



# 2011 Monitoring and Evaluation Report

on the

**Strategic Financial Management Plan 2011-2015**

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# 2011 Monitoring and Evaluation Report

## Strategic Financial Management Plan 2011-2015

### I. Introduction

The Strategic Financial Management Plan (SFMP) of the Provincial Government of Bohol (PGBh) is an integrated five-year plan for achieving financial sustainability necessary to maintain and improve the quality of its services. The SFMP provides the financial management strategies to help meet its statutory obligations consistent with its policy directions. The Plan provides a single point of reference for a range of statutory obligations and financial management information.

The SFMP shows the direction of the provincial government in the generation and utilization of its financial resources for the next five-year period, 2011 to 2015.

The PGBh is at the forefront in terms of providing development programs and projects to its Boholano constituents. The Executive-Legislative Agenda (ELA), which is embodied in the overarching provincial framework of HEAT (which stands for Health and Sanitation, Education and Technology, Agriculture and Food Security, and Tourism and Livelihood), summarizes its direction of governance. This is further supported by provincial strategies collectively known as LIFE HELPS or Livelihood and Tourism, Infrastructure, Food Security, Education, Health, Environment, Leadership Development, Peace and Order, and Sports and Youth Development (*see Figure 1 for the PGBh Overarching Development Framework*).

With all these developmental directions of the PGBh, the Province being a first class province is expected to have the capability to fund service delivery at a level befitting its income category. In 2011, PGBh's total actual income was decreased by P41.6 million which resulted in the realization that the PGBh needs to increase locally generated revenue sources. The PGBh has to raise the needed funds for all these projects and programs which could have been funded by the lost IRA. As the provincial taxing powers are limited, there is a need to tap non-traditional resources of revenue to cover up succeeding decreases of IRA.

## Bohol Vision



*A prime eco-cultural tourism destination and a strong, balanced agro-industrial province, with a well-educated, God-loving and law-abiding citizenry, proud of their cultural heritage, enjoying a state of well-being and committed to sound environmental management*

## SFMP Vision

*A financially stable Provincial Government governed by sound fiscal policies that promote transparency, accountability and efficiency, installed and operated with effective resource management mechanisms and sustainable revenues to support development initiatives*

## SFMP Goal

*Provide sustainable fiscal policies and regulatory frameworks that support a strong and vibrant provincial economy*

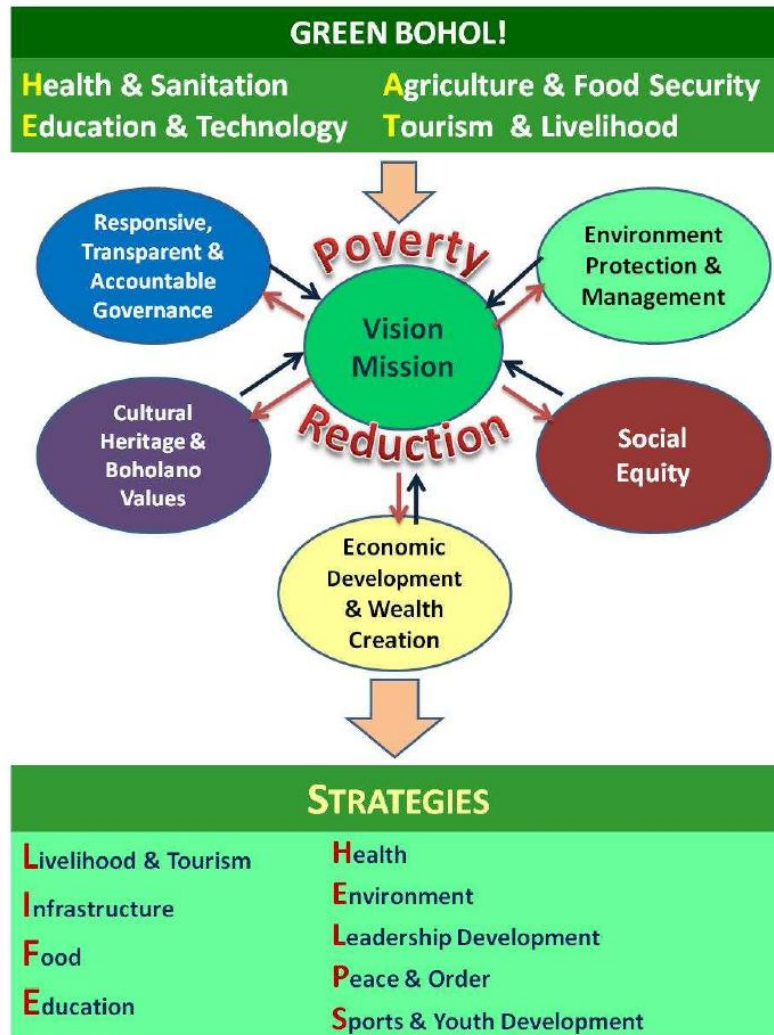


Figure 1. PGBh Overarching Development Framework

## Objectives of the SFMP

It is under this predicament that the financial offices of the Provincial Government came up with the idea of crafting its own Strategic Financial Management Plan for 2011 to 2015. The document is a follow up of the Bohol Medium-Term Financial Plan of CY 2006 to 2010 and this is the result of a combined process of analyzing the historical data on past performance and scanning both the internal and external environments of the province. The SFMP aims to:

1. Support the objectives and directions of the provincial government as spelled out in the Provincial Development and Physical Framework Plan (PDPFP) and carry on the goals and objectives of the Provincial Roads Management Facility (PRMF);
2. Advance the systems and processes of planning, budgeting and financial reporting in order to rationalize the allocation and utilization of economic resources;
3. Expand the resource mobilization base as a precondition for the generation financial resources and the sustainability of programs and projects; and
4. Develop the capacity of organizational units and individuals involved in financial management.

The SFMP will help the PGBh in developing its financial performance which will result to an increase in locally generated revenue, maximization of the use of its limited resources and the implementation of priority programs, projects and activities that will provide greater socio-economic benefits to the Boholano constituents. It will also promote good governance, transparency and accountability which will help the province to efficiently and effectively perform its mandate role and function. It is consistent with the vision of Bohol to be a prime eco-cultural tourism destination and a strong and balanced agro-industrial province.

The SFMP has four major components:

- Provincial Fiscal Profile: 2004-2009
- Financial Management Strengths, Weaknesses, Opportunities and Threats
- Financial Management Development Plan
- Implementation Mechanism and Plan of Actions

## **II. The SFMP Monitoring and Evaluation (M&E) System**

The SFMP set goals and objectives which are translated into initiatives and activities identified in the Plan. This made up the strategic financial direction of the PGBh. In order to facilitate and ensure that the PGBh is on track in the implementation of the SFMP, a Monitoring and Evaluation (M&E) System has been adopted.

Unfortunately for CY 2011, the M&E System of the SFMP is still not in place. Although each finance department of the PGBh conducts yearly assessment and planning activities of its own office operations, the M&E System of SFMP is still a concept. The M&E predetermined activities, which should have as an output an operating SFMP M&E System, are still unimplemented. To manage the deficiency, the designation of the so-called Office Monitoring and Evaluation Officer as per Governor's Office Memorandum dated December 28, 2010 was done in order to determine the Sectoral Monitoring Units of the Provincial Monitoring and Evaluation System (ProMES). This team is now being utilized as the temporary SFMP M&E team and writers.

During the process of writing this M&E Report, this ad hoc M&E Team was able to see that the SFMP M&E System will:

- Monitor the implementation of the various identified strategies and activities set and committed by various offices of the PGBh;
- Build its framework on the overall goals and objectives of the SFMP and its supporting plans;
- Utilize the targets and indicators that have been agreed upon by key responsible offices;
- Establish a clear link between activities, desired outputs and results and the objectives/goals that each activity is trying to achieve;
- Look at timelines for each activity as well as budgetary and resource requirements;
- Provide feedback mechanism through its reportorial and consultative arrangements ensuring that the activities, issues and concerns of offices in relation to the plan implementation are reported and discussed with management and concerned parties; and,
- Help in resolving and mitigating issues as well as improving operational arrangements for the implementation of the SFMP.

To ensure acceptance from its stakeholders, the M&E System including its institutional arrangements, processes and tools, will have to be approved by the PGBh management. Once crafted and approved, eventual integration into the overall M&E System of the PGBh is envisioned.

This proposed M&E System will cut across the different financial offices of the PGBh. Each office will have its own M&E Validation Officers who will get the data from the Administrative Officers of each office. The Administrative Officers will coordinate with various Division Heads of the office and gather the data needed by the M&E Validation Officers. The M&E Validation Officers will then verify the validity and compliance of the targets and then use the data in crafting the SFMP M&E semi-annual reports. The resulting M&E Report will be presented to the Local Finance Committee (LFC) and the Local Chief Executive with the LFC deliberating on the status of the implementation of the plan. Deliberation will include planning for the next year's initiative, activities and decisions which will be communicated back to the SFMP M&E Validation Officers as input for next year's monitoring and evaluation.

Monitoring and evaluation of SFMP implementation will be guided by the logical framework and the results chains of the Plan (*see Annexures 1 and 2 for the Logical Framework and the Results Chain*).

Figure 2 shows the process flow of the SFMP M&E system.

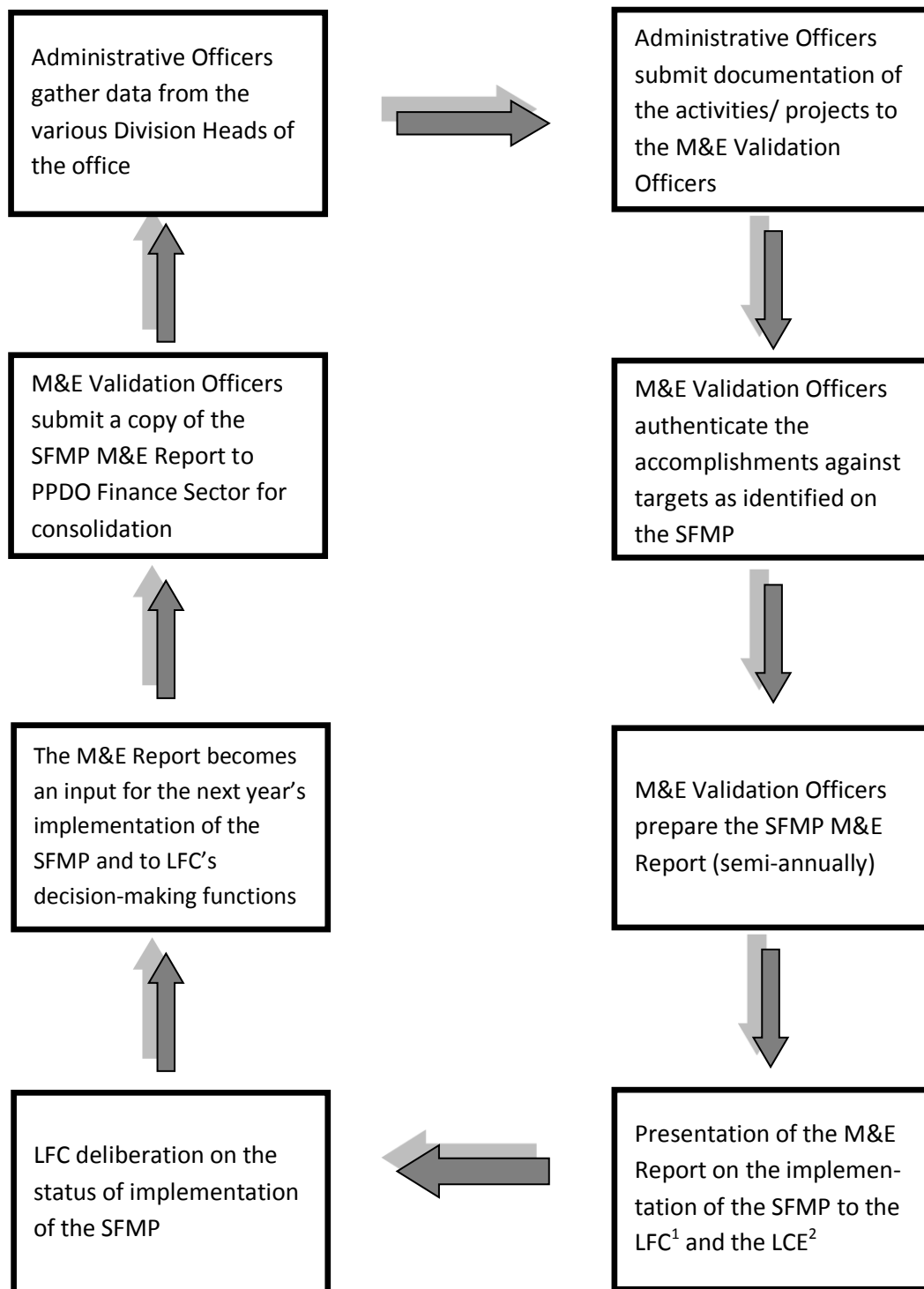


Figure 2. SFMP M&E Process Flow

<sup>1</sup>LFC – Local Finance Committee

<sup>2</sup>LCE – Local Chief Executive



## **Composition and Functions of the M&E Team**

The SFMP M&E Team is composed of designated employees of the offices belonging to the Expanded Local Finance Committee (ELFC). One M&E Validation Officer per office represents the Provincial Planning and Development Office (PPDO), Provincial Budget and Management Office (PBMO), Provincial Treasurer's Office (PTO), Provincial Assessor's Office (PAssO), Provincial Accountant's Office (PAccO), and the Provincial Internal Audit Office (PIAO).

Aside from the work of conducting M&E activities of data gathering, consolidation, analysis, report preparation and actual reporting, the SFMP M&E Team should be familiar with the SFMP and its deliverables as it is the very plan that they are going to monitor and evaluate. Being familiar with the M&E Framework and the tools and processes to be employed for such purpose is a must. Hence, the need to cascade the M&E System to all offices concerned for better understanding, appreciation, clarification and cooperation.

## **Monitoring and Evaluation Calendar**

For the year 2011, preparation of the entire year's M&E report was undertaken only in February 2012 which is rather late. The report is a lumped up documentation of the SFMP implementation for 2011. The lack of cascading and follow-up of the Plan led to the failure in the preparation of the SFMP M&E Report in July 2011.

Ideally, the M&E report should be prepared every semester to account for and assess the salient and significant accomplishments of offices regarding the SFMP implementation plan. M&E Reports are to be submitted every July and January to account for activities of January to June and July to December, respectively.

## **M&E Reporting Guidelines and Processes**

The administrative officers of each finance office will gather the necessary data from the different division heads of the office as they are in-charge of the technical functions of the office. Each finance office appoints a designated monitoring and evaluation validating officer who is responsible for the preparation of the office M&E report per semester. Documentation of the activities/projects will be secured and submitted to the M&E Validating Officer for the preparation of the M&E report. The accomplishments will be then be validated by the Officer through further scrutiny of supporting documents, interview of person-in-charge, ocular inspection and other techniques or strategies of verifying the validity of stated accomplishments. The officer will validate the accomplishments of the targeted activities of the SFMP for the year taking into consideration the facilitating and hindering factors affecting the performance.

The M&E Report on the implementation of the SFMP will be presented to the ELFC for information and deliberation. The report will serve as an input for the next year's implementation of the SFMP. It will help in the prioritization of next year's plans and programs. The M&E report will guide the LFC in their future direction and decisions. A copy is furnished to the PPDO Finance Sector for consolidation with other M&E Reports of other plans.

Since the M&E System of the SFMP is still in its formative stage, the criteria or the standard for its compliance is still to be drawn by the LFC or by the office spearheading its implementation. As for this report, the team simply went over the different activities and merely evaluated whether or not said activity was fully, partially or not accomplished at all. A more objective and systematic way of evaluating reports is suggested for the next year in order to render a more objective and credible report.

### III. Status of Implementation

The elements of the PGBh 2011-2015 Strategic Financial Management Plan represent the key financial management goals and objectives identified by the core departments per Public Finance Management (PFM) area which is in pursuit of a stable and sufficient financial resource in the PGBh. The six PFM areas identified are Planning, Budgeting, Revenue Generation, Accounting and Financial Reporting, Internal Control and Internal Audit, and Economic Enterprise.

In crafting the strategic activities/actions, eight types of strategies are identified under the six PFM areas, as follows:

- *Organizational Strategies*. These refer to organizational arrangements, reporting relationships, staffing requirements, and the like;
- *Policy Support Strategies*. These refer to the enabling policies that should be developed, revisited or updated and includes guidelines as well as legislative issuances;
- *Capacity Building Strategies*. These concern with the human resource requirements and include training, coaching, benchmarking, study missions and the like;
- *Systems Improvement Strategies*. These deal with the updating of existing processes and procedures or in expanding the same cover to a wider area or meet current requirements;
- *Physical Infrastructure Strategies*. These pertain to the hard components of the system and include equipment, tools, and other tangible mechanisms;
- *Linkages Strategies*. These entail the development of a network within and outside of the provincial government;
- *Project or Program Development Strategies*. These put a cutting edge to a bigger task or situation in order to accelerate the accomplishment of the desired results; and
- *Integrity Development Strategies*. These deal with measures related to anti-corruption, fraud prevention, enhancing ethical standards and the like.

#### Implementation of Strategies

The following findings and observations per PFM area in relation to the eight types of strategies are noted and discussed under the SFMP Implementation Plan for CY 2011:

##### A. Planning

The Provincial Planning and Development Office (PPDO) supports the development vision of the Province of Bohol by creating strategic development plans, comprehensive framework and policies using multi-stakeholder and participatory processes, providing timely and relevant information and services, conducting monitoring and evaluation, undertaking essential studies

and research, and ensuring effective service delivery and raising the quality of local planning and development services in Bohol. The objectives of the office are as follows:

1. To formulate logical annual and multi-year development and physical plans that are geared towards addressing poverty and other concerns in the province;
2. To integrate and coordinate all sectoral plans and studies undertaken by different functional groups and agencies;
3. To advocate the use of a poverty database as a basis for all development programs and initiatives;
4. To provide timely, relevant and acceptable information/services to stakeholders and clients that will help them in their development initiatives;
5. To enhance the PPDO socio-economic database, improve its accessibility for clients through a web-based data facility/electronic library/information center;
6. To conduct continuing studies, researches and training programs necessary to evolve plans and programs for implementation;
7. To analyze income and expenditure patterns, formulate and recommend fiscal plans and policies for consideration of the Local Finance Committee/Governor;
8. To monitor and evaluate different programs/projects/activities in the province and establish a system thereof, to help improve project preparation and implementation;
9. To enhance linkages and collaboration with the development partners like NGOs, NGAs and the private sector;
10. To enhance the capability of its staff, through continuing professional development and proper matching of skills, that will increase productivity and effectiveness;
11. To promote and instill organizational values and professionalism among PPDO personnel;
12. To formulate a Personnel Development Program (PDP) to encourage pro-active thinking among PPDO employees; and,
13. To develop/implement guidelines and procedures for the utilization and collection of appropriate fees for PPDO services and products (to be incorporated in the Revenue Code).

Regarding the compliance of the SFMP activities for 2011, the following observations and findings were noted:

There is only one action/activity identified in the SFMP Implementation Plan for 2011, which is related to Public Financial Management area on Planning. Its objective is to monitor and evaluate the implementation of the different development programs, projects and activities in Bohol in accordance with the approved development plan. The specific activity related to this objective is the passing of an SP Ordinance for the approval of PPDO's proposed Personnel Development Plan. However, no such proposal from PPDO was submitted to SP because such plan was shelved after the re-engineering plan of the Provincial Government of Bohol was not approved by the management.

