Budget Utilization of Barangays: The Case of the Municipality of Concepcion, Tarlac

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ABSTRACT

This case study research analyzed the budget utilization of thirty (30) out of forty-five (45) barangays in the Municipality of Concepcion, Tarlac. The paper examined the problems and the causes of those problems the barangays experienced in utilizing their budgets from 2020 to 2022. The types of sampling that the researcher used are purposive and stratified sampling. The instruments used were an interview guide and documentary analysis. The researcher interviewed the Barangay Treasurers of the thirty (30) barangays that participated in the study. The Annual Budgets, Supplemental Budgets, and Statements of Comparison of Budget and Actual Amounts (SCOBAA) from 2020 to 2022 were used to analyze their budget utilization. Findings revealed that there was a decrease in the total allocation of some barangays in 2021. The COVID-19 pandemic had an impact on preparing and utilizing the budget of the barangays. Also, results show that all barangays are compliant with the budgetary requirements such as the Barangay Development Fund, Sangguniang Kabataan Fund, and BDRRM Fund. Findings also discovered that there is an underspending in the budget utilization of barangays in the Municipality of Concepcion from 2020 to 2022. The COVID-19 pandemic restrictions have had an effect on the utilization rates for these years. The projects, programs, and activities implemented in the Barangay Development Fund are more on economic development. It is revealed that the Sangguniang Kabataan Fund is not used merely for sports-related activities. The BDRRM Fund was utilized mostly for preventing floods by de-clogging the canals and this fund was utilized mostly during the height of the pandemic. The findings also reveal that barangays spend mostly on their current appropriations. Continuing appropriations are not being utilized. Some barangays were not able to approve their Annual Budget on time. Late approval of the budget prevents the barangays from spending the public funds at the start of the year. The researcher intended that by making efficient and effective use of their available resources, this study would contribute to the attainment of the goals and objectives of the barangays.

Keywords: *Budget Utilization; Personal Services; Maintenance and Other Operating Expenses; Barangay Development Fund; Sangguniang Kabataan Fund; Barangay Disaster Risk Reduction Management Fund*

Introduction

Living on a budget is a basic element of proper financial management. It can help in making better financial choices. In a household, the family always addresses concerns about spending and the budget. Think of the government like a household, only bigger. It must go through the same process of managing its family members' resources. Every citizen is a family member. The needs of every citizen concern the entire nation. All budgeting, either public, private, organizations, or individuals, requires choices in possible expenditures. This is because no one has unlimited resources. One of the responsibilities of the government is to have a budget. A well-carefully planned budget is very important to ensure economic growth. One of the necessary factors that should be considered in the budget process is the good allocation of scarce resources. Budgeting requires choices among potential expenditures. It implies a balance in revenues and expenditures.

One of the indicators in Sustainable Development Goals (SDG) of the United Nations reported that national governments' budgets should be implemented as approved. In other words, implementing the budget implies whether the government delivers the basic services and achieves its development activities. Technically speaking, the budget is the document that contains the government's proposed revenue and expenditure plans, which represent its fiscal goals and policy priorities. The budget document is only one component of the nation's system for controlling tax and spending policies, as well as an ongoing budget decision-making process within the government.

A public budget, correctly stated by one source, "is not what most people think it to be." Forms, procedures, preparing budget documents, and columns of figures are all significant budget activities, but they are merely peripheral to the core budgeting functions, which are intended to support the legislative process' simplification and the executive branch's management duties. Budgeting is not about figuring out how much money to set aside for certain expenses; it is also not about creating a set of visual aids or a set of sheets with limits that must be adhered to. The entire governmental structure and the public must participate in budgeting to effectively carry out these two functions. (Perkins, 2013)

In Thailand, democratization and decentralization began in the year 1992. The country's Decentralization Promotion Act of 1999 enabled the local government to have more financial resources, duties, and personnel. In the Philippines, the culture is very diverse. It is the reflection of the complexity of the history of the country through the years. For this reason, the government needs to allocate its resources wisely. Good governance cannot be achieved without good public financial management of which local budgeting is a part. Focusing on local government budgets is as crucial as it is for many central governments worldwide. In a developing country like the Philippines, few studies have been done in the setting of local governance. Department of Budget and Management Region III has been very active in conducting capacity-building seminars to enhance the knowledge of officials involved in utilizing and implementing the budget of local government units.

The Local Government Code of 1991 has given local government units the power to experience true, meaningful autonomy. This is to allow them to reach their fullest development as self-reliant communities. Barangays are the smallest of the local government units. As of December 2022, there are 41,953 barangays throughout the Philippines. Barangays play an important role in nation-building. It is a small unit of government, but its structure is not a simple one. It consists of an elected Punong Barangay, seven (7) elected Sangguniang Barangay members, elected Sangguniang Kabataan Chairman, and appointed Barangay Secretary and Barangay Treasurer. The role of barangays goes way beyond the festival preparation and keeping peace and order within their ground. Barangays give ordinary citizens a formal stake in decision-making and devolve power and resources from the center. The barangays also enable basic services to be more responsive to diverse local needs and circumstances. (Turok and Scheba, 2020)

It is stated in Section 305 of the Local Government Code that no money from the local funds shall be paid out of the local treasury except in the enactment of an appropriation ordinance or law. This provision supports the importance of the local budgeting process. The use or disbursement of the barangay funds must undergo the local budgeting process and comply with the parameters and limitations prescribed by law. After more than thirty years of decentralization, how is the current state of local government units in terms of performance? Knowledge of the budget process and cycles is essential for barangay officials. This knowledge will improve their policy advocacy work.

Concepcion is a first-class municipality and is considered one of the largest municipalities in the province of Tarlac. It was founded in 1863. The municipality consists of forty-five (45) barangays. As per the 2020 Census of Population of the Philippine Statistics Authority (PSA), its total population is 169,953. This study analyzed the budget utilization of thirty (30) out of forty-five (45) barangays in the Municipality of Concepcion, Tarlac. The paper examined the problems and the causes of those problems that the barangays are experiencing in utilizing their budgets.

Underspending government funds have been recognized as an issue in the country. Most of the releases of barangays are for overheads like salaries and operating expenses, not that much for economic pump-priming and other projects that are directly for the public. The researcher works at the Municipal Budget Office in the Local Government Unit of Concepcion, Tarlac. It is their function to review the budget of barangays before endorsing them to the Office of the Sangguniang Bayan. Compliance and utilization of the budgetary requirements such as 20% Barangay Development Fund, 10% Sangguniang Kabataan Fund, and 5% Barangay Disaster Risk Reduction Management Fund are the main parts of the review. This research was made to evaluate the utilization of their budgets. Good spending is not simply releasing funds but disbursing them for what they have been intended for. The researcher intended that by making efficient and effective use of their available resources, this study would contribute to the attainment of the goals and objectives of the barangays. The problems encountered by the participants which affect the utilization of their budgets were identified. Through this, measures were proposed to enhance the budget utilization of barangays in the Municipality of Concepcion, Tarlac.

Methodology

Research Design

The qualitative case study research design was used in this study. Through the identification of various factors interacting with one another, a complex experience can be explored using the qualitative case study research method. This is a valuable method in research to develop and evaluate programs and interventions. A case study's main goal is to clarify "why" and "how" particular circumstances arise, or, more specifically, why certain events occur in certain sequences or do not. Consolidating the cases and discussing data sources may help to develop and propose recommendations. The study discusses the budget utilization among barangays in the Municipality of Concepcion, Tarlac, and identifies the issues and problems that affect its utilization.

Research Locale

The study was conducted in one of the largest municipalities in the province of Tarlac, the municipality of Concepcion, Tarlac. The municipality consists of forty-five (45) barangays; Alfonso, Balutu, Café, Calius Gueco, Caluluan, Castillo, Corazon de Jesus, Culatingan, Dungan, Dutung a Matas, Green Village, Lilibangan, Mabilog, Magao, Malupa, Minane, Panalicsican, Pando, Parang, Parulung, Pitabunan, San Agustin, San Antonio, San Bartolome, San Francisco, San Isidro, San Jose, San Juan, San Martin, San Nicolas Balas, San Nicolas Poblacion, Santiago, San Vicente, Sta. Cruz, Sta. Maria, Sta. Monica, Sta. Rita, Sta. Rosa, Sto. Cristo, Sto. Nino, Sto. Rosario, Talimundoc Marimla, Talimundoc San Miguel, Telabanca and Tinang.

