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FINANCIAL ADMINISTRATION OF THE INTERNAL REVENUE ALLOTMENT (IRA) AMONG BARANGAYS IN BAYUGAN CITY, AGUSAN DE SUR, PHILIPPINES

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Abstract

In the Republic Act 7160 otherwise, known as the Local Government Code of 1991 has considerably altered the nature and participation of the local government units in the pursuit of national development. Considered that the Barangays is the smallest political systems in the Philippines were given the responsibility and authority to implement barangay development of their Internal Revenue Allotment. Hence, despite the allocation for the Internal Revenue Allotment (IRA) to barangays for the development, problems affecting the administration of such fund are so obvious. The system of administering the barangay development programs has evolved along with the changing structure of our government. The study aimed to describe the financial administration of the Internal Revenue Allotment (IRA) of barangays in Bayugan City. The cross-sectional survey research design was used frequency counts and distributions were utilized to present and analyze the data gathered. The sample barangays were taken through purposive sampling using income as the main criterion. Primary and secondary data thru the questionnaire and documents. The allocations of the 43 barangays of Bayugan City tend to increase. The barangays had also sourced their funding needs from sources other than IRA or alternative sources. Recommendations, there must be an in-depth review on the procedure of allocating the IRA among barangays in Bayugan City. Likewise, an in-depth review on the required itemized budget be carried out of expenditures for barangays must be carried out such that barangays prone to calamities may have options in regard to their annual allocation; The barangay officials should strengthen further the participation of all barangay constituents in determining the priority projects and similar studies should be conducted in order to know further the extent of the strengthens and weakness.

Keywords: Internal Revenue Allotment (IRA), Barangays, Philippines

1. Introduction

The system of administering the barangay development programs has evolved along with the changing structure of our government. During the martial law years the planning and implementation of programs and projects were highly centralized and dependent upon decisions of the national government. However, since the revival of democracy in the Philippines through the EDSA revolution in 1986, the local executives have been given more freedom to formulate and carry out their own programs for the betterment of their respective areas. This strategy has made local government units (LGUs) more self-determining and become active partners in attaining national development goals.

Under Republic Act 7160, known as the Local Government Code of 1991, more political and administrative powers have been granted to all local government units through decentralization. Thus, the local government units including the barangays have increased their functions in planning and implementing local development and livelihood projects financed mainly from their shares of the national allotment from internal revenues collected by the national government and also, from other sources (Section 294, Local Government Code of 1991). The Code provides the Internal Revenue Allotment (IRA) share to the barangays mainly to finance their local development projects (World Fact Book).

The barangay is the smallest basic political unit of the country and has its own significant role to perform. Thus, in the execution of the barangays' prescribed functions, the foremost thing to consider is its finances and how these are administered. Twenty percent of the IRA of barangays is appropriated for local development projects that are embodied in the Barangays Development Plans (BDP).

After a few years of the implementation of RA 7160, many local constituents who used to perceive that the allocation would be a primary solution to their economic problems, began to raise doubts about it as a development tool. The fact that most barangays have remained far from capable of meeting even the basic needs of the local constituents has casted doubts upon the way this resource has been administered by local government officials.

Brillantes (1998) studied extensively the IRA of local government units. He concluded that the IRA may have increased the budgets of local governments but two major concerns have risen these past years. The first of those concerns, according to Brillantes (1998), pertains to whether the IRA share of the local governments was indeed sufficient to cover the cost of devolved functions to the local governments considering the bulk of personnel devolved to them. The other concern, Brillantes (1998) continued, was that while it is true that the IRA shares of local governments have indeed increased significantly, the figures are not as significant compared to the total national budget wherein in 1997 for example, the IRA comprised only 14 percent of the total budget, and it was to be shared by more than 41,000,000 local government units throughout the country.

The barangays of Bayugan City in Agusan del Sur which is part of the CARAGA Region, have been experiencing the lack of services, even the most basic needs- basic health services, access to drinking water, basic education and the like. Yet, the granting of the IRA to these barangays has been done for years now (Interview with Local Leaders, February 25, 2020).

This study therefore, was focused on determining the trends in the use of the IRA as well as in determining the status of its administration in terms of actual projects implemented among barangays of Bayugan City, Agusan del Sur.

1.1 Statement of the Problem

This study aimed to describe the financial administration of the Internal Revenue Allotment (IRA) in terms of trends in allocation and budgeting of barangays in Bayugan City from 2005-2009.

In specific, answers to the following questions were sought:

1. What is the Internal Revenue Allotment of the 43 barangays in Bayugan City, Agusan del Sur during the period of 2018-2019?
2. What are the non-IRA financial resources availed of by the barangays of Bayugan City from 2018-2019?
3. What is the trend in the Internal Revenue Allotment (IRA) allocation from 2018-2019 among barangays in Bayugan City?
4. What is the status of the IRA administration in terms of actual projects implemented in the barangays of Bayugan City from 2018-2019?
5. What are the problems encountered by the barangay officials in the administration of IRA for development projects and their suggested solutions?

