

# PERFORMANCE OF LOCAL WATER DISTRICTS

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## ABSTRACT

*This study examines the performance of the first district of Surigao del Sur's Local Water Districts (LWDs) in complying with the Department of Budget and Management's (DBM) Corporate Budget Circulars (CBC) Nos. 25 and 26. These circulars are issued to guide LWDs in the preparation, submission, and assessment of Corporate Operating Budgets (COBs). In particular, the study examines the accuracy of financial data, the completeness and consistency of documents, and the timeliness of their submission. In performance assessment, identifying difficulties and formulating intervention plans, this study uses a mixed-method approach that includes interviews and document analysis. According to the findings, many LWDs encountered difficulties adhering to the circulars and their required documentary requirements. The accuracy of their financial data was affected primarily due to low maintenance and other operating expense (MOOE) utilization rates in the past years, and various disallowed items under personnel services. The Carmen Water District experienced the biggest variance, with a disapproval of 16.74% from its proposed budget, highlighting the need for improved budgetary planning. Additionally, the completeness and consistency of their documents were affected due to the discrepancies and inconsistencies in their submission, including their Board Resolution, which resulted from their initial submissions being returned for revisions, except Madrid Water District, which successfully submitted its COB on the first attempt. Despite these hindrances, every LWD submitted their COBs within the deadline. The effective technical assistance by the DBM Regional Office, which included document checklists and guidance, was largely responsible for this timely compliance. Nonetheless, it was observed that a lack of training and staff inexperience with complicated budget preparation forms were frequent problems affecting compliance. Among the recommendations are conducting capacity building, focused training courses, providing coaching tailored to each LWD's requirements, and offering standardized budget documentation templates. These interventions seek to enhance LWDs' performance compliance.*

**Keyword:** Local Water Districts (LWDs), Corporate Budget Circulars (CBCs), DBM CBC Nos. 25 and 26, Budget Preparation, Compliance, Challenges, Data Accuracy, Timelines, Documentation, Training, Capacity Building, Service Delivery

## 1. Introduction

### 1.1 Background of the Study

This study aims to examine the performance of Local Water Districts (LWD) from the first district of the Province of Surigao del Sur in adherence to Corporate Budget Circular Nos. 25 and 26. The strict implementation of having their corporate budget approved by the DBM resulted in encountering significant problems in the preparation and submission of budgetary requirements. It identifies common issues such as unclear understanding of the guidelines, inconsistencies in data, improper forms, delayed reporting, lack of resources, and insufficient training, which may hinder full compliance with the circulars. By measuring these factors, it aims to provide recommendations for improving the overall performance and adherence to budgetary standards among LWDs in the province. This is crucial because noncompliance with these circulars may lead to reenacted budgets, which will affect their entire operations as they freeze spending at previous levels, potentially resulting in underfunded projects and services critical for water provision.

Philippine authors and foreign institutions such as the U.S. Government Accountability Office (GAO) highlight the critical role of corporate budgeting and financial accountability in the management of public utilities. According to Brillantes and Fernandez (2018), adherence to government-mandated budgetary guidelines, such as those issued by the DBM, is essential for maintaining transparency, financial discipline, and operational efficiency in public sector entities. Similarly, the University of the Philippines School of Urban and Regional Planning (2020) promotes participatory budgeting, arguing that involving the community in the budgeting process fosters greater transparency and enhances compliance. A separate study conducted by the University of the Philippines focused on LWDs' adherence to the CBC, identifying common difficulties such as limited resources, insufficient organizational capacity, and lack of training that significantly hinder operational efficiency (Mendoza, 2020). Mendoza (2021) noted that many local government agencies and water districts struggle with unfamiliar forms and guidelines, often leading to errors in submissions, delays, and inefficiencies. These insights from various authors emphasize the relevance of exploring the specific compliance issues faced by LWDs under DBM guidelines.

While numerous studies have been conducted examining the importance of CBC compliance, few have provided a comprehensive assessment that combines both compliance performance and its operational impacts on service delivery within these local districts, particularly in Surigao del Sur. One significant gap in the existing literature is the limited understanding of how Local Water District (LWD) staff cope with the new budgetary guidelines issued by the DBM. This study aims to fill that gap by specifically examining the performance of LWDs in the first district of Surigao del Sur on their compliance, identifying problems and challenges, resource constraints, and proposing practical interventions grounded in actual experiences. This study will also highlight the need for greater focus on capacity-building efforts for LWD staff and a deeper exploration of the risks and consequences of failing to meet the DBM's guidelines.

This study contributes to the existing body of knowledge by providing an in-depth understanding of why the LWDs have difficulties complying with the recently issued CBCs and their impact on the performance of LWDs in the Province of Surigao del Sur, reducing the likelihood of budget reenactments. By identifying the specific compliance challenges, the study deepens the understanding of how national budgetary policies are implemented at the grassroots level. The findings can inform LWDs, DBM, and other oversight agencies in the formulation of simplified budgetary requirements and capacity-building interventions to strengthen compliance performance. Moreover, it serves as a reference point for future research in similar cases.

## 1.2 Legal Basis

The study on the performance of LWDs on their compliance with the DBM guidelines for the preparation and submission of COB is anchored on various laws, regulations, and circulars governing public financial management, the operation of government-owned or controlled corporations (GOCCs), and the oversight of LWDs. The following are the primary legal bases for this study:

Presidential Decree No. 198 (Provincial Water Utilities Act of 1973)

This decree established the framework for the creation and governance of LWDs in the Philippines. It grants LWDs the authority to operate as quasi-public corporations, providing water services to local communities. The decree mandates LWDs to manage their finances responsibly, which includes preparing and submitting budgets in compliance with national guidelines.

Republic Act No. 10149 (GOCC Governance Act of 2011)

This law sets forth the rules for the financial oversight of GOCCs, including LWDs. It requires GOCCs to adhere to principles of transparency, accountability, and efficiency in financial management. Under this law, LWDs are mandated to comply with government regulations, such as the submission of COBs to the DBM for approval.

Executive Order No. 292 (Administrative Code of 1987)

The Administrative Code outlines the functions of the DBM in overseeing the budgeting and financial management processes of government entities, including LWDs. This includes the authority of the DBM to issue circulars and guidelines on the preparation, submission, and review of corporate operating budgets.

#### General Appropriations Act (GAA)

The GAA serves as the legal basis for the national budget, within which the DBM's budget guidelines are crafted. LWDs, as public corporations, must ensure that their COBs align with the broader fiscal policies established in the GAA.

#### DBM Corporate Budget Circular No. 25, Series of 2024

This circular, issued by the DBM, provides specific guidelines for the preparation and submission of the COBs for Fiscal Year 2024. It mandates that all LWDs and other GOCCs adhere to standard forms, timelines, and requirements in the preparation of their COBs to ensure alignment with national fiscal policies. This circular also aims to address common issues such as inconsistent data and incomplete submissions, emphasizing the importance of compliance to avoid delays and budget reenactments.

#### DBM Corporate Budget Circular No. 26, Series of 2024

Following Circular No. 25, this circular further elaborates on the specific requirements for the FY 2024 budget submission, focusing on the revisions and updates to the budget forms, instructions for data accuracy, and the submission process. It also outlines the procedures for reviewing and returning non-compliant COBs, and specifies the consequences of failing to meet submission deadlines, including the possible reenactment of previous budgets. This circular is particularly significant for ensuring that LWDs avoid the pitfalls of incorrect or incomplete budget submissions.

### 1.3 Review of Related Literature and Studies

The preparation and submission of COB by LWDs are critical to ensuring financial stability, accountability, and effective public service delivery. Several studies have explored the challenges faced in adhering to budgetary guidelines and regulations.

#### Foreign Review of Related Literature and Studies

Several foreign literatures highlight the importance of regulatory frameworks in ensuring efficient resource allocation and service delivery. For instance, the American Water Works Association (2018) emphasizes the role of financial sustainability and effective utility management in water districts. The World Bank (2013) also discusses how transparent budgeting practices enhance accountability in public utilities. Their research in 2020 highlights that performance-based budgeting in water utilities ensures that funds are utilized to achieve tangible outcomes, emphasizing efficiency, service improvement, and cost-effectiveness.

Similarly, the OECD (2015) explores water governance's role in promoting compliance with financial regulations across multiple levels of administration. Studies show how International Financial Reporting Standards (IFRS) guide water utilities in maintaining budgetary discipline (United Nations, 2014).

Organizations like the Government Accountability Office (GAO) in the U.S. highlight the importance of corporate budgeting and financial accountability in public utilities. They emphasize that clear, regulated frameworks for public sector budgeting are essential to ensure efficient resource allocation and mitigate the risks of financial mismanagement.

