

# PROVINCIAL GOVERNMENT OF DAVAO DEL NORTE STRATEGIC FINANCIAL MANAGEMENT PLAN 2018 - 2022



- The Strategic Financial Management Plan (SFMP) formulated by the Province of Davao del Norte (PGDdN) serves as fiscal management tool of the provincial government in its quest to improve the delivery of basic services. It is primarily anchored on the development thrusts and priorities that are consistent with policy directions set by the province.



## Message

The growing demand of our constituents for better public administration, coupled with the pressure of increasing globalization, have compelled us to adapt and learn new ways in serving the best interest of our people. We strive to keep our dynamism and relevance with the advent of the knowledge economy. Yet, we face a number of challenges in putting our money where our mouth is, as our important priorities compete for limited resources.

Hence, we ensured the prudent stewardship of the wherewithal of the Provincial Government. The efficient management of our resources and performance is essential in achieving the strategic goals and objectives of the Province. We made certain that our bureaucracy remains on track in attaining our short-term and long-term goals. In maximizing value for improved delivery of basic services, we ensure that our taxpayers' money is well spent for its intended purpose.

The Strategic Financial Management Plan (SFMP) of the Province of Davao del Norte, therefore, shows the direction of the Provincial Government in the generation and utilization of its financial resources for CY 2018 to 2022. This important document identifies the key strategic goals to be accomplished within five years. Careful consideration was given to the strategic directions of the Province, particularly according to the BEST PEOPLE development agenda and the Abilidad at Malasakit (AMA) strategy. It is a crucial guidepost that allows us to continue the much-needed reforms vital in attaining the best future for the Dabaonons amid the challenges of this rapidly-changing world.

The Plan reflects our aspirations for a Province which we want to pass on to our grandchildren. A great place for the Dabaonons to fulfill their dreams and be the best that they can be.

Along with the TWG and all our stakeholders, I take great pride in the efforts and achievements that we have made. I, therefore, call upon all the sectors of our society to share the burden in realizing our vision for an inclusive, balance sustainable progress.

Basta DavNor, the BEST!

ANTONIO RAFAEL G. DEL ROSARIO  
Governor, Davao del Norte



Hon. Anthony G. del Rosario  
Governor, Davao del Norte

BASTA DavNor, THE BEST!



Government Center, Mankilam,  
Tagum City 8100



[www.davaodelnorte.gov.ph](http://www.davaodelnorte.gov.ph)



[gop\\_ddn@yahoo.com.ph](mailto:gop_ddn@yahoo.com.ph)



(084)655-9396



**EXCERPTS FROM THE MINUTES OF THE PROVINCIAL DEVELOPMENT  
COUNCIL (PDC) MEETING HELD LAST NOVEMBER 13, 2018 AT THE  
DNSTC PAVILION, PROVINCIAL GOVERNMENT CENTER, MANKILAM,  
TAGUM CITY, DAVAO DEL NORTE**

**PRESENT:**

- |  |   |  |
|--|---|--|
| Hon. Antonio Rafael G. del Rosario                       | - | Provincial Governor<br>Rep. by Mr. Samson J. Sanchez<br>Provincial Administrator/<br>OIC, Governor (Presiding Officer) |
| Mr. Abito D. Bernasor, CESO V<br>For. Victor T. Billones | - | Provincial Director, DILG<br>OIC, PENR Officer, Dept. of Environment<br>and Natural Resources (DENR)                   |
| Engr. Judy Donna Nueva Ecija                             | - | Prov'l Science & Tech. Officer, Dept. of<br>Science & Technology (DOST)  |
| Sultan Gumobra A. Pamlian                                | - | Provincial Officer, Nat'l. Commission on<br>Muslim Filipinos (NCMF)  |
| Ms. Araceli L. Ayuste                                    | - | President, Provincial Tourism Council  |
| Mr. Perfecto P. Urdaneta                                 | - | Managing Director, DPRDII  |
| Ms. Ma. Gelita R. Olaer                                  | - | President, Davao del Norte Fed. of Day<br>Care Workers   |
| Mr. Virgilio F. Agunod, CPA                              | - | President, Tagum City Chamber of<br>Commerce & Industry  |
| Mr. Nelson F. Plata, EnP, MPA                            | - | OIC-PPDC/PDC Secretary   |

**WITH REPRESENTATIVE:**

- |                                  |   |   |
|----------------------------------|---|---|
| Hon. Antonio Floirendo, Jr.      | - | Congressman, Dist. II/PDC Member<br>Rep. by Mr. Jonathan Zafra Tavale, Political<br>Officer                     |
| Hon. Rodolfo G. del Rosario, Jr. | - | SP Member/Chairman Committee on<br>Budget, Finance & Appropriation<br>Rep. by Mr. Eduardo del Rosario Jr., EA I |
| Hon. Dindo C. Parangan           | - | SP/Member/Pre., Fed., Asso. of Brgy.<br>Council (FABC)<br>Rep. by Ms. Elenie E. Doble, PS II                    |
| Hon. Eufracio P. Dayaday         | - | Municipal Mayor, Asuncion<br>Rep. by Jojo F. Castroverde, Liaison Officer                                       |
| Hon. Leah Marie M. Romano        | - | Municipal Mayor, Braulio E. Dujali<br>Rep. by Mr. Norbelito B. Juriana, PS II                                   |
| Hon. Virginia J. Perandos        | - | Municipal Mayor Carmen<br>Rep. by Engr. Jeffrey E. Recaña, MPDC<br>Staff  |
| Hon. Maria Theresa R. Timbol     | - | Municipal Mayor, Kapalong<br>Rep. by Mr. Arthur R. Sison II, AA III   |
| Hon. Rhodora S. Alcoran          | - | Municipal Mayor, New Corella<br>Rep. by Mr. Alex Marino Paña, Mun. Admin  |
| Hon. James G. Gamao              | - | City Mayor, Panabo City<br>Rep. by Ms. Cielo Miano, PDO III   |

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Hon. Anthony G. del Rosario  
Governor, Davao del Norte



- Hon. Allan L. Rellon - City Mayor, Tagum City  
Rep. by Mr. Ahrt Dela Cruz, CPDO-Staff
- Hon. Basilio A. Libayao - Municipal Mayor, Talaingod  
Rep. by Ms. Christine O. Siervo, AAIV
- Mr. Romeo L. Castanaga - Provincial Director, DTI  
Rep. by Atty. Zerline T. Balleque  
Chief, Trade & Dev't. