

NOTICE OF PARTIAL GRANT

DEPARTMENT OF BUDGET AND MANAGEMENT
General Solano Street, San Miguel Manila

FOI RFI Reference No.: #DBM-828690590286

Date Received: 31-Jan-2019

To : RACHEL BARRIOS
NAGA CITY

Thank you for your request dated January 31, 2019 under Executive Order No. 2 (s. 2016) on Freedom of Information in the Executive Branch.

We would like to inform you that only the following information can be provided:

The latest Public Financial Management Assessment Report (PFMAR) of Naga City submitted to DBM-ROV covers only those for FY 2013-2015. (Copy attached).

It is understood that the attached document will be used for legitimate purposes.

The other requested information cannot be provided because:

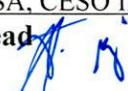
- Information is among the exceptions to the FOI (E.O. No.2), as protected by the Constitution and pertinent laws, circularized by the Office of the President, and defined by the DBM.
- Information is already available online. Please see the links below: <add details of where that specific information can be obtained >

- Information is identical or substantially similar to your previous request/s.
- Information is not in the custody of the DBM.
- Others (Please specify). Succeeding years (FY 2016-2017) of the PFMAR of Naga City can be requested directly from the Local Government of Naga City thru the City Budget Officer.

Enclosed is copy of the information that can be provided.

Thank you.

Very truly yours,


RENATO M. DE VERA, MNSA, CESO III
B/S/O or RO Head 

February 6, 2019
Date

Republic of the Philippines
City of Naga

PUBLIC FINANCIAL MANAGEMENT ASSESSMENT REPORT (PFMAR) Covering FYs 2013-2015

• EXECUTIVE SUMMARY

Using the assessment framework provided by the Public Financial Management Assessment Tool for Local Government unit (PFMAT) and taking into weight the information contained in official records and reports for fiscal years 2013 to 2015, the city of Naga obtained an overall average score of 3.12. This indicates that while elements of an open and orderly PFM system are not complete, the existing elements are nevertheless fully operational.

Here are the table of score obtained in the PFM system conducted last 2016:

1. Policy Based Budgeting	2.92
2. Comprehensiveness and Transparency	3.0
3. Credibility of the Budget	4.0
4. Predictability and Control in Budget execution.	3.28
5. Accounting, Recording and Reporting.	3.0
6. Internal and External Audit.	1.67
7. Citizens Participation	4.0
Total Average Score	3.12



PFM area where the City is Strong:

This year's assessment, the city obtained the highest scores in Critical Dimensions 3 and 7, which are Credibility of the Budget and again in Citizens Participation respectively.

During the last year's assessment, the city was able to ensure that the informations in the Appropriation Ordinances covering the Annual Budgets was complete and in the prescribed forms. This is attributable to usual support and technical assistance from the DBM Regional Office. It also able to comply with the Full Disclosure Policy of the DILG by optimizing the use of transparency boards as well as the internet and social media.

The relatively high scores in this two indicators resulted to an average score of 4.0 in the CD Credibility of the Budget and in Citizens Participation. The city has an established CSOs and was able to engage them in all aspect of the budget phase for the last 6 years, hence the city sustained the high score in CD-Citizens Participation.

PFM area to Strengthened:

In this rating, the LGU obtained the lowest scores in CD-Policy based budgeting with a score of 2.92 and Internal and External Audit with a score of 1.67.

Due to lack of funds, some programs and projects listed in Annual Procurement Program were not implemented by the LGU and also, because of PS limitation during the year 2013-2015 the LGU is constrained from establishing a separate and independent internal and external audit service (IAS) hence the low score in CD-Internal and external audit.

Introduction:

The importance of good governance in the attainment of development goals cannot be understated. Part and parcel of good governance and the strengthening of public institutions is the continued improvement of the local PFM system.

But for the improvement to be effectively undertaken, the LGU should be able to establish baseline information on the state of its PFM system. The issuance of PFMAT for local government units is therefore timely as it serves as a mechanism by which the LGUs could measure their current PFM system and determine which areas need improvement.

The PFM involves the following offices, the heads of which form part of the LGUs PFM Team:

1. Office of the City Mayor
2. City Planning and Development Office/BAC
3. City Budget Office
4. City Treasurer's Office
5. City Accountant's Office
6. General Services Division
7. City Engineer's Office

The assessment covered the LGU's total budgets for 2013 to 2015, and entailed looking into the LGU's local revenue-raising capacity also for the last three years.

This report embodies the results of the evaluation of this LGU's PFM system, which, in turn are envisaged to serve as springboard for the more important undertaking and implementing PFM improvement measures.