A Journal of Public Administration Research and Theory study also explored how regulatory frameworks ensure compliance among public utilities, such as water districts. The study underscores the importance of audits, performance monitoring, and transparency in maintaining budgetary discipline and achieving financial efficiency (Osborn and Gaebler, 2018).

### Local Review of Related Literature and Studies

The DBM issues the CBC, which sets the guidelines for preparing LWDs' corporate budgets. Compliance with the CBC ensures that LWDs manage their finances responsibly and maintain sustainable service delivery. Research by local institutions highlights the critical role of CBC compliance in fostering financial stability and effective resource allocation in water districts.

The Commission on Audit (COA) in the Philippines, on the other hand, has performed audits on various LWDs, stressing the need for accurate financial management and adherence to corporate budgeting guidelines. COA reports show instances where failure to comply with the CBC led to budget discrepancies and operational inefficiencies. It identifies common lapses in compliance with national budgetary policies and recommends improved financial management practices.

The University of the Philippines School of Urban and Regional Planning (2020) advocates for participatory budgeting, suggesting that community involvement enhances transparency and compliance. Another study by the University of the Philippines investigated LWDs compliance with the CBC. Challenges such as inadequate resources, lack of capacity, and insufficient training are often cited as barriers to full compliance, which affects operational efficiency (Mendoza, 2020).

Further, studies like Gatchalian (2018) link adherence to budgetary regulations with improved financial efficiency and customer satisfaction. Bautista (2020), on the other hand, examines the impact of governance policies on water districts' compliance with regulatory frameworks.

In addition, a study published in the Philippine Journal of Public Administration examined the effects of budget non-compliance on the delivery of services by LWDs. The research found that non-compliance often led to financial instability and delayed projects, hindering the quality and sustainability of water services (Santos and Perez, 2018).

These studies collectively emphasize the importance of clear guidelines, adequate training, and timely budget submissions to ensure efficient public financial management. They also underscore the challenges local government agencies face when adapting to new fiscal policies, which are directly applicable to the issues faced by LWDs in the Province of Surigao del Sur in complying with the new CBC. The findings from these studies will help guide this research in understanding the broader context of compliance challenges and potential solutions.

### Theoretical Framework

The theoretical foundation for this study is anchored on the Compliance Theory and the Resource-Based View (RBV) theory. Compliance theory suggests that organizations adhere to rules and regulations due to the need to maintain legitimacy, avoid sanctions, and ensure operational efficiency. The issuance of CBC No. 25 and No. 26 by the DBM represents regulatory standards aimed at standardizing the submission of COBs for LWDs. Compliance Theory provides a lens to understand why LWDs either succeed or fail in adhering to these requirements, emphasizing factors such as organizational understanding, clarity of guidelines, and enforcement mechanisms.

Meanwhile, Resource-Based View (RBV) Theory emphasizes that organizational performance is influenced by the availability and effective utilization of resources, including human capital, training, and technical infrastructure. This theory is relevant in evaluating how the availability of skilled personnel, technical support, and financial resources affects the capacity of LWDs to comply with the updated budget circulars.

### Conceptual Framework

The conceptual framework outlines the relationship between the key variables involved in the study, focusing on the performance of LWDs in the first district in the Province of Surigao del Sur in relation to their compliance with CBC Nos. 25 and 26. CBC No. 25 prescribes the guidelines in the preparation of the annual COB of LWDs and to enjoin the timely submission by the LWDs of their Board-approved COB to the DBM ROs for evaluation and review while CBC No. 26 was being issued to clarify specific provisions and amend CBC No. 25 dated October 24, 2023.



Pursuant to the Supreme Court ruling in the Case of Davao City Water District, et al. vs. Civil Service Commission [CSC] and Commission on Audit [COA], GR. No. 95237-38, being a Government-Owned or -Controlled Corporations (GOCCs), the LWD budgets are subject to the policies, rules and regulations of, and to the mandatory review and examination by oversight agencies, i.e., the COA, CSC, and DBM. The LWDs shall submit one (1) hard copy of their Board-approved COBs directly to the DBM ROs covering their districts prior to the beginning of the ensuing fiscal year. As a general rule as prescribed in the CBC, LWDs shall operate within the DBM-reviewed COB for the fiscal year.

From the concept of the theory cited in assessing the performance as to compliance of LWDs, this study delved into four (4) independent variables such as (1) clarity of circular guidelines, (2) training and capacity-building, (3) resource availability and (4) technical support. Clarity of Circular Guidelines refers to the ease of understanding the instructions provided in CBC Nos. 25 and 26. The Training and Capacity-Building, on the other hand, measures the extent of formal training received by LWD staff to comply with budget requirements. Clear CBC Nos. 25 and 26 guidelines and adequate training are expected to improve the status of compliance as the basis of the performance level of LWDs in the 1st District of the Province of Surigao del Sur.

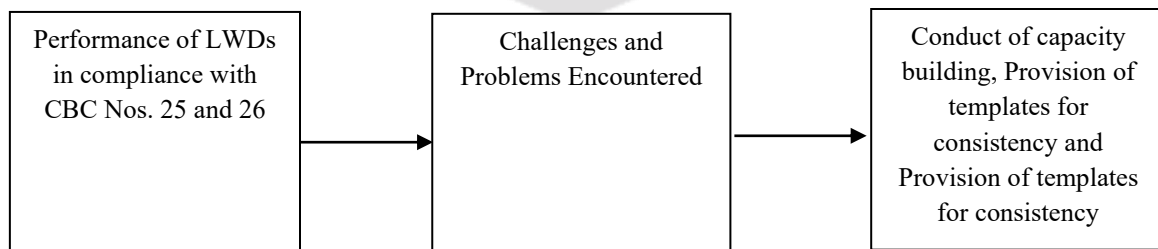
It is emphasized in box 1 of the Schematic diagram of this study the requirements and specific DBM forms for LWDs to prepare and submit. These forms must align with the data contained in their Board Resolution approving the COB.

Meanwhile, Resource Availability encompassed financial resources, technical tools, and personnel available for budget preparation. Lastly, Technical Support pertains to the availability of assistance from DBM, Local Water Utilities Administration (LWUA), or other agencies. Resource availability and technical support positively influence the ability of LWD personnel to meet compliance standards.

A dependent variable identified was the performance of LWDs as a result of the evaluation through the degree of compliance with CBC Nos. 25 and 26. Performance of LWDs was measured by its timely and accurate COB submissions, and the frequency of budget reenactments.

As presented in the box 2, the Performance of Local Water Districts is a key factor assessed by the DBM in evaluating compliance with CBC Nos. 25 and 26. This performance is measured based on the timeliness of COB submission, the number of returns due to incomplete or inconsistent documentation, the date of final budget approval, and the comparison between the DBM-recommended budget and the originally proposed amount. Multiple returns for revision highlight difficulties in compliance, such as errors in financial reporting and missing requirements.

The third box pertains to intervention plans which may cover policy amendments, capacity building initiatives and other strategies. These interventions may potentially modify compliance criteria, requiring adaptive strategies from LWDs that can influence or mediate how this policy impacts the processes, performance, or outcomes related to the preparation and submission of operating budgets by LWDs.



**Fig 1-** Schematic Diagram of the Study

### 1.4 Objectives of the Study

The study aimed to examine the performance of LWDs in the first district of the Province of Surigao del Sur as to compliance with the updated guidelines. Specifically, the study aimed to answer the following:

- 1) To determine the performance in complying with provisions under CBC Nos. 25 and 26 of LWDs in the first district of the Province of Surigao del Sur in terms of:
- 2) Accuracy of financial information;
- 3) Completeness and consistency of documents; and
- 4) Timeliness of submission?
- 5) To identify the problems that were encountered by LWDs in complying with CBC Nos. 25 and 26.
- 6) To formulate interventions that could be designed to address the problems encountered.

### 1.5 Scope and Limitation of the Study

This study focuses on evaluating the compliance of LWDs in the Province of Surigao del Sur with the DBM guidelines for the preparation and submission of their COB for Fiscal Year 2024. The scope is specifically limited to the five (5) LWDs operating within the 1st District, namely Cantilan Water District, Carmen Water District, Madrid Water District, Lianga Water District, and Tandag City Water District, where a thorough analysis will be conducted to evaluate how this district adheres to DBM CBC Nos. 25 and 26, Series of 2024.

This specific district was chosen based on geographic, administrative, and practical considerations. The selected LWDs vary in terms of size, service coverage, and operational capacity, which allows for meaningful comparative analysis. The choice of this specific area is also influenced by the availability of reliable secondary data, such as DBM-submitted documents, which are essential for qualitative analysis. The accessibility of these records, combined with the feasibility of communication, ensures the study's practicality within the research timeframe.

