



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT

**DBM EVALUATION OF THE DEVOLUTION TRANSITION PLAN (DTP) OF THE
DEPARTMENT OF FINANCE (DOF)**

INTRODUCTION

This document contains the results of the DBM's evaluation and highlights of the DOF DTP, which was originally submitted on 13 September 2021, and resubmitted on 05 November 2021 and 22 June 2022, up to its final submission on 10 November 2022, in compliance with Executive Order (EO) No. 138 dated 1 June 2021.¹

The DOF highlighted that the functions for devolution under its jurisdiction have long been devolved to, and already being performed by, the local government units (LGUs), and the Department's role relative to these devolved functions is primarily supervisory and coordinative in nature. As such, the DOF DTP focuses on further improving the capacity of LGUs for them to properly manage their fiscal resources for their full assumption of functions and services devolved to them under the Local Government Code of 1991 (Republic Act [RA] No. 7160).

1.0 ON THE STRATEGIC DIRECTIONS AND SHIFTS

1.1. Highlights of the Strategic Directions/Shifts

- 1.1.1 The DOF commits to maintain and ensure fiscal balance while simultaneously upholding the intent and spirit of devolution, in line with the implementation of EO No. 138.
- 1.1.2 The Department added that, in view of the implementation of the Supreme Court (SC) ruling on the Mandanas-Garcia Case starting FY 2022, which effectively broadened the tax base on which the share of LGUs from the national taxes will be determined, the expenditure assignments provided under RA No. 7160 should be fully observed by both the national and local governments to ensure fiscal sustainability, and to guarantee that fiscal resources shall be managed efficiently towards the delivery of priority development programs and projects of the government.

¹ Full Devolution of Certain Functions of the Executive Branch to Local Governments, Creation of a Committee on Devolution, and for Other Purposes

- 1.1.3 Accordingly, the DOF takes on the challenge to further capacitate the LGUs in order for the latter to properly manage their fiscal resources for their full assumption of devolved services and functions.
- 1.1.4 Further, the DOF, through the Bureau of Local Government Finance (BLGF), remains steadfast in providing quality supervision of local fiscal operations through proper regulation and capacity development programs on local public financial management (PFM) to support the DTPs of LGUs.

1.2. Observations and/or Recommendations, Status of Implementation

Topic	Observations	Recommendations	Status of Implementation
<i>On the strategic directions/shifts considering the changes in the Department's work as a result of the implementation of the full devolution</i>	The DOF was able to present its strategic directions in line with the implementation of the full devolution of functions and services directed under EO No. 138, which are consistent with the guiding principles of said EO wherein the role of the national government is to set the national policy, development strategy and service delivery standards, and to assist, oversee and supervise the LGUs, complementary to the stronger implementing role that the latter shall assume by reason of devolution.	No addition/further recommendation.	N/A
<i>On the objectives, goals and expected outcome, as well as the strategies or approaches taken in the formulation of the DTP, including the coordination of efforts of the affected Department, its bureaus, attached agencies, and government-owned or -controlled corporations (GOCCs)</i>	<p>It was highlighted in the Narrative Report that the DOF's main objective is to ensure fiscal balance and sustainability, and at the same time, strengthen fiscal decentralization, with the end goal of improving local PFM, and ultimately, public service delivery.</p> <p>These objectives and goals are congruent to the directives under EO No. 138, specifically pursuant to Section 9 thereof which mandates the DOF, DBM, and DILG to include the strengthening of PFM processes in the capacity development of LGUs to ensure that the allocation of the revenue allotment for basic services and facilities is in accordance with RA No. 7160 and other relevant laws.</p> <p>In support to said objectives/goals, the DOF Narrative Report likewise elaborated on the other components of the DOF DTP, such as on the implementation schedule and</p>		

Topic	Observations	Recommendations	Status of Implementation
	<p>phasing of its programs and activities relative to the full devolution transition, capacity development strategy for both the LGUs and the Department, and the monitoring and performance assessment of the LGUs.</p>		
<p><i>On the new thrusts and emerging challenges which the Department intends to address as part of the strengthening of its steering functions</i></p>	<p>In view of the implementation of the SC ruling on the Mandanas-Garcia Case and the full devolution effort under EO No. 138, the DOF noted that it intends to take on the emergent challenge of further capacitating the LGUs for them to be able to properly manage their fiscal resources vis-à-vis the full assumption of services devolved to them.</p> <p>In relation to this, the Department presented the activities it has undertaken in line with its current thrusts to improve local treasury service and strengthen local governance, such as the implementation of the Local Governance Reform Project (LGRP) and the Standardized Examination and Assessment for Local Treasury Service (SEAL), the development of the Competency Framework for Local Treasury Service, as well as the various trainings offered for the LGUs through the BLGF.</p> <p>Moreover, the DOF stated its commitment to continuously support and encourage the LGUs in the modernization and digitization of their revenue and assessment operations.</p>		
<p><i>On the Department's functions, programs, activities and projects (PAPs) that will be strengthened, scaled down, phased out, and/or abolished</i></p>	<p>While the specific PAPs of the Department that will be strengthened, scaled down, and/or abolished were no longer included in the discussion, overall, the DOF strategic shifts imply the continual performance and strengthening of its oversight or steering functions of policy formulation, provision of capacity development interventions, and monitoring and performance assessment of the LGUs.</p>		

2.0 ON THE ASSIGNMENT OF FUNCTIONS, SERVICES, AND FACILITIES TO EACH LEVEL OF GOVERNMENT AND IMPLEMENTATION STRATEGY AND PHASING OF DEVOLUTION TRANSITION ACTIVITIES

2.1 Highlights of the Assignment of Functions/Services/Facilities to Each Level of Government

2.1.1 The DOF clarified that the following functions and services assigned to the LGUs under RA No. 7160 are already fully devolved to LGUs:

Level of LGU	Basic Services and Facilities
Province	Upgrading and modernization of tax information and collection services through the use of computer hardware and software and other means [Section 17 (b)(3)(x)]
Municipality	Information services which include tax and marketing information systems [Section 17 (b)(2)(v)]
City	<i>All the services and facilities of the municipality and province</i> [Section 17 (b)(4)]

Specifically, the role of the DOF, through the BLGF, relative to the aforesaid functions and services are generally supervisory and coordinative in nature, particularly on local fiscal and financial management, treasury and assessment matters, appointment of treasurers, resource mobilization, credit financing, and capacity building, among others.

2.1.2 The legal bases on the mandates of the DOF concerning the LGUs were likewise enumerated, such as those provided under EO No. 127, s. 1987² and RA No. 7160. Similarly, the mandates of the BLGF under EO No. 127 were noted.

2.1.3 It was further clarified that the DOF does not engage in collection services of, or for, the LGUs, as local generation and collection activities, as well as maintenance of tax information systems, are already fully devolved and directly being performed by the LGUs through the local treasurers.

Instead, the DOF primarily issues policies, prescribes manuals, undertakes compliance monitoring through evaluations and electronic reporting, conducts fiscal performance review, and designs and implements pilot systems related to local resource mobilization, which are usually supported by technical assistance grants.

² Reorganizing the Ministry of Finance

2.1.4 Likewise, the mandates of other attached agencies and GOCCs of the DOF do not contain functions, programs, and projects to be devolved to the LGUs, and are not affected by the enumerated devolved services and facilities cited under Annex A of the Implementing Rules and Regulations (IRR) of EO No. 138.

2.1.5 The DOF highlighted that the abovementioned mandated functions and responsibilities of the Department are aimed towards strengthening the foundations of effective fiscal decentralization, where the role of the national government remains vital to improve public service delivery.

The exercise of said functions is done in collaboration with other oversight agencies, such as the DBM, Department of the Interior and Local Government (DILG), and National Economic and Development Authority (NEDA), and in consultation with stakeholders, e.g., Leagues of LGUs and the business sector, to ensure convergence and alignment of policies and effective implementation at the local level.

2.1.6 With regard to the accomplished Annex A of the DOF DTP, consistent with the functions and services assigned to LGUs under RA No. 7160 as earlier highlighted in its Narrative Report, the same accordingly reflected the assignment of the function on the upgrading and modernization of tax information and collection services to the **province**, whereas the function on information services which include tax and marketing information system is assigned to a **municipality**.

Both functions were likewise appropriately marked as a devolved function of a **city** under column [2] of the Annex.

2.1.7 The DOF similarly remarked that these functions are already being performed by the LGUs, and noted the supervisory role of the Department thereon, particularly on matters pertaining to local fiscal and financial management, treasury and assessment, resource mobilization, credit financing, and capacity building, among others.