Figure 1. Municipal Map of Concepcion, Tarlac
(Source: Municipal Planning and Development Office – LGU Concepcion, Tarlac)

Research Participants

Thirty out of forty-five barangays in the municipality of Concepcion, Tarlac were included in the study. One Barangay Council member, the Barangay Treasurer per barangay was interviewed. To ensure equal participation, the participants of the study were pro-rated based on the population of the barangays.

Data Gathering Procedure

The methods used in gathering data include two (2) instruments: (1) interview; and (2) documentary analysis.

Interview

Barangay Treasurers were interviewed during their visit to the researcher's office to determine various reasons behind the utilization of their budget from 2020 to 2022.

Documentary Analysis

In this study, the researcher used the submitted Annual and Supplemental Budgets of the barangays in the municipality of Concepcion, Tarlac. The Statement of Comparison of Budget and Actual Amounts (SCOBAA) report was used in analyzing their budget utilization. These were a big help for the researcher in completing the research.

Data Analysis

Collected data were organized in tabular forms to create a better presentation and understanding. The following statistical techniques are applied to the acquired data that will be provided in drawing analysis and interpretation.

Percentage Distribution

It is the number or ratio expressed as a fraction of the whole. This was used in presenting data collected in the projects, programs, and activities implemented and for the amount and percentage of budget utilization of the barangays.

Frequency

It represents the total number of observations in a particular category, type, or classification. This is used in presenting the data collected on problems encountered by the participants on the local budget process.

Ethical Considerations

The researcher guaranteed that the participants were aware of the objectives of the study. The information that was acquired during the gathering process was kept confidential and was used for academic purposes. The participants have the option to expose their names and personal information.

Key Findings and Synthesis

Increase or Decrease in Budget Allocation

Table 1 shows the number of barangays that had an increase or decrease in their total allocation from 2020 to 2022.

Table 1: Increase or Decrease in Budget Allocation

Increase/Decrease	2020	2021	2022
Barangay with an increase in its total allocation	30	18	29
Barangay with a decrease in its total allocation	0	12	1
Total	**30**	**30**	**30**

All barangays had an increase in their budget allocation for the year 2020, this is due to the slight increase in their Internal Revenue Allotment (IRA). However, in 2020, twelve (12) out of the thirty (30) participants had a decrease in their budget allocation. The decrease was because barangays opted to lessen their estimates of their local sources of income. After all, the effect of the pandemic was still felt that year. Meanwhile, in 2022, twenty-nine (29) out of the thirty participants had a significant increase. This is due to the implementation of the Mandanas-Garcia Ruling where the share of local government units increased because the Supreme Court affirmed that the LGC of 1990 stated that LGUs are entitled to have a "just share" on all national taxes. Previously, the share that the LGUs were receiving was only from the revenue taxes collected by the Bureau of Internal Revenue. Only one barangay has a decrease in its allocation in 2022 even though their share from national taxes increased. For the previous years, they were able to collect income from Quarry Shares. In 2021 and 2022, the Provincial Government of Tarlac suspended the quarry operations, resulting in a lesser budget allocation for that barangay.

Breakdown of Budget Allocation

Personal Services

Personal Services of the barangays are increasing minimally over the years. An increase in honoraria is one of the main reasons for the higher allocation every year. All barangays had an increase in 2022 because they received higher NTA shares. Bonuses such as Year End Bonus and Midyear Bonus will subsequently increase. In 2022, the Service Recognition Incentive (SRI) increased from PHP 10,000 to PHP 20,000 per qualified official resulting in higher allocation in Personal Services for that year.