Additionally, the 1st District of Surigao del Sur presents a peculiar case, as it is the only district in the province where one LWD: Carmen Water District, received approval of its COB on the first submission. This rare instance of immediate compliance provides a valuable point of comparison with the other LWDs in the same district whose initial submissions were returned for revision. This distinction adds depth to the analysis by highlighting possible best practices and challenges in budget compliance under the current DBM guidelines.

It is important to note that Tago Water District is not included in this study. Tago Water District is not classified as a GOCC under the criteria set by the Governance Commission for GOCCs (GCG). This is primarily because it was established under a general law—Presidential Decree No. 198, also known as the Provincial Water Utilities Act of 1973—and not through a special or original charter. As a result, Tago Water District does not fall under the full regulatory and financial compliance requirements of GOCCs, including mandatory adherence to the CBCs issued by the DBM.

Conducted from July to December 2024, the study utilized guided interview questions and a thorough review of actual submissions from the DBM's Documentary Management System (DMS). It also examined the entire compliance process, including the submission of lacking documents, up to the release of the DBM's review letter in the DMS system. By analyzing these aspects, the study aims to provide insights into the effectiveness of budget policy implementation and identify areas for improvement in the timeliness of their submissions, financial management and regulatory adherence within the local water sector.

### 1.6 Significance of the Study

This study holds significant value for various stakeholders involved in the budgeting and financial management of LWDs. The results of the study would benefit the following:

**Policy-Making Bodies.** The findings of this study provide valuable insights for national and local policymakers, particularly in evaluating the budgeting frameworks used by Local Water Districts. Understanding the levels of compliance with corporate budgets can guide the development of more effective financial policies, audit guidelines, and regulatory standards to ensure fiscal discipline and accountability in public utilities.

Local Water Districts. LWDs by providing insights into their level of compliance with the DBM guidelines for their Corporate Operating Budget and by identifying common challenges such as inaccurate submissions, inconsistent data, and the lack of technical expertise, the study provides recommendations to improve their budgeting processes, thereby reducing the risk of reenacted budgets and delays in project implementation.

Residents and Consumers. Budget compliance impacts service delivery. When LWDs effectively plan and follow their corporate budgets, it leads to more efficient use of resources, timely maintenance of facilities, and potentially stable water rates. Consumers benefit from the improved reliability and quality of service.

Department of Budget and Management. This study is crucial for DBM in enhancing its review and feedback mechanisms. It provides a clear understanding of the compliance issues faced by LWDs, which can help the DBM refine its guidelines and simplify the submission process. This, in turn, would lead to a more efficient review process, ensuring that budgets are approved in a timely manner, minimizing delays in service delivery, and improving overall public financial management.

Oversight Agencies. It will also benefit other oversight agencies, such as the LWUA and the COA, in providing relevant data that may be used to assist LWDs in improving compliance and ensuring that processes are aligned with existing laws, rules and regulations.

Academic and Research Community. This study contributes to scholarly work on public sector budgeting and compliance. It can serve as a basis for further research into financial accountability, performance-based budgeting, and the fiscal behavior of local utilities like LWDs, particularly in under-researched areas such as Surigao del Sur.

### **1.7 Definition of Terms**

To ensure a clearer understanding and more accurate interpretation of the study, key terms are defined both theoretically and operationally as appropriate. These definitions aim to establish a common framework for readers and to eliminate ambiguity in the usage of concepts central to the research.

**Compliance.** Adherence to the guidelines, standards, and regulations set forth by the DBM for the preparation and submission of the COB. Compliance ensures that budgets are accurate, timely, and reflective of the actual needs of the LWDs.

**Corporate Budget Circular.** Official documents issued by the DBM to provide specific guidelines and instructions for government entities' preparation, submission, and review of budgets. Circular Nos. 25 and 26, Series of 2024, outline the requirements and processes for LWDs in preparing their COB.

**Corporate Operating Budget (COB).** A financial plan prepared by LWDs that outlines expected revenues and expenditures for a fiscal year. The COB serves as a guideline for the allocation of resources and management of finances in delivering water supply and sanitation services.

**Department of Budget and Management (DBM).** The Philippine government agency responsible for formulating and implementing the national budget, overseeing public financial management, and issuing guidelines for budget preparation and submission by government entities, including LWDs.

**Financial Management.** The process of planning, organizing, directing, and controlling financial activities such as procurement and utilization of funds within an organization. In the context of LWDs, it involves budgeting, accounting, and auditing processes to ensure effective use of resources.

**Local Water Districts (LWDs).** Government-owned and controlled corporations established under Republic Act No. 623, tasked with providing water supply and sanitation services to specific geographic areas in the Philippines.

**Reenacted Budget.** A situation in which a government agency operates under the previous year's budget due to delays in the approval of the new budget. This can lead to funding shortfalls and limitations in implementing new projects or initiatives.

**Service Delivery.** The provision of essential services, such as water supply and sanitation, to the community. Effective service delivery is contingent upon proper financial management and adherence to budgetary guidelines.

**Technical Expertise.** The specialized knowledge and skills required by personnel within LWDs to prepare, manage, and analyze budgets in compliance with DBM guidelines. This includes understanding financial regulations, budgetary processes, and reporting requirements.

### Research Methodology

This chapter presents the methodology of the study. It describes the research method used, research locale, respondents of the study, research instrument, and treatment of data.

### Research Design

This study used a qualitative research approach through secondary data analysis to investigate the compliance of selected LWDs in the 1st District of Surigao del Sur with the CBC of the DBM. The qualitative method is suitable for this study since it enables intensive examination of institutional culture, governance practices, and contextual issues influencing compliance—factors which tend to be challenging to measure yet central to the comprehension of performance in public sector organizations (Flick, 2018).

Secondary data sources like DBM actual submissions and releases, and water district records were examined in order to make conclusions regarding financial compliance and operational efficiency. As Johnston (2017) and Bishop and Kuula-Luumi (2019) describe, qualitative secondary data analysis is an achievable and serious approach for deriving new meanings from existing documents, especially if primary data collection is constrained by time or access.

To facilitate conceptual clarity and uniformity in understanding the key variables and constructs within this research, key terms were both theoretically and operationally defined. Offering these definitions creates a common understanding of such significant concepts as compliance, financial accountability, and performance assessment. This supports Creswell and Poth's (2018) recommendation that qualitative research should be based on well-stated concepts to improve the coherence and trustworthiness of its results.

By applying this design, the research intends to create significant findings regarding the practices and challenges of CBC compliance among LWDs in a particular provincial setting.

### Research Locale

This study was conducted in the 1st District of the Province of Surigao del Sur. The chosen district is composed of one (1) city and thirteen (13) municipalities with five Local Water Districts (LWDs), namely: Cantilan, Carmen, Madrid, Lianga, and Tandag City Water Districts. These municipalities were chosen purposively because they have available related secondary data, are geographically accessible, and have different operating conditions, which are essential to determining the levels of compliance with the DBM's CBC.