1.2 Theoretical Framework

1.2.1 The Internal Revenue Allotment (IRA)

The Local Government Code of 1991 categorically specifies that the state “shall provide for a system of decentralization whereby Local Government Units shall be given more powers, authority, responsibility and resources” (Section 2). Towards this goal, its most important principles include the effective allocation among the different local government units of their respective powers, functions, responsibilities and resources. The specific principle on effective allocation among the different local government units of their respective powers, functions, responsibilities and resources is operationalized through the mechanism of increasing the revenues for local government units by the provision of increased shares in nationally imposed taxes. In effect, the powers of local officials are strengthened.

While Barangays before largely relied on their 10% share from real property tax collections in their areas, now they have a share from the internal revenue allotment. Unlike the 10% share on real property tax, the IRA can be used not only for development projects but also for personal services and maintenance and other operating expenses. Hence, it is only a seed money on development but also an economic incentive to barangay officials. In addition, it enhances fiscal autonomy in the barangays.

The giving of the IRA to the smallest political unit is a challenge to local officials and the government to push forward the aims of development. In order to perform its role, efficiently, effectively and economically, especially in the implementation of government programs, policies, plans, projects and activities, the Barangays must necessarily be provided with various fiscal as well as administrative tools. In fact, this is the rationale of the government’s commitment to decentralization and local autonomy. Decentralization and local autonomy, however, are only means to facilitate transformation of barangays into self-reliant communities and effective partners of the state in the pursuit of national goals. The attainment of these aspirations hinges significantly on the capability of the basic political unit of the country depend greatly on what are achieved at the barangay level. Every success and failure in development initiatives at the barangay level has a collective impact on the state of the

entire country (Carague: 1992). To facilitate effective use of the IRA, the implementing rules regulations of the 1991 Local Government Code specifically Section 383 stated that:

- i. The individual share in the IRA of each local government unit shall be automatically released, without need of any further action, direct to the provincial, city, municipal, or barangay treasurer, as the case may be, on a quarterly basis but not beyond five days after the end of each quarter;
- ii. The comprehensive advice of allotment for the IRA shares of local government units for the whole years shall be released by the Department of Budget and Management within the first 10 days of January every year;
- iii. The corresponding notices of cash allocation and checks may be released on a monthly basis but in no case shall the total amount due to any local government unit for each quarter be released beyond five days after the end of the corresponding quarter;
- iv. The internal revenue allotment share of local government units shall not be subjected to any lien of holdback that may be imposed by the national government for whatever purpose unless otherwise provided in the Code or other applicable laws;
- v. No Local Government Unit shall receive an annual internal revenue allotment share less than the total amount it actually received in 1991; and
- vi. The Secretary on Finance shall, in consultation with the Security of Budget & Management, design and install a simplified disbursement scheme that will ensure the prompt and regular release of the individual internal revenue allotment shares of all local government units.

Section 284 of the same Code provides that on the basis of the third fiscal year preceding 1991 collection, local government units shall receive their IRA share in accordance with the following:

- | | |
|---|------------|
| a.) On the first year of effectivity of the Code (1992) | 30 percent |
| b.) On the second year (1993) | 35 percent |
| c.) On the third year and thereafter (1994) | 40 percent |

In the first year of effectivity of this Code, local government units shall, in addition to the 30 percent internal revenue allotment, be entitled to receive the amount equivalent to the cost of devolved personnel services.

Section 285 of the Code provides for the manner of allocating the IRA to local government units, such as:

- | | |
|--------------------|------------|
| 1.) Provinces | 23 percent |
| 2.) Cities | 23 percent |
| 3.) Municipalities | 34 percent |
| 4.) Barangays | 20 percent |

The share of each province, city, and municipality shall be determined on the basis of the following formula:

- | | |
|-------------------|------------|
| 1.) Population | 50 percent |
| 2.) Land Area | 25 percent |
| 3.) Equal Sharing | 25 percent |

The share of each barangay with a population of at least 100 inhabitants shall not be less than 80,000.00 per annum and the balance to be allocated on the basis of the following formula:

- 1.) On the first year of the effectivity of the Code:
 - a.) Population 40 percent; and
 - b.) Equal Sharing 50 percent

1.2.2 Financial Resources and Development

Cheema and Rondinelli (1983) in their article entitled “Decentralization” pointed out that the degree to which implementing agencies have control over funds, the adequacy of budgetary allocations to perform decentralized functions, the timely availability of those resources to implementing agencies and the local level affect policy implementation. Rondinelli’s study of decentralization in East Africa (1983) and Nelli’s of North Africa experience (1983), like Marthur’s review of Asian decentralization programs (1986), underscore the importance of financial resources, administrative capacity and technical support to successful development planning and management at the regional and local levels. In the Philippines, Tapales (1986) stated that “increased responsibilities in the barangays would demand increased resources” because the shares in internal revenue taxes has to be spent not only for personnel services but for development projects as well. The giving of the internal revenue allotment to barangays is expected to boost their financial resources. With the available resources, local government units specifically barangays are now more capable to implement programs and projects effectively and through reciprocal relationships with other organizations may become more significant in their legal status as independent units (Uphoff, 1974).