2.1.8 Relatedly, no appropriation for the said services was included in the budget of the DOF under the FYs 2022-2023 General Appropriations Act.

2.2 Highlights of the Implementation Strategy and Phasing of Devolution Transition Activities

2.2.1 The implementation strategy contained in Annex B of the DOF DTP is consistent with the activities mentioned in its Narrative Report, which are mainly on the capacity development strategies for the LGUs, and monitoring and evaluation (M&E) of LGU performance and

compliance with regard to local fiscal management and revenue mobilization.

- 2.2.2 Moreover, aside from revenue generation, the strategies noted by the DOF include consultations with the LGUs, and the roll-out of capacity building and technical assistance to LGUs, relative to the implementation of EO No. 138.
- 2.2.3 Said strategies and activities identified by the Department are the same per phase throughout the full devolution transition period from FYs 2022 to 2024.
- 2.2.4 With regard to capacity development strategies, the expected outcomes indicated include: increased capacity of LGUs in the areas of resource mobilization, revenue generation, local tax administration, real property valuation and assessment, and credit financing, among others, as well as in the LGUs' capacity to take on the devolved functions and services, particularly in funding the same.
- 2.2.5 Meanwhile, with regard to the M&E of LGU treasury and assessment operations, the outcomes envisioned are the following: (i) LGUs become financially viable; (ii) LGUs attain fiscal sustainability; and (iii) competent and highly qualified local treasurers.

2.3 Observations and/or Recommendations, and Status of Implementation

Topic	Observations	Recommendations	Status of Implementation
<i>On the Unbundling of Functions/PAPs to Different Levels of Government</i>			
<i>On the functions/PAPs of the Department which were identified to have components involving devolved functions to LGUs</i>	All the devolved functions/services to LGUs as mandated under RA No. 7160, as likewise cited in Annex A of the IRR of EO No. 138, were accounted for and marked under the appropriate level of LGU in the submitted Annex A, consistent with existing legal basis.	No addition/further recommendation.	N/A
<i>On the clear assignment of functions/PAPs specific to each level of government</i>	It was clarified by the DOF that the LGUs have long been performing these devolved functions and services pursuant to RA No. 7160. The identification of said functions and services is consistent with the guidelines provided under DBM-DILG Joint Memorandum Circular (JMC) No. 2021-2 ³ dated 12 August 2021 for the subject annex to likewise include all devolved functions and services which are already being performed by the LGUs.		
<i>On the functions/PAPs proposed to be retained with the NG that should have sufficient justifications</i>			

³ Guidelines on the Preparation of the Devolution Transition Plans of the National Government Agencies Concerned in Support of Full Devolution under Executive Order No. 138, s. 2021

Topic	Observations	Recommendations	Status of Implementation
<p><i>consistent with existing legal bases and/or the guiding principles provided under EO No. 138</i></p>	<p>Moreover, the DOF was able to briefly explain its oversight role relative to these devolved functions and services, which shall be continually retained and exercised by the national government.</p> <p>Further, the DOF likewise noted in its Annex A additional details on the specific activities performed by the Department vis-à-vis the LGUs relative to the devolved functions/services on the upgrading and modernization of tax information and collection services, and information services on tax and marketing information system, such as the commencement of the LGRP.</p>		
<i>On the Implementation Strategy and Phasing of Devolution Transition Activities</i>			
<p><i>On the consistency of the devolution strategies and phasing with the functions/PAPs which were assigned to the LGUs</i></p>	<p>In general, the devolution transition activities identified by the DOF are consistent with the strategic directions presented in the Narrative Report, in relation to the devolved functions/PAPs to the LGUs indicated in Annex A.</p> <p>Consistent with the prescribed guidelines and provisions under DBM-DILG JMC No. 2021-2, the DOF was able to lay down the programs and activities to be conducted by the BLGF, in providing capacity building programs and technical assistance to LGUs to ensure fiscal sustainability in the full assumption of their devolved functions and services, as well as the M&E systems of the BLGF that are already in place, which aim to promote good fiscal and financial management. Additionally, the DOF was able to provide all the required information in its accomplished Annex B.</p> <p>The continual and periodic conduct of activities related to capacity building and M&E in all phases (FYs 2022-2024) is deemed logical considering that the LGUs are already performing the devolved functions and services.</p> <p>Accordingly, the levels of LGUs (i.e., province, city, municipality) involved in the strategies and activities to be undertaken by the DOF are those identified with devolved functions/services as noted in Annex A.</p>	<p>No addition/further recommendation.</p>	<p>N/A</p>

Topic	Observations	Recommendations	Status of Implementation
<p><i>On the inclusion of a checklist of criteria and conditions necessary to determine the readiness of the LGUs to take on and manage the delivery of devolved services</i></p> <p><i>Additional data:</i></p> <p><i>On the list of priority or pilot LGUs which shall be assuming the devolved PAPs that will be scaled down/phased out per devolution phase and rationale for the same</i></p>	<p>Considering that the relevant devolved functions/services have been and are being performed by the LGUs, the DOF provided a checklist of criteria and corresponding measures to determine the financial viability of LGUs relative to their capacity to take on and manage the delivery of devolved services to their constituents, which is consistent with the requirements under DBM-DILG JMC No. 2021-2.</p> <p>On the other hand, a specific list of priority LGUs which shall be targeted for the DOF's strategies on capacity building and strengthening M&E per phase has not yet been identified. Nonetheless, it was clarified by the Department that the technical assistance and trainings regularly offered through the BLGF are open to all LGUs needing the same.</p>		

3.0 ON THE SERVICE DELIVERY STANDARDS

3.1 Highlights of the Service Standards for the Delivery of Devolved Functions/Services/Facilities

3.1.1 While Annex C (Registry of Service Standards for the Delivery of Devolved Functions, Services and Facilities) was noted as "not applicable" by the DOF, the Department enumerated pertinent DOF and BLGF issuances related to service delivery standards and monitoring systems for local PFM in its Narrative Report.

In addition to the *Local Treasury Operations Manual (LTOM) [2nd Edition]* provided under DOF Department Order (DO) No. 085.2019 dated 03 December 2019, and *DILG-NEDA-DBM-DOF JMC No. 1, s. 2016* dated 18 November 2016 on the updated guidelines on the harmonization of local planning, investment programming, resource mobilization, budgeting, expenditure management, and performance monitoring and coordination in fiscal oversight, among these issuances include the following:

DOF/BLGF Issuance	Brief Description
DOF Department Order (DO) No. 08-2011 dated 11 February 2011: <i>Adoption of the Statement of Receipts and Expenditures (SRE) as the Official Reporting System on Local Government Fiscal and Financial</i>	Provided the guidelines, procedures, and instructions on the submission of Statement of Receipts and Expenditures (SRE) report of the local treasurers in the electronic SRE (eSRE) system

DOF/BLGF Issuance	Brief Description
<i>Operations and Providing Rules and Regulations Therefor</i>	
DOF DO No. 059.2015 dated 28 May 2015: <i>Electronic Submission of the Quarterly Report on Real Property Assessments (QRRPA)</i>	Provided the guidelines in the official submission of the QRRPA by the local assessors, as part a part of their duties and function, in the eSRE system
DOF DO No. 053.2016 dated 20 October 2016: <i>Establishing the SEAL Program</i>	Established and institutionalized the SEAL program for the effective and efficient discharge of local treasury duties and functions, through a three-level competency certification classified as basic, intermediate, and advanced, with a corresponding examination for each level
Local Assessment Regulations (LAR) No. 1-04 dated 01 October 2004: <i>Manual on Real Property Appraisal and Assessment Operations (MRPAAO)</i>	Provided guidelines on the adoption of a uniform system of real property appraisal and assessment for taxation purposes
BLGF Memorandum Circular (MC) No. 08-01-2017 dated 31 August 2017: <i>Adoption of the LGU Integrated Financial Tools (LIFT) System for the Submission of the eSRE Report</i>	Issued to inform all concerned in the adoption of the LIFT System, as embodied under the DILG-NEDA-DBM-DOF JMC No. 1, s. 2016, for the submission of eSRE reports of provinces, cities and municipalities, and to inform of the enhancement of the system
BLGF MC No. 16-2015 dated 19 June 2015: <i>Local Public Financial Management Tools for the Electronic Statement of Receipts and Expenditures (2015)</i>	Issued for the implementation of the Manual for the Local PFM Tools for the eSRE

3.2 Highlights of the Recommended Organizational Structure and Staffing Complement for the LGUs

3.2.1 In the same vein, with regard to the recommended organizational structure and staffing complement for the LGUs, it was noted by the DOF that Annex C-2 is not applicable. Instead, the DOF noted that it prescribes the recommended organizational structures for local treasury and assessment offices pursuant to the LTOM under DOF DO No. 085.2019 (pages 15-46) and the MRPAAO under LAR No. 1-04 (pages 12-30).