Maintenance and Other Operating Expenses

Twenty (20) out of thirty (30) barangays had an increase in their allotted MOOE from 2020 to 2021. Meanwhile, ten barangays had a decrease because of the lesser income available for appropriations due to lower estimates on their local sources of income that year. In 2022, twenty-eight (28) barangays had an increase in their MOOEs because it was the start of the implementation of the Mandanas-Garcia Ruling where additional functions were devolved to local government units. However, MOOE allotments of Barangay 28 and 29 decreased because they were not able to collect from quarry shares, the bulk of their local sources of income available for appropriation has significantly decreased. Maintenance and Other Operating Expenses are allocated mainly to electricity expenses, water expenses, repairs of motor vehicles, and maintenance of streetlights. Based on the interview conducted, barangay officials are having difficulties in allotting funds for Maintenance and Other Operating Expenses mainly for electricity expenses. Most of their utilization in MOOE is spent on utility expenses, not much for basic services and facilities that they should provide for their constituents. The budget for Capital Outlay of the barangays was allocated mainly for ICT equipment such as desktop computers, laptops, and printers; and furniture and fixtures such as office tables, chairs, and cabinets. The barangays are dependent on the Barangay Development Fund to fund infrastructure projects. Only Barangay 29 allotted infrastructure projects in its Capital Outlay.

Barangay Development Fund

All barangays are compliant with the required appropriation for the Barangay Development Fund which is 20% of the Internal Revenue Allotment (IRA)/National Tax Allotment (NTA). Based on the documents provided, barangays are not implementing some of their projects funded by the Barangay Development Fund. These unimplemented projects are from their continuing appropriations. One of the reasons for the non-implementation of these projects is that the amount allotted for these infrastructure projects was estimated a few years ago. The estimated price for the materials was low compared to the current market price.

Sangguniang Kabataan Fund

All barangays are compliant with the required appropriation for the Sangguniang Kabataan Fund, which is 10% of the total general fund. The results show that there are also unimplemented projects, programs, and activities under the SK Fund of the barangays. The reason behind the non-implementation that resulted in a higher number of continuing appropriations is the postponement of sports-related activities during the height of the pandemic.

Barangay Disaster Risk Reduction Management Fund

All barangays are compliant with the required appropriations for the Barangay Disaster Risk Reduction Management Fund (BDRRMF) which is 5% of their estimated regular sources of income. The findings revealed that the continuing appropriations of 28 out of 30 barangays decreased in 2021. This is because this fund was utilized in 2020, the start of the pandemic.

Budget Utilization Rate

All agencies are expected to utilize 100% of their budgets. As per the Enhanced Public Financial Management Assessment Tool for Local Government Units (ePFMAT for LGUs) 2022 edition released by the Department of Budget and Management, one of the indicator measures whether the budget is implemented as intended is that the actual utilization should be at least 80% of its total allocation. Table 2 shows that in 2020 and 2021, eleven out of thirty or 36.67% of the barangays utilized at least 80% of their allocation. Meanwhile, in 2022, sixteen out of thirty or 53.33% of the barangays utilized at least 80% of their total allocation.

Table 2: Budget Utilization Rate

BUR	2020		2021		2022	
	f	%	*f*	%	*f*	%
80-100%	11	36.67	11	36.67	16	53.33
0-79.99%	19	63.33	19	63.33	14	46.67
Total	**30**	**100**	**30**	**100**	**30**	**100**

In 2020 and 2021, the majority of the barangays did not meet the 80% BUR rate because of the COVID-19 pandemic. Infrastructure projects were put on hold due to the restrictions the pandemic caused. However, some barangays have improved their utilization in 2022 since it is the year recovering from pandemic. That year was also the start of the implementation of the Mandanas-Garcia Ruling, where additional functions were devolved to local government units providing them more options to implement various projects, programs, and activities.

Projects, Programs, and Activities Implemented

Barangay Development Fund

This study determined the projects, programs, and activities implemented by the barangays from 2020 to 2022 charged to the Barangay Development Fund. The data were collected from the resolutions programming the Barangay Development Fund for the last three years with the help of the Municipal Budget Office of Concepcion, Tarlac. Table 3 presents the number of projects, programs, and activities implemented by the barangays under the Barangay Development Fund from 2020 to 2022.

Table 3: Projects, Programs, and Activities Implemented in Barangay Development Fund

PPA	*f*	%	Rank
Concreting of Road	50	37.31%	1
Construction of Canal	21	15.67%	2
Installation of LED Streetlights	13	9.70%	3
Purchase of Rice and Relief Goods	12	8.96%	4
Construction of Materials Recovery Facility	11	8.21%	5
Construction of Box Culvert	8	5.97%	6
Construction and Improvement of Multi-Purpose Hall	6	4.48%	7
Installation of CCTVs	4	2.99%	8
Concreting of Farm to Market Road	2	1.49%	9
Widening Of Road	2	1.49%	9
Construction of Reinforced Concrete Wall	2	1.49%	9
Construction of Barangay Stage	1	0.75%	12
Construction of Basketball Court	1	0.75%	12
Installation of Solar LED Lights	1	0.75%	12
Total	**134**	**100.00%**	

