



A Refresher on Public Financial Management Assessment Tool for Local Government Units

(PFMAT for LGUs)

CY 2022 CBAG REGIONAL ANNUAL CONVENTION

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Outline of Presentation

Understanding the Conceptual Framework for PFM Assessment

- Legal Bases
- PFM and Its Goals
- Analytical Framework for PFM Assessments
- Rationale for PFM Assessments

The PFM Assessment Tool for LGUs

- Basic Concepts
- Procedures for Conducting a PFM Assessment
- Using the Results of the PFMAT for LGUs

What is new in the PFMAT for LGUs?





Operative Principle of Decentralization:

- There shall be established in every local government unit an accountable, efficient, and dynamic organizational structure and operating mechanism that will meet the priority needs and service requirements of its communities

So PFM is an integral part of such organizational structure and operating mechanism as it provides the general framework for :

- Generating revenues
- Allocating resources
- Managing expenditures

All of which are necessarily entailed in the fulfillment of the LGU's mandates.

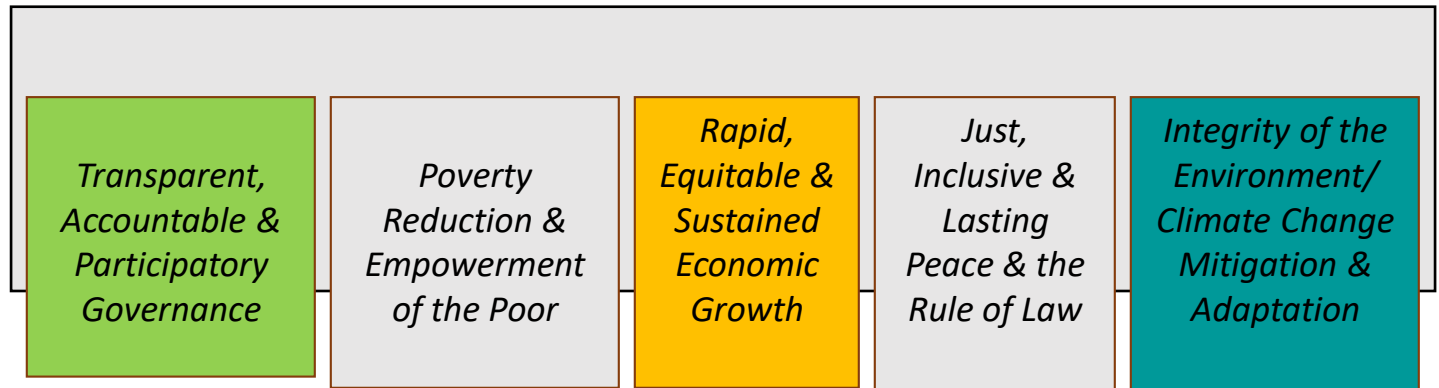
What is Public Financial Management?

Public Financial Management (PFM) is a system of rules, procedures and practices for government to manage public finances encompassing:

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- a. budgeting;
- b. accounting;
- c. auditing;
- d. cash management;
- e. management of public debt/procurement;
- f. revenue generation; and
- g. public reporting on public sector financial operations.

Conceptual Framework for PFM Assessment

5 Priority Areas



Societal Goal

Inclusive Growth and Poverty Reduction

Sectoral Goal

Good Governance

Fiscal Discipline

PFM Goal

Improve efficiency, accountability and transparency of public fund use for better service delivery

Source: PFM Roadmap presentation

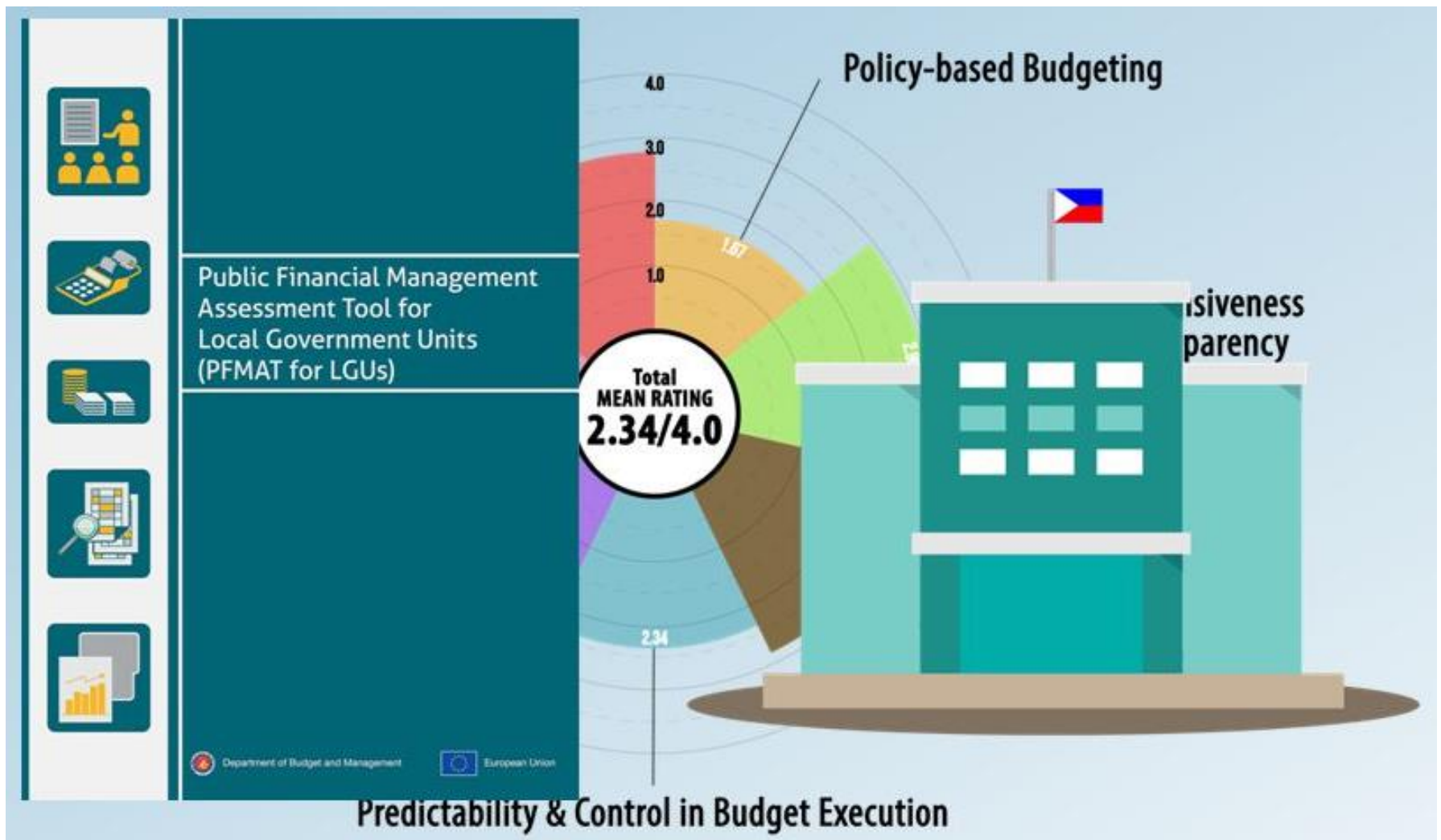


Rational of PFM Assessments

- ✓ **Basis for PFM Improvement Planning**
- ✓ **Pre-requisite to the release of funds to LGUs under the LGSF**



The PFMAT for LGUs



The PFMAT for LGUs is a Self-Administered Tool



PFMAT for LGUs

A self-assessment instrument designed to assist LGUs in:

- a. evaluating their PFM performance; and
- b. formulating strategies to build on strengths and to address weaknesses.

Critical Dimensions of Performance of a Good PFM System

1 - Policy-based Budgeting

- Contains indicators that measure if the budget is prepared with due regard to government policy.

2 - Comprehensiveness and Transparency

- Contains indicators that measure if budget information provide a complete picture of revenue forecast, prior, current and budget year's expenditures, and the expected output. They also measure whether fiscal and budget information are accessible to public.

3 - Credibility of the Budget

- Contains indicators that measure whether or not the budget is realistic and is implemented as intended.

4 - Predictability and Control in Budget Execution

- Contains indicators that measure if the budget is implemented in an orderly and predictable manner and whether or not there are arrangements for the exercise of control and supervision in the use public funds.

Critical Dimensions of Performance of a Good PFM System

5 - Accounting, Recording, and Reporting

- Contains indicators that measure whether or not adequate records and information are produced, maintained, and disseminated for purposes of decision-making, control, management, and reporting on operations.