3.3 Observations and/or Recommendations, and Status of Implementation

Topic	Observations	Recommendations	Status of Implementation
<i>On the Service Standards for the Delivery of Devolved Functions/Services/Facilities</i>			
<i>On the identification/provision of an inventory of</i>	While it is recognized that Annex C-1 may no longer be	No additional/further recommendation.	N/A

Topic	Observations	Recommendations	Status of Implementation
<p><i>service standards covering the minimum cost, scope, specification, and quality of the services to be delivered by the LGU, whether existing or new/to be developed</i></p> <p><i>On the inclusion or availability and accessibility of copies existing pertinent issuances, guidelines, and manuals containing the standards/ guidelines on the delivery of devolved services</i></p> <p><i>On the timing of the preparation of new or updated manuals</i></p>	<p>applicable to the Department considering that revenue mobilization services have long been devolved and performed by the LGUs, it is also worthy to note that the DOF was able to enumerate all pertinent Department issuances governing service delivery standards for local PFM and provide brief important details relative thereto.</p> <p>It was also noted said issuances are readily accessible online and may be downloaded from the BLGF website (www.blgf.gov.ph).</p>		
<i>On the Recommended Organizational Structure and Staffing Complement for LGUs</i>			
<p><i>On the consistency of the positions recommended in the LGUs with the pertinent provisions of RA No. 7160 and other applicable rules and regulations</i></p>	<p>As noted, the recommended organizational structures for local treasury and assessment offices have been prescribed under the LTOM and the MRPAAO.</p>	<p>No additional/further recommendation.</p>	<p>N/A</p>

4.0 ON CAPACITY DEVELOPMENT STRATEGY FOR NGAs

4.1 Highlights of the NGA Capacity Development Strategy

- 4.1.1 As noted in the Narrative Report, the DOF and the BLGF aim to further strengthen the technical capacities of their officials and personnel to enhance the issuance of sound policies, provide better service delivery standards and trainings to LGUs, and enhance M&E systems.

Relative to this, the current level of performance of the DOF and BLGF offices/units concerned shall be assessed through training needs assessment in order to gauge their capacity and identify the capacity development interventions necessary for the personnel concerned.

- 4.1.2 Under Annex D, the DOF primarily identified the offices/units under the BLGF to be capacitated in the areas of policy research and evaluation, development of service delivery standards, management and provision of trainings and technical assistance to LGUs, M&E of local treasury and assessment operations, management of M&E

systems, strategic communication, and stakeholder management, among others.

- 4.1.3 The capacity gaps noted are mainly on policy evaluation, cascading of policies, enhancement of M&E systems, competency profiling, and designing of trainings, which are intended to be addressed through the corresponding capacity development actions, activities, and/or interventions to be undertaken from the first to third quarter of 2022. Likewise, the progress indicator and measurement tool for these capacity development interventions were provided.

4.2 Observations and/or Recommendations, and Status of Implementation

Topic	Observations	Recommendations	Status of Implementation
<p><i>On the consistency of the capacity development strategies of the Department with the strengthening of its steering functions on policy and standards setting, monitoring, evaluation and performance assessment, and capacity building of the LGUs</i></p>	<p>The DOF was able to indicate the necessary information required for this annex per DBM-DILG JMC No. 2021-2 by identifying the strategies and interventions needed to strengthen the technical capacities of the Department’s relevant units, officials, and personnel to enable them to effectively and efficiently perform their steering functions in the issuance of sound policies, development of better service delivery standards, enhancement of M&E systems, and provision of trainings to LGUs.</p> <p>The corresponding capacity development strategies and interventions identified by the DOF to address current capacity gaps are consistent with the strengthening of its role on policy formulation and standards setting, M&E and performance assessment, and capacity building of the LGUs.</p> <p>Furthermore, it is noted by the DOF that the said capacity development strategies and interventions will include a training needs assessment which will help determine the current level of performance of the offices/units involved and better gauge the degree of capacity development interventions to be provided to the concerned BLGF personnel.</p>	<p>The timeline/schedule of the capacity development strategies and interventions are recommended to be updated.</p>	<p>Aside from the updating of the timeline/schedule of capacity development strategies and interventions, the major observations and recommendations of the DBM were sufficiently addressed by the DOF in the enhanced DTP by identifying the Department Academy of the Philippines, Civil Service Commission, and Philippine Tax Academy, as responsible agencies/organizations to provide capacity development interventions to BLGF units in its revised Annex D.</p>

	<p>Moreover, the schedule for the conduct of capacity building for BLGF, which are targeted in the earlier part of FY 2022, is deemed proper to ensure that its personnel are well-capacitated prior to the conduct of capacity building and technical assistance to LGUs on resource mobilization, and to undertaking the promotion of good fiscal and financial management through the use of performance monitoring, measurement, and diagnostic tools, and the evaluation of treasury operations of LGUs, which are slated to be periodically undertaken throughout the full devolution transition from FY 2022 to 2024, per Annex B.</p>		
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5.0 ON CAPACITY DEVELOPMENT STRATEGY FOR LGUs

5.1 Highlights of the LGU Capacity Development Strategy

- 5.1.1 The development and implementation of capacity development programs on local PFM, and the setting of competency standards therefor, particularly for local treasury and assessment services, are inherent to the DOF’s mandate to supervise and oversee the revenue operations of all LGUs. As mentioned earlier, the DOF, through the BLGF, regularly conducts and offers capacity building activities and trainings in the area of local treasury and assessment services.
- 5.1.2 The Department particularly noted the issuance of DOF DO No. 053.2016 establishing the *SEAL*, which is a flagship program implemented by the BLGF in cooperation with the Civil Service Commission, to promote the continuous professional development of the local treasury service and to develop a corps of competent and qualified local treasury officials who demonstrate and perform their functions with the highest degree of excellence, integrity, and professionalism, with an end goal of effectively serving the LGUs and the general public.
- 5.1.3 A *Competency Framework for Local Treasury Service* was likewise developed by the BLGF to further support and sustain the aforesaid program, in order to achieve responsive capacity building programs on LGU treasury services.
- 5.1.4 The BLGF has likewise commenced the *LGRP*, which will further support the professionalization of local assessors, and seeks to

improve local public service delivery and strengthen local governance by focusing on improvements to the real property tax (RPT) administration and management reforms through: (i) strengthened institutional arrangements and development of policies on property valuation; (ii) developed and implemented property tax valuation database and information systems; (iii) enhanced RPT administration for selected LGUs; and (iv) professionalized local assessors and strengthened capacity of LGUs on real property appraisal and assessment.

5.1.5 Lastly, it was highlighted that the DOF, through the BLGF and in coordination with the Philippine Tax Academy, will continuously enhance its programs on capacitating the LGUs in the areas of resource mobilization, revenue administration, and in the adoption of digital technologies in order to improve their revenue collection, among others.

5.1.6 In its accomplished Annex E, the DOF detailed its technical assistance plan for the LGUs, particularly on local treasury and local assessment services. Said capacity development interventions shall be provided by the BLGF through face-to-face training-workshops and webinars.