## **B. Budgeting**

The Provincial Budget and Management Office (PBMO) is the office in charge of the Public Financial Management area on budgeting. It is one of the key financial offices of the local government unit and pursuant to Section 475 (b) of Republic Act 7160, the Budget and Management Office shall:

1. Prepare forms, orders and circulars embodying instruction on budgetary and appropriation matters for the signature of the Governor;
2. Review and consolidate the budget proposals of different departments and offices of the local government unit;
3. Assist the Governor in the preparation of the budget and during budget hearing;
4. Study and evaluate budgetary implications of proposed legislation and submit comments and recommendations thereon;
5. Submit periodic budgetary reports to the Department of Budget and Management (DBM);
6. Coordinate with the Provincial Administrator, Treasurer, Accountant, the Planning and Development Coordinator, Legal Officer and Assessor for the purpose of budgeting;
7. Assist the sanggunian concerned in reviewing the approved budgets of component local government units;
8. Coordinate with the Planning and Development Coordinator in the formulation of the local government units;
9. Exercise such other powers and perform such other functions as may be prescribed by law or ordinance.

**PBMO Objectives:**

- To provide effective and efficient budgetary services to all service department/hospitals/satellite offices for a sound fiscal management of the LGU;
- To ensure that the budget is geared towards the achievement of specific activities and expected results with greater emphasis of the value for money per PPA implemented;
- To empower office staff through capability building/training programs;
- To provide the Governor, the Sangguniang Panlalawigan (SP) and other local officials concerned technical support with an accurate and updated report on the balances of the respective appropriations;
- To implement the austerity measures being adopted by the Provincial Government.

As the office is in charge of budgeting, the following SFMP activities, observations and findings are identified for year 2011:

**1. Organizational Strategies**

- **Filling up of vacant positions in the PBMO to operate and manage the e-Budget System**

The Provincial Budget and Management Office's organizational structure has three divisions, namely, Administrative, Budget Control, and Budget Review. It has 21 component plantilla items: 9 for Administrative, 8 for Budget Control, and 4 for Budget Review. Of the 21 plantilla items, 17 are filled up, leaving four items vacant. Of the four vacant positions, two are in the Administrative Division: 1 Administrative Assistant II (SG 8), and 1 Administrative Aide VI (SG 6). The other two vacant positions—Administrative Officer IV (SG 15) and Administrative Officer II (SG 11)—are in the Budget Control Division.

With this tight personnel setup, multi-tasking of personnel from one division to the other was being practiced. The incumbents of the position of Administrative Aide III of the Budget Review and Administrative Aide I of the Administrative Divisions were deployed to augment the workforce of the Budget Control Division, leaving the mother divisions understaffed. However, to bridge the gap, casual employees were temporarily assigned to do the tasks involved.

The Administrative Division, aside from performing its own divisional administrative duties and functions, was also tasked to perform PhilHealth-related activities which were turned over by the Treasurer's Office sometime in 2009, under the incumbency of the previous Governor. The task was transferred to the PBMO office by virtue of the commitment of the department head to continue the program although no memorandum was issued. As a result, another series of multi-tasking was being undertaken.

The personnel running the Budget Control Division are using the installed e-Budget system which is used to provide services for the control of office appropriations of 24 departments, 10 hospitals, other special projects, and counter-parting projects including the PRMF. The division is understaffed and the personnel have limited knowledge of information technology. Training on the use of the e-Budget system was limited only to the controllers, thus, work substitution during their absence is done by those who have been designated in accessing the system.

To remedy the deficiency of personnel complement, the office felt the necessity of hiring additional personnel to ensure a balanced distribution of workload, hence, a letter dated April 13, 2011 was forwarded to the Office of the Governor, through the Head of the Human Resource Management Office. The PBMO is still awaiting action on the request.

- **Inclusion of budget and expenditure analysis in the regular tasks of the department head and administrative officer of PGBh offices**

The department heads and administrative officers in the different offices have been doing budget and expenditures analysis. This is manifested in the exercise of prioritizing relevant items of appropriations, programs and activities that have to be integrated into their office budget proposals, giving recommendations on the changes of their planned activities. However, there are still needed avenues of honing this skill to improve the required service delivery.

Part of the task that should be incorporated to the routinary functions of the department heads and administrative officers is the preparation of their own office's budget proposals. These will be submitted to PBMO for consolidation into the annual budget of the PGBh. In doing this, there are times when the office budget submitted is bloated, hence a review of the office proposal is needed. This will ensure the accuracy of the proposal as it will undergo further scrutiny even at the originating office level. The members of the LFC have initially discussed this proposal. However, a formal recommendation is still to be submitted to the Governor for approval.

## **2. Policy Support Strategies**

- **Timely submission of Annual Investment Plan (AIP)**

Submission of the AIP by the department heads of the PGBh is required for consolidation by the PPDO. The prioritization of the various PPAs contained in the consolidated AIP shall undergo deliberation and approval by the Provincial Development Council (PDC) before it is submitted to the SP for legislative action. The AIP, once approved by the SP through a resolution, will serve as legal basis for the preparation of the Annual and Supplemental Budgets. For CY 2011, all PGBh offices have submitted their proposed AIPs within the prescribed schedule.

- **Issuance of an SP resolution for the inclusion of budget expenditure analysis in the regular tasks of department heads and administrative officers**

The passage of an SP Resolution for the inclusion of budget expenditure analysis in the regular tasks of department heads and administrative officers will ultimately signal the integration and institutionalization of the task with the regular duties and functions of the department heads and Administrative Officers. This activity was not accomplished because the LFC has not yet submitted its recommendation to the Governor. The recommendation will provide the impression that this is an important aspect of management especially that this is concerning their respective budgets.

## **3. Capacity Building Strategies**

- **IEC to increase awareness and application of Value for Money and Management by Outcomes principles**

The PBMO has crafted a manual for Value for money and Management by Outcomes principles. The manual was cascaded during the Management Executive Board (MEB) meetings in 2009. It was also included as part of the presentation during the regular meetings of the Municipal Budget Officers and during the conduct of Barangay Budget Administration Seminar for the newly elected barangay officials of the province. This was held in different venues last CY 2010. As a follow up of the implementation of this principle, for CY 2011, the focus would have been the generation of office savings and prioritization and prudence in spending. To increase the level of awareness in the application of Value for Money and Management by Outcomes principle in the PGBh, cascading said principles to the different departments should have been done in 2011.

Cascading by department was not undertaken because of financial and time constraints. However, the PBMO has always reminded verbally the department heads to observe the principles in their day-to-day operations as it is also listed as one of the financial policies under the Budget Call.

## **4. System Improvement Strategies**

- **Formulate policies for improved budget call to include spending ceiling for each department.**

The need to formulate policies for an improved budget call is important and this is done through the formulation of a spending ceiling for each department in the PGBh. This will not only guide department heads to prioritize essential items of appropriations that will be incorporated in their respective budget proposals but restrain them from submitting bloated proposals. Bloated budget proposals entail lengthy deliberations and series of revisions that would result in the delayed submission of the Executive Budget to the SP. The Executive Budget should be submitted to the SP on or before October 16 of each year as required by R.A. No. 7160.

For CY 2011, despite the importance of having a financial parameter per department, there is still no mention of a budgetary ceiling per department in the Budget Call. This cause the departments to plan and budget as if there is no limitation but previous experience also taught them that budget proposals are always trim down. As a result, the departments will just self-regulate and only include those mandates and projects which are prioritized.

- **Include in the performance appraisal of each department their budget performance/expenditures**

The budget performance/expenditure of each department should be part of the performance appraisal of each office. The performance of each office should not be limited to their mandated roles and functions but it should include the assessment as to how their own budgets are utilized in pursuit of their mandates. This will evaluate the efficiency and effectivity of the office operations and will promote value for money. For CY 2011, this area of performance appraisal is still not undertaken.

- **The budget and expenditure of the previous year should serve as reference and basis of the succeeding year**

This has been practiced during the budget preparation stages for the annual and supplemental budgets of the PGBh. The budget expenditures for the previous years guide the department heads in analyzing the trend of spending and determine what particular items of appropriation need to be increased or decreased in their yearly budgetary proposals. The proposed appropriation shall at all times be within the allowable ceiling of expenditures as provided for under the Budget Call. The need to review past budget expenditures likewise will help them set priorities in spending, especially when funds are deficient.

- **The SP Secretary to transmit the approved ordinance to the Department of Budget and Management (DBM). All pages of the ordinance are to be signed by all attending SP members.**

The transmittal of the approved ordinance to the DBM by the Secretary to the SP is required within three days after its approval. However, the record of transmittals show delays because of the following circumstances: 1) Some signatories are on leave or on official business for a couple of days, 2) A certain number of ordinances shall have to be considered before a supplemental budget can be prepared and passed to DBM for approval because under existing DBM issuances LGUs are limited to only 12 supplemental budgets within the fiscal year, 3) There are some budgetary supporting documents that have to be accomplished within the prescriptive submission period.



The minimum signatories required in an appropriation ordinance are those of the Secretary to the SP, the Presiding Officer, and the Local Chief Executive. It may not need the signature of everyone in the Sanggunian as long as the ordinance was duly enacted. However, if the Internal Rules of Procedure of the Sanggunian require the signature of all the attending SP members, then all SP members present during the session in which the ordinance was passed shall have to sign the piece of legislation. In the case of the Bohol SP, the board members are required to sign on the voting sheet only.

In 2011, five transmittals were made for 19 ordinances involving appropriations for CY 2011 Annual Budget, and four for supplemental budgets, respectively. All of the pages of these ordinances were signed by the Secretary to the SP, the Vice Governor and the Governor. In spite the involvement of various individuals in the crafting and reviewing of the Annual Budget, only three people will sign the pages of the ordinances as they are representing the two branches of government in the PGBh. With the Vice Governor representing the SP and the Governor representing the executive branch composing of department heads, having the least number of people to sign will cut down bureaucratic red tape. Their signatures signify their approval as it also represents the processes that the different proposals underwent as it is scrutinized by both branches of government during budget hearings.

- **Posting of approved Appropriation Ordinance for public viewing**

Posting of the approved ordinance for public viewing is required pursuant to Section 59 of the Local Government Code, in relation with transparency and accountability clause provided under R.A No. 6713.

For CY 2011, there were 19 ordinances posted in the vicinity of the PBMO.

Posting of these ordinances on the website of the SP was not accomplished, because as confirmed by staff of the SP secretariat, nobody has been assigned to do the task.

The ordinances posted by the PBMO were matters involving budgetary allocations of the PGBh's Annual and Supplemental Budget appropriations.

- **Incorporate feedback in assessment and planning to improve service delivery**

There is no definite policy for a feedback mechanism for all PGBh offices. Hence, individual departments have their own feedback systems for services which involved walk-in clients. The PBMO does not have a suggestion box for feedbacks by clients who are instead encouraged to provide written or personal feedback so that the issue/s raised will be officially explained, resolved or be forwarded to higher authorities for final resolution. Complaints are a healthy sign of involvement and they should be given proper resolution to protect the integrity of PGBh's service to the people.

The complaints raised during the past year were basically about documents being lost while transmitted by some of the liaisons officers, complaints from field workers that their salaries/wages were not paid on time, delay in the approval of purchase



requests where items requested were not found in the office's Annual Procurement Plan, and more often non-acceptance of claims due to exhaustion of office funds.

- **Install system for offices to maintain own budget and expenditure records and monitoring with Administrative Officers designated to do the task**

The idea of installing a system to maintain own records of budget and expenditures of PGBh offices is beneficial to improve inter-departmental service delivery. It will provide better linkage on financial data, optimize productivity and performance of the employee assigned to the system considering that interruption will be minimized. It will also provide a better avenue for fast reconciliation of records with those of other finance offices.

For 2011, the PBMO provided hard copies of budgetary data to the different departments. These documents included Advice of Allotments, monthly and quarterly balances of appropriations and expenditures, and augmentation of funds because of the e-Budget system is connected only to PAccO's e-NGAS.

## 5. Linkage Strategies

- **Require department of offices to maintain own financial records.**

This activity is related to the last item in the System Improvement Strategies above, and this has something to do with proper financial records keeping for reference and reconciliation purposes.

- **Link the e-Budget system to all offices for balances of appropriations and record reconciliation.**

The e-Budget system has only been linked to the Provincial Accountant's Office (PAccO) due to financial constraints. However, if the PGBh will push for its linkage to other offices, policies should be formulated to protect the integrity of the financial data.

- **Conduct of joint executive-legislative budget hearings to strengthen coordination between the legislative and executive branches for efficient budgetary preparation and approval by the DBM**

The Joint Executive-Legislative Budget hearings for CY 2011 were conducted on June 16-17, 2011 at MetroCenter Hotel in Tagbilaran City. The hearing was aimed to harmonize local planning, investment programming, revenue administration, budgeting and expenditure management in the PGBh offices, in compliance with DILG-NEDA-DBM Joint Memorandum Circular No. 1, series of 2007.

## Summary

Under CY 2011 SFMP Implementation Plan, the PBMO has 14 PPAs/interventions and out of these PPAs, the following were accomplished, either fully, partially, or not implemented at all.

**Fully Implemented:**

- Timely submission of AIP
- Budget and expenditure of previous year should serve as reference and basis of succeeding years
- Conduct of joint executive-legislative budget hearings to strengthen coordination between the legislative and executive branches for efficient budgetary preparation and approval by the DBM
- Posting of approved Appropriation Ordinance for public viewing
- Requiring offices to maintain their own financial records
- SP Secretary to transmit the approved Ordinance to DBM. All pages of the ordinance will be signed by all attending SP members

**Partially Implemented:**

- Inclusion of budget and expenditure analysis in the regular tasks of the department heads and Administrative Officers of Each Office
- IEC to increase awareness and application of Value for Money and Management by Outcomes principles
- Feedback in assessment and planning to improve service delivery
- Link the e-Budget system to all offices for balances of appropriations and record reconciliation

**Not Implemented:**

- Filling up of vacant positions in the PBMO to be assigned to run the e-Budget System
- Issuance of an SP Resolution for the inclusion of budget expenditure analysis in the regular task of department heads and administrative officers.
- Include in performance appraisal of each department their budget performance/ expenditures management.
- Formulate policies for improved budget call to include spending ceiling for each department.

## C. Revenue Generation

The goal of generating revenue for the PGBh falls in the hands of the Provincial Treasurer's Office (PTO) which takes charge of the treasury function of collecting and disbursing and which performs the following duties under RA 7160:

1. Advise the governor, the Sanggunian, and other local and national government officials concerned regarding disposition of local government funds, and on such other matters relative to public finance;
2. Take custody of, and exercise proper management of the funds of the LGU concerned;
3. Take charge of the disbursement of all and such other funds the custody of which may be entrusted by law or other competent authority;
4. Inspect private commercial and industrial establishments within the jurisdiction of the LGU concerned in relation to the implementation of tax ordinances;
5. Maintain and update the tax information system of the LGU;
6. Exercise technical supervision over all treasury offices of component cities and municipalities; and,

7. Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.

Regarding revenue generation, the following activities of the SFMP Implementation are noted together with the finding and observations:

### **1. Organizational Strategies**

- **Creation of a composite team of PTO, Governor's Office (GO) and Bohol Environment Management Office (BEMO) for sand and gravel task force for permit fees assessment and collection and to check strategic areas of entry and exit points**

There are two teams tasked with the monitoring of sand and gravel operations of the Province of Bohol. PTO has its own tax enforcers whose function is more into the provincial impositions, i.e., real property tax, tax on delivery trucks and vans, amusement taxes, franchise tax and other impositions. BEMO which ensures managing environmental concerns, has its own task force that is focused only on monitoring sand and gravel extractions in quarry sites.

A composite team involving PTO, BEMO and GO is seen as strategic in order to have a uniform and synchronized direction and effort in the regulation of sand and gravel extraction. This will save manpower, time and money for the PGBh.

- **Preparation of Organizational Structure for the Public Enterprise Office once created/ institutionalized**

One of the primary steps to take to increase locally sourced revenues is the creation of a Public Enterprise Office which will be in charge of managing and investing government assets in pursuit of generating additional funds for the local government. The preparation of this organizational structure was undertaken in 2007 when the Philippines-Australia Human Resource Development Facility (PAHRDF) sponsored a training on Public Enterprise Development. One of the business plans created was devoted to designing this office and this was presented to the local leadership at that time. The SP postponed the legislation to support its creation due to the Re-Engineering Program of the PGBh. Under the Re-Engineering Program, the said structure was revisited and converted from being an interim unit to becoming an office by PAccO. Since the Re-Engineering Program did not materialize, the said structure remained a plan which is awaiting implementation by the PGBh. This action is presently anchored with the PTO, being the office in charge of revenue generation.

### **2. Policy Support Strategies**

- **Ordinance supporting Implementing Rules and Regulations (IRR) for hospital revenue management such as granting of discounts and allocation of retention fund**

The 10 devolved district hospitals are also a local source of income for the PGBh and this is through the provision of health services to Boholano constituents. Income from the sale of medicines, laboratory examination and surgical fees, room and board

charges, and fees for medical consultation, use of the ambulance and issuance of medical certificates are among the different incomes arising from hospital operations. At present, the PGBh has five primary and five secondary hospitals.

In the analysis of hospital income transactions, it has been observed that the granting of discounts to selected patients reduced the actual income derived from the operations of the hospital. This practice is facilitated as some patients ask for financial help from politicians with the latter giving the discounts. With the intention of helping constituents, PTO sees need to have a policy regulating the giving of discounts and at the same time screening the potential beneficiaries. The ordinance supporting the guidelines was still not crafted as such action needs further study and deliberation from the LFC with the support of elected officials.

Back in 2005, a retention fund of 25% was drawn from hospital income and it was mainly for the equipment and infrastructure needs of the hospital. A legislation was issued to support the allocation of such fund with guidelines as to its disbursements. The retention fund was later increased to 50% in 2008 until 2010 and finally in 2011, it was discontinued due to a new system of recording the total income without retention. The new system provided an income target with excess of target eventually added to the hospital appropriation for the next calendar year, hence the implementing rules and regulations will no longer be needed.

- **Legislation for the creation of Auction Sale Committee**

The PGBh owns assets composing of land, building, equipment, vehicles, and furniture and fixtures. Through wear and tear, there will come a time when these assets retire and lose their usefulness. These retired assets are found in the old Provincial Motor Pool waiting to be disposed by an Auction Committee. In 2010, SP Ordinance 2010-034 was passed creating the Auction Sale Committee. This was facilitated through the support of the executive and the legislative body. In 2011, meetings were conducted among the committee members discussing the mode of determining the price and disposal of said unserviceable assets. This culminated with the opening of bid proposals last January 13, 2012 where winning bidders were awarded.

- **To revert the Hospitals' Retention Fund (currently recorded as Trust Fund) into Local Income, subject to subsequent appropriation for hospital use**

The hospital income for 2005 to 2010 has been divided into two accounts and this is recorded by segregating the Retention Fund which was recorded as Trust Liabilities of the General Fund with the remaining portion treated as Income from hospitals. In 2011, the LFC devised a system of reverting the Retention Fund to its original classification of being a hospital income. This change of accounting treatment created an increase of 120% for local hospital income of P 21.1 M in 2010 to P 46.6 M in 2011.

### **3. Capacity Building Strategies**

- **Training on revenue and expenditure projection/estimation and analysis**

During the course of preparing the SFMP, one of the realizations of the LFC was the fact that the PGBh's revenue and expenditure projections were done in a historical way. The yearly budget was either increased by 10% or a status quo due to some substantial reduction in the budget items. A scientific way of computing estimates will be the best procedure of coming up with the exact figures in comparison to the old traditional method. For 2011, no such training was conducted.