The results revealed that 37.31% of the PPAs implemented by the Barangay Development Fund are concreting of roads, 15.67% are construction of canals, 9.70% are installation of LED streetlights and 8.96% are purchase of rice and relief goods during the pandemic. 8.21% of the implemented PPAs charged under the Barangay Development Fund are construction of Materials Recovery Facility (MRF), 5.97% are construction of box culvert, 4.48% are construction and improvement of multi-purpose hall and 2.99% are installation of CCTVs. On the other hand, there is an equal number of PPAs concreting of farm to market roads, widening roads, and construction of reinforced concrete wall which is equivalent to 1.49% of the total PPAs, respectively. Also, three PPAs have an equal number which are construction of a barangay stage, construction of a basketball court, and installation of solar LED lights which represent 1.75% respectively. The barangays utilized the Barangay Development Fund in implementing projects more for the economic sector. This fund was also helpful during the pandemic. It was used as a backup fund for the barangays in programming COVID-related PPAs.

Sangguniang Kabataan Fund

This study determined the projects, programs, and activities implemented by the barangays from 2020 to 2022 charged under the Sangguniang Kabataan Fund. The data were collected from the ordinances and resolutions programming the Sangguniang Kabataan Fund for the last three years with the help of the Municipal Budget Office of Concepcion, Tarlac. Table 4 presents the number of projects, programs, and activities implemented by the barangays from 2020 to 2022.

Table 4: Projects, Programs and Activities implemented in Sangguniang Kabataan Fund

PPA	*f*	%	Rank
Distribution of School Supplies	40	15.87%	1
Improvement of Covered Court	36	14.29%	2
Conduct of Basketball/Volleyball League	31	12.30%	3
Distribution of Health/Hygiene Kits	29	11.51%	4
Trash bins	21	8.33%	5
Clean-up Drives	17	6.75%	6
Installation of Street signs	14	5.56%	7
Slowdown Signs	8	3.17%	8
Construction of Welcome Arc	8	3.17%	8

Distribution of Slippers	7	2.78%	10
Purchase of Retractable/Movable Tents	7	2.78%	10
Distribution of Nebulizers	6	2.38%	12
Establishment of a Mini Library	4	1.59%	13
Installation of CCTVs	4	1.59%	13
Distribution of Relief Goods	3	1.19%	15
Construction and Improvement of Multi-Purpose Hall	3	1.19%	15
Purchase of Equipment for Health Center	3	1.19%	15
COVID-related projects	2	0.79%	18
Posting of Environmental signage	2	0.79%	18
Feeding Program	2	0.79%	18
Reflectorized road signs	1	0.40%	21
Posting of Anti-Drug signage	1	0.40%	21
Construction of Pocket Park	1	0.40%	21
Purchase of Equipment for the Daycare Center	1	0.40%	21
Conduct of Seminar for pregnancy	1	0.40%	21
Total	**252**	**100.00%**	

Sangguniang Kabataan prioritized the distribution of school supplies as shown in the result of the PPAs which is 40 or 15.87% of the total number of PPAs implemented. Another priority PPA of the SK is the improvement of their respective covered court which is 36 or 14.29% of the total number of PPAs implemented. Third in the ranking is the conduct of the basketball/volleyball league which is 31 or 12.30%. Next is the distribution of health or hygiene kits which is 29 or 11.51% of the total number of PPAs. As part of their environmental program, fifth in the ranking is the procurement of trash bins which is 21 or 8.33% of the total number of PPAs. Clean-up Drives are next in the ranking with 17 or 6.75% of the total PPAs. Installation of street signs has also been one of the projects implemented by the Sangguniang Kabataan which is 14 or 5.56% of the total number of PPAs. Also, there is an equal number of PPAs implemented for the slowdown signs and construction of the welcome arc which is 8 or 3.17%. Meanwhile, distribution of slippers and purchase of retractable or movable tents, which is 7 out of the 252 projects, respectively. The distribution of nebulizers is next in rank which is 6 or 2.38% of the total PPAs. The establishment of mini-library and installation of CCTVs have an equal number of frequencies which is 4 or 1.59%, respectively. Augmentation in the distribution of relief goods, construction, and improvement of the multi-purpose hall (SK Office) and purchase of equipment for the health center have also the same frequencies which are 3 or 1.19% of the total number of PPAs. Moreover, COVID-related projects, posting of environmental signages, and feeding programs are second to the last in ranking which is 2 or 0.79% of the total PPAs, respectively. Lastly, reflectorized road signs, posting of anti-drug signages, construction of the pocket park, purchase of equipment for the daycare center, and conduct of seminar for pregnancy are last in the ranking which is 1 or 0.40% of the total PPAs, respectively.