5.2 Observations and/or Recommendations, and Status of Implementation

Topic	Observations	Recommendations	Status of Implementation
<p><i>On the provision of further details on the modes of technical assistance by the NGA for the LGUs, consistent with the identified strategies proposed to be implemented by the NGAs concerned to capacitate and enable the LGUs to absorb and manage the functions and services to be devolved starting FY 2022 as part of their devolution strategy and activities</i></p> <p><i>On the feasibility and incorporation of creative strategies in the forms of technical assistance which the Department can</i></p>	<p>As previously requested in the initial in-depth evaluation, the DOF has accordingly accomplished Annex E to further elaborate its capacity building and technical assistance plan towards the LGUs, consistent with its full devolution implementation strategies presented in Annex B. This includes the modes of technical assistance that the Department will provide to further assist and capacitate the target LGUs, and the timelines and responsible office for implementation of the same.</p> <p>The main office identified to be responsible for the provision of the specified modes of technical assistance/capacity building interventions is the BLGF, which has 15 Regional Offices. The conduct of webinars is likewise</p>	<p>No additional/further recommendation.</p>	<p>The major observations and recommendations of the DBM were sufficiently addressed by the DOF in the enhanced DTP, by incorporating the following improvements in the pertinent DTP Annexes:</p> <ul style="list-style-type: none"> • The corresponding devolved functions/services, as presented in Annex A, were indicated under Column [1], and the modes of technical assistance were transferred to Column [3], consistent with the format prescribed under DBM-DILG-JMC No. 2021-2; • The Training of Trainers on Management of

Topic	Observations	Recommendations	Status of Implementation
<p><i>realistically implement and cost-share with the LGUs</i></p> <p><i>On the logical decentralization and coordination of the capacity development strategies to the Department's Regional Offices</i></p> <p><i>On the coverage of all devolved functions/PAPs to the LGUs of the capacity development strategy, especially on those that need more assistance/intervention from the national government</i></p> <p><i>On the adequate explanation of the tools and methods to be employed by the Department</i></p> <p><i>On the reflection of the readiness of the LGUs to fully absorb and manage the devolved functions by 2024 in the capacity development strategy, including the checklist of criteria and conditions to determine such readiness</i></p>	<p>one of the main modes of technical assistance identified, which has been increasingly utilized due to the restrictions brought about by the COVID-19 pandemic.</p> <p>It may be noted that one of the key objectives of EO No. 138, s. 2021 is to enhance the implementation of devolved services by ensuring the alignment of national development goals with local priorities and available resources. Relatedly, LGUs are required under DBM-DILG JMC No. 2021-1⁴ dated 11 August 2021 to include in their DTPs their local revenue forecast and revenue mobilization strategy.</p> <p>The importance of the same cannot be overemphasized, especially since the share of LGUs from national government tax revenues substantially decline in FY 2023 as a result of the lower FY 2020 actual revenues⁵ given the current COVID-19 pandemic. Moreover, based on the actual local revenues outturn for the third quarter of FY 2021 reported by the BLGF, external revenues, which include the internal revenue allotment, remained to be the main source of LGUs' operating income, accounting for about 68 percent.⁶</p> <p>Hence, a ready reference on the capacity development interventions available for LGUs in terms of local revenue mobilization will better inform them on how they can improve their finances in order to provide for the delivery of devolved functions and services.</p>		<p>Local Treasury Operations targeted to be provided to BLGF Central and Regional Officers were transferred from Annex D to Annex E; and</p> <ul style="list-style-type: none"> • The DOF indicated in the DTP that the identified capacity development interventions will be implemented on a regular/annual basis.

⁴ Guidelines on the Preparation of Devolution Transition Plans of Local Government Units in Support of Full Devolution under Executive Order No. 138 dated 01 June 2021

⁵ FY 2020 actual revenues of Php 2.504 trillion relative to the actual collections in FY 2019 of Php 2.828 trillion (Noted by FPRB)

⁶ LGUs Exceed FY 2020 Own-Source Revenue Targets. <https://blgf.gov.ph/lgus-exceed-fy2020-own-source-revenue-targets/> (Accessed on 16 November 2021)

6.0 ON MONITORING AND PERFORMANCE ASSESSMENT OF THE LGUs IN UNDERTAKING THE DEVOLVED FUNCTIONS

6.1 Highlights of the Monitoring and Performance Assessment of LGUs

6.1.1 As noted, there are various PFM systems that allow the DOF and the BLGF to monitor and evaluate the revenue and assessment operations of LGUs. The Department identified the following existing performance evaluation systems/mechanisms, which are all handled and implemented by the BLGF:

System/Mechanism	Brief Description
LIFT System	An eSRE built-in performance monitoring system for fiscal and financial indicators covering revenue generation, expenditure management, debt and investment management, and overall financial management, wherein the indicators can be clustered and used for measuring the creditworthiness of LGUs.
LGU Fiscal Sustainability Scorecard (FSS)	The regular evaluation and assessment tool for LGUs in order to: (1) regularly assess individual LGU fiscal and financial performance; (2) provide comprehensive metrics and data analytics on local finance; (3) support credit financing assessment; (4) assist in local and national policy formulation; and (5) encourage the development of appropriate rewards system.
Local Government Financial Performance Monitoring System (LGFPMs)	A web-based system that serves as a portal for the three (3) major LGU financial and governance applications: the eSRE, the LGFPMS, and the Local Fees and Charges Estimation System.

It was added that both the LGU FSS and LGFPMS are intended to assess LGU fiscal and financial performance in order to improve revenue generation capacity and expenditure management.

6.1.2 Further, it was emphasized that DOF DO No. 034.2014 dated 26 May 2014 provides that the failure of the local treasurers to submit timely and/or accurate eSRE reports shall constitute sufficient grounds for filing a complaint, in accordance with the Revised Rules on Administrative Cases on the Civil Service (RRACCS).

Particularly, Section 46 (F.3) of Rule 10 of the RRACCS shall apply in case of failure to submit the reports within the prescribed period, while Section 46 (D.2) of Rule 10 therein shall apply in case of submission of inaccurate reports.

6.1.3 Under Annex F, the sole main monitoring and performance evaluation strategy noted by the Department is the enhancement of the aforesaid existing systems in place.

6.2 Observations and/or Recommendations, and Status of Implementation

Topic	Observations	Recommendations	Status of Implementation
<i>On the plan and systems indicated to be set up or improved in the Department for monitoring and assessing the performance of the LGUs in undertaking the devolved programs and functions</i>	<p>The systems for monitoring and assessing the performance of the LGUs in undertaking the devolved programs and functions are already in place. As such, the DOF indicated the enhancement of the existing systems that allow the DOF and the BLGF to monitor and evaluate the revenue and assessment operations of the LGUs as its main strategy for this DTP component.</p> <p>The Department was able to generally provide the information required under said annex, including the baseline information on the specified indicators that will enable the Department to objectively assess the performance of LGUs.</p> <p>The details on the existing monitoring and performance assessment systems in place were briefly presented and discussed in the Narrative Report to provide general information on what these systems are.</p> <p>Finally, the DOF also specified the imposition of sanctions provided under relevant DOF issuances, particularly DO No. 034.2014.</p>	No additional/further recommendation.	N/A

7.0 ORGANIZATIONAL EFFECTIVENESS PROPOSAL

7.1 Highlights of the Organizational Effectiveness Proposal

7.1.1 The DOF proposed the abolition of 27 positions and the creation of 21 positions, which mostly comprise of technical positions in the BLGF Central Office and one (1) technical position in each of the Bureau’s Regional Offices. As noted, the positions proposed for creation are vital in implementing the core functions of the BLGF, being an oversight agency for the fiscal operations of LGUs.

- 7.1.2 There are **no** affected personnel identified by the DOF, arising from the proposed abolition of positions in the Department.
- 7.1.3 On the other hand, in addition to the earlier mentioned DTP Annexes which were deemed no longer applicable by the DOF, the Department similarly noted the following OEP Annexes as **not applicable**:
- Annex G-1 - Summary of Offices/Units to be Abolished, Merged/Consolidated, Transferred, and/or Created
 - Annex G-3 - Summary of Affected Personnel for Deployment to Other Departments/Agencies/GOCCs, Who Opted to Retire/Separate from the Service, and Apply to Vacant Positions in the LGUs
 - Annex G-4 - Summary of Modifications in Resource Allocation

7.2 Observations and/or Recommendations, and Status of Implementation

Topic	Observations	Recommendations	Status of Implementation
<i>On the Summary of Positions to be Transferred, Reclassified, Converted, Retitled, Abolished, and/or Created</i>			
<i>On the rationale/justifications for the proposed staffing modifications in the Department</i>	The detailed observations and recommendations by the DBM – Organization, Position Classification and Compensation Bureau on the proposed staffing modifications of the DOF are herein attached as an Annex .		N/A

8.0 CONCLUSION

Overall, it is observed that the final DOF DTP already takes into consideration the DBM’s initial findings and recommendations,⁷ and observations and recommendations relayed to the Department in a series of in-depth evaluation⁸ conducted by providing the necessary information on the strategies that will be pursued by the DOF in line with the full devolution effort relevant to its oversight and supervisory functions over LGUs, and including in its submission certain accomplished DTP Annexes.

Thus, the DOF DTP is found generally in order and is considered **approved**.