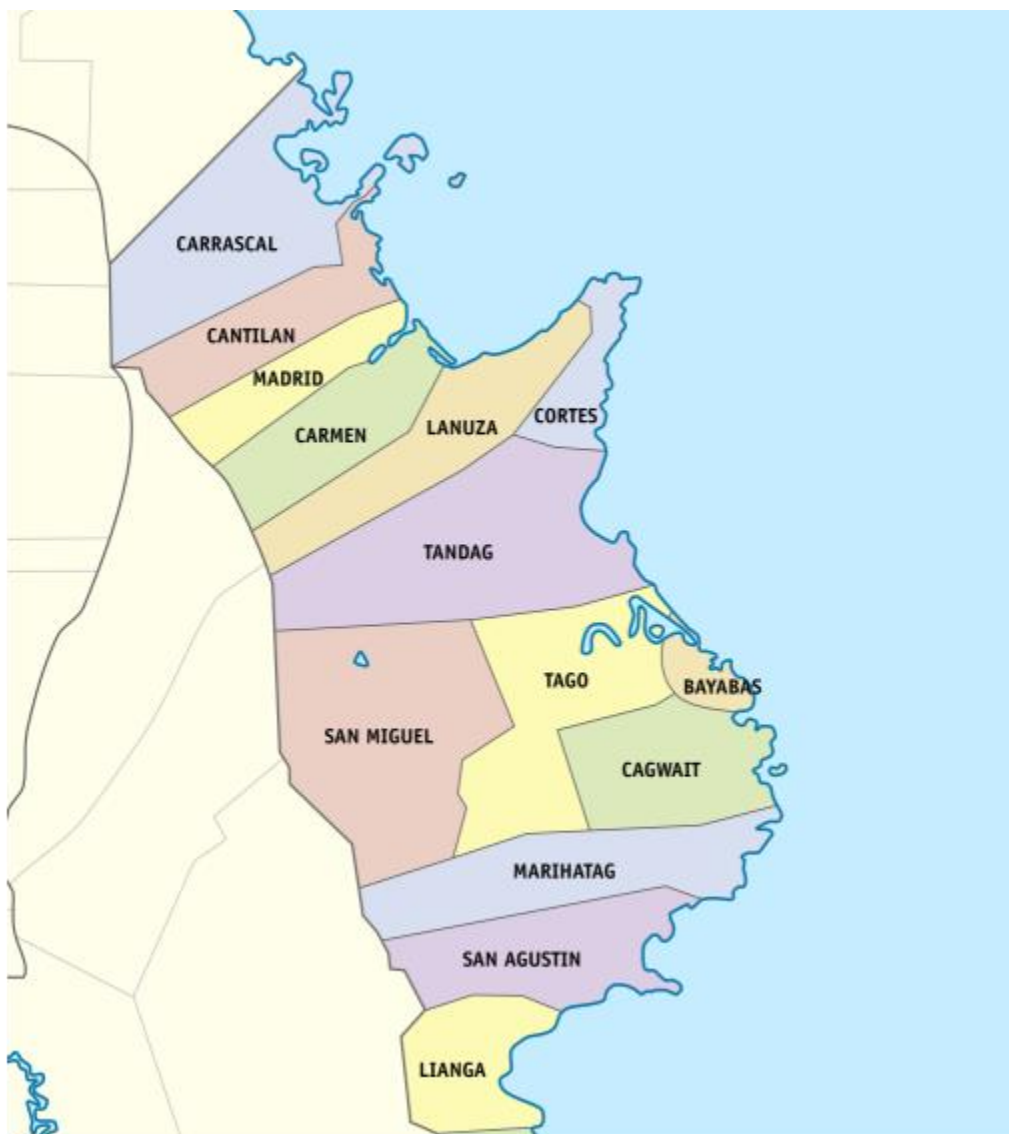
Cantilan, a second-class municipality and a population of more than 35,000, is said to be the "Cradle of Towns" in the province. Its water district supplies both urban and rural areas with spring and surface water. It works on a smaller scale and mostly supplies the poblacion and surrounding communities, usually experiencing seasonal supply constraints.

Madrid is a fourth-class town with about 18,000 inhabitants located between Lanuza and Cantilan. It has a semi-urban water system that serves residential, school, and government institutions, and has to contend with terrain and seasonal issues.

Lianga, a third-class town, is characterized as coastal and has eco-tourism opportunities. With more than 30,000 inhabitants, its water district is feeling more pressure to serve the needs of both residents and a slowly growing local economy.



Finally, the capital and lone city of Surigao del Sur, Tandag City, is the province's administrative and economic center. As a population barangay exceeding 60,000, it has the most sophisticated water district among the five, with multiple water sources, filtration plants, and better service coverage.



**Fig 1- .** Location Map of the Study

### Research Key Informants

Purposive sampling was employed in selecting key informants who are directly involved in the preparation and submission of COB from five (5) LWDs in the 1st District. A total of ten (10) key informants were identified based on a set of inclusive criteria. This includes budget officers, financial managers, and other key officials responsible for ensuring compliance with CBC Nos. 25 and 26. Key informants were selected only if they possessed direct, hands-on experience in crafting budget proposals, coordinating financial data, and overseeing the timely and accurate submission of COBs. Their inclusion was essential to ensure the collection of rich, relevant, and informed qualitative data regarding both the process and challenges of CBC compliance within their respective LWDs, details are as follows:

**Table 1** – Distribution of Key Informants

LWD Name	No. of Key Informants
Local Water District No. 1	2
Local Water District No. 1	2
Local Water District No. 1	2
Local Water District No. 1	2
Local Water District No. 1	2
Total	10

### Research Instrument

The main research instrument employed in this study is a validated semi-structured interview questionnaire, crafted to collect qualitative data from key informants of the five LWD in the 1st District of Surigao del Sur. The interview guide was structured to obtain in-depth information on three major areas of compliance: accuracy, completeness and consistency of budget documents, and timeliness of submission.

The first section of the instrument collects basic respondent information such as their name (optional), position or title, and the LWD they represent. This section is intended to establish the credibility and relevance of the respondent in relation to the budgeting process, while ensuring ethical considerations such as anonymity and confidentiality.

The second section contains the substantive questions that address the main variables of the study. For accuracy, respondents were asked how accurate their LWD's budget proposals were in relation to the DBM's financial targets and recommended expenditure levels, and what factors influenced this accuracy. For completeness and consistency, respondents were requested to describe the quality of documents and data submitted to the DBM, and whether or not these were approved and released on the first or second submission, or were they returned due to discrepancies.

Lastly, in terms of timeliness, the questions focused on whether COBs were submitted within the prescribed deadlines and what factors contributed to either meeting or missing these deadlines. All questions were open-ended to allow respondents to express their insights and experiences comprehensively.

To ensure its appropriateness and validity, the instrument was subjected to content validation by a panel of experts in public administration, government budgeting, and qualitative research. The experts evaluated the questionnaire based on clarity of direction and items, presentation and organization of items, sustainability of items, adequateness of items per category, attainment of the purpose, objectivity and scale and evaluation in the rating system. The results of the validation showed that the interview questionnaire demonstrated high content validity across all assessed criteria. This suggests the instrument is well-suited for use in the qualitative investigation of compliance with DBM CBC No. 25 and 26 among LWDs in Surigao del Sur. Based on the feedback received, minor revisions were made to the phrasing and structure of some questions to enhance clarity and ensure terminological consistency with DBM guidelines.

In addition to the interview responses, actual data were also collected from the Document Management System (DMS) of the DBM with the use of Document-Based Assessment Questionnaire. These records included documentary evidence of the COB submissions and DBM-issued action documents corresponding to each

participating LWD. The inclusion of these official records served as a critical supplement to the interviews, allowing for triangulation of data and verification of reported practices regarding accuracy, completeness, and timeliness of budget compliance. This combination of primary qualitative data and secondary documentary evidence strengthens the reliability and depth of the study's findings.

#### Data Gathering Procedure

Data for this study was collected through two primary methods: interviews and document analysis. A structured interview questionnaire was submitted to experts. It was rated highly across all dimensions, such as clarity, organization, appropriateness of content, and objectivity. This ensured that the items were suitable for eliciting accurate and meaningful responses from the target respondents.

Following the validation process, formal request letters were prepared and sent to the General Managers of the five identified LWDs in the 1st District of Surigao del Sur—Cantilan, Carmen, Madrid, Lianga, and Tandag City. These letters sought permission to conduct interviews with key personnel involved in the preparation and submission of the COB, particularly in relation to the DBM's CBC Nos. 25 and 26, series of 2024.

Once approved, the researcher conducted semi-structured interviews with ten purposively selected key informants, including budget officers, finance managers, and other officials directly responsible for ensuring compliance with DBM guidelines. The interviews were carried out through official communication platforms, depending on the availability and convenience of the respondents. All interviews followed strict ethical protocols, including the voluntary participation of respondents, and assurance of anonymity and confidentiality of their responses.

Additionally, secondary data was obtained from the Document Management System (DMS) of the DBM. These included official records of COB submissions, remarks on compliance, and the release of action documents such as the Review Letter. These records served as supporting documents to triangulate the qualitative data gathered from the interviews.

All data collected were systematically organized and analyzed thematically to derive insights into the level of compliance, challenges encountered, and suggested intervention strategies among the selected LWDs.

#### Data Analysis

The qualitative data generated from the key informant interviews were coded and analyzed based on Braun and Clarke's (2006) thematic analysis strategy. This method was chosen for its flexibility and systematic approach, enabling the researcher to discern patterns and themes within the data without losing the depth of participants' views. The process started with familiarization, and every interview transcript was read and gone through multiple times to develop an in-depth understanding of the content.

After familiarization, initial codes were manually developed to identify recurrent and pertinent points made by the respondents. Codes like "incomplete attachments," "inconsistent data," "Unaligned figures from the Board Resolution" and "lack of technical staff" were found. These codes were subsequently categorized into potential themes in light of their conceptual relatedness. Similar patterns resulted in the development of wider themes including "Timeliness and Submission Issues," "Accuracy and Alignment with DBM Targets," and "Completeness and Consistency of Documents."

In the second phase, the initial themes were looked at and narrowed down. The researcher made sure that every theme genuinely represented the coded data and aligned with the goals of the study. During this time, the secondary data gathered from the DBM DMS, including actual COB submissions and action document releases, were also compared to triangulate the interview findings. These official documents aided in the verification of responses from the interviews, specifically on matters of timely submission and results of compliance.