1.2.3 Decentralization and Development

Many development planners and administrators began questioning the effectiveness of strategies based primarily on centralization. As Rondinelli and Cheema (1983) found that much of the interest in decentralization undoubtedly came from the realization during the 1970’s that central control and management of the economies of developing nations did not ensure rapid economic growth. In most developing countries it was difficult to mobilize support for centrally planned courses of action even among the national leaders. The new strategies of development as Keith Griffin (1985) has pointed out cannot easily be centrally planned. Consequently, the shift of thinking in local human and material resources has been accompanied by a reduced emphasis on national planning and growing awareness of the need to devise an administrative structure that would permit regional decentralization (Rondinelli & Cheema, 1983).

The growing interest in decentralized planning and administration is attributable not only to the disillusionment with the results of central planning and the shift of emphasis to growth-with-equity policies, but also to the realization that development is a complex and uncertain process that cannot be easily planned and controlled from the center (Rondinelli & Cheema, 1983). Advocates of decentralization have offered a long list of reason for transferring more responsibility for development planning administration to local governments. Rondinelli (1983) had identified various arguments that have been made for decentralizing development planning and administration in third world countries which are as follows:

1. Decentralization might allow greater representation for various political, religious, ethnic and tribal groups in development decision making that could lead to greater equity in the allocation government resources and investments.
2. Decentralization could lead to the development of greater administrative capability among local governments and private institutions in the regions and provinces, thus expanding their capabilities to take over functions that are not usually performed well by central ministries such as the maintenance of roads and

infrastructure investment in areas remote from the national capital. It could give local officials the opportunity to develop their managerial and technical skills.

3. Decentralization of development planning and management functions allows local leaders to locate services and facilities more effectively within communities, to integrate isolated or lagging areas into regional economies, and to monitor and evaluate the implementation of development projects more effectively that cannot be done by central planning agencies.
4. A decentralized government structure is needed to institutionalize participation of citizens in development planning and management. A decentralized government structure can facilitate the exchange of information about local needs and channel political demands from the local community to national ministries.

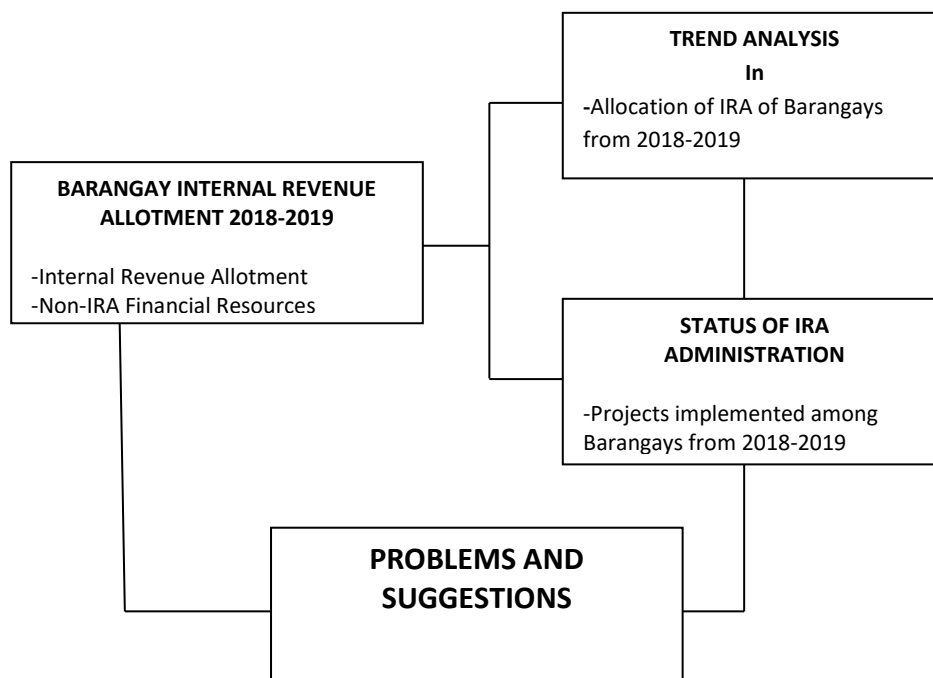
Similarly, Hasnat Abdul Hye (1983) stated that more recent decentralization programs have been shown to have emphasized the role of decentralization as a means of national development and for achieving a variety of development objectives ranging from popular participation to better management of rural development and the maintenance of national unity. The same author further cited that if the objectives included the additional criterion of participatory development then some degree of devolution of powers to local authorities become essential.

1.3 Conceptual Model

The conceptual model in Figure 1 shows the interrelationships of the concepts used in the study. The concepts in the first box consisted of the financial resource available to the barangays of Bayugan City obtained which included the IRA sources of funds from 2018-2019.

Moreover, the concepts or variables in the uppermost box on the left of the scheme consisted of the trend analysis which was derived from those in the first box. The second box on the left also contains concepts on the status of IRA implementation in terms of projects accomplished in the aforementioned barangays. The occurrence of problems particularly in the financial aspects of the IRA was assumed thus it was depicted in the schematic diagram

Figure 1. Schematic Diagram Showing the Interrelationships of Concepts Used in the Study



1.4 Scope and Limitation

The study focused on describing the financial administration of the IRA of barangays in Bayugan City in terms of trend analysis and projects implemented including problems encountered and recommended solutions.