-End-

⁷ Through DBM letter dated 12 October 2021

⁸ Forwarded to the DOF on 17 December 2021 and 14 February 2022

DEPARTMENT OF FINANCE (DOF)¹ Findings and Evaluation on the Organizational Effectiveness Proposal (OEP) (Annexes G-1 to G-4)

I. General Observations on the Strategic Direction and Retained Functions

The Devolution Transition Plan (DTP) submitted by the DOF is designed to further capacitate the local government units (LGUs) to properly manage their fiscal resources, and attain their fullest development as self-reliant entities. In this way, LGUs will become more effective partners in the attainment of national goals.

Corollary, to strengthen the foundations of effective fiscal decentralization, the DOF, through the **Bureau of Local Government Finance (BLGF)**, shall provide quality supervision of local fiscal operations, through proper regulation and capacity development programs on local public financial management (PFM).

The following are the mandated functions of the BLGF pursuant to **Executive Order (EO) No. 127²** dated January 30, 1987:

- Assist in the formulation and implementation of policies on local government revenue administration and fund management;
- Exercise administrative and technical supervision and coordination over the treasury and assessment operations of local governments;
- Develop and promote plans and programs for the improvement of resource management systems, collection and enforcement mechanisms, and credit utilization schemes at the local levels; and
- Provide consultative services and technical assistance to the local governments and the general public on local taxation, real property assessment.

Relatedly, the DOF highlights that local revenue generation and collection activities, and the maintenance of tax information systems are **fully devolved** to the LGUs. On its part, the DOF and the BLGF (i) issue policies, (ii) prescribe manuals, (iii) undertake compliance monitoring through evaluations and electronic reporting, (iv) conduct fiscal performance review, and (v) design and implement systems related to local resource mobilization.

¹ Based on the Revised DTP submitted by the DOF to the DBM per letter dated June 16, 2022.

² Reorganizing the Ministry of Finance

The DOF posits that the mandate of other DOF-attached agencies and government-owned or -controlled corporations do **not** contain functions, projects, or programs to be devolved to the LGUs, hence, are **not** affected by the enumerated services and facilities cited in Annex A of the IRR of EO No. 138.

The DOF's DTP includes a discussion on the implementation strategies and the phasing of devolution transition activities with regard to **Revenue Mobilization Services**, and the **Monitoring and Evaluation of Treasury and Assessment Operations of LGUs**, to be done in three (3) phases, i.e., Phase I (FYs 2021 to 2022), Phase II (FY 2023), and Phase III (FY 2024),

The following units of the BLGF will be involved in said undertaking:

Functions/ Service/ Facility/PAPs	Strategies and Activities	Expected Output/Outcome	Unit Responsible	Remarks/Recommendations
Revenue Mobilization Services	Capacity Development Strategies i.e. Consultative meetings with BLGF Regional Offices for the conduct of capacity building/ technical assistance to the LGUs	<ul style="list-style-type: none"> ➤ Strengthened coordination for the roll out and implementation of capacity building activities and technical assistance to the LGUs 	Local Government Units Operation Service (LGUOS) , with the following division-level units: <ul style="list-style-type: none"> ➤ Local Assessment Operations Division (LAOD) ➤ Local Treasury Operations Division (LTOD) ➤ Project Execution and Management Division (PEMD) ➤ Capacity-Building Division (CBD) 	<ul style="list-style-type: none"> ➤ The LGUOS is tasked to provide technical assistance in the development and issuance of guidelines/regulations/circulars on real property assessment techniques/procedures, and local treasury operations. Its core services include <i>local treasury/assessment evaluation, evaluation of LGU depository accounts, implementation of local finance projects, and LGU capacity development.</i> <p>The Service is composed of the following four (4) divisions:</p> <ul style="list-style-type: none"> • LAOD – Assist in the formulation of policy, guidelines and procedures to govern the valuation and assessment of real properties for taxation purposes, monitor and evaluate local assessment operations, render technical assistance to the local assessment offices in gathering sales data, conduct review of sub-markets, and compilation of construction and reproduction costs in support for the preparation of unit base values, and conduct evaluation, examination, and monitoring of assessment operations in LGUs; • LTOD – Examine and monitor local treasury operations in terms of compliance with applicable laws, rules and regulations, and
	Roll out of capacity building/ technical assistance to the LGUs relative to EO No. 138, s.2021	<ul style="list-style-type: none"> ➤ Strengthened relationship and trust between the NGA and the LGUs ➤ Increased capacity of LGUs to take on the devolved functions, specifically in the area of resource 		

Functions/ Service/ Facility/PAPs	Strategies and Activities	Expected Output/Outcome	Unit Responsible	Remarks/Recommendations																												
	<p data-bbox="465 676 703 826">Conduct of capacity building/technical assistance to the LGUs on revenue mobilization</p>	<p data-bbox="748 322 952 443">mobilization to fund the devolved functions</p> <p data-bbox="721 676 958 1171">➤ LGUs capacitated in the areas of resource mobilization, revenue generation, local tax administration, real property valuation, assessment, fees and charges design, credit financing</p>	<p data-bbox="974 322 1225 443">Local Fiscal Policy Service (LFPS), with the following division-level units:</p> <ul style="list-style-type: none"> <li data-bbox="974 475 1225 651">➤ Policy, Planning, Programming, and Standards Division (PPPSD) <li data-bbox="974 657 1225 778">➤ Local Financial Data Analysis Division (LFDAD) <li data-bbox="974 785 1225 928">➤ Local Debt Monitoring and Evaluation Division (LDMED) 	<p data-bbox="1319 322 2033 379">provide technical assistance and consultative services relating to local finance;</p> <ul style="list-style-type: none"> <li data-bbox="1285 418 2042 561">• PEMD – Manage, monitor, and evaluate projects of LGUs implemented by the BLGF, develop project approval process and enforce guidelines for the BLGF-implemented projects, and assess the impact and outcomes of projects implemented by LGUs; and <li data-bbox="1285 600 2042 810">• CBD – Develop and provide capacity building interventions to promote the operational efficiency of local treasurers/assessors and their personnel and other local finance officers of LGUs, establish guidelines, procedures, and database to appropriately address training needs and programs, conduct impact assessment of the training interventions provided to LGUs, and recommend measures for improvement to management. <p data-bbox="1285 849 2042 906">At present, the LGUOS has a total staffing complement³ of 34 positions, of which, 22 items or 65% are filled, as follows:</p> <table border="1" data-bbox="1272 938 1984 1161"> <thead> <tr> <th data-bbox="1281 944 1541 970">Org. Units</th> <th data-bbox="1550 944 1720 970">Authorized</th> <th data-bbox="1729 944 1832 970">Filled</th> <th data-bbox="1841 944 1975 970">Unfilled</th> </tr> </thead> <tbody> <tr> <td data-bbox="1281 976 1541 1002">Office of the Director</td> <td data-bbox="1550 976 1720 1002">3</td> <td data-bbox="1729 976 1832 1002">3</td> <td data-bbox="1841 976 1975 1002">0</td> </tr> <tr> <td data-bbox="1281 1008 1541 1034">LAOD</td> <td data-bbox="1550 1008 1720 1034">10</td> <td data-bbox="1729 1008 1832 1034">3</td> <td data-bbox="1841 1008 1975 1034">7</td> </tr> <tr> <td data-bbox="1281 1040 1541 1066">LTOD</td> <td data-bbox="1550 1040 1720 1066">9</td> <td data-bbox="1729 1040 1832 1066">7</td> <td data-bbox="1841 1040 1975 1066">2</td> </tr> <tr> <td data-bbox="1281 1072 1541 1098">PEMD</td> <td data-bbox="1550 1072 1720 1098">6</td> <td data-bbox="1729 1072 1832 1098">6</td> <td data-bbox="1841 1072 1975 1098">0</td> </tr> <tr> <td data-bbox="1281 1104 1541 1129">CBD</td> <td data-bbox="1550 1104 1720 1129">6</td> <td data-bbox="1729 1104 1832 1129">3</td> <td data-bbox="1841 1104 1975 1129">3</td> </tr> <tr> <td data-bbox="1460 1136 1541 1161">Total</td> <td data-bbox="1550 1136 1720 1161">34</td> <td data-bbox="1729 1136 1832 1161">22</td> <td data-bbox="1841 1136 1975 1161">12</td> </tr> </tbody> </table>	Org. Units	Authorized	Filled	Unfilled	Office of the Director	3	3	0	LAOD	10	3	7	LTOD	9	7	2	PEMD	6	6	0	CBD	6	3	3	Total	34	22	12
Org. Units	Authorized	Filled	Unfilled																													
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³ Government Manpower Information System-Personnel Services Itemization as of July 25, 2022