After finalization, the themes were defined well and labeled to ensure that they reflected the main concepts they encompassed. Subthemes were also established to afford additional clarity and organization. The last part involved generating a logical and detailed account where each theme was discussed, supported by direct quotes from the key informants. This analytical framework allowed the study to derive major findings regarding the practices, issues, and institutional reactions of the chosen LWD in adhering to DBM's CBC Nos. 25 and 26, s. 2024. Utilizing Braun and

Clarke's thematic analysis technique, the study was able to provide an organized and detailed explanation of the data, based on the insights and experiences of those most immediately engaged in the budget planning and submission process.

## 2. RESULT AND DISCUSSION

This chapter presents the analysis and interpretation of the data gathered. The presentation follows the sequence of the problems as appearing in Chapter One.

Objective No. 1 - Performance in complying with provisions under CBC Nos. 25 and 26 of LWDs in terms of Accuracy of Financial Information:

**Table 2** – Thematic Analysis – Budget Proposal Accuracy

Theme	Sub-Theme	Participant Responses
<b>Challenges in Forecasting and Estimating</b>	Reliance on historical spending patterns	“We just base it on last year’s figures with minimal adjustments.”
<b>Lack of Clarity in DBM Guidelines</b>	Misinterpretation of allowable expenditure levels	“Sometimes we are unsure what costs can be included under specific categories.”
<b>Low budget utilization performance</b>	Low utilization rate results to low budget recommendation for MOOE	“We were not informed about the utilization rates, and this is our first time to submit COB for approval, so we were not concerned about the previous years’ utilization on our budget.”
<b>ICT Procurement</b>	ICT related expenses cannot be recommended without ISSP Certification from Department of Information and Communications Technology (DICT)	“No update yet on our ISSP application from the DICT.”

Table 2 represents the qualitative findings of the study using Braun and Clarke’s (2006) thematic analysis approach. Through a rigorous process of data familiarization, coding, theme generation, and refinement, four major themes were identified relating to budgeting practices and compliance among LWDs in Surigao del Sur. Each theme is supported by sub-themes and direct participant responses to illustrate the lived experiences and operational challenges of LWDs.

On Theme No. 1 under the first objective, his response reflects a common budgeting practice wherein estimates are derived primarily from prior year expenditures. While this approach offers convenience, it lacks analytical accuracy and may result in inaccurate forecasts that fail to reflect current operational needs or strategic goals. Such reliance on historical data may compromise the relevance and responsiveness of the corporate budget, leading to inefficiencies in fund allocation and use.

This reflects a common practice in public sector budgeting known as incremental budgeting, where current budget estimates are based on previous allocations with minimal adjustments (Anessi-Pessina et al., 2016). While



convenient, this method often fails to account for evolving service demands, inflation, or strategic priorities. It can result in resource misallocation and perpetuate inefficiencies (Schick, 2009). The reliance on historical figures without proper forecasting tools or needs-based analysis may undermine the responsiveness and accuracy of the Corporate Operating Budget (COB).

Under Theme no. 2, participants noted uncertainty in interpreting the DBM guidelines, particularly in categorizing allowable expenditures. This lack of clarity may stem from either insufficient guidance or inadequate training of LWD personnel on the latest budgeting policies. Misinterpretation can lead to misclassification of budget items or even disallowances, which affect both compliance and the approval of the COB.

Uncertainty in interpreting DBM guidelines points to a broader issue of policy ambiguity and the need for clear communication of expenditure policies. According to Caiden (1998), insufficient guidance or lack of training contributes to misapplication of rules, particularly in decentralized entities like LWDs. Misinterpretation of allowable expenditures increases the risk of budget disallowances and delays in COB approval. It also signals a need for simplified guidelines or training that ensure consistent understanding and application at the local level.

Under Them No. 3, this response highlights the lack of feedback mechanisms or internal monitoring systems regarding budget utilization. There appears to be limited awareness of the implications of low-budget execution in prior years. According to DBM guidelines, low utilization rates often result in reduced future budget ceilings, particularly for the MOOE component. This suggests the need for capacity-building in financial monitoring and evaluation within the LWDs.

As emphasized by the DBM (2020), historical budget execution informs future allocations, especially for MOOE. Low utilization may be interpreted as inefficiency, prompting budget reductions in subsequent years. Without proper monitoring and internal reporting, LWDs risk being penalized for underutilization, even if it stems from factors beyond their control. This underscores the need for regular internal evaluation mechanisms and staff orientation on budget performance metrics.

Under Theme No. 4, ICT-related expenditures require an approved Information Systems Strategic Plan (ISSP) from the Department of Information and Communications Technology (DICT). The delay or absence of this certification poses a barrier to including ICT needs in the COB. This dependency on external approval not only hampers procurement planning but may also delay essential upgrades to digital infrastructure, which are critical for improving operational efficiency and service delivery in LWDs.

ICT procurement in government is subject to the requirement of an approved Information Systems Strategic Plan (ISSP), as mandated by the Department of Information and Communications Technology (DICT). Without this certification, LWDs are unable to include ICT expenditures in their COBs, delaying much-needed upgrades to digital systems. As highlighted by OECD (2018), delays in ICT investments hinder operational efficiency and digital transformation in public service delivery. This dependency illustrates a bureaucratic bottleneck that restricts timely modernization, calling for improved coordination between LWDs and DICT.

The four themes reveal critical challenges in the budget preparation process of LWDs in Surigao del Sur. These include: overreliance on historical spending due to weak forecasting tools; policy misinterpretation arising from unclear DBM guidelines; lack of awareness on budget utilization implications; and structural delays in ICT procurement linked to external agency certification. Consistent with the findings of Schick (2009) and DBM reform frameworks, these issues highlight the importance of capacity development, inter-agency coordination, and internal monitoring systems in improving compliance with government budget regulations.

**Table 3** - Accuracy of Financial Information of LWDs

LWD	Budget Level Per Submitted COB	DBM Approved Level	Variance	Percentage (Variance over COB)
Local Water District No. 1	64,363,000	62,345,810	(2,017,390)	(3.13%)
Local Water District No. 2	13,946,157	12,133,958	(1,812,199)	(12.99%)
Local Water District No. 3	11,442,024	9,526,095	(1,915,929)	(16.74%)
Local Water District No. 4	38,536,876	34,579,612	(3,805,264)	(9.87%)
Local Water District No. 5	134,486,406	117,398,135	(17,088,271)	(12.71%)

As shown in Table 3, the budget levels per submitted COBs of LWDs were not fully recommended after the evaluation of the Department of Budget and Management. Among the LWDs, Local Water District No. 3 got the highest variance in the recommended budget level at negative 16.74%, while Local Water District No. 1 got the lowest decrease at 3.13%. Evaluation of the COB Review Letters transmitted by the DBM to the LWDs showed that the lower recommended budget level was due to disallowed Personnel Services items and was not within the prescribed guidelines. Furthermore, the decrease can also be attributed to the low budget utilization in MOOE of LWDs. The Department Order No. 27 of the DBM provides that the allowable MOOE for LWDs will only be up to the highest utilization rate for the past three years.

From the negative variances reflected in the table above, which shows the negative decreases of their proposed budget versus the DBM approved budget level, Local Water District No. 1 performs well as to its accuracy of budget proposal with only P2,017,390 not recommended amount from its P64,363,000 proposal. Local Water District No. 3, on the other hand, is considered the least performing LWD when it comes to its inaccuracies in proposing a budget, having a P1,915,929 not recommended amount from its P11,442,024 proposed budget.

These deviations imply that several LWDs are facing challenges in aligning their budget assumptions with DBM-issued financial benchmarks, which may be due to insufficient technical capacity, unawareness of the impact of their previous year's low utilization performance, and misinterpretation of allowable expenditure levels.

This supports the qualitative data gathered from interviews, where informants cited frequent returns of budget submissions due to inaccurate data and lack of justification for projected expenses. The findings from the DBM DMS underscore the importance of accuracy, data-informed budgeting and the need for capacity-building interventions, particularly in financial planning and compliance with corporate budget circulars.

Objective No. 1 - Performance in complying provisions under CBC Nos. 25 and 26 of LWDs in terms of Completeness and consistency of documents:

**Table 4** – Thematic Analysis – Completeness and Consistency of Submitted Documents

Theme	Sub-Theme	Participant Responses
Generally Complete but Inconsistent	Some documents returned due to formatting or data mismatch	"Most of our submissions are complete, but we occasionally miss out on reconciling figures."
Compliance through Templates and Checklists	Use of DBM-prescribed formats and document checklists	"We follow the DBM templates strictly to avoid missing documents."