- **Training on skills development to maximize revenue generation of the PGBh**

A training geared towards strategizing revenue collection was conducted, raising the awareness of selected PTO employees on revenue generation directions and strategies. This was with funding support from PRMF. Detailed functions of the field operation division were identified with corresponding strategies in order to enhance collection efficiency. Involvement and coordination from other offices was seen as one strategy in maximizing revenue generation efforts as the training emphasized that revenue generation is the concern of the entire provincial government. Inputs derived from the workshop conducted were incorporated in the functions of the PTO personnel.

#### **4. Systems Improvement Strategies**

- **Fine-tune policy on retention of hospital fees, rental policies, the Chocolate Hills Complex, and other provincial assets as income-generating sources**

This is an area that needs to be improved knowing that the province is into maximization of local revenue sources as a means of reducing IRA dependency. Professionalizing of policies involving the collection of hospital fees, entrance fees at the Chocolate Hills Complex, and rental of other provincial assets is seen as a strategy that will help in improving revenue generation of the PGBh. These are considered areas where the bureaucracy could improve so that these sources will be operated like the PGBh's private businesses.

- **Conduct of regular monthly meetings for comparative analysis and collection efficiency assessment by the revenue generation team**

Meetings are conducted for the assignment of tasks but follow-up meetings regarding the findings of the audit and the collection performance of municipalities is only done on a case-to-case basis. The practice of having a monthly meeting, where the municipal collections are analyzed in comparison with previous year's performance, is still not done. This practice should be conducted regularly as the analysis could be made the basis for planning and future strategic actions of the team. This failure is due to the conflict of schedules with other activities. Instead, monitoring of the collection trend is done every quarter or when there is a need.

- **Strengthen information drive with municipalities on the Revenue Generation Program**

The Revenue Generation Program is the conduct of routine activities involving field operations, i.e., tax campaign, publication of notice of delinquent real properties, issuance of warrant of levy, publication of notice of sale, and the conduct of auction sale.

It includes the observance of prescribed time frames and other official standards in order to maximize collection performance. This is aggressively implemented on low performing municipalities in RPT collections. Every year, this is clearly seen in the yearly collection efficiency report which will list down the municipalities according to performance. Monthly meetings with the municipal treasurers are one avenue of disseminating information.

The strong support of the PGBh and the monthly conferences with municipal treasurers help in the strengthening of the information drive.

- **e-TRACS orientation to PTO personnel**

Although the Enhanced Tax Revenue Assessment and Collection System (eTRACS) is a system that is used by the Cash Receipts Division personnel in recording collections, its maintenance is with BICTU. Only two PTO personnel are involved in the installation of eTRACS in the municipalities. These two people are highly knowledgeable technically on the software. Orientation among PTO employees is necessary to increase the level of awareness among employees as this software is with PTO. But as of date, no orientation on eTRACS to PTO is done.

- **Comprehensive review and assessment of targets vs. accomplishments, revenue projection and target setting tools**

Each office in the provincial government conducts their yearly assessment and planning and this is to give each office the direction that is necessary in the operations of each office. In the case of PTO, there is a need for evaluating targets against accomplishments as this will become an input to the next year's revenue projection. The use of available data in analyzing revenue trends and patterns will help the office in target setting, a strategy that is still not done in PTO.

- **Regular submission of reports to the ELFC on variances on targets versus actual collection for appropriate action**

The PTO is submitting a monthly report to PBMO on the status of collection of the estimated income of the PGBh. This report will form part of the PBMO report on the status of funds available for budgeting and the corresponding obligations incurred during the month. Although this is done monthly, there is the failure of discussing the significance of the figures in relation to the efforts of collecting is concerned. The actual collection should be monitored and evaluated in the light of the tax campaign efforts and the implementation of judicial, civil and administrative remedies.

- **Cash flows will be prepared by PTO for submission to LCE and the ELFC regularly**

Cash flow data supplement the information provided by the income statement as both link consecutive balance sheets. The statement of cash flows reports all the cash inflows and outflows (classified among operating, investing, and financing activities) of LGU for a specified period. The importance of the data necessitates that PTO should prepare said report and submit it to the LCE and the ELFC regularly in order to help in

the management of provincial funds. The information in the cash flow will help in examining the PGBh's liquidity position and how much cash is used in the acquisition of assets such as plant and equipment as well as investments. For 2011, this is still not done.

- **Install feedback mechanism for customers/clientele**

The PTO's mandate deals with clients coming from within and even outside of the provincial government. Employees of the PGBh collect their salaries and other benefits from PTO while suppliers claim their checks from the same office. The public even pays taxes and other fees in the same office. Hence a feedbacking mechanism should be installed in order to know the perceptions and complains of the clients. This will help the office in designing improvements and in the crafting of capability building initiatives. Although this is a felt need, yet there is still no action in addressing this area.

## **5. Physical Infrastructure Strategies**

- **Procurement of additional computers**

Procurement of computers was done last year in preparation for the workstations of the eTRACS and eSRE system. The additional computers are needed as PTO is preparing for its complete automation and to do this, there is also the need to have additional technical employees who will run the newly installed systems. Trainings are provided by BICTU in addition to training and coaching in Microsoft Word and Excel. With eTRACS and eSRE up and running, other functions, i.e., disbursement of funds will also be automated. However, the needed office furniture and fixtures have not been procured yet.

## **6. Linkages Strategies**

- **Include Treasury in the reconciliation process of cash balances**

The cash account of the PGBh is composed of Cash in Treasury (On Hand) and Cash in Bank accounts. Since PTO is handling the collecting and disbursing of funds while PAccO is in charge of the recording of financial transactions, two sets of records are kept in addition to the records maintained by the bank. For years, reconciliation is prepared between the books of PAccO with the bank statements. In the process of reconciliation, it is noted that discrepancies exist which also involved the records of PTO. It is therefore a recommendation that the monthly reconciliation should also involve PTO being the office that actually collects and disburse funds and for 2011, this function is not yet performed by the said office.

- **Coordination between the PTO and PAssO with the different Municipal LGUs on RPT Administration**

The PTO and the Provincial Assessor's Office (PAssO) has always been partners in the collection of Real Property Taxes. PAssO establish targets for total taxable assessed value of the properties while PTO collects what was assessed. The strong coordination

between the two offices is seen in the conduct of the once or twice a year joint conference between the Assessors and the Treasurers of the province under its umbrella organization called the Philippine Association of Local Treasurers and Assessors (PHALTRA). Although no meeting was organized last 2011, the strong coordination between PTO and PAssO still exists because of eTRACS, a system that connects the two offices as it generates assessment, penalties and other surcharges in accordance with the provisions of law and it is this assessment that the Treasurer has to collect payment.

- **Coordination among department heads for possible areas of revenue sources**

The goal of becoming a province who is IRA independent is a difficult task and this requires a strong coordination among department heads in the identification of additional revenue sources. In 2011, during one Management and Executive Board meeting, an Inventory of Income Generating Activities of the PGBh was presented to the Governor. The discussion mentioned tapping possible areas of revenue inside the provincial government together with maximizing existing revenue sources. The presentation emphasized the entrepreneurial stance of the PGBh.

- **Information dissemination on e-TRACS implementation to all strategic areas in PGBh and municipalities**

The PTO, PAssO and the Bohol Information and Communications Technology Unit (BICTU) of the PGBh are in-charge of the dissemination of eTRACS implementation. Dissemination of this system is important as it will help in maximizing the collection of business taxes in municipalities and RPT for the province. For 2011, the system was disseminated to ten municipalities namely: Trinidad, Mabini, Garcia Hernandez, Catigbian, Clarin, Panglao, Pilar, Alicia, Danao and Antequera. This is in addition to five municipalities (Loon, Balilihan, Dimiao, Valencia and Talibon) in 2010.

- **Regular meetings with the LFC in target setting and other revenue generation strategies**

The Local Finance Committee is charged with the fiscal administration of the local government unit. Formulation of financial policies and recommendations which will dictate the fiscal directions of the provincial government are among the responsibilities of the LFC. Regular meetings are conducted in order to discuss financial issues with the purpose of arriving at a financial decision. It is during these meetings that target setting and discussion of revenue generation strategies should be undertaken. Although reference to targets and strategies of income are done verbally but there is still no systematic way of deliberation in these areas even with the existence of the SFMP.

## Summary

### Fully implemented:

- Legislation on the creation of Auction Sale Committee
- Reversion of the Hospitals' Retention Fund (currently recorded as Trust Fund) into Local Income, subject to subsequent appropriation for hospital use.
- Training on skills development to maximize revenue generation of the PGBh
- Procurement of additional computers



- Information dissemination on e-TRACS implementation to all strategic areas in PGBh and municipalities

**Partially implemented activities:**

- Conduct of regular monthly meetings for comparative analysis and collection efficiency by the revenue generation team
- Strengthen information drive with municipalities on Revenue Generation Program
- Comprehensive review and assessment of targets vs. accomplishments, revenue projection and target setting tools
- Include Treasury in the reconciliation process of cash balances
- Coordination between department heads for possible areas of revenue sources
- Regular meetings with the LFC in target setting and other revenue generation strategies

**Not Implemented:**

- Creation of composite team of PTO, GO and BEMO for sand and gravel permit fees and task force to check strategic points of entry and exit
- Preparation of Organizational Structure for the Public Enterprise Office
- Ordinance on the IRR for hospital revenue management such as granting of discounts, allocation of retention fund
- Training on revenue and expenditure projection/estimation and analysis
- Fine-tune policy on retention of hospital fees, rental policies, Chocolate Hills and other provincial assets as income-generating sources
- E-TRACS orientation to PTO personnel
- Regular submission of reports to the ELFC on variances on targets versus actual collection for appropriate action
- Cash flows will be prepared by PTO for submission to LCE and the ELFC regularly
- Install Feedback mechanism for customers/clientele -
- Procurement of office furniture and fixtures
- Coordination between the PTO and PAssO with the different Municipal LGUs on RPT Administration.

#### **D. Accounting and Financial Reporting**

Accounting and Financial Reporting is undertaken by the Provincial Accountant's Office (PAccO) which was created by virtue of RA 7160 (Local Government Code of 1991). Under this code, the office of the Provincial Accountant is considered as one of the mandatory positions since it is in charge of the accounting and the audit of disbursement service of the PGBh.

The mandate of the office includes the recording of all financial transactions entered into by the provincial government and the subsequent generation of financial reports which will present the financial condition and operation of the PGBh. The office is also in charge of pre-auditing financial claims as to accuracy, propriety, validity and legality. This is to ensure that processed claims are valid and ready for payment by PTO.

Another function of the office is also the preparation of remittance and reconciliation reports. This is for the personnel's mandatory deductions from national agencies like the Bureau of Internal Revenue (BIR), Government Service Insurance System (GSIS), PhilHealth, Pag-ibig and other institutions that extend benefits to its employees. The work on reconciliation on the other

hand is also focused on the different accounts in the financial reports that need further analysis and settlement.

With all of these available financial data, the office is also tasked to apprise local government officials on the significance of the quantitative information as a guide to financial decision-making.

As for the implementation of the SFMP for 2011, the following findings and observations are noted:

### **1. Organizational Strategies**

- **HRMDO to consult with concerned department heads in the filling up of vacant positions or in personnel assignment**

One of the objectives under PFM areas is appraising the economy and efficiency of resource utilization in the provincial government. This involves personnel hiring and assignments of which the Human Resource Management and Development Office is responsible. A number of the vacant positions in the different finance offices are unfilled and this deprives the offices concerned of additional personnel which could help technically in the performance of office mandates. It is therefore the recommendation of the PAccO that it will be consulted when the filling up of these vacant positions are done. This will also include the personnel assignment as it was a past experience that personnel will just be assigned or detailed in other offices without the knowledge of the department head. As intervention to this need, PAccO wrote to the Governor's Office for the filling up of its vacant position in order to inform him of its need for additional technical manpower. To date, there is no policy on the consultation of HRMDO with department heads, a procedure that is needed in order to actively involve the department heads in the selection and hiring of personnel. The hiring and the giving of assignments of personnel should rest with the department head as they are the ones who know the needs and demands of their fields.

- **Pursue PACC0 Personnel Development Program to institutionalize the separation of diverse functions**

PAccO performs the Audit of Disbursement which is the review of supporting documents attached to the disbursement voucher before actual payment is made. The said function is a very detailed work and delay in the processing of claims is sometimes traced to this phase of work. Previous study of the delay pointed to the need of separating the function performed by the pre-audit with those performed by the review personnel. It is observed that these two functions are overlapping with each other. A PAccO Personnel Development Program is suggested in order to institutionalize the separation of diverse and related functions. PAccO partially addressed the problem by conducting discussions during monthly staff meetings where these two functions are discussed in detail with observation on the technical differences which led to the creation of demarcation line between the two functions. This activity is facilitated as it is identified as part of the issues and concerns of the Audit Division of PAccO. A separate training workshop will be conducted this year in order to prepare the checklist and the

uniform audit procedure, an activity that will lead to the official separation of these two overlapping functions.

## **2. Policy Support Strategies**

- **Train personnel who are given access to the e-NGAS system**

The main mandate of PAccO is the preparation of the financial reports which is done through the electronic New Government Accounting System (e-NGAS), an electronic government accounting system developed by the Commission on Audit (COA) for local government units. The old manual system of bookkeeping is now replaced by the e-NGAS and as a new system, it is important that personnel who are given access to the system should be properly trained by COA. These trainings are usually conducted by the Southern Philippines Training Center of COA in Cebu City. For the past years, training has been suspended and this made PAccO conduct its own in-house training orientation for three personnel in the Bookkeeping Division. This is actually an on-the-job training for those working with the system.

- **Provide monthly financial reports to the SP**

One of the office mandates of PAccO under the Local Government Code of 1991 (RA 7160) is to apprise the SP and other local government officials on the financial condition and operations of the provincial government. This is done through the provision of the monthly financial reports to SP for information and as an aid in financial decision-making. PAccO decided that instead of the monthly submission of reports, quarterly financial reports complete with schedules are submitted.

- **Ensure all bookkeeping personnel have gone through e-NGAS training**

The Bookkeeping Division of PAccO undertakes the recording of all the financial transactions of the PGBh and almost 55% of the personnel in PAccO belong to the Bookkeeping Division. As such, these personnel are eNGAS users. At the start of the installation of eNGAS, some personnel of PAccO were sent to eNGAS trainings in Cebu City but as the years passed by, the additional manpower were not given formal training due to the non-availability of the training by the SPTC Region VII of COA. This paved the way for PAccO to conduct in-house and on-the-job training.

## **3. Capacity Building Strategies**

- **Issuance of E.O. requiring orientation of LFC member offices on adopted reporting systems for funding grants/assistance (every time a new MOA is signed)**

The PGBh has become a recipient of Official Development Assistance (ODA) and resources from other funding institutions. When funds are made available to the province due to these projects, many times these carried with them provisions as to their own operation, recording and reporting systems stipulated in their Memorandum of Agreement. This situation leads to the LFC's need to be familiar with the system behind the projects of ODA or funding institution as they are involved in its financial

operations. An Executive Order requiring the orientation of the LFC members is needed but is not yet done by any of the financial offices.

- **Trainings for personnel of PAccO and other offices on financial analysis**

It is PAccO's responsibility to apprise the SP and other officials on the financial condition and operations of the PGBh. With the financial information that it has generated, there is a need for the utilization of such information in financial analysis. This aspect of government accounting was not done in the previous years as efforts were concentrated on the updating of financial reports in order to have timely financial statements. With the timely submission of the financial reports for 2011, PAccO would like to include this area of interpreting financial data and this can be done with a future training on financial analysis.

- **Training of employees on the usage of FITTSyS**

The Financial Transaction Tracking System (FITTSyS) is an electronic tracking and monitoring system of financial claims which started in PAccO. It was developed in the late 2010 as an answer to clients' need for tracking claims in process. It had its trial run in 2010 and for 2011, it was still undergoing changes in its features as it accommodated additional needs of the office. The system is user-friendly and training on the usage of the system was only done through a simple demonstration as to how the system works. This was done during the soft launching of the system for PAccO employees last March 2011 and to the provincial government department heads and administrative officers last June 2011.

#### **4. Systems Improvement Strategies**

- **Require the preparation of a statement of cash flow as a financial management best practice**

One of the financial statements generated from the eNGAS is the Statement of Cash Flow which shows a summary of all the cash activities of an LGU. This includes the operating, investing and financing activities of the entity and provides information on the cash receipts and cash payments during the period. It gives relevant information on the LGU's overall cash position, liquidity and solvency. Using the Statement of Cash Flows, managers, investors and creditors are able to assess the LGU's ability to meet its obligations. Although at present, the e-NGAS generates the Statement of Cash Flows automatically, it is not used as a management tool for decision making nor is considered as a best practice. The Provincial Treasurer on the other hand also prepares its own Daily Cash Report which shows the total daily collection, deposits and disbursements made.

#### **5. Linkages Strategies**

- **Increase connectivity between PTO and Accounting on related reportorial requirements through development of systems software/computerization (e-TRACS & FITTSYS)**

Cost and time savings are benefits of electronic software being installed in the accounting and treasury departments. FITTSys and eTRACS are two such systems designed to facilitate or shorten work processes. As FITTSys is operational in PAccO, it branched out to include other offices in the provincial government. PTO and PBMO benefited from the database as they are presently using the system even in the obligation and disbursement of claims, thus connecting the three finance offices.

- **Continue the information drive on accounting rules and regulations to maximize level of awareness and practice**

PAccO provides Information Education Campaign (IEC) on accounting matters as a regular strategy to increase the level of awareness of other offices regarding rules, regulations, improvements and initiatives of PAccO. Through the IEC, cooperation from other offices on the compliance to accounting and auditing rules and regulations is ensured. The IEC were conducted last January, March, June and October 2011 and it was directed to different audiences specifically department heads, administrative officers, accountants, accountable officers and liaison officers.

## **Summary**

As a summary of the 2011 SFMP 11 Activities of PFM Area of Accounting and Financial Reporting, the following observations are noted:

### **Fully Implemented:**

- Train personnel who are given access to the e-NGAS system
- Increase connectivity between PTO and Accounting on related reportorial requirements through development of systems software/ computerization (e-TRACS & FITTSyS)
- Continue the information drive on accounting rules and regulations to maximize level of awareness and practice.

### **Partially Implemented:**

- HRMDO to consult with concerned department heads in the filling up of vacant positions or in personnel assignment
- Pursue PACC0 Personnel Development Program to institutionalize the separation of diverse functions
- Provide monthly financial reports to the SP
- Ensure all bookkeeping personnel have gone through e-NGAS training
- Training of employees on usage of FITTSYS
- Require the preparation of a statement of cash flow as a financial management best practice

### **Not Implemented:**

- Issuance of an E.O. requiring orientation of LFC member offices on adopted reporting systems for funding grants/assistance (every time a new MOA is signed)
- Trainings for personnel of PAccO and other offices on financial analysis.

The fully implemented activities were activities that were tied up to electronic information systems and the information dissemination strategies, hence implementation is easy as it is the focus of the office. Information Partially implemented activities were either related to personnel or to reports generated by PAccO while the unimplemented activities were activities that concerns the technical needs of the both the LFC and PAccO.

