ensure the successful implementation of programs is a multifaceted aspect influenced by various factors beyond just the financial support received from the IRA.

CONCLUSION AND RECOMMENDATIONS

Conclusion

1. The majority of the respondents are in the older age bracket, bachelor's degree holders, new in the local government, and have attended a few seminars pertaining to the local budgeting process. On the other hand, only a few have an NC III certification, hindering the researchers from determining if there is a significant difference in the level of capability when grouped according to NCIII Certification. Although NC III certifications are highly valued, their absence is not entirely indicative of failure in terms of capability in the local budgeting process.
2. The respondents perceived a strong understanding of and capability on the local budgeting process, specifically in areas such as budget preparation, legislation, execution, and accountability. In connection to the aforementioned conclusion, although the respondents perceived themselves as capable of the local budgeting process, there are integral parts of the budget legislation, execution, and accountability that obtained low mean scores, which the respondents are expected to obtain greater means since these are fundamental in the fulfillment of each budget phase.
3. Respondents' age does not affect their level of capability in terms of budget preparation and legislation of the budgeting process but shows a significant relationship in execution and accountability. Meanwhile, the respondents' educational attainment, position, years in service, and the population size of the barangay they are serving do not affect their level of capability in the local budgeting process. When it comes to the number of seminars attended regarding local budgeting, it does not affect their capability in the budgeting process except execution.

Recommendations

For the Barangay Officials. To have greater efficiency in the management of the budget cycle, it is imperative for them to focus and dedicate more resources towards the key activities involved in each phase of the process, especially on budget legislation, execution, and accountability.

For the Department of Budget and Management (DBM). It is highly recommended for this department to revisit and thoroughly review the comprehensive budget operations manual specifically designed for barangays to help the barangay officials increase their capability and guide them in improving the integral aspect of each budget phase.

For the Commission on Audit (COA). This department can emphasize the importance of regular monitoring and evaluation by proposing periodic budget reviews. These reviews would help assess compliance with allocated funds and promptly address variances.

For the School of Accountancy and Business (SAB). The Accountancy Department, as part of their community extension projects, can conduct seminars or provide a manual on GAM for NGAs to help the officials familiarize themselves with the government accounting system that they use.

For Future researchers. They can explore more variables, such as municipalities, demographic profile, factors such as changes in technology and policy, that may affect the level of their capability. Moreover, they may opt to focus on investigating the actual capabilities of officials by using objective assessments. This will help determine if there is a gap between what officials perceive as their capability and their actual performance in fulfilling their roles in the budgeting process. This approach can provide insights into areas needing improvement and potential training needs. Furthermore, they may also consider assessing middle barangays aside from the top and lowest barangays in terms of their population size in order to observe the gap, not just the extreme ones.

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