Impact on Submission Outcomes	Second submissions often required	“Due to discrepancies in the documents, we were not approved on first submission.”
No Proper Training	No training in the preparation of the new budgetary requirements	“We don’t know how to fill up the forms since we have not attended any training from the DBM regarding the new requirements.”

Table 4 shows the qualitative findings related to the completeness and consistency of submitted documents by LWDs in their compliance with COB requirements. Using Braun and Clarke’s (2006) thematic analysis method, the following key themes and sub-themes emerged from the responses of LWD personnel.

Under Theme No. 1, while most LWDs reported submitting the full set of required documents, inconsistencies in data, such as mismatched figures or improperly formatted submissions, were frequently cited. These discrepancies often lead to returned documents or delays in approval. The sub-theme suggests that although document completeness is generally achieved, quality control and internal validation processes remain weak. This reflects the need for stronger internal review mechanisms before submission.

While most Local Water Districts (LWDs) are able to compile and submit the required documentary requirements, inconsistencies in data entries, such as mismatched figures across forms or formatting issues, frequently lead to delays in processing. According to Almquist et al. (2020), the quality of financial reporting in the public sector is not solely about completeness, but also about accuracy and coherence, particularly in multi-layered documents. In the context of the Philippines, Dela Cruz and Reyes (2021) emphasize that data validation and internal control procedures are often weak at the local government and agency levels, resulting in rework and inefficiencies. These findings affirm the importance of strengthening pre-submission checks through internal review protocols or financial management tools.

Under Theme No. 2, several participants emphasized their reliance on DBM templates and checklists to ensure submission compliance. This strategy appears effective in helping LWDs meet formal requirements and avoid omissions. However, it also suggests a reactive rather than proactive approach to compliance, where staff are dependent on external formats rather than internalizing budgeting principles. The standardized use of templates ensures procedural compliance but may not always translate to accurate or context-specific content.

Participants noted that they closely adhere to DBM-prescribed templates and checklists to ensure compliance. This approach helps ensure procedural completeness and prevents inadvertent omissions. However, this form of compliance-driven behavior can result in mechanical submissions rather than strategic budgeting, as noted by Brusca, Montesinos, & Chow (2020) in their study of public sector accounting reforms. Similarly, Castro and Dizon (2022) argue that while templates facilitate standardization, they can lead to over-reliance on format and reduced capacity for contextual budgeting or critical financial analysis. This underscores the need to complement template use with a deeper understanding of budgeting principles.

Under Theme No. 3, it reflects a recurring issue where initial submissions are not approved due to document inconsistencies or formatting issues, necessitating re-submission. The need for multiple rounds of submission affects the timeliness of budget approval and can delay fund releases. It also highlights the inefficiencies in the budgeting workflow and underscores the importance of internal capacity to produce high-quality, error-free documentation on the first attempt.

Multiple participants mentioned that their initial COB submissions were returned due to minor formatting errors or inconsistent data. This reflects a systemic issue in documentation quality and internal accountability. Department of Budget and Management (2023) reports on agency compliance trends show that resubmissions significantly delay fund releases and reduce organizational efficiency. Research by Fernandez et al. (2021) also supports that delays in budget approval are often due to weak documentation quality, rather than lack of intent to comply. Improving

submission outcomes therefore depends not only on compliance intent but also on submission quality and internal competence.

Under Theme No. 4, major barrier to consistent and compliant submissions is the lack of training among LWD staff. Participants expressed confusion over new budget forms and requirements due to the absence of formal capacity-building activities from oversight agencies such as the DBM. This lack of training contributes to submission errors and a general lack of confidence in budget preparation. The sub-theme indicates a pressing need for institutional support in the form of training workshops, technical assistance, and updated guidelines.

A recurrent concern among LWDs is the lack of formal training or capacity-building activities from oversight agencies such as the DBM. This capacity gap limits their ability to respond effectively to updated budgetary requirements. According to OECD (2022), public financial management reforms must be matched with robust training strategies to be effective, especially at the local level. In the Philippine context, Gonzales & Matibag (2020) stress that capacity constraints among local government units and GOCCs stem from both resource and knowledge deficits. Without proper training, LWD personnel face challenges in complying with evolving technical requirements, leading to increased errors and reduced confidence in COB preparation.

The analysis reveals that while LWDs in Surigao del Sur generally comply with submission requirements in terms of document completeness, challenges persist in ensuring consistency and accuracy. The dependency on templates, the occurrence of multiple submissions, and the absence of formal training all point to systemic capacity issues. Strengthening internal review procedures and enhancing staff competence through targeted training can significantly improve compliance with budget documentation standards.

**Table 5 - Completeness and Consistency of Documents of LWDs**

LWD	Actions Taken	
	First Submission	Second Submission
Local Water District No. 1	Returned due to discrepancies in the submitted documents	Approved and released on May 29, 2024
Local Water District No. 2	Approved and released on June 7, 2024	-
Local Water District No. 3	Returned due to discrepancies in the submitted documents	Approved and released on April 23, 2024
Local Water District No. 4	Returned due to discrepancies in the submitted documents	Approved and released on April 5, 2024
Local Water District No. 5	Returned due to discrepancies in the submitted documents	Approved and released on April 8, 2024

This section presents the actual document submission outcomes of five LWDs in Surigao del Sur as part of their COB compliance process. The data summarizes the actions taken by the DBM following the first and, if applicable, second submission of COB documents.

As shown in Table 5, four out of the five LWDs had their initial submissions returned due to various discrepancies, including inconsistencies in figures, improper formatting, or incomplete documentation. These findings support earlier thematic results indicating that while most LWDs achieve document completeness, issues of consistency and accuracy remain prevalent.



Only Local Water District No. 2 succeeded in receiving approval on its first submission, suggesting stronger internal review mechanisms or better familiarity with the submission requirements. The remaining LWDs underwent a second submission process, which delayed the final approval and release of their budgets. These re-submissions indicate inefficiencies in the document preparation process and highlight the impact of lacking technical training or familiarity with DBM guidelines.

This pattern of delayed approvals has operational implications. Timely budget approval is crucial for uninterrupted service delivery, procurement planning, and execution of maintenance and operating activities. The results underscore the need for improved internal controls within LWDs, more robust pre-submission review protocols, and capacity-building interventions from regulatory agencies.

Upon verification with DBM technical staff in-charge, the LWDs were given technical assistance in order to ensure that correct forms and documents were submitted and that entries of the same are consistent with the provisions of the Circular. Included in the assistance was the provision of a documentary checklist that will serve as the basis for the submission of the LWDs.

Objective No. 1 - Performance in complying provisions under CBC Nos. 25 and 26 of LWDs in terms of Timeliness of Submission:

**Table 6 – Thematic Analysis – Timeliness of Budget Submissions**

Theme	Sub-Theme	Participant Responses
Efforts to Meet Deadlines	Strict internal deadlines	“We set our internal deadlines earlier than DBM’s to avoid rushing.”
External Challenges	Lack of clear DBM guidelines	“We spent time clarifying DBM requirements, which delayed the whole process.”
Consequences of Untimely Submission	Delayed approval and budget release	“We had to resubmit several times because of small errors we missed while rushing.”

This section explores the qualitative findings regarding the timeliness of COB submissions by LWDs. Using Braun and Clarke’s (2006) thematic analysis framework, three major themes emerged from the data, shedding light on the strategies, challenges, and consequences associated with timely or delayed submissions.

Under Theme No. 1, some LWDs proactively established internal deadlines ahead of the Department of Budget and Management’s (DBM) official cut-off to allow sufficient time for review, correction, and consolidation. This indicates a mature internal control environment and reflects the application of preventive measures to ensure compliance. As noted by De Vries and Sobis (2020), such internal planning practices are critical to enhancing performance and timeliness in public sector budgeting. Similarly, Luna and Orense (2023) argue that local government agencies that adopt pre-deadline planning strategies tend to perform better in meeting national fiscal requirements.

Under Theme No. 2, despite internal efforts, external challenges—particularly the ambiguity or delayed issuance of DBM guidelines—impacted the LWDs' ability to finalize their COBs on time. Respondents emphasized the time spent clarifying vague provisions, which disrupted internal timelines and processes. According to OECD (2022), successful decentralization of budgeting requires consistent, timely guidance from central agencies. Furthermore, Reyes and Abarro (2021) assert that policy clarity and communication are key factors influencing the timeliness and accuracy of local budget submissions in the Philippines. This theme reinforces the need for early issuance and clear interpretation of national policies to enable effective local execution.

Lastly, under Theme No. 3, late or rushed submissions often result in multiple rounds of document revision, leading to delayed budget approvals and fund releases. The consequences are not just administrative but also operational, as key services and procurement are tied to the timely approval of COBs. As reported by Tan and Belen (2020), untimely budget submissions in local government units commonly result in disrupted implementation of programs and projects. Aldaba and Calizo (2021) further highlight that procedural errors due to last-minute preparation often compromise both accuracy and compliance, resulting in inefficiencies throughout the budget cycle.

The findings suggest that while some LWDs demonstrate strong internal efforts to meet deadlines, their success is often hindered by external uncertainties such as vague DBM guidelines. Additionally, the consequences of untimely submissions are substantial, often leading to prolonged delays in budget approval. These themes underscore the need for both institutional preparedness at the LWD level and improved communication and support from the DBM to ensure timely and accurate COB submissions.

**Table 7 – Timeliness of Submission of LWDs**

LWD	Date of Submission	Remarks
	(Deadline: March 31 of every year)	
Local Water District No. 1	March 27, 2024	Within the deadline
Local Water District No. 2	March 27, 2024	Within the deadline
Local Water District No. 3	March 26, 2024	Within the deadline
Local Water District No. 4	March 18, 2024	Within the deadline
Local Water District No. 5	March 12, 2024	Within the deadline

All the LWDs in the first district of Surigao del Sur were able to submit on time. They were all aware of the timelines and thus complied with the prescribed deadline of CBC Nos. 25 and 26. Taken from the responses of the respondents, the timely submission was brought about by the technical assistance conducted by the DBM Regional Office and setting internal deadlines to avoid rush. Though a few of them also mentioned that the complexities of the new forms gave rise to difficulties in the preparation of the budget and eventually affected the submission timelines of the LWDs.

Objective No. 2 - What challenges does your LWD face in complying with the CBC Nos. 25 and 26 s. 2024?

**Table 8 – Thematic Analysis – Challenges in Complying with CBC Nos. 25 and 26, s. 2024**

Theme	Sub-Theme	Participant Responses
Technical and Capacity Constraints	Difficulty and/or unfamiliarity with DBM budget preparation forms	“Some of our staff are still unfamiliar with the new budget forms required under CBC 25 and

26.”

Limited Technical Capacity	Lack of training for LWD staff	“We haven’t undergone formal training on the CBC guidelines.”
Resource Limitations	Inadequate number of technical personnel	“We lack budget experts. Only one or two people handle the entire COB process.”
Document Compliance Issues	Difficulty in completing documentary requirements	“Some required annexes are unclear or hard to prepare.”

Table 8 presents the thematic findings on the challenges faced by LWDs in complying with CBC Nos. 25 and 26, series of 2024, which set new requirements and standards for COB preparation and submission. Using Braun and Clarke’s (2006) thematic analysis approach, four core themes were identified based on participant interviews.

Under Theme No. 1, this reflects the common challenge LWDs face in adapting to newly introduced forms under DBM Corporate Budget Circulars (CBC) Nos. 25 and 26, Series of 2024. Despite official issuances, the unfamiliarity of staff with the revised templates and data structures significantly slows down preparation and increases error risks. Cuaresma and Salazar (2022) point out that technical difficulties in form adaptation are typical when central agencies roll out new formats without extensive orientation. Likewise, Domingo and Robles (2021) observed that frequent changes in public budgeting protocols often outpace the learning capacity of local staff, particularly in under-resourced LGUs and LWDs.

Under Theme No. 2, the absence of structured training was cited as a major hindrance to effective budget preparation. Participants noted that they often relied on self-interpretation of the CBCs, leading to varying degrees of compliance and understanding. As emphasized by Ballesteros et al. (2023), successful budget execution depends largely on technical know-how, which is best achieved through systematic training and capacity-building efforts. OECD (2022) also stresses that capacity development must be continuous and embedded in the implementation of budget reforms to ensure alignment and consistency across all implementing units.

Under Theme No. 3, Several LWDs operate with minimal staffing, often assigning the entire budget preparation process to one or two individuals. This limits capacity for peer-review, institutional learning, and efficient workflow. As observed by Torres and Ylagan (2020), human resource constraints in local agencies are a major bottleneck in budget planning, leading to delays and compromised quality. This challenge becomes more pronounced as compliance requirements grow more technical and documentation-heavy under recent reforms.

Under Theme No. 4, beyond filling out budget forms, LWDs struggle to generate and compile the annexes and attachments required under the circulars. These may include financial performance metrics, utilization reports, and procurement plans, which are often unclear or difficult to produce, especially for smaller LWDs. According to Del Rosario and Aquino (2021), vague documentation requirements and lack of automated systems contribute to repetitive errors and delays. Luna and Orense (2023) further emphasize the need for standardized documentation guidance and digital support tools for better compliance.

The analysis reveals that compliance with CBC Nos. 25 and 26, s. 2024, is hindered by both technical and organizational constraints. Unfamiliarity with new budget forms, lack of training, shortage of qualified personnel, and unclear supporting document requirements all contribute to the difficulty faced by LWDs in meeting the updated compliance standards. These findings point to the need for institutional support in the form of comprehensive training, clear documentation guidelines, and increased manpower to manage the complexity of budget compliance under the new circulars.

Table 9 – Problems Encountered by LWDs with CBC Nos. 25 and 26

Problems Encountered	Frequency (N = 10)	Percentage (%)
Difficulty and/or unfamiliarity in the budget preparation forms	10	100%
Lack of training for LWD staff	10	100%
Inadequate technical personnel	4	40%
Difficulty in completing documentary requirements	10	100%

Table 9 shows the responses of LWDs as to problems encountered in their compliance with CBC Nos. 25 and 26. Of the identified problems, difficulty and/or unfamiliarity in the budget preparation forms (100%) and lack of training for LWD staff (100%) were identified by all respondents. Difficulty or unfamiliarity with budget preparation forms can significantly impact an organization, stemming from several causes. One of the primary factors is a lack of training and expertise among employees tasked with preparing budgets.

In addition, the complexity of the forms and the difficulty in completing documentary requirements can be a major challenge. Detailed and intricate forms, especially those with multiple categories or complex instructions, often lead to errors or confusion, particularly for employees with little experience in budgeting.

Studies Gatchalian (2018) link adherence to budgetary regulations with improved financial efficiency and customer satisfaction. Inefficiencies and delays often arise as employees struggle to complete the budget forms, resulting in longer preparation times and postponed decision-making. These delays can affect the organization's overall planning, which in turn impacts the allocation of resources and strategic initiatives.

Objective No. 3 - What intervention plans or support mechanisms do you think would help improve your Local Water District's compliance with DBM requirements, particularly in the preparation and submission of the Corporate Operating Budget (COB)?

**Table 10** – Thematic Analysis – Suggested Intervention Plans and Support Mechanisms

Theme	Sub-Theme	Participant Responses
Capacity Building	Conduct of training and capacity-building activities	"Capacity building is essential so that our staff can fully understand the CBC guidelines."
Coaching Program	One-on-one coaching for LWD personnel	"It would help if DBM or LWUA assigned a coach to guide us during budget preparation."



Standardization and Tools	Provision of standardized templates for consistency	“Having official templates would prevent inconsistencies across submissions.”
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Table 10 presents the recommended interventions and support mechanisms identified by the participants to improve compliance with CBC Nos. 25 and 26, s. 2024. Using Braun and Clarke’s (2006) thematic analysis approach, three key themes emerged from the interview responses of LWD personnel.

Under Theme No. 1, respondents strongly emphasized the need for structured and regular training programs to build technical competencies in understanding and applying the updated DBM Corporate Budget Circulars. These sessions are seen as vital in equipping LWD personnel with the necessary skills to meet compliance requirements accurately and efficiently. According to Ballesteros et al. (2023), systematic capacity-building is critical in addressing implementation gaps in local public financial management, especially when reforms introduce new technical demands. OECD (2022) supports this by asserting that continuous training is essential for institutionalizing reforms and promoting accountability in budget processes.

Under Theme No. 2, beyond formal training, many LWDs expressed a preference for personalized support through one-on-one coaching. This would involve assigning DBM or LWUA technical staff to provide direct assistance throughout the budget preparation process. The coaching approach is especially valuable for smaller or less experienced districts, providing real-time feedback and facilitating the correction of errors during submission. Luna and Orense (2023) found that mentorship-based technical assistance significantly improved compliance quality in local government programs. Similarly, Cuaresma and Salazar (2022) recommend embedded technical support as a best practice for transitioning into new fiscal reporting standards.

Lastly, under Theme No. 3, participants also recommended the development and dissemination of DBM-approved standardized templates. These templates, if consistently used, can help minimize formatting inconsistencies and guide accurate data input. Templates equipped with built-in validation checks and clear instructions reduce the probability of rejection due to technical or formatting issues. Domingo and Robles (2021) highlight that template standardization not only promotes procedural compliance but also enhances efficiency in evaluating submissions across agencies. Meanwhile, Del Rosario and Aquino (2021) emphasize the value of digital templates in simplifying document preparation and minimizing manual errors.