Background Information:

The City of Naga is an independent component city in the Bicol Region. The City was established in 1575 on order of Spanish Governor General Francisco de Sande, the city then named Ciudad de Nueva Caceres (New Caceres City), earned its status as the third Spanish royal city in the Philippines islands, after Cebu and Manila.

Naga is nicknamed as the "Heart of Bicol" for its geographical location near the center of the Bicol Peninsula. It is the second largest city in the Bicol Region in terms of population and the

religious, financial, educational, trade and commercial center of Bicol Region. Residents of the city are called Nagueños.

Naga City is the core of Metro Naga, an official designation given the city and 14 municipalities in the area administered by the Metro Naga Development Council. It covers the entire 3rd district of the province of Camarines Sur.

Naga City is the Bicol Region's top tourist destination not only because of Peñafrancia Festival, it is also a convenient disembarkation point and base for other tourist destinations in the the southern Bicol Region like Caramoan, Camarines Sur.

Naga City today remains as a great place to visit. Naga City has survived a lot of difficult times and will still remain a bright monument of the early beginnings of the Philippines.

FISCAL PERFORMANCES:

PARTICULARS	2013	2014	2015
Revenues:			
Local Sources	369,608,038.00	442,718,555.39	494,261,287.04
External Sources	338,172,356.00	379,907.632.54	421,750,670.47
Total Sources	707,780,394.00	822,626,187.93	916,011,957.51
Expenditures:			
Personnel Services	273,511,411.43	277,286,186.27	311,095,423.55
MOOE	113,613,799.70	140,089,417.81	265,539,949.01
Capital Outlay	55,300,173.50	56,501,174.81	60,321,448.59
SPA'S	255,407,328.56	285,260,489.96	235,208,193.35
Total Expenditures:	697,832,713.28	759,137,268.85	872,165,014.50
Savings/(Deficit)	9,947,680.72	63,488,919.08	43,846,943.01

ALLOCATIONS:

Sector	ACTUAL BUDGETARY ALLOCATION		
	2013	2014	2015
General	217,598,775.91	247,251,282.44	274,933,652.27
Social	261,626,083.43	267,400,269.06	313,549,107.39
Economic	218,607,853.94	244,485,717.36	283,682,254.84

The table below provides the details of the results of the assessment:

INDICATOR NO.	CRITICAL DIMENSION	INDICATOR NO.	SCORE	REMARKS
1	1. Policy based Budgeting	Multi-year perspective in fiscal planning, expenditure and budgeting	2.33	less than 70% of AO covering annual/supplemental budgets were based on the approved AIP
2		PFM improvement policies are included in the budgets covered by appropriation ordinances	3.1	Delays in the submission of complete and compliant budget documents by concerned departments
3		Orderliness of activities in the annual budget preparation and authorization process	2.33	Delays in the submission of complete and compliant budget documents by concerned departments
4		Financial self-reliance of local economic enterprises (LEE's) and public utilities (PU's)	4.0	All LEEs/PUs are not subsidized by the General Fund
Score for Policy based budgeting			2.92	
5	2. Comprehensiveness and transparency	Comprehensiveness of budget information contained in the appropriation ordinances covering the annual budget	4.0	The city consistently ensured that budget information in AO is complete and in prescribed forms
6		Public access to Key information	2.0	There was 80% posting of reports pursuant to full disclosure policy of DILG
Score for Comprehensiveness and transparency			3.0	
7	3. Credibility of the Budget	Actual revenue collections compared with estimated revenues in the budget	4.0	For the last 3 years, total revenue collected compared with the estimated revenues is more than 100%
8		Actual expenditures compared with appropriations, allotment by class	4.0	For the last 3 years, actual expenditures does not exceed the estimated appropriations
Score for Credibility of the Budget			4.0	
9	4. Predictability and control in budget execution	Real property tax accomplishment rate (RPTAR)	3.0	100% accomplishment rate
10		Effectiveness of tax enhancement measures	3.5	Computerized RPT system established in 3 concerned departments
11		Predictability in the availability of cash for committed expenditures	2.0	For the last 3 years there is less than 70% cash availability for all committed expenditures
12		Value for money and controls in procurement	3.2	100% of contracts awarded through public bidding, though 65% of CSE were covered ARRS
13		Effectiveness payment controls	4.0	100% effective
14		Effectiveness of internal controls for non-personal services expenditures	4.0	
Score for Predictability and control in budget execution			3.28	
15	5. Accounting, Recording and reporting	Timeliness and regularity of accounts reconciliation	2.0	Delayed receipt of bank statements from depository banks