Functions/ Service/ Facility/PAPs	Strategies and Activities	Expected Output/Outcome	Unit Responsible	Remarks/Recommendations
Monitoring and Evaluation of Treasury and Assessment Operations of LGUs	Monitoring and Evaluation (M&E) of Treasury and Assessment Operations of LGUs, such as: <ul style="list-style-type: none"> ➢ Promotion of good fiscal and financial management through the implementation of performance monitoring, measurement and diagnostic tools ➢ Evaluation of treasury and assessment operations of LGUs 	<ul style="list-style-type: none"> ➢ LGUs become financially viable ➢ LGUs attain fiscal sustainability ➢ Competent and highly qualified local treasurers 		<ul style="list-style-type: none"> ➢ On the other hand, the LFPS is tasked to formulate and develop policies and procedures on local finance to improve mobilization of resources for the local government sector. It offers the following services: <i>local fiscal policy development, certification of LGU net service ceiling and borrowing capacity, and LGU fiscal data analysis.</i> <p>The LFPS has three (3) divisions to perform the following functions:</p> <ul style="list-style-type: none"> • PPPSD – Conduct researches, studies, and related activities necessary for the formulation of policies that will promote the financial stability and growth of local government, monitor the development of financing for the LGU sector and/or decentralization policy, and link the fiscal planning priorities of the national and local governments; • LFDAD – Design and develop practical methodologies and approaches for forecasting of LGU revenues, expenditures, borrowings and surpluses, prepare statements of income and expenditures of local governments, integrate LGU statistics with national financial reports, and provide regular information to the LGUS on available financing sources for LGU development projects; and • LDMED – Prepare the manual on LGU credit and other forms of borrowing, develop policies, regulations, and guidelines to improve the access of LGUs to credit and other forms of financing, and monitor the performance of LGUs on projects financed by domestic borrowings in relation with project financial management.

Functions/ Service/ Facility/PAPs	Strategies and Activities	Expected Output/Outcome	Unit Responsible	Remarks/Recommendations																								
				<p>The LFPS currently has 24 authorized positions, of which, 20 items or 83% are filled, as follows:</p> <table border="1" data-bbox="1290 405 1995 600"> <thead> <tr> <th>Org Units</th> <th>Authorized</th> <th>Filled</th> <th>Unfilled</th> </tr> </thead> <tbody> <tr> <td>Office of the Director</td> <td>3</td> <td>3</td> <td>0</td> </tr> <tr> <td>PPPSD</td> <td>7</td> <td>6</td> <td>1</td> </tr> <tr> <td>LFDAD</td> <td>7</td> <td>5</td> <td>2</td> </tr> <tr> <td>LDMED</td> <td>7</td> <td>6</td> <td>1</td> </tr> <tr> <td>Total</td> <td>24</td> <td>20</td> <td>4</td> </tr> </tbody> </table> <p>➤ While the DOF's DTP focused on the aforementioned Services of the BLGF, may we note that the BLGF's Regional Offices (ROs) will also be involved in the capacity building, provision of technical assistance, and monitoring and evaluation (M&E) activities.</p> <p>The BLGF ROs serve as the point of origin of feedback and information, and a resource for performance assessment, policy making and program planning.</p> <p>In particular, the BLGF ROs perform the following functions:</p> <ul style="list-style-type: none"> • Supervise and coordinate the conduct of local treasury and assessment operations of the provinces, cities and municipalities within the region for proper implementation of laws, decrees, rules and regulations and administrative issuances of the DOF; • Establish liaison and linkage with other ROs and agencies of the national government in the region for closer coordination in the execution of national regional plans or programs in the area; • Undertake researches, studies and related activities for purpose of formulation and execution of policies that would promote the financial stability and growth of the local government; 	Org Units	Authorized	Filled	Unfilled	Office of the Director	3	3	0	PPPSD	7	6	1	LFDAD	7	5	2	LDMED	7	6	1	Total	24	20	4
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Functions/ Service/ Facility/PAPs	Strategies and Activities	Expected Output/Outcome	Unit Responsible	Remarks/Recommendations																																																																								
				<ul style="list-style-type: none"> • Supervise and monitor the execution of tax mapping and other real property assessment projects of the local government units within the region; • Approve the individual schedules of values of real property prepared by the provincial and city assessors in the region; • Coordinate the plans, programs and activities of local treasury and assessment offices in the conduct of tax collections drives and tax information and education campaigns; and • Conduct regional training programs, seminar-workshops, conferences, and other allied activities designed primarily for the improvement of administrative and technical skills in the local treasury and assessment offices. <p>At present, the staffing complement of the 16 ROs of the BLGF are straight-listed, without defined divisions, as shown below:</p> <table border="1" data-bbox="1330 810 1906 1391"> <thead> <tr> <th>RO</th> <th>Authorized</th> <th>Filled</th> <th>Unfilled</th> </tr> </thead> <tbody> <tr><td>CAR</td><td>24</td><td>16</td><td>8</td></tr> <tr><td>I</td><td>22</td><td>17</td><td>5</td></tr> <tr><td>II</td><td>21</td><td>14</td><td>7</td></tr> <tr><td>III</td><td>20</td><td>15</td><td>5</td></tr> <tr><td>IV-A</td><td>24</td><td>16</td><td>8</td></tr> <tr><td>IV-B</td><td>18</td><td>8</td><td>10</td></tr> <tr><td>V</td><td>23</td><td>17</td><td>6</td></tr> <tr><td>VI</td><td>19</td><td>14</td><td>5</td></tr> <tr><td>VII</td><td>23</td><td>17</td><td>6</td></tr> <tr><td>VIII</td><td>21</td><td>17</td><td>4</td></tr> <tr><td>IX</td><td>20</td><td>15</td><td>5</td></tr> <tr><td>X</td><td>22</td><td>16</td><td>6</td></tr> <tr><td>XI</td><td>19</td><td>15</td><td>4</td></tr> <tr><td>XII</td><td>24</td><td>17</td><td>7</td></tr> <tr><td>CARAGA</td><td>21</td><td>11</td><td>10</td></tr> <tr><td>BARMM</td><td>18</td><td>0</td><td>18</td></tr> <tr><td>Total</td><td>339</td><td>225</td><td>114</td></tr> </tbody> </table>	RO	Authorized	Filled	Unfilled	CAR	24	16	8	I	22	17	5	II	21	14	7	III	20	15	5	IV-A	24	16	8	IV-B	18	8	10	V	23	17	6	VI	19	14	5	VII	23	17	6	VIII	21	17	4	IX	20	15	5	X	22	16	6	XI	19	15	4	XII	24	17	7	CARAGA	21	11	10	BARMM	18	0	18	Total	339	225	114
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Functions/ Service/ Facility/PAPs	Strategies and Activities	Expected Output/Outcome	Unit Responsible	Remarks/Recommendations
				<p>➤ As shown above, the BLGF has 339 authorized positions in its 16 ROs, wherein 225 positions (66%) are filled and 114 items (34%) are unfilled.</p> <p>➤ May we note that 69 positions in the BLGF have been previously marked as <i>coterminous with the incumbent (CTI)</i>, as a result of the DBM-approved Rationalization Plan of the BLGF.</p> <p>As of May 31, 2022, only 27 of said 69 <i>CTI</i> positions are still filled. Hence, 47 <i>CTI</i> positions are now vacant.</p> <p>➤ In general, we find that the BLGF has a lean organization and staffing structure, consisting of 119 positions at the Central Office, with the remaining 339 items deployed in the different ROs. To augment its existing manpower complement, the BLGF also engaged the services of 46 contract of service workers.</p> <p>May we also highlight that the existing organizational structure and staffing pattern of the BLGF have remained the same after the approval of the agency's Rationalization Plan in CY 2013, except for the creation of the BARMM RO in the Bureau in CY 2020, pursuant to Republic Act (RA) No. 11054.</p> <p>➤ To strengthen its human resource capacity to perform its "<i>steering</i>" functions effectively and efficiently, the BLGF is enjoined to:</p> <ul style="list-style-type: none"> • Immediately fill the agency's vacant positions, except those marked as <i>CTI</i>, particularly in units involved in the provision of technical assistance, capacity building, and M&E activities; and • Identify vacant positions which may be considered redundant or obsolete, including those items that were tagged as <i>CTI</i>.