6 - Internal and External Audit

- Contains indicators that examine the arrangements for scrutiny of public finances and follow-up by the LCE and/or Local Saggunian.

7 - Citizens' Participation

- Contains indicators that measure the extent by which the LGU encourages concerned citizens organized by Civil Society Organizations (CSOs) become partners of the LGU in the formulation, monitoring, evaluation and improvement of the local budget.

Procedures for Conducting PFM Assessments

1. LCE formally organizes the **PFM Team** *thru an Executive Issuance*
 - Department Heads of:
 - Treasury
 - Budget
 - Accounting
 - Planning and Development
 - GSO /BAC/Internal Audit, if any
 - Representative of the Office of the LCE
2. LCE designates PFM Team Leader
3. PFM Team shall:
 - Discuss PFMAT to establish a common understanding; and
 - Orient the LCE and Local Sanggunian on the PFMAT *to obtain buy-in.*

Procedures for Conducting PFM Assessments

4. Distribute pertinent portions of the PFMAT to responsible Office/Department
5. Responsible Office fills out the PFMAT based on data listed in the tool
 - Fill out data tables first as basis for determining applicable score
6. Scores are summarized per Office and per critical dimension
 - Use Summary Tables 3 (Summary of Scores by Critical Dimension) and 4 (Analyses of Scores)

The PFMAT for LGUs

Getting started...

Using the Results of the PFM Assessments

Summarize and explain the results of the PFMAT in the **PFM Assessment Report (PFM-AR)**

The PFM-AR is a concise document containing the following:



Using the Results of the PFM Assessments

- ✓ Analyze the results of the PFMAT further
 - ✓ Focus on dimensions/key elements with low scores
 - ✓ Develop strategies to address identified weaknesses
 - Helps the LGU design projects / programs which will:
 - address identified weaknesses in PFM
 - sustain/further improve strong areas in PFM
- ☐ Recommendations under the PFMAR are detailed in the PFM Improvement Plan**

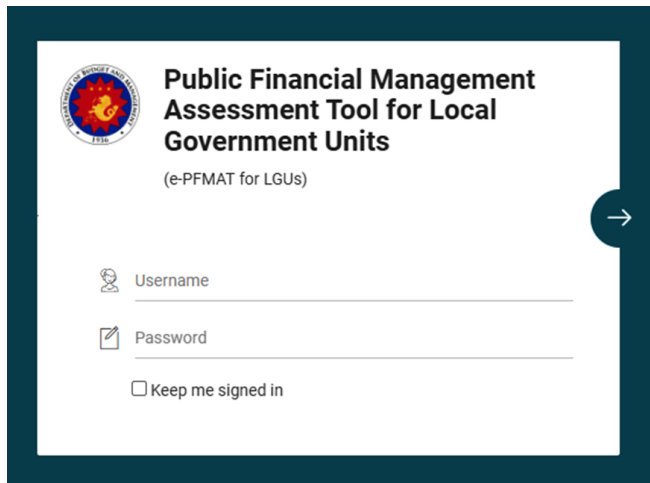
What is new in the PFMAT for LGUs ?