#### **E. Internal Control and Internal Audit**

The PIAO was established in the Provincial Government of Bohol to institute and conduct a program of internal auditing in the provincial government. It is mandated by Republic Act No. 3456 and amended by Republic Act No. 4177. It was created to meet the performance target of the AusAID-PRMF which requires the establishment of an Internal Audit Office. Moreover, a well-functioning internal audit unit greatly helps strengthen the internal control systems of the local government unit.

The internal auditing activities of the PIAO consist of operations and financial audits. These activities help the government promote and enhance transparency and accountability in governance as well as achieve desired results through effective stewardship of public resources. In addition, the PIAO may be called upon by the Provincial Governor to perform special assignments. At the conclusion of its audits, the PIAO shall furnish the provincial governor and the members of top management with analyses, appraisals, recommendations, and information concerning the activities reviewed with the objective of assisting management to achieve an efficient and effective fiscal and operational administration and performance of functions.

The Provincial Government of Bohol has established sometime in 2006 an internal Audit Service (IAS) through Executive Order No. 09, Series of 2006, dated July 16, 2006. Although an internal audit service (IAS) is not new to the provincial government and several special audit projects have already been conducted by the office since the time of its creation, a purposive, strategic, and institutionalized internal audit function has not been set up yet to ensure attainment of objectives and the mandated functions of the office.

As a result of the intervention of the PRMF, prompted by the PRMF incentive target for Fiscal Year 2 and coupled with the desire of management to promote audit and internal control, the internal audit unit of the province named Provincial Internal Audit Office (PIAO) was formally institutionalized as a department in the provincial government through an executive order and an SP Ordinance 2010-024 in December 2010. This institutionalization of PIAO is one of the actions/activities identified in the SFMP Implementation Plan.

PRMF advocates for the improvement of an internal control audit system for a sound financial management. Internal control and internal audit, being one of the five reform areas of PRMF, has set its financial management objectives for the implementation of the SFMP. These objectives are the following:

- a) To strengthen control over financial and operating data
- b) To appraise the economy and efficiency of resource utilization in the provincial government
- c) To review operations and programs for consistency with established managed goals.

The SFMP Implementation Plan actions/activities are categorized according to the eight financial management strategies. The nine identified actions/activities of the internal audit and internal control were categorized as organizational, policy support, capacity development, physical infrastructure, project or program development and integrity development strategies. No actions/activities on the systems development and linkages were identified for the year 2011. The status of implementation on each action/activity is discussed briefly below.

### **1. Organizational Strategies**

The organizational strategy of the internal audit and internal control involve the hiring of additional staff to meet PIAO's minimum requirements and the creation of a department head position who manages the operations of the internal audit activities. The PIAO Head of Office reports directly to the Local Chief Executive. Although the position for the PIAO Head of Office is not yet funded and filled up in the 2012 PGBh budget, the LCE has designated a department head who manages the operations of PIAO through an Executive Order issued December 2010. Filling up of permanent plantilla positions (based on PIAO's approved Organizational Structure as identified in the EO) is not created due also to the Personal Services cap limitations, however, additional staff were hired on a contractual basis to perform the mandated functions of the PIAO. This creation of the office is already an initial step to strengthen control over financial and operating data of the PGBh.

### **2. Policy Support Strategies**

As a result of the intervention of the PRMF, and prompted by the PRMF incentive target coupled with the intent of management to promote audit and internal control, the Provincial Internal Audit Office (PIAO) was institutionalized as a department in the provincial government through the issuance of an Executive Order and an SP Ordinance 2010-024 in December 2010. An Internal Audit Operations Manual which included the Internal Audit Charter was formulated and adopted during the year 2011, immediately after the office was created. It was presented to the LCE and the SP for their acceptance and approval. Although the approval and adoption of an Internal Audit Charter is an activity identified to be implemented in the SFMP plan still for 2012, it was already adopted by the office since it was already incorporated during the preparation of PIAO's Audit Operations Manual.

### **3. Capacity Development Strategies**

On the capacity building strategy of this newly-created office, the internal audit has identified five trainings for year 2011. These are trainings are the following:

- a) Basic Internal Control Concepts
- b) Audit Report Writing
- c) Financial and Operations Audit
- d) Tools and Techniques for Internal Audit
- e) Orientation on the National Guidelines on Internal Control System (NGICS).

Three out of the five identified trainings for 2011 staff were conducted among the PIAO staff. The Financial and Operations Audit and Audit Orientation on the NGCIS were

not conducted due to time constraints and unavailability of resource persons. It was observed that there is really a big need for the PIAO staff to be given more training to develop their capacities particularly with regard to Financial and Operations Audit which is a part of their mandated functions.

PIAO has also conducted risk assessment workshops to the initial six departments involved in the road sector. These departments are the PEO, PBMO, PTO, PAccO, PPDO, and BAC. Risk Assessment Reports and risk matrices have been formulated as a result of these workshops. These risk assessments has been presented to the LCE for acceptance. These reports were then used as one of the bases in preparing the 2011 Internal Audit Plan. The conduct of orientation on the significant provisions on the NGICS to all key officials and employees in the PGBh, though a capacity development activity, was also identified as an integrity development activity. However, it was not conducted yet. The orientation was intended to give the PGBh key officials and employees a better understanding and appreciation of the value of internal control and internal audit.

#### **4. Physical Infrastructure Strategies**

To address the physical infrastructure strategy of the plan, the newly-created PIAO was provided with a new and bigger office space together with other necessary logistics support such as computers for the staff and other office equipment.

#### **5. Project or Program Development Strategies**

In order to strengthen control over financial and operating data, the internal audit unit has formulated its first Internal Audit Plan for 2011. However, a Strategic Audit Plan has not been formulated yet. The office has not yet conducted its first strategic planning since its creation in December 2010. This Internal Audit Plan involves setting out plans for the audit assignments indicating the audit coverage within the constraints of available resources needed for year 2011. This has been approved by the LCE.

The conduct of baseline assessments on the status of internal control system in the PGBh was not yet implemented during 2011 due to time constraints. However, it is expected to be implemented in 2012.

#### **6. Integrity Development Strategies**

To strengthen control over financial and operating data, the Internal Audit and Internal Control has identified a capacity development activity which is the orientation on NGICS to all key officials and employees to develop an appreciation for the value of internal control and internal audit. Unfortunately, this activity was not implemented due to time constraints and unavailability of resource speaker. This will be conducted in 2012.

### **Summary**

The SFMP Implementation Plan has identified nine actions/activities for the Internal Audit and Internal Control function which are to be implemented for the year 2011. These



actions/activities, whose status of implementation is discussed above, are summarized as follows:

**Fully Implemented:**

- Install a department head for PIAO who manages the operations and reports directly to the Governor
- Hiring of additional staff for PIAO
- Institutionalization of PIAO/Issuance of an SP ordinance creating PIAO as a department
- Conduct of Risk Assessment Workshops
- Provision of adequate office space and office equipment for PIAO

**Partially Implemented:**

- Conduct of three out of five identified trainings for the staff
- Preparation of the Annual Audit Plan and Strategic Plan

**Not Implemented:**

- Baseline assessment on the status of Internal Control System in the PGBh
- Orientation on NGCIS to all officials and key employees.

During the writeshop for the SFMP M&E Report, the ad hoc M&E Team has identified five other activities whose offices concerned (the HRMDO and BAC) are not directly involved in the finance sector offices, therefore these activities need to be re-assessed and assumed by the Provincial Internal Audit Office. These actions/activities are the following:

1. Review and redesign/streamline the procurement process
2. Conduct of background check of applicants
3. More orientation to PGBh employees on anti-corruption laws
4. Moral recovery program to be determined by HRMDO, and
5. Conduct of IEC on RA 6713, RA 3019, CSC rules, and other policies on work ethics.

The above actions/activities were identified by the SFMP as integrity development activities which bear an impact on the objective of the internal audit and internal control. Such objective is the strengthening of control over financial and operating data. Since these actions/activities affect the personnel component of the PGBh, it is just but proper that this will be spearheaded by an office directly involved in the finance sector.

## **F. Economic Enterprise**

One of the goals of the formulation of the SFMP is the increase of locally generated revenue of the province so that it will become less dependent on the IRA. With the province's limited taxing powers, the only alternative left is the establishment of economic enterprises which will bring the needed funds to the LGU. To do this, there is the need to establish an enterprise department that will take charge of the entrepreneurial needs of the PGBh.

Section 22 (d) of Republic Act 7160 empowers the LGUs to enjoy full autonomy in the exercise of their proprietary functions and in the management of their economic enterprises, subject to the limitations provided therein and other applicable laws. Section 76 also states that LGUs are empowered to design and implement its own organizational structure and staffing

pattern taking into consideration its service requirements and financial capability, subject to the minimum standards prescribed by the Civil Service Commission (CSC). These sections provided the legal basis for the creation of economic enterprise especially that appropriations for the personal services of economic enterprises shall be charged to their respective budgets.

To date, the PGBh still has not created such department even though other provinces are already ahead in this initiative. There is an existing Economic Enterprise Development Department in the province of Negros Occidental with the cities of San Carlos and Sagay also following their province in this initiative.

For 2011, there is only one identified activity under SFMP and that is the preparation of the organizational structure for the Public Enterprise Office. This is still not done and this activity is placed under the responsibility of the Revenue Generation office which is the PTO.

## Overall Summary

As an overall summary of the SFMP Implementation Plan for CY 2011, Table 1 outlines the number of activities as to fully, partially and not implemented with corresponding percentage as to the total:

PFM Area	Fully Implemented	Partially Implemented	Not Implemented	Total
1. Planning			1 (100%)	1
2. Budgeting	6 (43%)	4 (29%)	4 (29%)	14
3. Revenue Generation	5 (23%)	6 (27%)	11 (50%)	22
4. Accounting and Financial Reporting	3 (27%)	6 (55%)	2 (18%)	11
5. Internal Control and Internal Audit	5 (56%)	2 (22%)	2(22%)	9
6. Economic Enterprise			1 (100%)	1
<b>Total (Percentage)</b>	<b>19 (33%)</b>	<b>18 (31%)</b>	<b>21(36%)</b>	<b>58</b>

**Table 1. Summary of the Overall SFMP Implementation for 2011**

There were 58 SFMP activities for CY 2011 and of this, only 19 (33%) were fully implemented by the finance offices while 21 were not implemented. Most of the unimplemented activities listed the LFC as the office responsible. The lack of an identified lead office to spearhead activities resulted in several targets unimplemented. As for the fully implemented activities, these are usually activities tied to the mandates and actual operations of the finance offices.

## **Income Monitoring and Evaluation**

One of the outstanding features of the SFMP is the presence of Complementary Plans, one of which is the Revenue Generation Plan. The plan is a complete package of identified local revenue policy directions for the planning period 2011-2015. It contains specific activities, strategies, measures that have to be undertaken to achieve the target/estimated revenue that should be raised and collected in a given year. It also included the identification of person/office responsible to take charge including the necessary funding requirements for every identified activity.

The plan, however, is focused mainly on Real Property Tax (RPT) and among the strategic measures are: (1) the conduct of general revision, (2) conduct of tax mapping of un-mapped municipalities, (3) entering into a compromise agreement with delinquent taxpayers in collecting taxes (4) implementation of judicial/civil/administrative remedies for collection of taxes, (5) checking and verification of the accuracy of the municipalities' monthly RPT Collection Reports particularly the Basic Tax and 50% for the Special Education Fund (SEF), and (6) implementation of the e-TRACS province-wide. All these are geared towards the increase of the collection efficiency of RPT which only comprises 24% of the total locally generated revenue or 2.2% of the total revenue of the PGBh, hence making the plan very limited in scope.

Following is an analysis of the income and expenditure of the provincial government for 2011.

### 1. Income Efficiency

The Provincial Government of Bohol was unable to meet its estimate of income to be earned for the year 2011. It had a shortfall amounting to P 41,615,055.89 or an inefficiency rate of 3.32%.

Estimate	Actual	Over (Under) (Actual – Budget)	% Efficiency Diff/Estimate
1,255,205,520.00	1,213,590,464.11	(41,615,055.89)	-3.32%

**Table 2. Total Income Efficiency of the PGBh for 2011 (in Pesos)**

Under the SFMP, a Summary of Income Projection is given for 2011 to 2015. For 2011, the SFMP has listed the total estimated income from locally generated sources at P76.5 million with IRA estimated at P1.053 billion, making the total income projected at P1.129 billion. The said estimate was not followed in the projection of income in the Annual Budget for 2011. The Annual Budget pegged the income estimate from locally generated sources at P158.8 million which was almost twice the amount found in the SFMP. However, the total locally generated income realized was P113.1 million with P45 million as shortfall for 2011.

The total revenue shortfall was P41.6 million, or a -3.32% efficiency rating (see Table 3). This deficiency is attributed to the overestimate of the rent income at P35 million which yielded only P4.9 million actual income. Thus 85% of the estimate or P30 million was uncollected. The rent income was given such estimate considering the acquisition of heavy equipment for road services. This was seen as a potential source of income as private contractors and other local government units would rent such equipment for their road projects. This is in addition to the fact that the PGBh is also the number one user of such equipment. An appropriation for rental of heavy equipment in the Provincial Engineer's Office would have quantified the PGBh's own usage and its payment will book the corresponding income as far as the heavy equipment are concerned. This would have made the computation of the Return of Investment of the equipment easier for the PGBh.

Another reason for the shortfall in income is the overestimate projection of the interest income at P12 million which only yielded P7.9 million actual collection, placing its efficiency rating at a negative, or -33.50%. P4 million was not collected out of the interest income projection. Real Property Tax also had a P6.5-million undercollection while Hospital Fees also registered at P4.97 million uncollected income estimate.

On the other hand, the highest efficiency rating among the income items goes to the Permit Fees with 338.44% in the amount of P1,096,100 collected income. Dividend income came in second with 275% in the amount of P5,625,000 due to the dividend declared by Bohol Light Company, Inc. (BLCI). Amusement Tax also rose with 214.51% efficiency rating with a P629,012.56 actual income. This is due to the revenue strategies employed by the PTO in aggressively collecting this tax.

A huge portion of the revenue can be attributed to the IRA with a share of 87.37% or P1,060,324,835 (see Table 4). The revenue generated locally is only 9.32% or P113,101,565.93 of the total revenue from General Fund. Hospital Fees has the highest contribution to this income which is P46,724,504.65. This is due to the newly implemented updated hospital fee schedule and the change in accounting treatment in the booking of hospital income. Back in 2005, hospital total income was reduced by 25% which represented the retention fund for hospital improvements and other needs. This was increased to 50% in 2008 and in 2011, at a time when the hospitals clamored for a 75% retention, the LFC decided to book the entire income as revenue of the province.

PARTICULARS	ESTIMATE	ACTUAL INCOME	OVER (UNDER)	Efficiency
		For the year ended December 31, 2011	(Actual-Budget)	
<b>GENERAL INCOME ACCOUNTS</b>				
<b>Permits and Licenses</b>				
Permit Fees	250,000.00	1,096,100.00	846,100.00	338.44%
Registration Fees		-	-	
Fines and Penalties- Permits and Licenses		-	-	
			-	
<b>Service Income</b>				
Clearance and Certification Fees	2,300,000.00	2,026,210.74	(273,789.26)	-11.90%
Library Fees		7,240.00	7,240.00	
Medical, Dental and Laboratory Fees		695,635.00	695,635.00	
			-	
<b>Other Service Income</b>				
Other Service Income	20,000.00	7,772.00	(12,228.00)	-61.14%
Rent Income	35,000,000.00	4,991,029.64	(30,008,970.36)	-85.74%
			-	
<b>Other Income</b>				
Dividend Income	1,500,000.00	5,625,000.00	4,125,000.00	275.00%
Interest Income	12,000,000.00	7,979,752.14	(4,020,247.86)	-33.50%
Miscellaneous Income	2,850,000.00	1,299,307.90	(1,550,692.10)	-54.41%
Fines and Penalties- Business Income			-	
			-	
Hospital Fees	51,700,000.00	46,724,504.65	(4,975,495.35)	-9.62%
Share on Chocolate Hills	9,000,000.00	7,417,950.57	(1,582,049.43)	-17.58%
Retention on Hospital Income		-	-	
			-	
<b>TAX REVENUE</b>				
Professional Tax	160,000.00	230,135.80	70,135.80	43.83%
Amusement Tax	200,000.00	629,012.56	429,012.56	214.51%
Business Tax		200.00	200.00	
Community Tax			-	
Franchise Tax	1,000,000.00	960,849.65	(39,150.35)	-3.92%
Occupation Tax			-	
Property Transfer Tax	2,700,000.00	3,396,371.07	696,371.07	25.79%
Real Property Tax	33,100,000.00	26,627,100.78	(6,472,899.22)	-19.56%
Tax on Delivery Trucks and Vans	1,650,000.00	907,491.54	(742,508.46)	-45.00%
Tax on Sand, Gravel and Other Quarry Products	3,800,000.00	1,719,198.80	(2,080,801.20)	-54.76%
Other Local Taxes		1,597.50	1,597.50	
Fines and Penalties- Local Taxes	1,600,000.00	759,105.59	(840,894.41)	-52.56%
<b>Total Locally Generated Revenue</b>	<b>158,830,000.00</b>	<b>113,101,565.93</b>	<b>45,728,434.07</b>	<b>40.43%</b>
			-	
Internal Revenue Allotment	1,056,375,520.00	1,060,324,835.00	3,949,315.00	0.37%
Income from Grants and Donations	-	1,968,685.00	1,968,685.00	
			-	
<b>TOTAL REVENUE- GENERAL FUND</b>	<b>1,215,205,520.00</b>	<b>1,175,395,085.93</b>	<b>51,646,434.07</b>	<b>4.25%</b>
<b>SPECIAL EDUCATION FUND</b>				
Special Education Tax	40,000,000.00	37,996,064.08	(2,003,935.92)	-5.01%
Fines and Penalties-Local Taxes	-	-	-	
Interest Income	-	199,314.10	199,314.10	
			-	
<b>TOTAL REVENUE-SEF</b>	<b>40,000,000.00</b>	<b>38,195,378.18</b>	<b>(1,804,621.82)</b>	<b>-4.51%</b>
			-	
<b>Grand Total</b>	<b>1,255,205,520.00</b>	<b>1,213,590,464.11</b>	<b>(41,615,055.89)</b>	<b>-3.32%</b>

Table 3. Income Efficiency per Income Account for the PGBh for Year 2011 (in Pesos)

Tax Revenue followed at 3.98% with P35,231,063.29 or 3% of the total locally generated revenue for the General Fund. This is the result of implementing the strategies found in the Revenue Generation Plan. Other Income came in third in the sources with 1.27% or P14,904,060.04 with the dividend from BLCI and interest income from bank deposits. The rest of the income sources contributed below 1% which means that there is still room for improvement and for inclusion in the Revenue Generation Plan.

Income Account	Total Income 2011 for General Fund (Pesos)	% to Total Income
<b>Locally Generated Revenue</b>		
Permits and Licenses	1,096,100.00	0.09%
Service Income	2,729,085.74	0.23%
Other Service Income	4,998,801.64	0.43%
Other Income	14,904,060.04	1.27%
Hospital Fees	46,724,504.65	3.98%
Share on Chocolate Hills	7,417,950.57	0.63%
Tax Revenue	35,231,063.29	3.00%
<b>Total Locally Generated Revenue - GF</b>	<b>113,101,565.93</b>	<b>9.32%</b>
<b>Special Education Fund</b>	<b>38,195,378.18</b>	<b>3.15%</b>
<b>Internal Revenue Allotment</b>	<b>1,060,324,835.00</b>	<b>87.37%</b>
<b>Income from Grants and Donation</b>	<b>1,968,685.00</b>	<b>0.16%</b>
<b>GRAND TOTAL</b>	<b>1,213,590,464.11</b>	<b>100%</b>

Table 4. Breakdown of PGBh Income Account for Year 2011

Focusing on the Locally Generated Revenue, the following breakdown is noted with Hospital Fees (41.31%) and Tax Revenue (31.15%) as the main contributors.