Other administration aspects were not included in the study. For instance, information on the planning and implementation strategies used by the barangays on the projects funded by the IRA could have provided a complete picture on the IRA administration insofar as the barangays of Bayugan City in Agusan del Sur is concerned.

Other sources of data could have been used particularly those coming from the community or the clients, non-governmental organizations, and sectoral groups to provide a holistic view on the administration of the IRA in the barangays of Bayugan City.

1.5 Significance of the Study

The results of the study may serve as baseline information to policy planners, local chief executives, and even national government officials in the planning and utilization of the IRA particularly in the barangay level. It would serve as basis for policy formulation, planning innovation and program implementation in the efforts of government to enhance local governance particularly in the barangay with the aim of maximizing utilization of its resources for effective service delivery.

In addition, the trend analysis could provide the barangay officials and City administration of Bayugan City, a reliable and significant basis of decisions to redirect and reformulate the distribution and allocation of IRA among the barangays to insure equality and justice, and fairness in access to scarce resources.

The findings of this study would also serve as inputs to future researchers in local government administration, local finance and fiscal administration. The results could also serve as an initial eye opener to the academicians and practitioners as to the outcome of decentralized governance fostered by the 1991 Local Government Code.

2. Research Methodology

This chapter deals with the research design, locale of the study, population and sample, sampling technique used, method, of data gathering, and method of data analysis.

- **Research Design**

The study the cross-sectional survey design in determining implementation of the Internal Revenue Allotment (IRA) of the selected barangays in Bayugan City, Agusan del Sur and also in establishing trends of itemized expenditures as well as increase and decrease in allocation among the aforementioned barangays covering the period 2005-2008.

Based on the design, the study used questionnaires, documents analysis and interview as tools in the data. It used frequency counts, percentages, and presentation of data.

- **Locale of the Study**

Bayugan is a city in the province of Agusan del Sur. According to the 2015 census, it has a population of 103,202 households. It is formerly a sitio of Barangay Maygatasan in the town of Esperanza. “Bayugan” was derived from the Manobo term “bayug”, referring to trees that grew abundantly in the area. It was also believed that the natives used to make this place their meeting spot and that the means of gathering the inhabitants was by knocking on a hollowed pice of wood which they termed as the “bayug”.

The City of Bayugan is the first and only city in the Province of Agusan del Sur. It can be reached after a 30-minute travel by bus from Butuan City. From Davao City, it takes 5 hours to reach it.

- **Sampling Techniques Used**

Purposive sampling was used in getting the six barangays that constituted the sample while for the individual units of analysis, complete enumeration was used.

Respondents and key Informants

The respondents totaled fifty-four (54). They were the barangays officials of the six barangays who were completely enumerated.

- **Method of Data Gathering**

To gather primary data, the questionnaire and the interview were used and for the secondary data particularly on the budget, projects implemented and the legal and actual IRA, document analysis was used. The data on the legal IRA was obtained from the Department of Budget and Management (DBM) of the Region Office of Caraga while the actual IRA was obtained from the City Budget office of Bayugan.

2.1 Methods of Data Analysis

Descriptive statistics such as the frequency count and percentage distribution and graphs were used the analysis and presentation of most of the data gathered in this study.

2.2 Presentation, Analysis and Interpretation of Data

This includes the following: Internal Revenue Allotment (IRA) of the 43 barangays in Bayugan City. The data in table shows that the six barangays highest received in the Actual Internal Revenue Allotment of 2018 are Barangay Poblacion with the amount of 10,600,707 next is the barangay taglatawan 8,705,240 followed by Barangay Salvacion 4,550,989, barangay Maygatasan 3,912,793, barangay Marcelina 3,297,902, barangay Bucac 3,374,987. This finding implies that indeed the basis of Internal Revenue Allotment allocation was observed by the Department of Budget and Management (DBM).

This trend may bring inequality in the access of goods and services among constituents of the barangays. Smaller Internal Revenue Allotment mean lesser basic or maintenance services among constituents of the barangays. Smaller Internal Revenue allotment would mean lesser basic or maintenance services and fewer development or economic/livelihood programs and projects that could be implemented and made available to the barangay residents by their respective governments.

It should be noted that except in Barangays Poblacion and Taglatawan, most of the projects implemented were on improvements of existing ones. Furthermore, many of the barangays are agricultural-based in terms of livelihood. Yet, only one project the drier was intended for the enhancement of farmers' livelihood.

It is implied by the results that barangays with lesser revenues especially from the Internal Revenue Allotment do have lower capabilities to plan and implement much needed programs and projects intended to uplift the socio-economic conditions of their constituents.

The respondents cited many problems they encountered in the administration of Internal Revenue Funded projects in their respective barangays. On the instances in which there were insufficient funds, the local government must be made to produce more activities to generate funds for their use. It was suggested that the barangays that the barangays had to promote cooperation among the residents and their officials. In addition, the suggestions included the need for the conduct of seminars on budgeting, inspection of every project by the

implementors concerned, preferably the local officials; enough appropriation be reflected in the budget for every approved project; the proponents should support and manage every project until they are accomplished; and, project funds should be released earlier.

Table 1. Internal Revenue Allotment 2018

BARANG AY	Appropriation	January	February	March	April	May	June	July	August	September	October	November	December
Berseba	1,980,875	165,073	165,073	165,073	165,073	165,073	165,073	165,073	165,073	165,073	165,073	165,073	165,072
Bucac	3,374,987	281,249	281,249	281,249	281,249	281,249	281,249	281,249	281,249	281,249	281,249	281,249	281,248
Cagbas	2,182,851	181,904	181,904	181,904	181,904	181,904	181,904	181,904	181,904	181,904	181,904	181,904	181,907
Calaitan	2,176,876	181,406	181,406	181,406	181,406	181,406	181,406	181,406	181,406	181,406	181,406	181,406	181,410
Canayugan	1,724,521	143,710	143,710	143,710	143,710	143,710	143,710	143,710	143,710	143,710	143,710	143,710	143,711
Charito	1,959,363	163,280	163,280	163,280	163,280	163,280	163,280	163,280	163,280	163,280	163,280	163,280	163,283
Claro Cortez	1,523,143	126,929	126,929	126,929	126,929	126,929	126,929	126,929	126,929	126,929	126,929	126,929	126,924
Fili	2,795,950	232,996	232,996	232,996	232,996	232,996	232,996	232,996	232,996	232,996	232,996	232,996	232,994
Gamao	1,688,668	140,722	140,722	140,722	140,722	140,722	140,722	140,722	140,722	140,722	140,722	140,722	140,726
Getsemane	1,271,569	105,964	105,964	105,964	105,964	105,964	105,964	105,964	105,964	105,964	105,964	105,964	105,965
Grace Estate	1,438,289	119,857	119,857	119,857	119,857	119,857	119,857	119,857	119,857	119,857	119,857	119,857	119,862

Hamogaway	1,934,863	161,239	161,239	161,239	161,239	161,239	161,239	161,239	161,239	161,239	161,239	161,239	161,234
Katipunan	1,765,753	147,146	147,146	147,146	147,146	147,146	147,146	147,146	147,146	147,146	147,146	147,146	147,147
Mabuhay	2,067,522	172,294	172,294	172,294	172,294	172,294	172,294	172,294	172,294	172,294	172,294	172,294	172,288
Magkiangkang	2,109,949	175,829	175,829	175,829	175,829	175,829	175,829	175,829	175,829	175,829	175,829	175,829	175,830
Mahayag	1,409,606	117,467	117,467	117,467	117,467	117,467	117,467	117,467	117,467	117,467	117,467	117,467	117,469
Marcelina	3,297,902	274,825	274,825	274,825	274,825	274,825	274,825	274,825	274,825	274,825	274,825	274,825	274,827
Maygatasan	3,912,793	326,066	326,066	326,066	326,066	326,066	326,066	326,066	326,066	326,066	326,066	326,066	326,067
Montivesta	1,457,411	121,451	121,451	121,451	121,451	121,451	121,451	121,451	121,451	121,451	121,451	121,451	121,450
Mt. Ararat	1,442,472	120,206	120,206	120,206	120,206	120,206	120,206	120,206	120,206	120,206	120,206	120,206	120,206
Mt. Carmel	2,460,120	205,010	205,010	205,010	205,010	205,010	205,010	205,010	205,010	205,010	205,010	205,010	205,010
Mt. Olive	1,935,461	161,288	161,288	161,288	161,288	161,288	161,288	161,288	161,288	161,288	161,288	161,288	161,293
New Salem	1,373,752	114,479	114,479	114,479	114,479	114,479	114,479	114,479	114,479	114,479	114,479	114,479	114,483
Noli	3,251,890	270,991	270,991	270,991	270,991	270,991	270,991	270,991	270,991	270,991	270,991	270,991	270,989
Osmeña	1,983,266	165,272	165,272	165,272	165,272	165,272	165,272	165,272	165,272	165,272	165,272	165,272	165,274
Panaytay	1,449,045	120,754	120,754	120,754	120,754	120,754	120,754	120,754	120,754	120,754	120,754	120,754	120,751

Pinagalaan	1,876,900	156,408	156,408	156,408	156,408	156,408	156,408	156,408	156,408	156,408	156,408	156,408	156,412
Poblacion	10,600,707	883,392	883,392	883,392	883,392	883,392	883,392	883,392	883,392	883,392	883,392	883,392	883,395
Sagmone	1,811,168	150,931	150,931	150,931	150,931	150,931	150,931	150,931	150,931	150,931	150,931	150,931	150,927
Saguma	2,357,339	196,445	196,445	196,445	196,445	196,445	196,445	196,445	196,445	196,445	196,445	196,445	196,444
Salvacion	4,550,989	379,249	379,249	379,249	379,249	379,249	379,249	379,249	379,249	379,249	379,249	379,249	379,250
San Agustin	1,439,484	119,957	119,957	119,957	119,957	119,957	119,957	119,957	119,957	119,957	119,957	119,957	119,957
San Isidro	1,754,399	146,200	146,200	146,200	146,200	146,200	146,200	146,200	146,200	146,200	146,200	146,200	146,199
San Juan	3,009,877	250,823	250,823	250,823	250,823	250,823	250,823	250,823	250,823	250,823	250,823	250,823	250,824
Santa Irene	3,215,438	267,953	267,953	267,953	267,953	267,953	267,953	267,953	267,953	267,953	267,953	267,953	267,955
Santa Teresita	2,126,083	177,174	177,174	177,174	177,174	177,174	177,174	177,174	177,174	177,174	177,174	177,174	177,169
Santo Nino	1,993,424	166,119	166,119	166,119	166,119	166,119	166,119	166,119	166,119	166,119	166,119	166,119	166,115
Taglatawan	8,705,240	725,437	725,437	725,437	725,437	725,437	725,437	725,437	725,437	725,437	725,437	725,437	725,433
Taglibas	1,273,960	106,163	106,163	106,163	106,163	106,163	106,163	106,163	106,163	106,163	106,163	106,163	106,167
Tagubay	1,589,472	132,456	132,456	132,456	132,456	132,456	132,456	132,456	132,456	132,456	132,456	132,456	132,456
Verdu	1,884,668	157,056	157,056	157,056	157,056	157,056	157,056	157,056	157,056	157,056	157,056	157,056	157,052

Villa Undayon	1,995,217	166,268	166,268	166,268	166,268	166,268	166,268	166,268	166,268	166,268	166,268	166,268	166,269
Wawa	1,967,131	163,928	163,928	163,928	163,928	163,928	163,928	163,928	163,928	163,928	163,928	163,928	163,923
TOTAL OF: BAYUGAN	106,120,393	8,843,366	8,843,366	8,843,366	8,843,366	8,843,366	8,843,366	8,843,366	8,843,366	8,843,366	8,843,366	8,843,366	8,843,367

Source: Department of Budget and Management

Table 2. Internal Revenue Allotme 2019

BARANG AY	Appropriation	January	February	March	April	May	June	July	August	September	October	November	December
Berseba	2,205,950	183,829	183,829	183,829	183,829	183,829	183,829	183,829	183,829	183,829	183,829	183,829	183,831
Bucac	3,765,278	313,773	313,773	313,773	313,773	313,773	313,773	313,773	313,773	313,773	313,773	313,773	313,775
Cagbas	2,431,862	202,655	202,655	202,655	202,655	202,655	202,655	202,655	202,655	202,655	202,655	202,655	202,657
Calaitan	2,425,178	202,098	202,098	202,098	202,098	202,098	202,098	202,098	202,098	202,098	202,098	202,098	202,100
Canayugan	1,919,216	159,935	159,935	159,935	159,935	159,935	159,935	159,935	159,935	159,935	159,935	159,935	159,931
Charito	2,181,889	181,824	181,824	181,824	181,824	181,824	181,824	181,824	181,824	181,824	181,824	181,824	181,825
Claro	1,693,972	141,168	141,168	141,168	141,168	141,168	141,168	141,168	141,168	141,168	141,168	141,168	141,168

Cortez		4	4	4	4	4	4	4	4	4	4		
Fili	3,117,619	259,802	259,802	259,802	259,802	259,802	259,802	259,802	259,802	259,802	259,802	259,802	259,797
Gamao	1,879,113	156,593	156,593	156,593	156,593	156,593	156,593	156,593	156,593	156,593	156,593	156,593	156,590
Getsemane	1,412,585	117,715	117,715	117,715	117,715	117,715	117,715	117,715	117,715	117,715	117,715	117,715	117,720
Grace Estate	1,599,062	133,255	133,255	133,255	133,255	133,255	133,255	133,255	133,255	133,255	133,255	133,255	133,257
Hamogaway	2,154,485	179,540	179,540	179,540	179,540	179,540	179,540	179,540	179,540	179,540	179,540	179,540	179,545
Katipunan	1,965,334	163,778	163,778	163,778	163,778	163,778	163,778	163,778	163,778	163,778	163,778	163,778	163,776
Mabuhay	2,302,865	191,905	191,905	191,905	191,905	191,905	191,905	191,905	191,905	191,905	191,905	191,905	191,910
Magkiangkang	2,350,320	195,860	195,860	195,860	195,860	195,860	195,860	195,860	195,860	195,860	195,860	195,860	195,860
Mahayag	1,566,980	130,582	130,582	130,582	130,582	130,582	130,582	130,582	130,582	130,582	130,582	130,582	130,578
Marcelina	3,679,057	306,588	306,588	306,588	306,588	306,588	306,588	306,588	306,588	306,588	306,588	306,588	306,589
Maygatasan	4,366,818	363,902	363,902	363,902	363,902	363,902	363,902	363,902	363,902	363,902	363,902	363,902	363,896
Montivesta	1,620,451	135,038	135,038	135,038	135,038	135,038	135,038	135,038	135,038	135,038	135,038	135,038	135,033
Mt. Ararat	1,603,741	133,645	133,645	133,645	133,645	133,645	133,645	133,645	133,645	133,645	133,645	133,645	133,646
Mt. Carmel	2,741,990	228,499	228,499	228,499	228,499	228,499	228,499	228,499	228,499	228,499	228,499	228,499	228,501