The proposed interventions from LWD personnel emphasize the importance of technical support, knowledge transfer, and standardization in improving budget preparation and compliance. These recommendations point to systemic solutions that could be implemented by DBM, LWUA, or other regulatory bodies to address the recurring issues of unfamiliarity, inconsistency, and submission delays. If institutionalized, these mechanisms could lead to more accurate, timely, and compliant COB submissions.

The intervention program will be implemented by three major strategies: capacity building, individual coaching, and the distribution of template standards. Capacity building entails organizing training sessions and workshops on CBC compliance, best practices in budget preparation, and management of finances. These training sessions will be conducted with lectures, case studies, and practice exercises so that LWD staff acquire applied learning, coupled with interactive forums for experience-sharing and common issue resolutions. Group training will also be supplemented by a one-to-one coaching format in which the DBM representatives will directly collaborate with each of the LWDs to give individualized coaching and assistance that are specific to their requirements. This customized approach guarantees that LWDs get particular support to enhance performance and compliance. Additionally, to prevent reporting inconsistencies, standardized templates will be created and issued for responsibility reports like the Statement of Approved Budget, Utilizations, Disbursements, and Balances, and the mandated Board Resolution. These templates shall act as systematic guidelines for the LWDs to ensure compliance with CBC more effectively, minimizing errors and ensuring homogeneity in submissions. The execution of the interventions shall be implemented based on the intervention plan outlined in Matrix 1.

## Matrix 1

*Intervention Plan Designed Based on the Interventions Suggested by LWDs/*

Activity	Purpose	Time Frame	Person/Agency Involved	Budgetary Requirements	Expected Outcome
1. Budget Forum for LWDs (Participants will include LWDs Board of Directors, General Managers, and its personnel in-charge on budget preparation)	<ul style="list-style-type: none"> <li>- To discuss the problems encountered as provided by the respondents and solicit more suggestions from them.</li> </ul>	Within January to June 2025	<ul style="list-style-type: none"> <li>- LWDs and DBM Regional Office</li> </ul>	P 50,000.00	<ul style="list-style-type: none"> <li>- Enhanced knowledge of LWDs in the preparation of their respective budget.</li> </ul>
2. Coaching Session with LWDs	<ul style="list-style-type: none"> <li>- To directly assist LWDs in enhancing their performance and compliance with CBC by identifying specific areas that needs improvement</li> </ul>	Whole year	<ul style="list-style-type: none"> <li>- LWDs and DBM Regional Office</li> </ul>	None	<ul style="list-style-type: none"> <li>- Improved capacity of personnel directly involved in budget preparation</li> </ul>
3. Submission of proposal for templates for reports and board resolution	<ul style="list-style-type: none"> <li>- To submit proposal for inclusion in the CBC new templates for reports and board resolution for consistency</li> </ul>	Within January to June 2025	<ul style="list-style-type: none"> <li>- DBM Regional Office</li> </ul>	None	<ul style="list-style-type: none"> <li>- Crafted template for Statement of Approve Budget, Utilizations, Disbursements and Balances and Board Resolution</li> </ul>

## Suggested Templates

[Proposed Template]

## Report on Approved Budget Utilizations, Disbursements and Balances

December 31, XXXX

LWD: \_\_\_\_\_

Particulars	Account Code	Approved Budget	Utilizations	Disbursements	Balances
PPA 1					
<i>Personnel Services</i>					
<i>MOOE</i>					
<i>Financial Expenses</i>					
<i>Capital Outlays</i>					
<b>TOTAL PPA 1</b>					
PPA 2					
<i>Personnel Services</i>					
<i>MOOE</i>					
<i>Financial Expenses</i>					
<i>Capital Outlays</i>					
<b>TOTAL PPA 2</b>					
PPA 3					
<i>Personnel Services</i>					
<i>MOOE</i>					
<i>Financial Expenses</i>					
<i>Capital Outlays</i>					
<b>TOTAL PPA 3</b>					
<b>Total Expenditures</b>					

Prepared by:

Approved by:

\_\_\_\_\_

Responsible Officer

\_\_\_\_\_

Head of the LWD

### 3. CONCLUSIONS AND RECOMMENDATIONS

This chapter presents the conclusions and recommendations based on the summary of findings of the study.

#### Summary of Findings

The study aimed to evaluate how Local Water Districts (LWDs) in the 1st District of Surigao del Sur complied with DBM guidelines for preparing and submitting their Corporate Operating Budgets (COB) for Fiscal Year 2024. It also identified the challenges faced by these LWDs and proposed potential interventions to address these issues. A total of ten key informants from five LWDs, including budget officers and financial managers, were involved in the study.

Data was collected through structured interviews, which helped gather insights into the experiences, challenges, and practices of the personnel involved in the COB preparation process. The study also analyzed actual data from the DBM's DMS, including submission timelines and approval dates, to assess the adherence to deadlines and the overall compliance of LWDs with budgetary regulations.

The following are the findings of the study:

- 1) The evaluation of financial information for LWDs revealed discrepancies in budget recommendations. The DBM reduced budget levels for many LWDs due to disallowed Personnel Services items and low budget utilization in Maintenance and Other Operating Expenses (MOOE). Local Water District No. 3 saw the highest budget reduction at 16.74%, while Local Water District No. 1 had the lowest at negative 3.13%. The reduction in MOOE was linked to DBM guidelines, which allow MOOE based on the highest utilization rate of the past three years. In terms of document completeness and consistency, most LWDs had to resubmit their documents due to discrepancies, except Local Water District No. 2, whose submission was approved on the first try. All LWDs in Surigao del Sur's first district met submission deadlines, partly due to technical assistance from DBM's Regional Office and internal deadlines set, although some LWDs struggled with new forms, impacting their preparation timelines.
- 2) All respondents identified three key problems: difficulty and/or unfamiliarity with the budget preparation forms, lack of training for LWD staff and inadequate technical personnel. The challenge of handling budget preparation forms can have a significant impact on an organization and is often caused by several factors. A primary contributing factor is the lack of proper training and expertise among employees responsible for preparing the budgets.
- 3) Most informants recommended the implementation of capacity building as a key intervention. One-on-one coaching as well as the formulation of templates for consistency were suggested as part of the intervention plan.

#### Conclusion

The following conclusions are drawn based on the findings of the study:

- 1) The evaluation of financial information for LWDs indicates a trend of budget reductions due to disallowed Personnel Services items and underutilization of MOOE. This suggests a need for LWDs to better manage their budgets and adhere to DBM guidelines, particularly regarding MOOE utilization. The varying degrees of budget cuts, with the Local Water District No. 3 experiencing the highest reduction, highlight the financial strain on certain LWDs. The fact that many LWDs had to resubmit documents due to discrepancies suggests challenges in maintaining proper documentation and compliance. However, technical assistance from DBM's Regional Office helped ensure timely submissions in Surigao del Sur's first district, demonstrating the importance of support in meeting administrative requirements. Overall, the findings point to a need for improved financial planning, documentation accuracy, and adherence to DBM guidelines among LWDs to avoid further budget reductions and delays in submission processes.
- 2) Difficulty with the budget preparation forms and lack of training are interconnected. The primary contributing factor to the difficulty with the forms is the insufficient training and expertise of LWD staff. Addressing this issue through targeted training programs could improve employees' ability to effectively handle the



budget preparation process, which in turn would enhance the overall efficiency and accuracy of the organization's budgeting efforts.

3) Most key informants emphasized the importance of capacity building as a critical intervention for improvement. Additionally, one-on-one coaching and the development of templates to ensure consistency were highlighted as effective components to incorporate into the intervention plan. These recommendations suggest that tailored, supportive, and structured approaches are viewed as essential for enhancing performance and maintaining uniformity across practices.

#### Recommendations

Based on the findings and conclusions, the researcher offered the following recommendations:

- 1) The LWD should continue to strengthen its workforce, especially those in budgeting, to ensure that new guidelines are complied with. With this, it will eliminate delays in submission and the return of the same for revision. Eventually, it will reduce the risk of re-enacted budgets and delays in project implementation.
- 2) The DBM should continue to update and revisit existing guidelines to ensure that these can be easily complied with by LWDs. The DBM can improve its guidelines and simplify the submission process to make reviews more efficient, ensuring faster budget approvals, reducing delays in service delivery, and enhancing public financial management.
- 3) For other oversight government agencies, such as the LWUA and the COA, should also ensure that LWDs comply with the issuances of DBM, especially on budget preparation and execution of guidelines.

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