Functions/ Service/ Facility/PAPs	Strategies and Activities	Expected Output/Outcome	Unit Responsible	Remarks/Recommendations
				<p>In line with the "<i>scrap and build</i>" policy, the Bureau can propose the abolition of said redundant or unnecessary positions to create new priority items.</p> <p>➤ Corollary, may we note that under Section 20 (f) of the IRR of EO No. 138, s. 2021, the creation of additional positions shall be subject to the "<i>scrap-and-build</i>" policy.</p> <p>The same policy was reiterated under DBM-DILG JMC No. 2021-2⁴ dated August 12, 2021, wherein it was stated that new positions may be proposed as long as there are corresponding obsolete/unnecessary positions which may be abolished to support the creation of new ones.</p>

⁴ Guidelines on the Preparation of the Devolution Transition Plans of the National Government Agencies Concerned in Support of Full Devolution Under Executive Order (EO) No. 138, s. 2021

II. On the Devolved Functions to LGUs

The DOF asserts that the following functions stipulated in the Local Government Code (LGC) of 1991 are already **fully devolved** and **directly performed** by the LGUs, through the Local Treasurers:

Function/Service/Facility/Programs, Activities, Projects (PAPs)	Level of LGU	Legal Basis	Decentralization Principle and Other Remarks
Revenue Mobilization Services			
Upgrading and modernization of tax information and collection services through the use of computer hardware and software and other means	Province City	Section 17 (b)(3)(x) of Republic Act (RA) No. 7160 (Local Government Code [LGC])	The functions of the DOF related to revenue mobilization services are generally supervisory and coordinative in nature.
Information services which include tax and marketing information systems	Municipality City	Section 17 (b)(2)(v) and 17 (b)(4) of RA No. 7160	Corollary, the BLGF has commenced the Local Governance Reform Project (LGRP) , which seeks to improve local public service delivery and strengthen local governance. The project will focus on improvements to the real property tax (RPT) administration and management through (i) <i>strengthened institutional arrangements and development of policies on property valuation</i> ; (ii) <i>developed and implemented property tax valuation database and information systems</i> ; (iii) <i>enhanced RPT administration for selected LGUs</i> ; and (iv) <i>professionalized local assessors and strengthened capacity of LGUs on real property appraisal and assessment</i> .

III. On the Specific OEP Annexes

- **Annex G-1** (Summary of Offices/Units to be Abolished, Merged/Consolidated, Transferred, and/or Created)

The DOF avers that there will be **no** offices/units to be abolished under Annex G-1.

➤ **Annex G-2⁵** (Summary of Positions to be Transferred, Reclassified, Converted, Retitled, Abolished, and/or Created)

The DOF proposes the **creation of a total of 21 positions**: *six (6) items for the BLGF Central Office, and 15 items for the different ROs of the BLGF*. Corollary, the DOF is proposing the **abolition of 27 vacant CTI items** pursuant to the DBM's "scrap and build" policy.

The details of the proposed staffing modifications are presented below:

Proposed Staffing Modifications			DBM Action	Findings/Remarks																													
Creation of 21 positions: <table border="1" data-bbox="324 566 862 1021"> <thead> <tr> <th>Position Title/SG</th> <th>No. of Positions</th> <th>Area of Deployment</th> </tr> </thead> <tbody> <tr> <td>Project Evaluation Officer (PEO) IV, SG-22</td> <td>1</td> <td>CBD, LGUOS</td> </tr> <tr> <td>Local Treasury Operations Officer (LTOO) II, SG-15</td> <td>1</td> <td rowspan="2">LTOD, LGUOS</td> </tr> <tr> <td>LTOO I, SG-11</td> <td>1</td> </tr> <tr> <td>Fiscal Examiner IV, SG-22</td> <td>1</td> <td>LDMED, LFPS</td> </tr> <tr> <td>Tax Specialist I, SG-11</td> <td>1</td> <td>PPPSD, LFPS</td> </tr> <tr> <td>Financial Analyst I, SG-11</td> <td>1</td> <td>LFDAD, LFPS</td> </tr> <tr> <td>LTOO I, SG-11</td> <td>15</td> <td>ROs</td> </tr> </tbody> </table>			Position Title/SG	No. of Positions	Area of Deployment	Project Evaluation Officer (PEO) IV, SG-22	1	CBD, LGUOS	Local Treasury Operations Officer (LTOO) II, SG-15	1	LTOD, LGUOS	LTOO I, SG-11	1	Fiscal Examiner IV, SG-22	1	LDMED, LFPS	Tax Specialist I, SG-11	1	PPPSD, LFPS	Financial Analyst I, SG-11	1	LFDAD, LFPS	LTOO I, SG-11	15	ROs	Creation of positions	<p>To reiterate, consistent with Section 20 (f) of the IRR of EO No. 138, s. 2021, the creation of additional positions in the BLGF shall be subject to the <i>scrap-and-build</i>" policy.</p> <p>We further note that the proposed positions for creation are intended to support the mandate of the DOF-BLGF with regard to the supervision of revenue operations of LGUs, and the implementation of capacity development programs on local PFM. We deem that the additional positions will be essential for the Bureau to efficiently and effectively perform its "steering" functions in line with the objectives of EO No. 138.</p> <p>In this regard, the creation of the proposed 21 positions in the LGUOS, LFPS, and the ROs of the BLGF is considered to perform the following functions:</p> <table border="1" data-bbox="1164 965 2038 1316"> <thead> <tr> <th>Position Title/SG</th> <th>Functions</th> </tr> </thead> <tbody> <tr> <td>One (1) PEO IV, SG-22 (CBD, LGUOS)</td> <td>Shall assist the head of the division in overseeing the capacity building or learning and development interventions, which are designed to enhance the competencies of local treasurers, assessors, and other personnel to improve the operational efficiency of local finance offices</td> </tr> <tr> <td>One (1) LTOO, SG-15 One (1) LTO I, SG-11 (LTOD, LGUOS)</td> <td>Shall assist in the monitoring of local treasury operations, and provide technical assistance and consultative services relating to local finance</td> </tr> </tbody> </table>	Position Title/SG	Functions	One (1) PEO IV, SG-22 (CBD, LGUOS)	Shall assist the head of the division in overseeing the capacity building or learning and development interventions, which are designed to enhance the competencies of local treasurers, assessors, and other personnel to improve the operational efficiency of local finance offices	One (1) LTOO, SG-15 One (1) LTO I, SG-11 (LTOD, LGUOS)	Shall assist in the monitoring of local treasury operations, and provide technical assistance and consultative services relating to local finance
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Project Evaluation Officer (PEO) IV, SG-22	1	CBD, LGUOS																															
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Fiscal Examiner IV, SG-22	1	LDMED, LFPS																															
Tax Specialist I, SG-11	1	PPPSD, LFPS																															
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Abolition of 27 items: <ul style="list-style-type: none"> ➤ 1 Director I, SG-25 ➤ 1 Senior Local Treasury Examiner, SG- 18 ➤ 1 Administrative Officer (AO) V, SG-18 ➤ 1 AO IV, SG-15 ➤ 11 Administrative Assistant (ADAS) II, SG-8 			Abolition of vacant positions																														

⁵ Additional data/information on Annex G-2 was submitted through email on July 21, 2022

Proposed Staffing Modifications	DBM Action	Findings/Remarks													
<ul style="list-style-type: none"> ➤ 6 Administrative Aide (ADA) VI, SG-6 ➤ 5 ADA IV, SG-IV ➤ 1 ADA I, SG-1 		One (1) Fiscal Examiner IV, SG-22 <i>(LDMED, LFPS)</i>	Shall assist the head of the LDMED in managing the activities of the Division, particularly, in improving the access of LGUs to credit and other forms of financing, as well as monitor the performance of LGUs whose projects are financed by domestic borrowings												
		One (1) Tax Specialist I, SG-11 <i>(PPPSD, LFPS)</i>	Shall conduct research and policy studies on local fiscal administration to attain LGU financial stability and growth												
		One (1) Financial Analyst I, SG-11 <i>(LFDAD, LFPS)</i>	Shall provide support in the processing, review, analysis and publication of local governments' financial performance reports, and in the simulation of local revenue forecasts												
		Fifteen (15) LTOO I, SG-11 <i>(One per RO, except for BARMM)</i>	Shall assist the RO in its local treasury operations												
				Corollary, the following 27 vacant CTI positions shall be abolished to support the additional Personnel Services (PS) requirements of the newly-created positions:											
		<table border="1" data-bbox="1144 959 2042 1343"> <thead> <tr> <th data-bbox="1144 959 1384 1034">Area of Deployment</th> <th data-bbox="1384 959 1637 1034">Position Title/SG</th> <th data-bbox="1637 959 1854 1034">Item No.</th> <th data-bbox="1854 959 2042 1034">No. of Pos.</th> </tr> </thead> <tbody> <tr> <td data-bbox="1144 1034 1384 1129">Office of the Executive Director</td> <td data-bbox="1384 1034 1637 1129">Administrative Aide (ADA) VI, SG-6</td> <td data-bbox="1637 1034 1854 1129">ADA6-2-2005</td> <td data-bbox="1854 1034 2042 1129">1</td> </tr> <tr> <td data-bbox="1144 1129 1384 1343">Financial and Management Division, Administrative, Financial and Management Service (AFMS)</td> <td data-bbox="1384 1129 1637 1343">ADA VI, SG-6</td> <td data-bbox="1637 1129 1854 1343">ADA6-7-2005</td> <td data-bbox="1854 1129 2042 1343">1</td> </tr> </tbody> </table>		Area of Deployment	Position Title/SG	Item No.	No. of Pos.	Office of the Executive Director	Administrative Aide (ADA) VI, SG-6	ADA6-2-2005	1	Financial and Management Division, Administrative, Financial and Management Service (AFMS)	ADA VI, SG-6	ADA6-7-2005	1
Area of Deployment	Position Title/SG	Item No.	No. of Pos.												
Office of the Executive Director	Administrative Aide (ADA) VI, SG-6	ADA6-2-2005	1												
Financial and Management Division, Administrative, Financial and Management Service (AFMS)	ADA VI, SG-6	ADA6-7-2005	1												