16		Quality and timeliness of regular financial reports and annual financial statements	4.0	Delayed receipt of bank statements from depository banks
Score for Accounting, Recording and reporting			3.0	
17	6. Internal and External audit	Effectiveness of internal audit	0.33	Establishment of IAS to start CY 2016
18		Follow up on external audit	3.0	Establishment of IAS to start CY 2016
Score for Internal and External audit			1.67	
19	7. Citizen's participation	Civil society organization (CSO) accreditation by local sanggunian	4.0	city has an approved accreditation system per Ord# 2009-25 & 2009-85
20		Degree of citizen's participation in the budget process	4.0	CSO participated in every budget hearing conducted
Score for Citizen's participation			4.0	
OVER ALL PFMAT SCORE			3.12	

Recommendations:

Improvement efforts should, foremost, be focused on the critical dimensions with the lowest score. The city should consider establishing and operationalizing its Internal Audit Service (IAS). Internal audit is a key part of internal control, which provides the foundation for and strengthens accountability and good governance in public service organizations. The importance of having an IAS cannot therefore be understated. Follow up action on the study for options on the IAS must be undertaken.

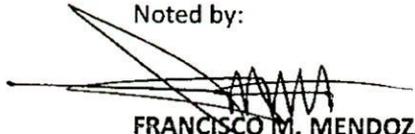
Notwithstanding higher scores obtained for the rest of the critical dimensions, the city should also consider the following:

- a. Pursuit of innovative local revenue raising measures to strengthen the LGU's thrust of continuous delivery of quality services.
- b. Enhance collection efforts, as means of further bolstering the city's independence on the Internal Revenue Allotment (IRA)
- c. Focus on other programs on the integrated revenue collection and financial management system.

Consolidated by:


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Noted by:


FRANCISCO M. MENDOZA
 City Budget Officer
 PFM Team Leader

Approved:


JOHN G. BONGAT
 City Mayor

PUBLIC FINANCIAL MANAGEMENT IMPROVEMENT PLAN (PFMIP)

NAGA CITY

CY 2016

PFMAT INDICATOR /SUB INDICATOR	PFMAT SCORE	PROGRAM PROJECT ACTIVITY	EXPECTED RESULTS	IMPLEMENTATION	RESPONSIBLE OFFICE	PROPOSED BUDGET			FUNDING SOURCES				
						2017	2018	2019	2017	2018	2019		
Credentia Dimension 1. Policy Based Budgeting													
Indicator 1		Multi-year perspective in fiscal planning and budgeting	2.33										
Sub-Indicator 3		Linkage between AIP and Approved ordinance covering the Budgets	0	Budget Execution	PPA's Funded and implemented	Jan-Dec. 2017	CPDO/LFC	8.06 M	9.0 M	10.0 M	GF	GF	GF
Indicator 3		Orderliness of activities in the annual budget preparation and authorization process	2.33			Jan-Dec. 2017							
Sub-Indicator 3		Adherence to a fixed budget calendar for budget preparation and authorization phases	1	Budget Preparation	On time submission of Budget documents	Jan-Dec. 2017	CBO	6.0 M	7.0 M	8.0 M	GF	GF	GF
Credentia Dimension 4. Predictability and Control in Budget execution.													
Indicator 11		Predictability in the availability of cash for committed expenditures	2			Jan-Dec. 2017							
Sub-Indicator 1		Cash availability to support budgeted programs, projects, activities (PPAs) and liabilities	0	Improve collection efficiency	PPA's Funded and Implemented	Jan-Dec. 2017	CTO	27.3 M	27.3 M	27.3 M	GF	GF	GF
Credentia Dimension 5. Accounting, Recording and Reporting.													
Sub-Indicator 1		Regularity of bank reconciliation	0	Preparation/submission of bank reconciliation	On time submission of Bank Reconciliation	Jan-Dec. 2017	ACCTNG	13.4 M	14.0 M	15.0 M	GF	GF	GF
Credentia Dimension 6. Internal and External Audit.													
Indicator 17		Effectiveness of Internal audit	0.33	Internal Audit Service	Full establishment of IAS	Jan-Dec. 2017							
Sub-Indicator 1		Existence of an operational Internal Audit Service (IAS)	1	Internal Audit Service	Full establishment of IAS	Jan-Dec. 2017	CMO	1.6 M	2.0 M	3.0 M	GF	GF	GF

Prepared by:

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PFM Team Leader

Approved:

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City Mayor