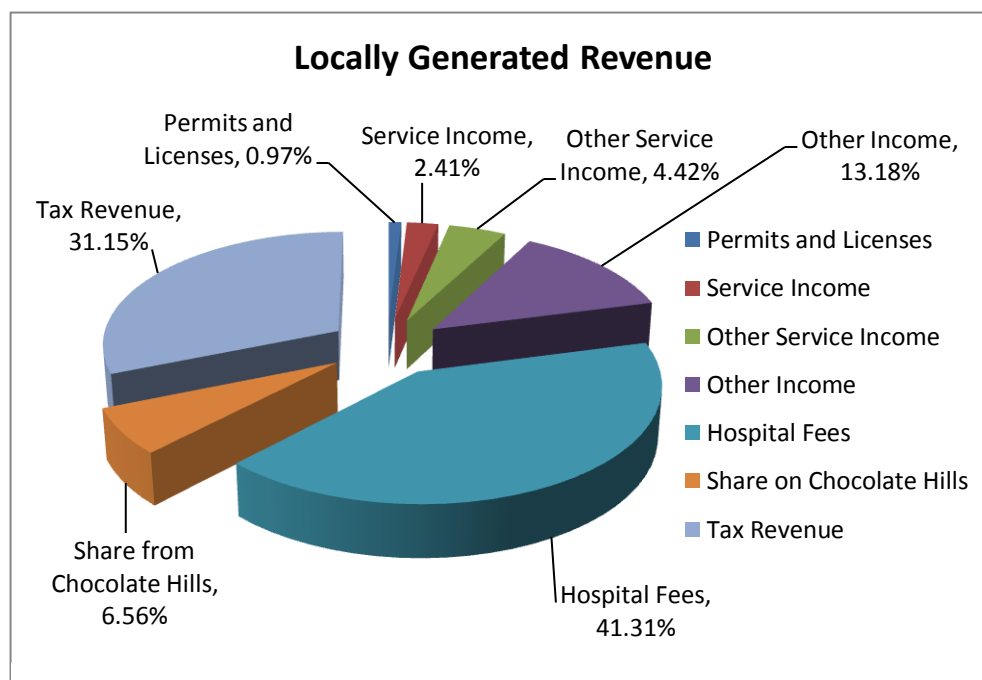


Figure 3. Breakdown of Locally Generated Revenues - General Fund of the PGBh for Year 2011

The goal of becoming an IRA-independent province still continues to be a goal for the province as the IRA from the national government continues to be the main source of revenue with 87.37% and Locally Generated Revenue at 9.32%.

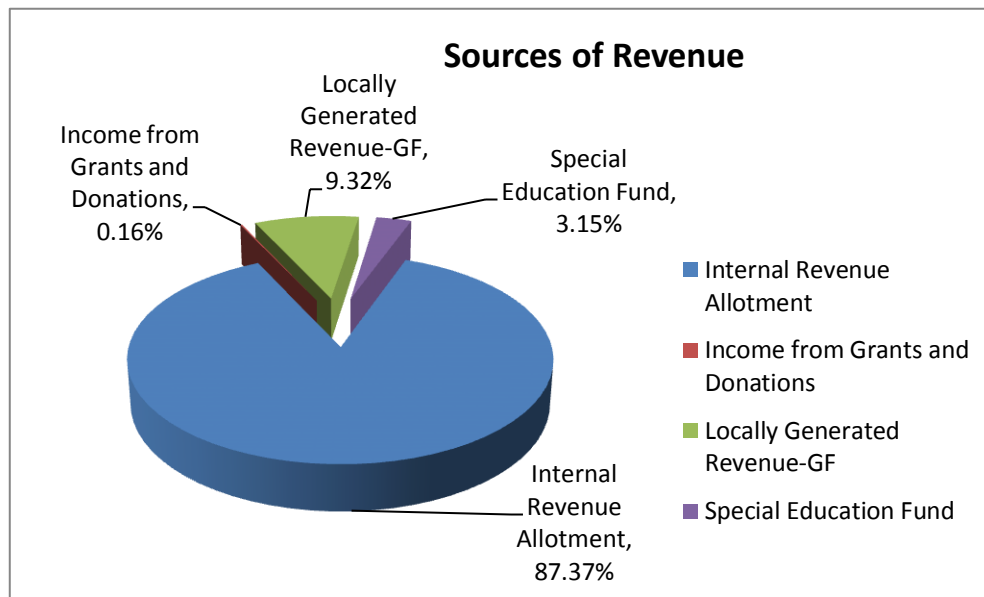


Figure 4. Sources of Revenue of the PGBh for 2011

## 2. Income Growth/Decline Rate

The total revenue showed an increase of 6.31% or a total amount of P72,084,338.30 from year 2010 to 2011 (see Table 5). This is due to a significant increase in the income earned from hospital fees with a growth rate of 117.45% or an amount of P25,237,109.77 after the elimination of the 50% retention on hospital income. Also, IRA receipts increased by 7.32% in the amount of P72,358,524. The province also received grants and donations from PRMF.

Amusement tax also increased by 371.36% or P495,565.94 while Franchise Tax increased by 201.65% or P642,315.85. But the biggest increase came from Library Fees in the amount of P5,943 or 458.21% followed by Dividend Income of 400% or P4.5 million.

On the other hand, two income accounts substantially decreased by 100%. These are Fines and Penalties - Business Income with P1,552, and the Retention on Hospital Income with P22,142,377.45.

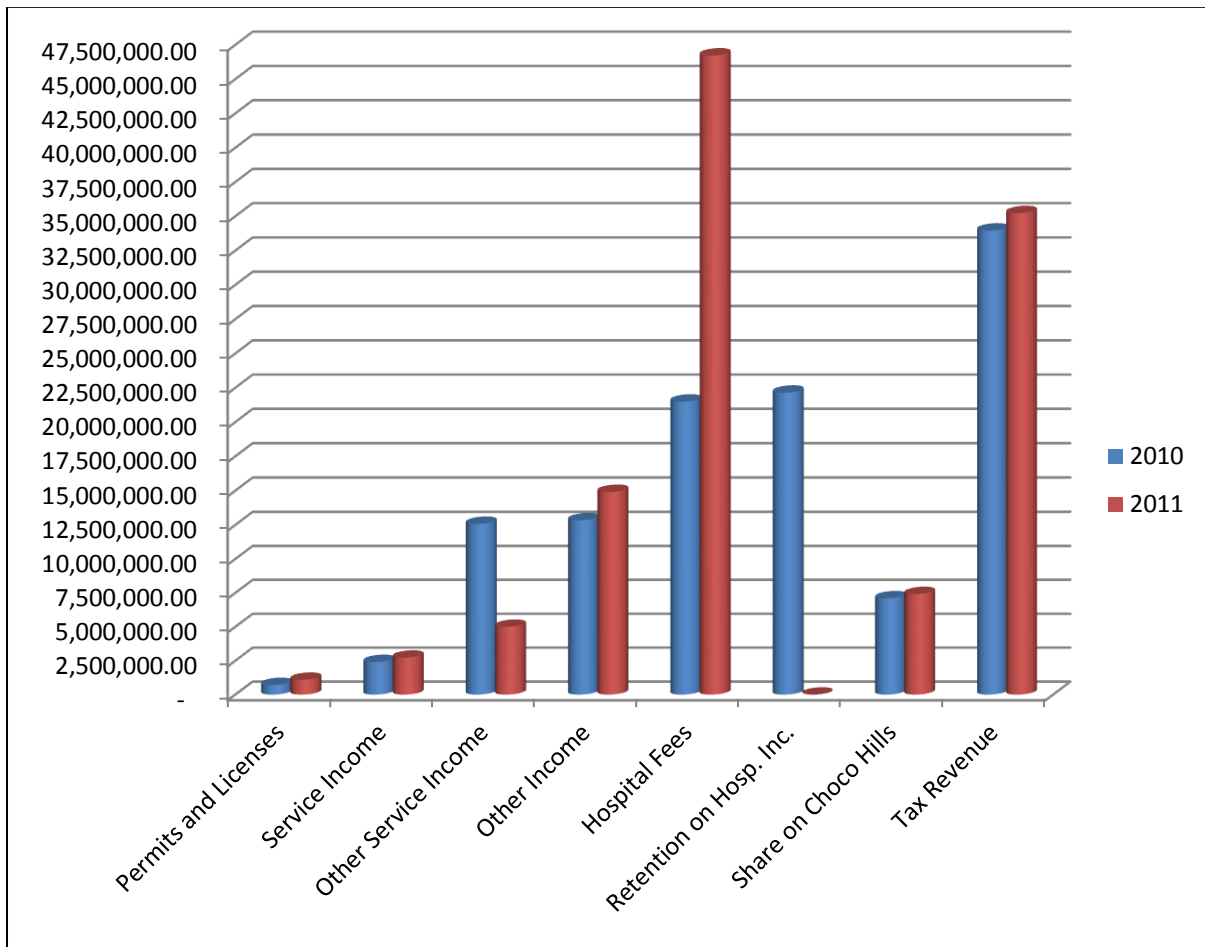
In total, locally generated revenue registered a decline of 0.10%. This decline can be attributed to the decrease in Other Service Income, particularly due to the Rice Accelerated Enhancement Response (RACER) Project of the Provincial Agriculture Office and compromising rental for PLDT amounting to P 4,875,593.99.

PARTICULARS	2011	2010	Increase (Decrease)	% (Diff/2010)
<b>GENERAL INCOME ACCOUNTS</b>				
<b>Permits and Licenses</b>				
Permit Fees	1,096,100.00	711,525.00	384,574.00	54.05%
Registration Fees	-			
Fines and Penalties - Permits and Licenses	-			
<b>Service Income</b>				
Clearance and Certification Fees	2,026,210.74	1,789,459.10	236,751.64	13.23%
Library Fees	7,240.00	1,297.00	5,943.00	458.21%
Medical, Dental and Laboratory Fees	695,635.00	614,850.00	80,785.00	13.14%
<b>Other Service Income</b>				
Other Service Income	7,772.00	1,212,792.00	(1,205,020.00)	-99.36%
Rent Income	4,991,029.64	11,364,334.04	(6,373,304.40)	-56.08%
			-	
<b>Other Income</b>				
Dividend Income	5,625,000.00	1,125,000.00	4,500,000.00	400.00%
Interest Income	7,979,752.14	10,346,873.69	(2,367,121.55)	-22.88%
Miscellaneous Income	1,299,307.90	1,362,499.22	(63,191.32)	-4.64%
Fines and Penalties - Business Income		1,552.00	(1,552.00)	-100.00%
<b>Hospital Fees</b>	46,724,504.65	21,487,394.88	25,237,109.77	117.45%
<b>Share from Chocolate Hills Complex</b>	7,417,950.57	7,101,119.95	316,830.62	4.46%
<b>Retention on Hospital Income</b>	-	22,142,377.45	(22,142,377.45)	-100.00%
<b>TAX REVENUE</b>				
Professional Tax	230,135.80	168,493.90	61,641.90	36.58%
Amusement Tax	629,012.56	133,446.62	495,565.94	371.36%
Business Tax	200.00	5,555.45	(5,355.45)	-96.40%
Community Tax				
Franchise Tax	960,849.65	318,533.80	642,315.85	201.65%
Occupation Tax				
Property Transfer Tax	3,396,371.07	1,869,830.08	1,526,540.99	81.64%
Real Property Tax	26,627,100.78	28,152,770.69	(1,525,669.91)	-5.42%
Tax on Delivery Trucks and Vans	907,491.54	873,560.00	33,931.54	3.88%
Tax on Sand, Gravel and Other Quarry Products	1,719,198.80	1,888,171.80	(168,973.00)	-8.95%
Other Local Taxes	1,597.50		1,597.50	
Fines and Penalties - Local Taxes	759,105.59	548,616.02	210,489.57	38.37%
<b>Total Locally Generated Revenue</b>	<b>113,101,565.93</b>	<b>113,220,052.69</b>	<b>(118,486.76)</b>	<b>-0.10%</b>
<b>Internal Revenue Allotment</b>	1,060,324,835.00	987,966,311.00	72,358,524.00	7.32%
<b>Income form Grants and Donations</b>	1,968,685.00		1,968,685.00	
<b>TOTAL REVENUE - GENERAL FUND</b>	<b>1,175,395,085.93</b>	<b>1,101,186,363.69</b>	<b>74,208,722.24</b>	<b>6.74%</b>
<b>SPECIAL EDUCATION FUND</b>				
Special Education Tax	37,996,064.08	40,074,688.68	(2,078,624.60)	-5.19%
Fines and Penalties - Local Taxes	-			
Interest Income	199,314.10	245,073.44	(45,759.34)	-18.67%
<b>TOTAL REVENUE - SEF</b>	<b>38,195,378.18</b>	<b>40,319,762.12</b>	<b>(2,124,383.94)</b>	<b>-5.27%</b>
<b>GRAND TOTAL</b>	<b>1,213,590,464.11</b>	<b>1,141,506,125.81</b>	<b>72,084,338.30</b>	<b>6.31%</b>

Table 5. Income Growth for PGBh for 2011



The huge increase of Hospital Fees from P21.5 million in 2010 to P46.7 million in 2011 is noted in the bar graph below (Figure 5) while Retention on Hospital Income dropped to nothing for 2011 from P22 million in 2010. This is due to the change in accounting treatment. Other Service Income also decreased from P12.6 million in 2010 to P 4.9 million in 2011. This is due to decrease in rent income.



**Figure 5. Income Growth per Income Account (Locally Generated Revenue – General Fund)**

Total Revenue is on a steady rise from P777 million in 2007 to P876 million in 2008. For 2009, it went up to P1 billion, then P1.1 billion in 2010, and finally P1.2 billion in 2011. The same trending for the IRA is seen: P700 million in 2007, P780 million in 2008, P929 million in 2009, P987 million in 2010, and finally P1 billion in 2011. For the Locally Generated Revenue, it also has an increasing trend except for 2011 when it dropped from P153.5 million in 2010 to P151.3 million in 2011 (see Figure 6).

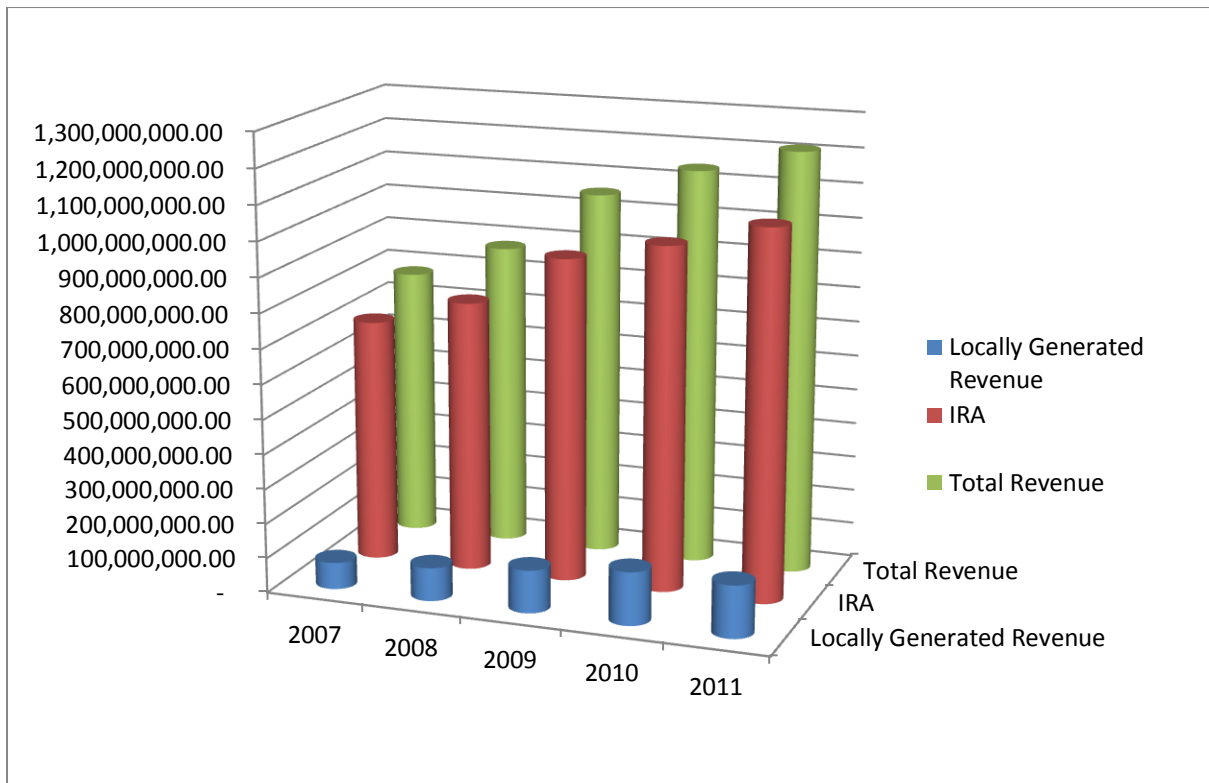


Figure 6. Trend of PGBh Income Growth from 2007-2011

### **Expense Monitoring and Evaluation**

The above-stated individual accomplishments of the different financial offices of the PGBh affected the financial condition and operation of the provincial government. Below is the financial analysis of operations of the PGBh.

#### **1. Expense Efficiency/Spending**

The expense efficiency of the PGBh for the year 2011 posted a spending rate of 84.89%, which implies that there is a 15.11% or P195,343,496.71 unspent amount for the year 2011. This expense efficiency/spending rate show how well the province spends its budget for the year 2011 and this quantifies the total operation and existence of the PGBh. On the budgeting aspect, the remaining 15.11% signifies sound budgeting and expenditure control as the spending level of the provincial government is just within its actual revenue collection.

Budget	Actual	Over (Under) (Budget - Actual)	% of Expense Efficiency (Actual/Budget)
1,292,931,205.00	1,097,587,708.29	195,343,496.71	84.89%

Table 6. Total Expense Efficiency for PGBh for 2011 (in Pesos)

Financial Expense posted the highest expense efficiency of 100% which implies that the total allotment released for Financial Expense is equal to the obligations/expenditures spent for Financial Expense. It is followed by the Maintenance and Other Operating Expenses (MOOE) with 89.06%, Personal Services (PS) with 88.26%, and Capital Outlay (CO) with 61.82%.

Expense Account	Total Budget 2011	Total Actual 2011	Over (Under) (Budget-Actual)	% of Expense Efficiency (Actual/Budget)
Personal Services	474,821,288.50	419,060,025.37	55,761,263.13	88.26%
Maintenance and Other Operating Expenses	592,426,764.36	527,599,194.19	64,827,570.17	89.06%
Capital Outlay	195,776,788.14	121,022,125.14	74,754,663.00	61.82%
Financial Expenses	29,906,364.00	29,906,363.59	0.41	100%
<b>TOTAL</b>	<b>1,292,931,205.00</b>	<b>1,097,587,708.29</b>	<b>195,343,496.71</b>	<b>84.89%</b>

Table 7. Expense Efficiency per Expense Account for PGBh for 2011 (in Pesos)

## 2. Expense Growth/Decline Rate

The total expenses pattern shows the total net increase of P94,461,752.39 or 9.42% from year 2010 to 2011. This increase was mostly attributed to MOOE amounting to P118,842,557.81 which is due to the yearly 5% Calamity Fund that is being recorded as funds held in trust starting CY 2011 amounting to P50,125,427.15. Expenses for Personal Services also posted a slight increase of 3.53% or P14,272,378.79. However, Capital Outlay and Financial Expenses posted a decrease of 23.39% and 5.41% respectively.

