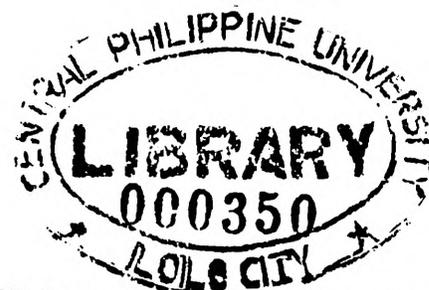


**THE EXTENT OF COMPLIANCE WITH THE STANDARD
BUDGET PROCESS AND PERFORMANCE OF THE
LOCAL GOVERNMENT UNITS IN THE
PROVINCE OF ILOILO**

**A Dissertation
Presented to
The School of Graduate Studies
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**In Partial Fulfillment
Of the Requirements for the Degree
DOCTOR OF MANAGEMENT
(Public Management)**

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**APRIL DREAM RICO-TEODOSIO
March 2007**

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By

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ABSTRACT

A descriptive documentary analysis and survey research was done to assess the extent of compliance with the standard budget process, budget performance, and program performance of LGUs in the province of Iloilo excluding Passi City and Iloilo City. Primary data were collected using a questionnaire. Secondary data were provided by the province of Iloilo. The statistical tools used were the means, frequency, percentage, Gamma coefficient and Chi-square test. Hypotheses were tested at .05 level of significance.

The findings showed that the mean population of the LGUs as 35,451 with a mean land area of 10,506. Majority of the LGUs were 4th class by income classification and the highest proportion of them had less than 29 barangays. Most of the LGUs were close to the city with a distance of 30 km or less. The Local Chief Executives were predominantly males, 54.02 years on the average, and mostly college degree holders. They had served the government for an average of 16.7 years.

The LGUs compliance with the standard budget process was high for budget execution, budget authorization and budget accountability but moderate for budget preparation and budget authorization. There was no significant relationship between the LGU characteristics and the LGU budget performance but there was significant relationship between land area and LGU violations.

There was no significant correlation between budget performance and the standard budget processes and also between project performance and LGUs compliance with budget processes. However, there was significant correlation between violation and LGUs compliance with budget preparation but not among the other components of the budget process. Only land area was a significant predictor of LGUs extent of compliance with the budget process and procedural performance.

From the findings the researcher concluded that the LGUs had moderate compliance with the standard budget process. They seemingly complied with the standard budget process but violated some of the provisions along the way. The most common violation is delay in the remittance of daily collections and bank deposits. The non-significant relationship of the LGUs characteristics to their compliance to standard budget management processes indicate that there are other factors which determine the degree of compliance to these processes. These factors are also neither the LCEs characteristics, since these did not also significantly influence the LGUs compliance to the standard budget processes. Land area was found to significantly influence extent of compliance to budget preparation and violation of the LGUs. This is probably because, land area is a factor in determining the IRA of a municipality. Violation was only

significantly correlated to budget preparation and not to other budget processes.

Compliance to budget process and procedural performance could only be predicted by land area but not by either of the selected features of the LGUs nor the characteristics of the LCEs.

The researcher recommends that agencies or people having responsibility over the LGUs should find means to encourage the LCEs to keep up their commendable practice to this effect. The LCEs themselves or the agencies having responsibility over the LGUs could institute appropriate training programs not only to increase the awareness of LCEs concerning the importance of compliance with budget preparation, but also to raise the level of competence and skills of municipal personnel to carry out expertly the activities involved in this task. Likewise, these agencies could also institute means to motivate the LCEs to comply with this phase of the budget process. It is also recommended that the agencies mandated to oversee LGU affairs could implement an awareness campaign among the LCEs and people assigned to do budget review. They should be made to understand that these people referred to are merely performing their essential functions, and the LCEs should appreciate the efforts of these in doing a good job of budget review. It is further recommended that the constitutional body and the oversight agencies should carry out a strong sustainable awareness campaign to discourage the violators from doing their unwanted practices.

Finally the researcher believes that there must be other factors that influence the LGUs' compliance, so that further research should be carried out to identify these factors. In this connection, the researcher recommends that future studies should be conducted concerning this matter.