Barangay Disaster Risk Reduction Management Fund

This study determined the projects, programs, and activities implemented by the barangays from 2020 to 2022. The data were collected from the resolutions programming the Barangay Disaster Risk Reduction Management Fund for the last three years with the help of the Municipal Budget Office of Concepcion, Tarlac. Table 5 presents the number of projects, programs, and activities implemented by the barangays from 2020 to 2022.

Table 5: Projects, Programs and Activities implemented in BDRRM Fund

PPA	*f*	%	Rank
De-clogging of Canals	35	29.41%	1
Distribution of Relief Goods	27	22.69%	2
Purchase of materials in compliance with the Safety Seal Certification Program	17	14.29%	3
Purchase of Flashlights, Raincoats, and Rubber boots for Barangay Tanods	16	13.45%	4
Purchase of Oxygen Tanks	13	10.92%	5
Purchase of Medicines	8	6.72%	6
Procurement of Disaster Equipment	3	2.52%	7
Total	**119**	**100.00%**	

The results revealed that the priority projects of the barangays using the BDRRM Fund are de-clogging of canals which is 35 or 29.41% of the total number of PPAs. Next in rank is the distribution of relief goods during the quarantine period at the start of the COVID-19 pandemic which is 27 or 22.69%. Third is the procurement of materials in compliance with the Safety Seal Certification Program which is 17 or 14.29% of the total number of PPAs. 16 or

13.45% of the total number of PPAs is the procurement of flashlights, raincoats, and rubber boots for barangay watchmen. Procurement of oxygen tanks comes fifth in the ranking which is 13 or 10.92% of the total number of PPAs. Purchase of medicines has a frequency of 8 which is 6.72%. There were only three for the procurement of disaster equipment, which is 2.52% of the total number of PPAs.

Problems encountered by the barangays that affect their budget utilization

The following situations encountered by the participants affect the preparation of their budgets and utilizing them. Implementing their projects, programs, and activities are affected as well. Table 6 shows the problems encountered by the participants.

Table 6: Problems Encountered

Problems Encountered	*f*	%	Rank
Program of Works for infrastructure projects not prepared on time	26	24.53	1
Barangays are dependent on their NTA/IRA	19	17.92	2
Sangguniang Kabataan are not financially independent	17	16.04	3
Late submission of their Annual Budget	15	14.15	4
Construction of the infrastructure projects is delayed during rainy days	13	12.26	5
One percent allotment for the elderly and the disabled is not given fairly	12	11.32	6
The hesitancy of constituents to infrastructure projects	4	3.77	7

Based on the results in Table 6, the problem that has the highest number of frequencies of 26 was the "Program of Works for infrastructure projects not prepared on time". Whenever the barangays want to implement and program infrastructure projects, a Program of Works (POW) prepared by the Municipal Engineer's Office is a requirement. It takes a long time before they can get a copy of the Program of Works of their desired project. Some participants stated it takes about three months. This problem is usually encountered during the preparation of their Annual Budget. This leads to the late approval and submission of their Annual Budget. Some barangays do is that they initially program their Barangay Development Project into the purchase of lots or motor vehicles because these projects do not require attachments like the Program of Works. When the Program of Works is already prepared, they will re-program their BDF into their desired infrastructure project.

The dependency of barangays on their National Tax Allotment (previously referred to as Internal Revenue Allotment) ranked second. NTA/IRA continues to dominate the income sources of the barangays. Collecting local resources has been a struggle, especially in rural barangays. This is also one of the reasons why some infrastructure projects are implemented in the latter part of the year because the barangays' cash availability is dependent on the monthly release of their National Tax Allotment/Internal Revenue Allotment.