Expense Account	2011	2010	Increase (Decrease)	% (Diff/2010)
Personal Services	419,060,025.37	404,787,646.58	14,272,378.79	3.53%
Maintenance and Other Operating Expenses	527,599,194.19	408,756,636.38	118,842,557.81	29.07%
Capital Outlay	121,022,125.14	157,964,384.42	(36,942,259.28)	-23.39%
Financial Expenses	29,906,363.59	31,617,278.52	(1,710,914.93)	-5.41%
<b>TOTAL</b>	<b>1,097,587,708.29</b>	<b>1,003,125,945.90</b>	<b>94,461,762.39</b>	<b>9.42%</b>

Table 8. Expense Growth of PGBh for 2011 (in Pesos)

Aside from the reduction of the 2011 total budget for Capital Outlay as compared to 2010, the utilization of such budget is also lowered by 23.39%. Capital Outlay is mainly for the purchase of assets.

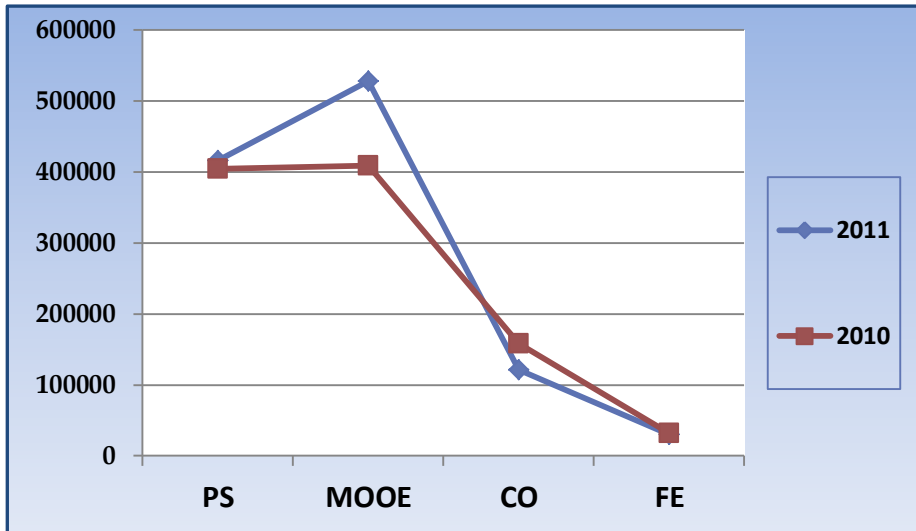


Figure 7. Expense Growth of PGBh for 2011

### 3. Expense by Object

MOOE posted the highest share of the total expenses for 2011 amounting to P527,599,194.19 or 48.07% of the total obligations/expenditures. It is followed with PS with a share of 38.18% of the total obligations. Financial Expenses posted the smallest share of only 2.71% or P29,906,363.59. (see Table 9 and Figure 8).

Expense Account	Total Budget 2011	% to Total Expense
Personal Services	419,060,025.37	38.18%
Maintenance and Other Operating Expenses	527,599,194.19	48.07%
Capital Outlay	121,022,125.14	11.03%
Financial Expenses	29,906,363.59	2.72%
<b>TOTAL</b>	<b>1,097,587,708.29</b>	<b>100%</b>

Table 9. Expense by Object for 2011 (in Pesos)

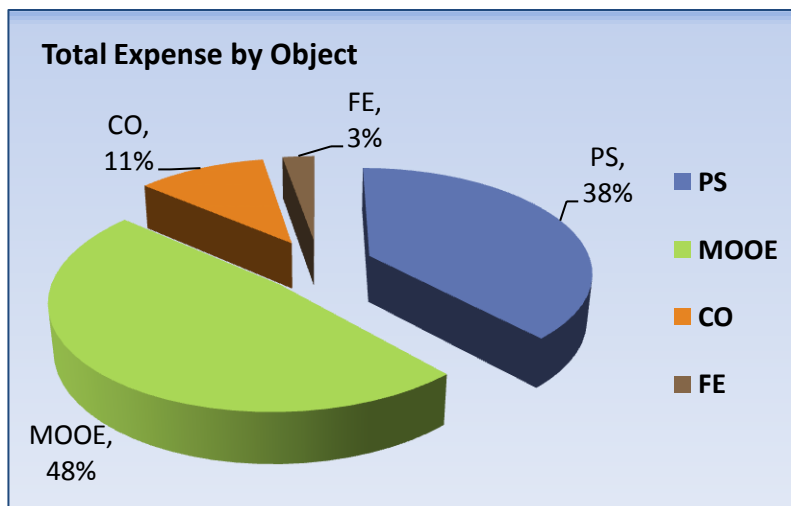


Figure 8. Expense by Object

#### 4. Expense by Sector

As to expense per sector, Other Services—comprised of the 20% Development Fund, 5% LDRRMF, Financial Expense and Non-Office Expenditures—posted the highest percentage of 30.43% with an expenditure of P334.04 million.

General Services Sector, which posted P327.97 million or 29.88%, covers expenditures for services which are indispensable to the existence of an organized state and cannot be allocated to specific sector or subsectors. This includes execution and legislative services, overall financial and fiscal services, civil services, development planning and policy formulation; general research; public order and centralized services.

Social Services Sector covers expenditures for the upliftment of disadvantaged families and children, rehabilitation of physically and socially handicapped, assistance to distressed and displaced individuals and families; care for the aged and other welfare services. It posted 25.26% or P277.27 million.

Economic Services Sector which covers expenditures for activities directed to the promotion and enhancement and attainment of desired economic growth, posted the smallest share of 14.42% or P158.31 million.

Table 10 shows PGBh's expenditures for 2011 by sector.

Sector	Total Expense 2011	% to Total Expense
General Services	327,968,840.88	29.88%
Social Services	277,266,672.38	25.26%
Economic Services	158,307,055.95	14.42%
Other Services	334,045,139.08	30.43%
<b>TOTAL</b>	<b>1,097,587,708.29</b>	<b>100%</b>

Table 10. Distribution of Expenditure by Sector

## IV. Findings and Recommendations

In the crafting of this M&E Report for the SFMP, thorough attention was given only to the SFMP Implementation Plan for CY 2011. All 58 activities for the PFM areas were scrutinized to come up with a status of implementation. The lack of performance measurements resulted in the lack of ratings for the accomplished activities which is considered as the missing information needed to come up with an accurate M&E Report for the SFMP.

The SFMP has complementary plans, namely, the Revenue Generation Plan, Integrity Development Plan, Capacity Development Plan, and the PFM M&E Plan. Due to time constraints, data gathering for these complementary plans was not conducted hence this report does not include observations and findings associated with M&E processes. Although the activities under the Revenue Generation Plan have not been monitored and evaluated, the financial performance of the PGBh was still examined due to the availability of financial information.

M&E for the Integrity Development Plan and the PFM M&E Plan was not done. Next year's M&E Report will include these plans. M&E for the Capability Development Plan was undertaken by the Human Resource and Development Office (HRMDO) as it is the office in charge of monitoring trainings and seminars. As for the PFM M&E Plan, even though its activities were not undertaken, the design for the proposed SFMP M&E mentioned at the beginning of this report is patterned after this plan.

For better implementation of the SFMP, the following recommendations are forwarded:

### **On the SFMP**

- The SFMP should have an official approval from the Local Chief Executive and the SP. An SP ordinance will institutionalize the Plan, while a memorandum from the Governor's Office for its strict implementation will ensure greater implementation success.
- The LFC should spearhead the SFMP's implementation as the SFMP is the plan that they crafted which provides directions in the generation and utilization of PGBh's financial resources.
- An official copy of the SFMP should be furnished to the finance offices for their study and compliance.
- If necessary, a revisit of the plan should be made in order to fill in the gaps in information.
- The SFMP Logframe should be reviewed by the concerned offices in order to check on the given data in the logframe and to promote accuracy and ownership of the logframe.
- A cascading of the SFMP to the different LFC offices and even to the entire provincial government should be made in order to facilitate the implementation of its activities and to promote full participation and cooperation within the PGBh.
- SFMP-identified activities should be included in the annual office planning to assure implementation in the succeeding year. These activities should be integrated in office operations making them a regular part of office operations.
- For activities that are labeled as LFC activities, responsibility should be pointed out by identifying the office that will spearhead implementation.
- Performance measurement should be identified as this will help in assessing and evaluating compliance objectively.

### **On the Revenue Generation Plan**

- The Revenue Generation Plan should be revisited and updated as it only plans for RPT. Being a revenue generation plan of the province, it should include all potential revenues and income sources of the PGBh.
- The Plan should map out strategies that will maximize present revenue sources and at the same time plan for the implementation of non-traditional sources which will utilize the presently owned assets of the PGBh.
- The PGBh is creating an enabling environment for the business and tourism sector. With the Bohol Investment Promotion Center (BIPC) operating, it helps and encourages potential investors and businesspeople in establishing their businesses in the province. The PGBh,

with its vast resources, could also be part of this wealth creation scheme as it can also be treated as an investor.

- Business plans should be formulated to help the provincial government in establishing potential economic enterprises.
- Previous unimplemented business plans should be repackaged and presented to the Governor and SP for decision-making and approval.
- Existing revenue sources should be revisited and maximized through additional policies in order to increase locally generated revenue base.
- Performance measurement of the activities under the plan should be provided in order to prepare for monitoring and evaluation.

### **On Integrity Development Plan and Capability Development Plan**

- Awareness of these plans should be made through cascading of the same to the different financial offices.
- Performance measurement of the plans should be formulated in order to properly monitor and assess accomplishments and these measurements should be coming from the offices spearheading the implementation.
- M&E data should be provided to the M E Validation Officers semi-annually in order to ascertain compliance and to craft the M&E Report.

### **On the PFM M&E Plan**

- The SFMP should have its own M&E system to help oversee the implementation of the plan.
- The design of the M&E System detailed in this report should be revisited and confirmed by all offices involved in SFMP implementation in order to foster ownership.
- A memorandum should be issued to direct finance offices to provide sufficient documentation in relation to the M&E Report of the office.
- The criteria or standard to monitor and evaluate activities and program should be identified in order to be more specific in rendering the M&E report.
- The Logframe of the M&E should be revisited by the offices concerned.
- A Performance Measurement Matrix and Results Chain of the SFMP and complementary plans should be made and these should be made in a participatory manner in order to promote accountability and ownership.

Much still needs to be done in the succeeding years to realize the objectives of the SFMP. Formulating the Plan—exploring revenue generation and expenditure management options—has not been easy, but it is the necessary first step to enhancing the PGBh's practices in financial management. Fully realizing financial targets is a much more difficult challenge, though not unattainable. The SFMP has forced the PGBh to evaluate its financial management capacity and explore areas for increased revenue generation, as well as its converse aspect of expenditure management. SFMP implementation, despite its limitations and setbacks, puts PGBh in the right track to reforming local governance to make it more responsive to the development needs of the province of Bohol.

## Annexure 1. SFMP Logical Framework

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p><b>Goal</b></p> <ul style="list-style-type: none"> <li>Innovative revenue generation strategies – sourcing</li> <li>Development strategies geared towards accounting for outcomes for every peso invested</li> <li>Support poverty reduction initiatives of the PGBh thru fund sourcing</li> </ul> <p>Develop the strategic direction of the provincial government in the generation and utilization of its financial resources for the next five year period, 2011 to 2015 in pursuit of a stable and sufficient financial management in the PGBh with end result of becoming an IRA independent province.</p>	<ul style="list-style-type: none"> <li>Percentage of increase of locally generated revenue</li> <li>Existence and implementation of alternative sources of revenue – non-traditional</li> <li>Fully functioning M &amp; E for Finance Offices to track SFMP implementations</li> <li>Timely submission of financial reports</li> <li>Adherence to full disclosure policy in order to promote transparency and accountability</li> </ul>	<ul style="list-style-type: none"> <li>Financial reports – Statement of Operation and Statement of Receipts and Expenditures</li> <li>Income from public enterprise or from new revenue generating activities</li> <li>Executive Order</li> <li>M &amp; E Reports</li> <li>Electronic posting on websites of financial reports</li> </ul>	<ul style="list-style-type: none"> <li>Existence of a unit of division to take charge of the implementation of non-traditional revenue generation sourcing</li> <li>Operational M &amp; E mechanism</li> <li>Full support from the LCE and SP</li> </ul>
<p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>To identify and implement alternative and non-traditional revenue sources</li> <li>To fully implement updated fees and charges under Revenue Code</li> <li>To implement stringent measures geared towards safeguarding and proper accounting of asset of the PGBh</li> <li>To fund identified and prioritized projects</li> </ul>	<ul style="list-style-type: none"> <li>Endorsement of proposed alternative and non-traditional revenue sources by the LFC</li> <li>Percentage of increase in provincially imposed fees and charges</li> <li>Maximize asset utilization</li> <li>Physical existence of assets ascertained and properly recorded</li> </ul>	<ul style="list-style-type: none"> <li>Revenue Ordinance</li> <li>Actual income generated based on eSRE and Statement of Operation</li> <li>Financial Reports</li> </ul>	
<p><b>Objectives/Outputs</b></p> <ul style="list-style-type: none"> <li>Support the objectives and directions of the provincial government as spelled out in the PDPFP and carry on the goals and objectives of the PRMF</li> <li>Advance the systems and processes of planning, budgeting and financial reporting in order to rationalize the allocation and utilization of economic resources</li> <li>Expand the resource mobilization base as a precondition for the generation of financial resources and the sustainability of programs and projects, and</li> <li>Develop the capacity of organizational units and individuals involved in financial management</li> </ul>			



Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p><b>Planning</b></p> <ul style="list-style-type: none"> <li>Development planning and policy formulation to promote economic growth</li> </ul> <p><u>Objectives:</u></p> <ol style="list-style-type: none"> <li>To prepare comprehensive plans and other development planning documents for the consideration of the PDC. <u>Output:</u> PDPFP, other plans</li> <li>To conduct continuing studies, researches and training programs necessary to evolve plans and programs for implementation. <u>Output:</u></li> <li>To integrate and coordinate all sectoral plans and studies undertaken by the different functional groups or agencies. <u>Output:</u> PDPFP</li> <li>To monitor and evaluate the implementation of the different development programs, projects and activities in Bohol in accordance with the approved development plan. <u>Output:</u> M&amp;E Reports</li> <li>To analyze the income and expenditure patterns, and formulate and recommend fiscal plans and policies for consideration of the Local Finance Committee (LFC) as provided under Title Five, Book II of this Code. <u>Output:</u> SFMP, LFC Recommendations</li> <li>To promote people participation in development planning. <u>Output:</u> Active participation of CSOs in PIME</li> <li>To exercise supervision and control over the secretariat of the PDC <u>Output:</u> Functional PDC secretariat</li> </ol>			

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p><u>Actions/ Activities:</u></p> <ul style="list-style-type: none"> <li>• Filling up of vacant positions especially technical positions in the PPDO</li> <li>• HRMDO to consult with concerned department heads in the filling-up of vacant positions or in personnel assignment</li> <li>• SP Ordinance for the approval of PPDO's proposed personnel development plan</li> <li>• Executive Order for the creation of a Provincial Monitoring and Evaluation Team</li> <li>• LCE and SP support for the creation of a People's Council among accredited NGOs and POs</li> <li>• PDC Resolution for the Institutionalization of Prioritization/Ranking</li> <li>• Criteria for PDIP for adoption by the PDC</li> <li>• Formulation of guidelines on the relevance of sectoral allocations to the overall budget</li> <li>• Training on M &amp; E for technical staff of PPDO and other departments</li> <li>• Training on GIS: Spatial Analysis using satellite imagery, GPS</li> <li>• Training on Project Impact Evaluation for PPDO technical staff</li> <li>• Establishment of Information System for the Socio-Economic Development Database</li> <li>• Strengthening/enhancement of M &amp; E system (with integrated community feedback mechanism)</li> <li>• Formulate tools for office level analysis of financial data and its relation to the development goals of the province; to establish standards and documentation for determining whether the spent resources have produced the desired outcomes (reckoned against the Work &amp; Financial Plan)</li> <li>• Acquisition of M&amp;E software and hardware</li> <li>• Provide linkage of PPDO database to other PGBh offices</li> <li>• Conduct IEC to guide the development of PPAs by depts.</li> </ul>			

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p>to ensure that they contribute to the province's overarching development framework</p> <ul style="list-style-type: none"> <li>• Sustain and enhance the regular conduct of the Bohol Prosperity and Development Initiatives Fair</li> <li>• Conduct regular updating of socio-economic database</li> <li>• Continue to extend technical assistance to municipal LGUs in the formulation, review and revision of the CLUP</li> </ul>			
<p><b>Budgeting</b></p> <ul style="list-style-type: none"> <li>• Strategic budget preparation, review and execution</li> </ul> <p><u>Objectives:</u></p> <p>1. To prepare forms, orders and circulars embodying instructions on budgetary and appropriation matters <u>Output:</u> Related Local Budget Preparation Forms, Orders and Circulars</p> <p>2. To review and consolidate the budget proposals of the different departments and offices of the provincial government <u>Output:</u> Executive Budget</p> <p>3. To study and evaluate budgetary implications of proposed legislations. <u>Output:</u> Appropriation Ordinance</p> <p>4. To coordinate with the Treasurer, Accountant and Planning and Development Coordinator on matters related to budgeting. <u>Output:</u> Financial decisions/ recommendation to the Local Chief Executive or SP</p>	<ul style="list-style-type: none"> <li>• Number of budgetary forms given to department heads</li> <li>• Annual Supplies /Equipment Procurement Forms</li> <li>• Work and Financial Plan Forms</li> <li>• Number of department budget proposals submitted</li> <li>• Number of budget hearings</li> <li>• Number of Local Finance Committee meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Budget call</li> <li>• Local Budget Preparation Form No. 1 to 8</li> <li>• Local Budget Preparation Form No. 3</li> <li>• Minutes of meeting</li> <li>• SP Resolutions/ Ordinance enacted</li> <li>• Department of Budget and Management approval</li> <li>• Minutes of meeting</li> <li>• Indorsement or Recommendation Letter</li> </ul>	<ul style="list-style-type: none"> <li>• Delay in the submission of office budget</li> <li>• Delay in the submission of office budget.</li> <li>• Total estimate of all office budget is more than the total estimate of income.</li> <li>• Unjustifiable increase of proposed office budget.</li> <li>• Lack of funding support</li> <li>• No legal basis in the request for funding of proposal.</li> <li>• Lack of funding support</li> <li>• No legal basis in the request for funding of proposal</li> </ul>