Proposed Staffing Modifications	DBM Action	Findings/Remarks			
		Administrative Division, AFMS	Administrative Officer (AO) III, SG-14	ADOF3-15-2005	2
			ADA VI, SG-6	ADA6-6-2005	
		LAOD, LGUOS	Assessment Clerk II, SG-6	ASCL2-1-1998	1
		Cordillera Administrative Region	Administrative Assistant (ADAS) II, SG-8	ADAS2-41-2005	3
			ADA VI, SG-6	ADA6-28-2005	
			ADA IV, SG-4	ADA4-34-2005	
		RO I	ADAS II, SG-8	ADAS2-16-2005	1
		RO II	ADAS II, AG-8	ADAS2-17-2005 ADAS2-18-2005	2
		RO III	ADAS II, SG-8	ADAS2-19-2005	1
		RO IV-A	ADAS II, SG-8	ADAS2-21-2005	2
			ADA IV, SG-4	ADA4-13-2005	
		RO V	ADA VI, SG-6	ADA6-21-2005	3
			ADA IV, SG-4	ADA4-16-2005	
			ADA I, SG-1	ADA1-14-2005	
		RO VI	ADAS II, SG-8	ADAS2-25-2005	1
		RO VII	ADAS II, SG-8	ADAS2-28-2005	1
		RO VIII	AO IV, SG-15	ADOF4-22-2005	1
		RO IX	ADA IV, SG-4	ADA4-27-2005	1
		RO X	ADAS II, SG-8	ADAS2-34-2005 ADAS2-35-2005	3
			ADA IV, SG-4	ADA4-28-2005	
		RO XII	Director I, SG-25	DIR1-7-1998	1
			Senior Local Treasury Examiner, SG-18	SRTE-7-1998	2
ADAS II, SG-8	ADAS2-38-2005				
		Total	27		

Proposed Staffing Modifications	DBM Action	Findings/Remarks
		<p>The estimated annual PS cost for the creation of 21 positions is P10,814,664, while the PS budget for the abolition of 22 vacant CTI items is P11,104,335. Thus, the creation and abolition of said positions will result in the generation of annual PS savings of P289,671.</p> <p>The Notice of Organization, Staffing and Compensation Action reflecting the staffing changes shall be issued separately by the DBM after the DOF's DTP has been approved by the Department.</p>

- **Annex G-3** (Summary of Affected Personnel for Deployment to Other Departments/Agencies/GOCCs, Who Opted to Retire/Separate from the Service, and Apply to Vacant Positions in the LGUs)

The DOF did **not** report any affected personnel who will opt for retirement and separation from the service, be deployed to other units, or apply to vacant positions in the LGUs.

It is worth mentioning that **Section 12** of **EO No. 138**⁶ and **Section 21, Rule VII** of its **Implementing Rules and Regulations (IRR)**⁷ provide that personnel hired on a permanent basis, who may be affected by the full devolution of functions and services to the LGUs, shall have the option to (i) *apply for transfer to other units/offices within the department/agency/GOCCs concerned without reduction in pay*, or (ii) *avail of the retirement benefits and separation incentives as provided under Section 13 of said EO and apply to vacant positions in LGUs*.

As emphasized in the EO and its IRR, the option to avail of the retirement benefits under existing laws and additional separation incentives shall be **extended only** to the affected personnel with permanent appointments who would opt to retire or separate from the service. Thus, **only the personnel listed under Annex G-3 could avail of the retirement/separation benefits specified under Section 13 of EO No. 138**.

⁶ Full Devolution of Certain Functions of the Executive Branch to Local Governments, Creation of a Committee on Devolution, and For Other Purposes (June 1, 2021)

⁷ Dated July 2, 2021

➤ **Annex G-4** (On the Summary of Modifications in Resource Allocation)

The DOF did **not** report any modifications in resource allocation as a result of the OEP.

However, may we further note that any approved organizational and staffing changes covering regular positions shall be effected by the DBM through the issuance of the corresponding Notice of Organization, Staffing and Compensation Action (NOSCA) for the purpose.

Department of Finance (DOF)
 Personnel Services (PS) Cost of the Creation of 21 Positions and Abolition of 27 positions
 FY 2022

No. of Pos.	Position Title	Salary Grade	Salary per Month	Salary per Annum	RATA	PERA	U/CA	Mid-Year Bonus	YEB	CG	PAG-IBIG	ECIP	Philhealth	RLIP	PEI	Total Other Comp	Total PS
Creation																	
1	Project Evaluation Officer (PEO) IV	22	69,963	839,556	-	24,000	6,000	69,963	69,963	5,000	1,200	1,200	16,791	100,747	5,000	299,864	1,139,420
1	Fiscal Examiner IV	22	69,963	839,556	-	24,000	6,000	69,963	69,963	5,000	1,200	1,200	16,791	100,747	5,000	299,864	1,139,420
1	Local Treasury Operations Officer II	15	35,097	421,164	-	24,000	6,000	35,097	35,097	5,000	1,200	1,200	8,423	50,540	5,000	171,557	592,721
1	Tax Specialist	11	25,439	305,268	-	24,000	6,000	25,439	25,439	5,000	1,200	1,200	6,105	36,632	5,000	136,016	441,284
1	Financial Analyst I	11	25,439	305,268	-	24,000	6,000	25,439	25,439	5,000	1,200	1,200	6,105	36,632	5,000	136,016	441,284
16	LTOO I	11	25,439	4,884,288	-	384,000	96,000	407,024	407,024	80,000	19,200	19,200	97,686	586,115	80,000	2,176,248	7,060,536
21																	10,814,664
Abolition																	
1	Director I	25	100,788	1,209,456	180,000	24,000	6,000	100,788	100,788	5,000	1,200	1,200	19,200	145,135	5,000	588,311	1,797,767
1	Senior Local Treasury Examiner	18	45,203	542,436	-	24,000	6,000	45,203	45,203	5,000	1,200	1,200	10,849	65,092	5,000	208,747	751,183
1	Administrative Officer (AO) V	18	45,203	542,436	-	24,000	6,000	45,203	45,203	5,000	1,200	1,200	10,849	65,092	5,000	208,747	751,183
1	AO IV	15	35,097	421,164	-	24,000	6,000	35,097	35,097	5,000	1,200	1,200	8,423	50,540	5,000	171,557	592,721
11	Administrative Assistant (ADAS) II	8	18,998	2,507,736	-	264,000	66,000	208,978	208,978	55,000	13,200	13,200	50,155	300,928	55,000	1,235,439	3,743,175
6	Administrative Aide (ADA) VI	6	16,877	1,215,144	-	144,000	36,000	101,262	101,262	30,000	7,200	7,200	24,303	145,817	30,000	627,044	1,842,188
5	ADA IV	4	14,993	899,580	-	120,000	30,000	74,965	74,965	25,000	6,000	6,000	17,992	107,950	25,000	487,871	1,387,451
1	ADA I	1	12,517	150,204	-	24,000	6,000	12,517	12,517	5,000	1,200	1,200	3,004	18,024	5,000	88,463	238,667
27																	11,104,335

PS Savings: 289,671