Third, the "Sangguniang Kabataan is not financially independent" got the third spot among the problems encountered. Republic Act 10742 or the SK Reform Act of 2015 states that Sangguniang Kabataan shall have financial independence in its operations, disbursements, and encashments of its funds, income, and expenditures. For the year 2020 to 2022, the Sangguniang Kabataan Fund of all barangays are still included in the bank account of their respective barangay. All Sangguniang Kabataan do not have their bank accounts resulting in difficulties in releasing funds especially when the SK Chairman does not have the same political color as the Barangay Captain or Council. The SK Council were not able to receive their honoraria as well due to this problem.

Fourth, the "Late submission of their Annual Budget" was also part of the problems encountered. Annual Budgets should be approved and submitted on or before December 31 every year so that they can spend their fund at the start of the fiscal year. However, those that did not comply can only spend until the approval of their budget. Some participants said that the previous problem stated (delay in getting a copy of the Program of Works of the infrastructure projects) is the main cause of the delay. Admittedly, delays in the submission are caused by their negligence. Others stated that it is because some members of their councils, especially if oppositions, are very meticulous when it comes to deliberating the barangay's budget.

Fifth among the problems encountered is the "Construction of the infrastructure projects is delayed during rainy days". The barangays usually schedule their infrastructure projects during the third quarter of the year. Their Internal Revenue Allotment (IRA), now referred to as the National Tax Allotment (NTA), is released by the Bureau of Treasury every month. The funds available for their projects will be available during the third quarter in which delays in the construction of those projects are inevitable because of the rainy season.

Another problem encountered was the "One percent allotment for the elderly and the disabled are not given fairly". All participants have allotted one percent of their IRA/NTA to programs or projects related to senior citizens and the disabled. However, the participants' problem is that the allotment for their projects like the distribution of medicines is usually given only to senior citizens. Presently, no law specifically mandates barangays to allocate funding for PWDs and SC organizations. In November 2022, lawmakers filed House Bill 3641, which requires LGUs to earmark one percent of their NTA for programs and projects benefiting the elderly and PWDs.

Moreover, “Hesitancy of constituents to infrastructure projects” was included in the problems encountered. Infrastructure projects like the concreting of roads, the concreting of road shoulders, and the construction of canals are hard to implement. Permission from the constituents to proceed with the implementation of these projects takes a long time to be approved. The constituent’s hesitancy causes the delay of the implementation. The hesitancy is because the constituents think that their fences might be affected since they might exceed the area of their lot.

Measures proposed to enhance the budget utilization of barangays

The Barangay Councils may notify the Municipal Engineer’s Office even during the planning stage of their budget process so that the said office can prepare the Program of Works just in time before the submission of the budgets of the barangay. The Municipal Engineer’s Office may also assign personnel to be in charge in certain barangays to speed up the process of making the Program of Work needed by the barangays.

Barangays are highly dependent on their Internal Revenue Allotment (IRA) now referred to as National Tax Allotment (NTA), it is important to explore solutions that can enhance their financial stability, promote self-sufficiency, and improve overall governance. Conduct tax campaigns especially in collecting real property tax (RPT) to exercise their power to create additional local sources of revenue. They can also support initiatives that promote local economic development. This could involve partnering with businesses, attracting investments, and fostering entrepreneurship. A thriving local economy can contribute to increased local revenue.

For the period covering the fiscal years 2020 to 2022, the Sangguniang Kabataan were not financially independent. A simple measure to solve this problem is that they may operate a separate bank account for the Sangguniang Kabataan Fund as prescribed in RA 10742. They may attend capability-building seminars for the SK Council to increase their knowledge, especially in the basics of accounting and liquidating process using the Handbook on the Financial Transactions of the Sangguniang Kabataan.

Although it is preferable to avoid late submission of an annual budget, unforeseen circumstances do occasionally occur. For this to be avoided, barangay officials may communicate the budget plans early, even before the start of the Budget Call – July 1 of every year. They may prioritize critical components and eliminate unnecessary steps or reviews that may be contributing to the delay. To improve future budgeting cycles, it is imperative that open communication be maintained with all stakeholders throughout the process and that lessons be learned.