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p>5. To coordinate with the planning office in the formulation of the Annual investment Plan within prescribed calendar days. <u>Output:</u> Annual Investment Plan</p> <p>6. To review annual and supplemental budgets of the 47 municipalities and one component city within seven working days per budget. <u>Output:</u> Approved Annual and Supplemental Budgets of component LGUs</p> <p>7. To record and report appropriations, allotments, obligations and balances using the e-budget system as ready reference for decision making and in aid to legislation. <u>Output:</u> e-Budget reports</p> <p>8. To establish linkage with the Office of the Governor and other financial offices on budgetary matters. <u>Output:</u> Electronic linkage with other financial offices</p> <p><u>Actions/ Activities:</u></p> <ul style="list-style-type: none"> <li>• Filling up of vacant position in PBO to be assigned as IT in the E-Budget System</li> <li>• Inclusion of budget and expenditure analysis in the regular tasks of the Department heads and administrative officers in the office</li> <li>• Timely submission of approved AIP</li> <li>• Creation of Strategic Road Fund for the province for sustainable road Funding thru an SP Ordinance</li> <li>• Issuance of an SP Resolution for the inclusion of budget and expenditure analysis in the regular tasks of dept heads and admin officers</li> <li>• Enhance criteria to be integrated in the granting of model office award for incentive mechanism of cost efficient depts.</li> </ul>	<ul style="list-style-type: none"> <li>• Number of coordination meetings with PPDO</li> <li>• Number of Annual Investment Plan submitted</li>   <li>• Number of annual and supplemental budgets by component city and municipalities</li>   <li>• Number of claims charged under eBudget System</li>   <li>• Number of offices linked to eBudget</li> </ul>	<ul style="list-style-type: none"> <li>• Minutes of meeting</li> <li>• Annual Investment Plan</li>   <li>• Annual Budget and Supplemental Budgets</li> <li>• SP Resolution approving the Annual and Supplemental budgets</li>   <li>• Obligated claims</li> <li>• Budget Reports – Monthly and Quarterly Appropriation and Balances</li>   <li>• Installed and operational eBudget system (for viewing only)</li> </ul>	<ul style="list-style-type: none"> <li>• Delay in the submission of Annual Investment Plan by the department</li> <li>• Lack of funding support</li>   <li>• Conflict of interest between the Municipal officials</li> <li>• Delay in SP deliberation on their annual and supplemental budgets.</li>   <li>• Lack of funding within the quarter</li> <li>• Procured items not listed in the Annual Procurement Plan</li>   <li>• Lack of funding support in the procurement of hardware and other accessories.</li> <li>• Lack of IT personnel</li> <li>• Power interruption</li> </ul>

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<ul style="list-style-type: none"> <li>• Formulation of guidelines on the relevance of sectoral allocations to the overall budget</li> <li>• Training on revenue and expenditure projection/estimation and analysis</li> <li>• Orientation of BAC members and secretariat on the e-procurement system (PhilGEPS)</li> <li>• IEC to increase awareness and application of Value for Money and Management by Outcomes principles</li> <li>• Formulate policies for improved budget call to include spending ceiling for each department</li> <li>• Budget and expenditure of previous year should serve as reference and basis of succeeding years</li> <li>• SP Secretary will transmit the approved ordinance to DBM. All pages of the ordinance will be signed by all attending SP members.</li> <li>• Posting of approved appropriation ordinance for public viewing</li> <li>• Incorporate customer feedback in assessment and planning to improve service delivery.</li> <li>• Install systems for offices to maintain their own budget and expenditure records and monitoring with admin. designated to do the task</li> <li>• Develop criteria on the Most Cost-efficient Department in the PGBh thru the granting of the Model Office Award of the Year</li> <li>• Require departments or offices to maintain own financial records</li> <li>• Link the e-budget system to all offices for balances of appropriations and record reconciliation</li> <li>• Conduct Joint Executive-Legislative budget hearings to strengthen coordination between the legislative and executive branches for efficient budgetary preparation and approval by the DBM</li> <li>• Develop an activity-based costing system</li> <li>• Implement and Review Citizen Feedback Mechanism</li> </ul>			

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p><b>Revenue Generation</b></p> <ul style="list-style-type: none"> <li>• Ensure adequate reserves/resources for the implementation of the development agenda of the provincial government</li> </ul> <p><u>Objective:</u></p> <ol style="list-style-type: none"> <li>1. To continuously explore potential revenue sources <u>Output:</u> List of potential revenue sources, Amendments to Provincial Revenue Code</li> <li>2. To reduce IRA dependency by 10% per year <u>Output:</u> 10% reduction in IRA ratio to locally generated revenue</li> <li>3. To save keep funds and invest available cash on high yielding investment opportunities <u>Output:</u> Schedule of deposits and investments of the PGBh or Report on Fund Management</li> <li>4. To increase locally-generated revenues from 8% to 10% of total revenue <u>Output:</u> Report of Collection Efficiency</li> <li>5. To achieve collection target of 10% per year <u>Output:</u> Report of Collection Efficiency</li> </ol>	<ul style="list-style-type: none"> <li>• Number of potential revenue sources</li> <li>• Amount of increase in locally generated revenue</li> <li>• Interest rate of depository banks</li> <li>• Increase in Interest income earned</li> <li>• Amount of increase in locally generated revenue</li> <li>• Amount of collection increase</li> </ul>	<ul style="list-style-type: none"> <li>• Report of potential income generating activities/ sources of the PGBh</li> <li>• Minutes of Meeting – LFC</li> <li>• Business plans</li> <li>• Feasibility Studies</li> <li>• Comparative Statement of Income and Expenses</li> <li>• Report of Collection Efficiency</li> <li>• Computation of the 10% or more reduction in the ratio</li> <li>• Schedule of deposits and investments</li> <li>• Report on Fund Management</li> <li>• Comparative Statement of Income and Expenses</li> <li>• Report of Collection Efficiency</li> <li>• Computation of the 10% or more increase in locally generated revenue</li> <li>• Comparative Statement of Income and Expenses</li> <li>• Report of Collection Efficiency</li> <li>• Computation of the 10% or more increase in locally generated revenue</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of political will</li> <li>• Lack of financial support</li> <li>• Conflict of interest between LGUs and officials</li> <li>• Lack of entrepreneurial perspective</li> <li>• Unrealistic estimates of income in the annual budget</li> <li>• Limited government banks and lower interest rates</li> <li>• Unrealistic increase of estimates in income in the annual budget</li> <li>• Limited taxing powers of the province</li> <li>• Unrealistic increase of estimates in income in the annual budget</li> <li>• Limited taxing powers of the province</li> </ul>

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p>6. To coordinate with Municipal Treasurers in the implementation of strategies in the collection of real property taxes and other provincial impositions <u>Output:</u> Identified strategies in collection of real property taxes and other provincial impositions</p>	<ul style="list-style-type: none"> <li>• Number of meetings</li> <li>• List of identified strategies</li> </ul>	<ul style="list-style-type: none"> <li>• Minutes of Meeting between Provincial Treasurer and Municipal Treasurers</li> </ul>	<ul style="list-style-type: none"> <li>• Non-implementation of strategies</li> <li>• Lack of support from LCE and SP/SB</li> </ul>
<p>7. To establish electronic linkage with municipalities on real property tax administration <u>Output:</u> Installed eTRACS in municipalities</p>	<ul style="list-style-type: none"> <li>• Number of municipalities with eTRACS</li> <li>• Number of Memorandum of Agreements signed</li> </ul>	<ul style="list-style-type: none"> <li>• IT Program Documentation</li> <li>• Memorandum of Agreement</li> </ul>	<ul style="list-style-type: none"> <li>• Municipalities' lack of funds to purchase hardware</li> <li>• eTRACS is not a priority need of the municipality</li> </ul>
<p>8. To initiate updating of Provincial Revenue Code <u>Output:</u> Updated Provincial Revenue Code</p>	<ul style="list-style-type: none"> <li>• Number of revenue items updated</li> <li>• Number of SP sessions</li> </ul>	<ul style="list-style-type: none"> <li>• SP Ordinance</li> <li>• Minutes of SP deliberation</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of political will of elected officials especially during election year.</li> </ul>
<p>9. To coordinate with other provincial offices on matters related to revenue generation <u>Output:</u> Related revenue reports</p>	<ul style="list-style-type: none"> <li>• Number of meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Minutes of meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of cooperation among offices</li> <li>• Revenue generation matters are overlooked.</li> </ul>
<p>10. To implement tax ordinances pursuant to the provisions of Book II of the Local Government Code <u>Output:</u> SP ordinance</p>	<ul style="list-style-type: none"> <li>• Number of SP sessions</li> <li>• Number of Tax ordinance</li> </ul>	<ul style="list-style-type: none"> <li>• SP Ordinance</li> <li>• Minutes of meeting</li> <li>• Local of Government Code of 1991</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of political will of elected officials especially during election year.</li> </ul>
<p>11. To maintain and update the tax information system of the province <u>Output:</u> eTRACS maintained and updated</p>	<ul style="list-style-type: none"> <li>• Number of municipalities with eTRACS</li> <li>• Number of Memorandum of Agreement signed</li> </ul>	<ul style="list-style-type: none"> <li>• IT Program Documentation</li> <li>• Turnover Ceremonies/ Program of municipalities</li> <li>• Memorandum of Agreement</li> </ul>	<ul style="list-style-type: none"> <li>• Municipalities' lack of funds to purchase hardware</li> <li>• eTRACS is not a priority need of the municipality</li> </ul>
<p>12. To exercise technical supervision over all treasury offices of component city and municipalities <u>Output:</u> Treasury meetings</p>	<ul style="list-style-type: none"> <li>• Number of meetings</li> <li>• Number of visits</li> </ul>	<ul style="list-style-type: none"> <li>• Minutes of meeting</li> <li>• Attendance Sheets</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of cooperation</li> </ul>

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p><u>Actions and Activities</u></p> <ul style="list-style-type: none"> <li>• HRMDO to consult with concerned department heads in the filling up of vacant positions or in personnel assignment</li> <li>• Filling up of regular positions at the PTO Field Operation Division</li> <li>• Creation of composite team of PTO, GO and BEMO for sand and gravel (permit fees) and S/G task force to check at strategic areas of entry and exit points</li> <li>• Ordinance supporting IRR for hospital revenue management such as granting of discounts, allocation of retention fund</li> <li>• Amendments to SP Ordinance 2001-022 (Chocolate Hills)</li> <li>• Legislation for the creation of Auction Sale Committee</li> <li>• Training on revenue and expenditure projection/ estimation and analysis</li> <li>• Training and skills development to maximize revenue generation of the PGBh</li> <li>• Coaching for Tax Enforcement and Collection Team on Roles, Responsibilities, and Collection Strategies</li> <li>• To increase collections by 10% from previous year's levels in RPT, Sand and Gravel and other fees and taxes</li> <li>• Coaching with PGBh units and component MLGU's for efficient collection strategy</li> <li>• Fine-tune policy on retention of hospital fees, rental policies, Chocolate Hills and other provincial assets as income-generating sources</li> <li>• Implementation of e-TRACS province-wide</li> <li>• Conduct of regular monthly meeting for comparative analysis and collection efficiency by the revenue generation team</li> <li>• Strengthen information drive with municipalities on revenue generation Program</li> <li>• E-TRACS orientation to PTO personnel</li> <li>• Comprehensive review and assessment of targets vs. accomplishments, revenue projection and target setting</li> </ul>			



Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p>tools</p> <ul style="list-style-type: none"> <li>• Regular submission of reports to the ELFC on variances on targets versus actual collection for appropriate action</li> <li>• Cash flows will be prepared by PTO for submission to LCE and the ELFC regularly</li> <li>• Tap new sources of revenue and explore alternative non-tax sources (Users' Fees, Tax on Idle Lands, etc.)</li> <li>• Developed ROI and other indicators to measure returns on acquired heavy equipment and other facilities</li> <li>• Install Feedback mechanism for customers/clientele</li> <li>• Procurement of additional computers</li> <li>• Procurement of office furniture and fixtures</li> <li>• Vehicle for tax information drive</li> <li>• Coordination between the PTO and PAssO with the different Municipal LGUs on RPT Administration</li> <li>• Coordination between department heads for possible areas of revenue sources</li> <li>• Computerize inter-linkage with PTO, PAssO , PAccO and other concerned offices in revenue generation activities esp. on e-TRACS and GIS</li> <li>• Information dissemination on e-TRACS implementation to all strategic areas in PGBh and municipalities</li> <li>• Linkage with Mun. Treasurers in listing of all taxable sources of revenues</li> <li>• Regular meetings with the LFC in target setting and other revenue generation strategies</li> </ul>			

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<ul style="list-style-type: none"> <li>• Optimized real property appraisal and assessment</li> </ul> <p><u>Objectives:</u></p> <ol style="list-style-type: none"> <li>1. To ensure laws and policies governing appraisal and assessment of real properties for taxation purposes are properly executed. <u>Output:</u> Appraised real property of municipalities</li> <li>2. To initiate review and recommend changes in policies and objectives plans and programs, techniques, procedures and practices in the assessment of real properties for taxation purposes. <u>Output:</u></li> <li>3. To provide technical assistance in the installation and maintenance of tax mapping system and property identification and accounting system, appraisal on assessment of all real properties in the LGUs. <u>Output:</u> Tax maps, LIS</li> <li>4. To prepare schedule of fair market values for the different classes of real properties <u>Output:</u> Schedule of market values</li> <li>5. To issue upon any request of interested party certified copies of records of real property upon payment of service fee to the treasurer <u>Output:</u> Certifications</li> <li>6. To submit a report of all assessments, cancellations and modifications to the local chief executive and to SP every semester <u>Output:</u> Assessment reports</li> </ol> <p><u>Actions/ Activities:</u></p> <ul style="list-style-type: none"> <li>• HRMDO to consult with concerned department heads in the filling-up of vacant positions or in personnel assignment</li> <li>• Training on technical skills to operate GIS and implement e-TRACS province wide based on real property tax</li> </ul>	<ul style="list-style-type: none"> <li>• Number of appraised real property units</li> </ul>	<ul style="list-style-type: none"> <li>• Schedule of Market Value</li> </ul>	

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p>system, (PTO and PASSO)</p> <ul style="list-style-type: none"> <li>• Adoption of GIS-based real property tax system in coordination with PASSO</li> <li>• Installation of IT system to enhance processing of assessment documents, certificates and other needed information</li> <li>• Complete tax mapping of the remaining 7 “un-tax mapped” municipalities in the province</li> <li>• Complete the Real Property History Information System (RPHIS)</li> <li>• Installation of software programs for GIS and other necessary equipment</li> </ul>			
<p><b>Accounting and Financial Reporting</b></p> <ul style="list-style-type: none"> <li>• Fair presentation of financial condition and operation of the provincial government</li> </ul> <p><u>Objectives:</u></p> <ol style="list-style-type: none"> <li>1. To prepare journals and record financial transactions through the electronic New Government Accounting System (eNGAS) <u>Output:</u> Journals and other reports generated through eNGAS</li> <li>2. To provide adequate security mechanism for data integrity and accuracy in the use of eNGAS. <u>Output:</u> Delegation of responsibilities and provision of access rights to users of the system</li> <li>3. To prepare the required financial statements of the provincial government for interested users <u>Output:</u> Annual Financial Reports</li> </ol>	<ul style="list-style-type: none"> <li>• Number of financial reports submitted</li> <li>• Number of Journal Entry Vouchers prepared, reviewed and approved</li> <li>• Use of passwords in accessing the system</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Income and Expenses</li> <li>• Statement of Cash Flows</li> <li>• Statement of Changes in Government Equity</li> <li>• And other supporting schedules</li> <li>• Journal Entry Vouchers</li> <li>• General Journal and Subsidiary Ledgers</li> <li>• List of users and corresponding access rights in eNGAS</li> </ul>	<ul style="list-style-type: none"> <li>• Inaccurate account balances due to unadjusted errors.</li> <li>• Erroneous entry</li> <li>• Power interruption</li> <li>• Hacking of passwords and financial information</li> </ul>

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p>4. To appraise the SP and other local government officials on the financial condition and operations of the provincial government  <u>Output:</u> Financial Reports provided to SP for information</p>	<ul style="list-style-type: none"> <li>• Number of reports prepared</li> <li>• Number of reports submitted</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Reports with receive stamp from the SP:</li> <li>• Balance Sheet</li> <li>• Statement of Income and Expenses</li> <li>• Statement of Cash Flows</li> <li>• Statement of Changes in Government Equity</li> <li>• Other supporting schedules</li> <li>• Minutes of Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Inaccurate recording of financial information which will lead to a misleading financial statements.</li> <li>• Delay in the preparation of financial reports.</li> <li>• Wrong interpretation of the financial reports which will affect financial decisions.</li> </ul>
<p>5. To review supporting documents before the payment of claims  <u>Output:</u> Processed and released claims ready for payment</p>	<ul style="list-style-type: none"> <li>• Number of processed and released claims</li> </ul>	<ul style="list-style-type: none"> <li>• FittSys Database or reports</li> <li>• Receiving and Releasing Logbooks</li> </ul>	<ul style="list-style-type: none"> <li>• Lost/unrecorded vouchers</li> <li>• Lack of compliance of supporting documents' deficiency</li> </ul>
<p>6. To prepare and submit periodic remittance reports for mandatory deductions.  <u>Output:</u> Remittance Reports of Mandatory Deductions of Employees</p>	<ul style="list-style-type: none"> <li>• Number of remittance reports</li> <li>• Amount of remittance</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly Remittance Reports (BIR, HDMF, GSIS and PhilHealth)</li> </ul>	<ul style="list-style-type: none"> <li>• Penalties/surcharges imposed because of the delay in the preparation and submission of the remittance report</li> </ul>
<p>7. To submit accounts/ documents to the Commission on Audit within the prescribed period  <u>Output:</u> Submitted accounts representing paid claims and their supporting documents</p>	<ul style="list-style-type: none"> <li>• Number of submitted accounts per funds</li> </ul>	<ul style="list-style-type: none"> <li>• Transmittal Letters received by COA</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of documents in PTO or PAccO</li> </ul>
<p>8. To coordinate with other provincial offices on accounting matters  <u>Output:</u> Information dissemination meetings or trainings for other offices</p>	<ul style="list-style-type: none"> <li>• Number of trainings</li> <li>• Number of meetings</li> <li>• Number of participants</li> </ul>	<ul style="list-style-type: none"> <li>• Training Design</li> <li>• Attendance Sheet</li> <li>• Memorandum for the Training</li> </ul>	<ul style="list-style-type: none"> <li>• Only administrative officers and liaison officers are involved in the meetings or trainings. Department heads are not informed.</li> </ul>

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p><u>Actions/ Activities:</u></p> <ul style="list-style-type: none"> <li>• HRMDO to consult with concerned department heads in the filling up of vacant positions or in personnel assignment</li> <li>• Pursue PACCO Personnel Development Program to institutionalize the separation of diverse functions</li> <li>• Pursue the Personnel Development Program to hire additional employees and equitably compensate the functions and responsibilities handled by designated Division Heads and support the manpower inadequacy of the PAccO, especially in the preparation of reports and other mandated services.</li> <li>• To revert the Hospitals' Retention Fund (currently recorded as Trust Fund) into Local Income, subject to subsequent appropriation for hospital use</li> <li>• Records of MOOE of potential economic enterprises to be recorded separately to track viability/profitability</li> <li>• Develop and implement a mechanism to require recipients of financial grants/assistance to submit a utilization report to PAccO and G.O. for reporting and evaluation purposes</li> <li>• Develop and implement a mechanism to impose disciplinary actions on long overdue cash advances in accordance with government rules and regulations</li> <li>• Train personnel who are given access to the e-NGAS system</li> <li>• Provide monthly financial reports to the SP</li> <li>• Identify and empower employees that takes charge in the reportorial aspect of the potential economic enterprises</li> <li>• Continuous Info dissemination on accounting business processes and requirements and update the guidebook on new COA and DBM issuances</li> <li>• Ensure all bookkeeping personnel have gone through e-NGAS training</li> <li>• Training on cost management.</li> </ul>			