Mt. Olive	2,155,153	179,596	179,596	179,596	179,596	179,596	179,596	179,596	179,596	179,596	179,596	179,596	179,597
New Salem	1,526,878	127,240	127,240	127,240	127,240	127,240	127,240	127,240	127,240	127,240	127,240	127,240	127,238
Noli	3,627,592	302,299	302,299	302,299	302,299	302,299	302,299	302,299	302,299	302,299	302,299	302,299	302,303
Osmeña	2,208,624	184,052	184,052	184,052	184,052	184,052	184,052	184,052	184,052	184,052	184,052	184,052	184,052
Panaytay	1,611,093	134,258	134,258	134,258	134,258	134,258	134,258	134,258	134,258	134,258	134,258	134,258	134,255
Pinagalaan	2,089,652	174,138	174,138	174,138	174,138	174,138	174,138	174,138	174,138	174,138	174,138	174,138	174,134
Poblacion	11,847,312	987,276	987,276	987,276	987,276	987,276	987,276	987,276	987,276	987,276	987,276	987,276	987,276
Sagmone	2,016,131	168,011	168,011	168,011	168,011	168,011	168,011	168,011	168,011	168,011	168,011	168,011	168,010
Saguma	2,627,029	218,919	218,919	218,919	218,919	218,919	218,919	218,919	218,919	218,919	218,919	218,919	218,920
Salvacion	5,080,647	423,387	423,387	423,387	423,387	423,387	423,387	423,387	423,387	423,387	423,387	423,387	423,390
San Agustin	1,600,399	133,367	133,367	133,367	133,367	133,367	133,367	133,367	133,367	133,367	133,367	133,367	133,362
San Isidro	1,952,635	162,720	162,720	162,720	162,720	162,720	162,720	162,720	162,720	162,720	162,720	162,720	162,715
San Juan	3,356,898	279,742	279,742	279,742	279,742	279,742	279,742	279,742	279,742	279,742	279,742	279,742	279,736
Santa Irene	3,586,821	298,902	298,902	298,902	298,902	298,902	298,902	298,902	298,902	298,902	298,902	298,902	298,899
Santa Teresita	2,368,366	197,364	197,364	197,364	197,364	197,364	197,364	197,364	197,364	197,364	197,364	197,364	197,362

Santo Nino	2,219,986	184,999	184,999	184,999	184,999	184,999	184,999	184,999	184,999	184,999	184,999	184,999	184,997
Taglatawan	9,727,215	810,601	810,601	810,601	810,601	810,601	810,601	810,601	810,601	810,601	810,601	810,601	810,604
Taglibas	1,415,258	117,938	117,938	117,938	117,938	117,938	117,938	117,938	117,938	117,938	117,938	117,938	117,940
Tagubay	1,768,162	147,347	147,347	147,347	147,347	147,347	147,347	147,347	147,347	147,347	147,347	147,347	147,345
Verdu	2,098,341	174,862	174,862	174,862	174,862	174,862	174,862	174,862	174,862	174,862	174,862	174,862	174,859
Villa Undayon	2,221,991	185,166	185,166	185,166	185,166	185,166	185,166	185,166	185,166	185,166	185,166	185,166	185,165
Wawa	2,190,578	182,548	182,548	182,548	182,548	182,548	182,548	182,548	182,548	182,548	182,548	182,548	182,550
TOTAL, Municipal ity Of Bayugan	118,280,526	9,856,712	9,856,712	9,856,712	9,856,712	9,856,712	9,856,712	9,856,712	9,856,712	9,856,712	9,856,712	9,856,712	9,856,694

Source: Department of Budget and Management

3. Summary, Implications, And Recommendations

This chapter presents the summary of findings, implications, and recommendations of the study.

3.1 Summary

The study was mainly concerned with describing the financial administration of Internal Revenue Allotment of barangays in Bayugan City, Agusan del Sur. In specific, answers to the following questions were sought: 1.) What are the legal and actual Internal Revenue Allotment of the 43 barangays in Bayugan City, Agusan del Sur during the period of 2005-2009? 2.) What are the non-IRA financial resources availed by the barangays in Bayugan City? 3.) What is the trend in Internal Revenue Allotment allocation from 2005 to 2009 among barangays in Bayugan City? 4.) What is the trend in the budget allocation for every item of expenditure in the six (6) sample barangays from 2005 to 2009? 5.) What is the status of IRA for development projects and there suggested solutions?

The cross-sectional survey design was used. Frequency counts and percentage distribution were utilized to present and analyze the data gathered. The sample barangay were taken through purposive sampling using income as the main criterion. The officials of the sample barangays were completely enumerated to constitute the respondents of the study. Primary and secondary data thru the questionnaire and documents, respectively, were likewise gathered.

3.1.1 Summary of Findings

1. The legal revenue allocations of the 43 barangays of Bayugan City tend to increase from 2005-2009; and generally, the actual IRA received by the barangays were slightly higher than their respective legal allocations as of 2009.
2. The barangays had also sourced their finding needs from sources other than IRA, or the alternative sources such as business taxes, community taxes, donations, and others, as provided for by the Local Government Code of 1991; none of the barangays availed of loans and build-operate-and-transfer schemes. In 2009, 14 barangays had non-IRA funds below Php100,000.00 while 22 barangays had Php200,000.00 and over of non-IRA funds, and 2 barangays' Poblacion and Taglatawan had non-IRA incomes of over Php300,000.00 in 2009.
3. An increasing amount of IRA can be observed among the 43 barangays for 2005 to 2009. However, there were decreases in IRA of some barangays which experienced peace and order problems from sporadic attacks of rebels particularly in 2007 to 2008.
4. The general trend in the expenditures of barangays also showed an increasing pattern. the increases however, were different among barangays from 2005 to 2009 due to differences in socioeconomic conditions, and of course due to the varying amounts of IRA received.
5. On the itemized expenditures, personal services consistently had the biggest share of the budget expenditures of the barangays. Most of the barangays spent their revenues or funds within the required limits a ceiling by the Local Government Code and the Department of Budget Management (DBM), except for some barangays notable of which was Barangay Taglibas.

6. Most of the IRA-funded projects in the sample barangays of Bayugan City over a period of 5 years from 2005 to 2009, were on basic infrastructure, physical facilities, basic needs, and basic health; none on education and livelihood, while only one (1) project – drier of Barangay Maygatasan was related to agriculture.
7. The problems most often encountered by IRA funded projects included lack of coordination with Sangguniang Barangay Officials, no budget inspections, and no receipts or material paid/loose controls while the suggested solutions included providing funds for projects inspection, prompting cooperation, and conducting seminars for monitoring and evaluation.

3.2 Implication

Based on the findings, the following implications were obtained:

1. The release of the legal IRA fund to the barangays were based on the criteria set fourthly by the Local Government Code. Thus, the barangays received different amount of IRAs from 2018 to 2019.
2. The barangays do have alternative sources of funds aside from the IRA. However, they failed to make use of other sources of funds such as loans and subsidies that could have increased economic investments.
3. The unequal distribution of IRAs to the barangays may bring inequality in the access to goods and services by the constituents of the various barangays.
4. The allocation is a significant factor to the expenditure patterns of barangays; lesser Ira means lesser expenditure and lesser maintenance and development projects.
5. Expenditure patterns showed an increasing trend from 2018 to 2019 and generally, most barangays spent their revenue within the required limits set by the LGC as to nature of itemized expenses.
6. The Internal Revenue Allotment shares in the barangays have accelerated the development efforts in this smallest political unit of the country. It is also performs dual function. It provides incentives to barangay officials to perform their duties and responsibilities and at the same time it provides those seed to money for development projects.
7. The respondents are not knowledgeable of the criteria in determining the Internal Revenue Allotment share;
8. Most of the respondents are knowledgeable about the procedural processing of required supporting papers;
9. The Bureaucratic red tapes and cumbersome procedures negate the intent of facilitating development and provisions of basic services at the local level. Unless corresponding structural changes are made the existing arrangement may hamper effective devolution; and,
10. This paper suggests that education be given great importance. Educating the people on practical issues such as administratively dealing with the Internal Revenue Allotment (IRA) towards development.

3.3 Recommendations

Based on the findings, the following are recommended:

1. There must be an in-depth review on the procedure of allocating the IRA among barangays in Bayugan City – specific, and among barangays – the country in general.
2. Likewise, an in-depth review on the required itemized budget of expenditures for barangays must be carried out such that barangays prone to calamities may have options in regard to their annual allocation.
3. Calamity – prone barangays must avail of higher level calamity funds – city, regional, or national, such that funds would still be available for the important functions such as development projects.
4. Agriculture – related development projects must also be encouraged on the priority list of barangays under study considering that the area is basically agricultural.
5. Technical assistance from government organizations (GOs) and non-government organizations (NGOs) must be availed of by the barangays concerned particularly in development planning, implementation barangay budgeting and fiscal administration.
6. Strengthening of linkages of barangay officials with the city officials as well linkages with the other funding agencies so that they may not only depend on their IRA to finance infrastructure projects.
7. The barangay officials should strengthen further the participation of all barangay constituents in determining the priority projects to be appropriated out of their 20% Internal Revenue Allotment.
8. Similar studies should be conducted in order to know further the extent of the strengths and weakness of the barangay officials in the implementation of their IRA and to further validate findings of this study.
9. That the local participation in the administration of their own affairs, it is suggested that the recommendations of the barangay captains on how to solve some problems relating to the administration of the Internal Revenue Allotment (IRA) be upheld. The share of barangay from the Internal Revenue Allotment (IRA) is continuously increasing, there is need for strengthening the capability of the barangay officials in managing their financial resources.

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