The delay in construction projects due to rainy weather is a common challenge, particularly in regions with distinct wet seasons. Addressing this issue requires careful planning, risk management, and the implementation of specific measures to mitigate the impact of rainy days. In planning the implementation of these infrastructure projects, barangay officials should incorporate weather considerations into the project schedule from the outset. Develop a construction timeline that accounts for the expected duration of the rainy season and plan critical activities during drier periods. By proactively planning for adverse weather conditions, implementing preventative measures, and maintaining open communication, construction projects can better navigate the challenges posed by rainy days and minimize overall delays.

Providing subsidies for senior citizens and people with disabilities is an important social welfare initiative that can enhance their quality of life and address specific needs. At least 1% of their IRA/NTA is appropriated for senior citizens and the disabled. However, these funds are given usually only to senior citizens. There should be a collaboration between the Office of the Senior Citizens (OSCA) and the Persons with Disability Affairs Office (PDAO) to determine the ratio of their share in the said fund. This collaboration can help them offer their input about the services and programs they need.

Constituent’s hesitancy towards infrastructure projects can stem from various concerns and perceptions. Addressing these concerns requires effective communication and a proactive approach. The barangay should involve the community in the planning process. Conduct public consultations, gather feedback, and consider community input in the project design. They should provide clear, detailed information about the infrastructure project. Use various communication channels, such as meetings, newsletters, and social media, to share project details, benefits, and potential impacts.

Implications of the study to Public Administration

The implication of this study to public administration focuses on the field of public fiscal administration. The researcher’s objective is to determine the utilization of barangays regarding their budgets and the problems and issues encountered by the barangay officials to provide better knowledge for future researchers.

In this study, information about the total allocation, breakdown of allocation, actual utilization, projects, programs, and activities implemented amount and percentage of the budget utilization rate of the barangays for the last 3 years were looked into. These were analyzed and showed that their budget has been subject to underspending especially those funds allotted for development projects. This study revealed that underspending government funds is an issue in the country. Spending and fully utilizing government funds is highly encouraged. This does not denote that the government should be expense-oriented, but they should be development-oriented. Not utilizing government funds results in delaying development.

Accordingly, it is important to know that compliance with the budgetary requirements and limitations is not the only factor that the barangay officials should consider in preparing and executing their budget. Timely implementation of the projects, programs, and activities funded should also be considered and be one of their top priorities. This research can serve as a basis for other barangays and even other levels of local government units on how to enhance spending their budgets.

Conclusions

Findings show that some barangays had a decrease in their total allocation from 2020 to 2021. The researcher concluded that the COVID-19 pandemic affected preparing and utilizing the budget of the barangays. The estimated sources of income available for appropriation in 2021 decreased because of the low collections in 2020 caused by the COVID-19 pandemic.

The results show that all barangays are compliant with the budgetary requirements such as the Barangay Development Fund, Sangguniang Kabataan Fund, and BDRRM Fund. The breakdown of their budget allocation made the researcher conclude that the barangays rely more on the Barangay Development Fund to fund infrastructure projects. Current operating expenditures are used mainly on their honoraria, bonuses, repairs, and utilities expenses not much for projects, programs, and activities.

Based on the analysis conveyed, there is an underspending in the budget utilization of barangays in the Municipality of Concepcion from 2020 to 2022. Infrastructure projects were put on hold in 2020 and 2021 due to COVID-19 pandemic restrictions resulting in low budget utilization rates for these years.

Based on the projects, programs, and activities implemented from 2020 to 2022, the researcher concludes that the barangays utilized their budget in the Barangay Development Fund in implementing and utilizing projects more on economic development such as the construction of roads. It is also concluded that the Sangguniang Kabataan Fund is not used only for sports-related activities, it is also utilized for education-related projects, health-related programs, and activities in helping the environment. This means that the Sangguniang Kabataan realize how broad their responsibilities are. They know that their function is not only for conducting sports-related activities. The BDRRM Fund was utilized mostly for preventing floods. This means that the barangays understand that dumping garbage in the drainage and canals causes a major blockage in the flow of water causing flooding. It is also concluded that the said fund was helpful during the start of the pandemic since it was utilized in procuring relief goods that were distributed during the quarantine period.

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Conflict of Interests

The author declares that she has no conflicts of interest

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