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<ul style="list-style-type: none"> <li>• Orientation for employees concerned on financial recording system appropriate for economic enterprise</li> <li>• Issuance of E.O. requiring orientation of LFC member offices on adopted reporting systems for funding grants/assistance (every time a new MOA is signed)</li> <li>• Trainings for personnel of PAccO and other offices on financial analysis</li> <li>• Capacitate the offices to analyze basic financial documents as input for planning and decision-making</li> <li>• Training of employees on usage of FITTSYS</li> <li>• Additional training modules on customer service. Possible benchmarking and study missions on LGUs best practices</li> <li>• Require the preparation of a statement of cash flow as a financial management best practice</li> <li>• Develop /define accounts receivables in ten district hospitals</li> <li>• Increase connectivity between PTO and Accounting on related reportorial requirements through development of systems software/ computerization (e-TRACS &amp; FITTSYS)</li> <li>• Include Treasury in the reconciliation process of cash balances</li> <li>• Include Treasury in the reconciliation process of cash balances</li> <li>• Link Existing Financial Systems (such as FITTSYS) to all departments and offices in the PGBh; this includes procurement of required software and hardware</li> <li>• Increase connectivity between PTO and PACC0 to expedite reports on paid disbursement vouchers</li> <li>• Link E-NGAS to other offices (viewing only)</li> <li>• Continue the info. drive on accounting rules and regulations to maximize level of awareness and practice.</li> <li>• Put in place feedback system on Audit reports to concerned/involved offices so that corrective action can be taken.</li> </ul>			

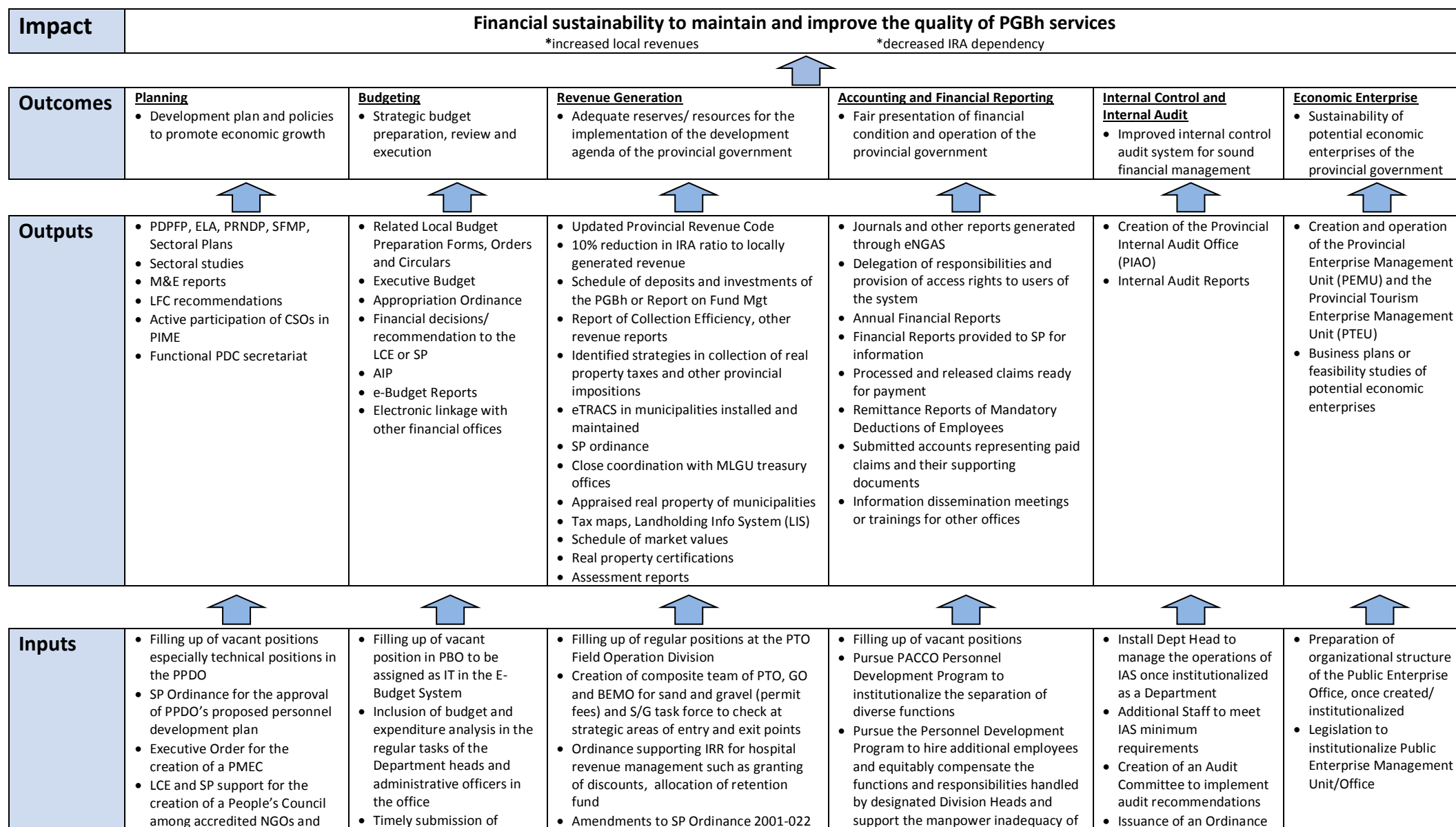
Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p><b>Internal Control and Internal Audit</b></p> <ul style="list-style-type: none"> <li>Improved internal control audit system for sound financial management</li> </ul> <p><u>Objectives:</u></p> <ol style="list-style-type: none"> <li>To strengthen control over financial and operating data <u>Output:</u> Creation of the Provincial Internal Audit Office (PIAO)</li> <li>To appraise the economy and efficiency of resource utilization in the provincial government <u>Output:</u> Internal Audit Reports</li> <li>To review operations and programs for consistency with established managed goals <u>Output:</u> Internal Audit Reports</li> </ol> <p><u>Actions and Activities:</u></p> <ul style="list-style-type: none"> <li>Install Dept Head to manage the operations of IAS once institutionalized as a Department</li> <li>Additional Staff to meet IAS minimum requirements</li> <li>Creation of an Audit Committee for the purpose of implementing audit recommendations</li> <li>Issuance of an Ordinance creating IAS as a department</li> <li>Approval and adoption of an Internal Audit Charter</li> <li>Training on risk assessment and analysis on cash and check collections for appropriate internal control measures</li> <li>Provide trainings on the following areas: <ul style="list-style-type: none"> <li>Basic IC Concepts</li> <li>Audit Report Writing</li> <li>Financial and Operations Audit</li> <li>Risk-based Audit Approach</li> <li>Tools and Techniques for Internal Audit</li> <li>Information Systems Audit</li> <li>Orientation on NGICS</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Executive and Legislative support</li> <li>Number of Internal Audit Reports submitted to Local Chief Executive</li> <li>Number of Internal Audit Reports submitted to Local Chief Executive</li> </ul>	<ul style="list-style-type: none"> <li>Executive Order</li> <li>SP Ordinance</li> <li>Internal Audit Report</li> <li>Internal Audit Report</li> </ul>	<ul style="list-style-type: none"> <li>Lack of plantilla items in the organizational structure in the PGBh budget</li> <li>Non-cooperation of the auditee in data gathering.</li> <li>Lack of funding source</li> <li>Non-cooperation of the auditee in data gathering.</li> <li>Lack of funding source</li> </ul>

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<ul style="list-style-type: none"> <li>• Conduct of Risk Assessment Workshop in each department and come up with a risk matrix</li> <li>• Include in performance appraisal of each department their budget performance/expenditures management</li> <li>• Conduct risk assessment and analysis on cash and check collections for appropriate internal control measures CB</li> <li>• Review and redesign/streamline the procurement process</li> <li>• Adoption of e-procurement system (PhilGEPS)</li> <li>• Provide adequate office space and other necessary logistic support</li> <li>• Preparation of an Annual Audit Plan/Strategic Audit Plan</li> <li>• Conduct of baseline assessment on the status of internal control system in the</li> <li>• Conduct background check of applicants</li> <li>• More orientations to PGBh's employees on anti-corruption laws</li> <li>• Moral recovery program to be determined by HR</li> <li>• IEC on work ethics and integrity development activities</li> <li>• Conduct of IEC on RA 6713, RA 3019, uniforms rules of CSC and other policies on work ethics</li> <li>• Orientation on NGICS to all key officials and employees to develop appreciation on the value of internal control and internal audit</li> </ul>			



Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p><b>Economic Enterprise</b></p> <ul style="list-style-type: none"> <li>• Sustainability of potential economic enterprises of the provincial government</li> </ul> <p><u>Objectives:</u></p> <ol style="list-style-type: none"> <li>1. To establish a Public Enterprise Management Unit and a Provincial Tourism Enterprise Unit in the Provincial Government to oversee provincial government’s potential economic enterprise <u>Output:</u> Creation and operation of the PEMU and the PTEU</li> <li>2. To conduct revenue generation planning for the potential economic enterprises of the provincial government. <u>Output:</u> Business plans or Feasibility Studies of potential economic enterprises</li> </ol> <p><u>Actions/ Activities</u></p> <ul style="list-style-type: none"> <li>• Preparation of Organizational Structure for the Public Enterprise Office, once created/ institutionalized</li> <li>• Legislation to institutionalize Public Enterprise Management Unit/Office</li> </ul>			

## Annexure 2. Results Chain for the SFMP 2011-2015



	<p>POs</p> <ul style="list-style-type: none"> <li>• PDC Resolution for the Institutionalization of Prioritization/Ranking</li> <li>• Criteria for PDIP for adoption by the PDC</li> <li>• Formulation of guidelines on the relevance of sectoral allocations to the overall budget</li> <li>• Training on M &amp; E for technical staff of PPDO and other departments</li> <li>• Training on GIS: Spatial Analysis using satellite imagery, GPS</li> <li>• Training on Project Impact Evaluation for PPDO technical staff</li> <li>• Establishment of Information System for the Socio-Economic Development Database</li> <li>• Strengthening/enhancement of M &amp; E system (with integrated community feedback mechanism)</li> <li>• Formulate tools for office level analysis of financial data and its relation to the development goals of the province; to establish standards and documentation for determining whether the spent resources have produced the desired outcomes (reckoned against the Work &amp; Financial Plan)</li> <li>• Acquisition of M&amp;E software and hardware</li> <li>• Provide linkage of PPDO database to other PGBh offices</li> <li>• Conduct IEC to guide the development of PPAs by depts. to ensure that they contribute to the province's overarching development framework</li> <li>• Sustain and enhance the regular conduct of the Bohol</li> </ul>	<p>approved AIP</p> <ul style="list-style-type: none"> <li>• Creation of Strategic Road Fund for the province for sustainable road Funding thru an SP Ordinance</li> <li>• Issuance of an SP Resolution for the inclusion of budget and expenditure analysis in the regular tasks of dept heads and admin officers</li> <li>• Enhance criteria to be integrated in the granting of model office award for incentive mechanism of cost efficient depts.</li> <li>• Formulation of guidelines on the relevance of sectoral allocations to the overall budget</li> <li>• Training on revenue and expenditure projection/estimation and analysis</li> <li>• Orientation of BAC members and secretariat on the e-procurement system (PhilGEPS)</li> <li>• IEC to increase awareness and application of Value for Money and Management by Outcomes principles</li> <li>• Formulate policies for improved budget call to include spending ceiling for each department</li> <li>• Budget and expenditure of previous year should serve as reference and basis of succeeding years</li> <li>• SP Secretary will transmit the approved ordinance to DBM. All pages of the ordinance will be signed by all attending SP members.</li> <li>• Posting of approved</li> </ul>	<p>(Chocolate Hills)</p> <ul style="list-style-type: none"> <li>• Legislation for the creation of Auction Sale Committee</li> <li>• Training on revenue and expenditure projection/ estimation and analysis</li> <li>• Training and skills development to maximize revenue generation of the PGBh</li> <li>• Coaching for Tax Enforcement and Collection Team on Roles, Responsibilities, and Collection Strategies</li> <li>• To increase collections by 10% from previous year's levels in RPT, Sand and Gravel and other fees and taxes</li> <li>• Coaching with PGBh units and component MLGU's for efficient collection strategy</li> <li>• Fine-tune policy on retention of hospital fees, rental policies, Chocolate Hills and other provincial assets as income-generating sources</li> <li>• Implementation of e-TRACS province-wide</li> <li>• Conduct of regular monthly meeting for comparative analysis and collection efficiency by the revenue generation team</li> <li>• Strengthen information drive with municipalities on revenue generation Program</li> <li>• E-TRACS orientation to PTO personnel</li> <li>• Comprehensive review and assessment of targets vs. accomplishments, revenue projection and target setting tools</li> <li>• Regular submission of reports to the ELFC on variances on targets versus actual collection for appropriate action</li> <li>• Cash flows will be prepared by PTO for submission to LCE and the ELFC regularly</li> <li>• Tap new sources of revenue and explore alternative non-tax sources (Users' Fees, Tax on Idle Lands, etc.)</li> <li>• Developed ROI and other indicators to measure returns on acquired heavy equipment and other facilities</li> <li>• Install Feedback mechanism for customers/clientele</li> </ul>	<p>the PAccO, especially in the preparation of reports and other mandated services.</p> <ul style="list-style-type: none"> <li>• To revert the Hospitals' Retention Fund (currently recorded as Trust Fund) into Local Income, subject to subsequent appropriation for hospital use</li> <li>• Records of MOOE of potential economic enterprises to be recorded separately to track viability/profitability</li> <li>• Develop and implement a mechanism to require recipients of financial grants/assistance to submit a utilization report to PAccO and G.O. for reporting and evaluation purposes</li> <li>• Develop and implement a mechanism to impose disciplinary actions on long overdue cash advances in accordance with government rules and regulations</li> <li>• Train personnel who are given access to the e-NGAS system</li> <li>• Provide monthly financial reports to the SP</li> <li>• Identify and empower employees that takes charge in the reportorial aspect of the potential economic enterprises</li> <li>• Continuous Info dissemination on accounting business processes and requirements and update the guidebook on new COA and DBM issuances</li> <li>• Ensure all bookkeeping personnel have gone through e-NGAS training</li> <li>• Training on cost management.</li> <li>• Orientation for employees concerned on financial recording system appropriate for economic enterprise</li> <li>• Issuance of E.O. requiring orientation of LFC member offices on adopted reporting systems for funding grants/assistance (every time a new MOA is signed)</li> <li>• Trainings for personnel of PAccO and other offices on financial analysis</li> </ul>	<p>creating IAS as a department</p> <ul style="list-style-type: none"> <li>• Approval and adoption of an Internal Audit Charter</li> <li>• Training on risk assessment and analysis on cash and check collections for appropriate internal control measures</li> <li>• Provide trainings on the following areas: <ul style="list-style-type: none"> <li>○ Basic IC Concepts</li> <li>○ Audit Report Writing</li> <li>○ Financial and Operations Audit</li> <li>○ Risk-based Audit Approach</li> <li>○ Tools and Techniques for Internal Audit</li> <li>○ Information Systems Audit</li> <li>○ Orientation on NGICS</li> </ul> </li> <li>• Conduct of Risk Assessment Workshop in each department and come up with a risk matrix</li> <li>• Include in performance appraisal of each department their budget performance/expenditures management</li> <li>• Conduct risk assessment and analysis on cash and check collections for appropriate internal control measures CB</li> <li>• Review and redesign/streamline the procurement process</li> <li>• Adoption of e-procurement system (PhilGEPS)</li> <li>• Provide adequate office space and other necessary logistic support</li> <li>• Preparation of an Annual</li> </ul>	
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	<p>Prosperity and Development Initiatives Fair</p> <ul style="list-style-type: none"> <li>• Conduct regular updating of socio-economic database</li> <li>• Continue to extend technical assistance to municipal LGUs in the formulation, review and revision of the CLUP</li> </ul>	<p>appropriation ordinance for public viewing</p> <ul style="list-style-type: none"> <li>• Incorporate customer feedback in assessment and planning to improve service delivery.</li> <li>• Install systems for offices to maintain their own budget and expenditure records and monitoring with admin. designated to do the task</li> <li>• Develop criteria on the Most Cost-efficient Department in the PGBh thru the granting of the Model Office Award of the Year</li> <li>• Require departments or offices to maintain own financial records</li> <li>• Link the e-budget system to all offices for balances of appropriations and record reconciliation</li> <li>• Conduct Joint Executive-Legislative budget hearings to strengthen coordination between the legislative and executive branches for efficient budgetary preparation and approval by the DBM</li> <li>• Develop an activity-based costing system</li> <li>• Implement and Review Citizen Feedback Mechanism</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement of additional computers</li> <li>• Procurement of office furniture and fixtures</li> <li>• Vehicle for tax information drive</li> <li>• Coordination between the PTO and PAssO with the different Municipal LGUs on RPT Administration</li> <li>• Coordination between department heads for possible areas of revenue sources</li> <li>• Computerize inter-linkage with PTO, PAssO , PAccO and other concerned offices in revenue generation activities esp. on e-TRACS and GIS</li> <li>• Information dissemination on e-TRACS implementation to all strategic areas in PGBh and municipalities</li> <li>• Linkage with Mun. Treasurers in listing of all taxable sources of revenues</li> <li>• Regular meetings with the LFC in target setting and other revenue generation strategies</li> <li>• Optimized real property appraisal and assessment</li> <li>• Training on technical skills to operate GIS and implement e-TRACS province wide based on real property tax system, (PTO and PASSO)</li> <li>• Adoption of GIS-based real property tax system in coordination with PASSO</li> <li>• Installation of IT system to enhance processing of assessment documents, certificates and other needed information</li> <li>• Complete tax mapping of the remaining 7 “un-tax mapped” municipalities in the province</li> <li>• Complete the Real Property History Information System (RPHIS)</li> <li>• Installation of software programs for GIS and other necessary equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Capacitate the offices to analyze basic financial documents as input for planning and decision-making</li> <li>• Training of employees on usage of FITTSYS</li> <li>• Additional training modules on customer service. Possible benchmarking and study missions on LGUs best practices</li> <li>• Require the preparation of a statement of cash flow as a financial management best practice</li> <li>• Develop /define accounts receivables in ten district hospitals</li> <li>• Increase connectivity between PTO and Accounting on related reportorial requirements through development of systems software/ computerization (e-TRACS &amp; FITTSYS)</li> <li>• Include Treasury in the reconciliation process of cash balances</li> <li>• Include Treasury in the reconciliation process of cash balances</li> <li>• Link Existing Financial Systems (such as FITTSYS) to all departments and offices in the PGBh; this includes procurement of required software and hardware</li> <li>• Increase connectivity between PTO and PACCO to expedite reports on paid disbursement vouchers</li> <li>• Link E-NGAS to other offices (viewing only)</li> <li>• Continue the info. drive on accounting rules and regulations to maximize level of awareness and practice.</li> <li>• Put in place feedback system on Audit reports to concerned/involved offices so that corrective action can be taken.</li> </ul>	<p>Audit Plan/Strategic Audit Plan</p> <ul style="list-style-type: none"> <li>• Conduct of baseline assessment on the status of internal control system in the</li> <li>• Conduct background check of applicants</li> <li>• More orientations to PGBh’s employees on anti-corruption laws</li> <li>• Moral recovery program to be determined by HR</li> <li>• IEC on work ethics and integrity development activities</li> <li>• Conduct of IEC on RA 6713, RA 3019, uniforms rules of CSC and other policies on work ethics</li> <li>• Orientation on NGICS to all key officials and employees to develop appreciation on the value of internal control and internal audit</li> </ul>	
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