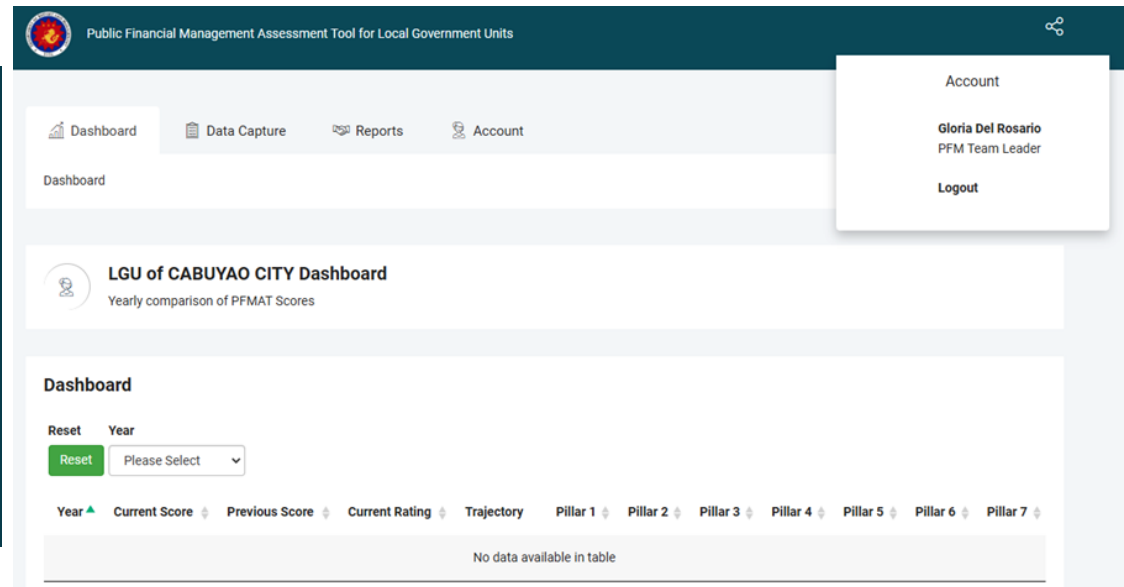
The PFMAT for LGUs

Ways forward...

- ✓ The updated PFMAT is a fully computerized system, thus it is now named as the Electronic PFMAT (ePFMAT).



The screenshot shows the login interface for the Public Financial Management Assessment Tool for Local Government Units (e-PFMAT for LGUs). It features the official seal of the Department of Budget and Management on the left. The main heading reads "Public Financial Management Assessment Tool for Local Government Units (e-PFMAT for LGUs)". Below this, there are input fields for "Username" and "Password", each with a corresponding icon (a person for username and a key for password). A checkbox labeled "Keep me signed in" is positioned below the password field. A blue arrow on the right side of the form points towards the dashboard screenshot.



The screenshot displays the dashboard for the LGU of CABUYAO CITY. At the top, the title is "Public Financial Management Assessment Tool for Local Government Units". A navigation menu includes "Dashboard", "Data Capture", "Reports", and "Account". A user profile dropdown menu is open, showing the name "Gloria Del Rosario" and the role "PFM Team Leader", with a "Logout" option. The main content area is titled "LGU of CABUYAO CITY Dashboard" and "Yearly comparison of PFMAT Scores". Below this, there is a "Dashboard" section with a "Reset" button and a "Year" dropdown menu currently set to "Please Select". A table header is visible with columns: "Year", "Current Score", "Previous Score", "Current Rating", "Trajectory", "Pillar 1", "Pillar 2", "Pillar 3", "Pillar 4", "Pillar 5", "Pillar 6", and "Pillar 7". The table content area is empty, displaying the message "No data available in table".



Republic of the Philippines

DEPARTMENT OF BUDGET AND MANAGEMENT

The PFMAT for LGUs

Ways forward...

- ✓ **Shift from the use of the phrase “Critical Dimension of PFM” to “Pillars of PFM”.**



The PFMAT for LGUs

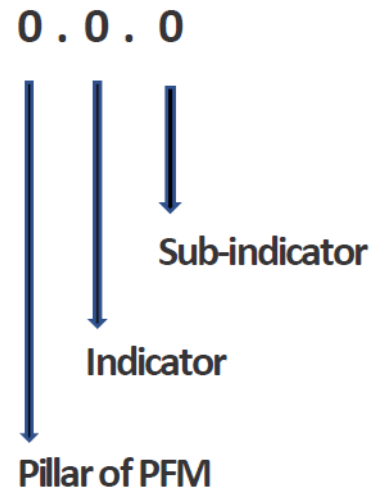
Ways forward...

- ✓ **The use of the immediately preceding year's data in lieu of the two-year and three-year periods data.**



✓ Sequence of presentation of the Seven (7) Pillars of PFM.

Figure No. 1. Numbering system for the Pillar, Indicator and sub-indicator



The PFMAT for LGUs

Ways forward...

- ✓ **Reduction of indicators and sub-indicators.**



✓ **Guide to interpretation and analysis of scores.**

There are synopsis tables for each Pillar that provide sample descriptions that would help LGUs prepare their PFM Assessment Report. These tables, however, only serve as guides which the LGU PFMAT Team may use and modify to present their own analysis of the PFM performance based on the scores.

REMINDER...

Submission of Tracking Table of the LGUs FY 2019 - 2022 PFMIP

Covered Period: **July 1, 2021 to December 31, 2021** and **January 1, 2022 to June 30, 2022.**

Deadline: **On or before July 15, 2022.**

Date of on-site validation to LGUs: **August, 2022.**



thank you 😊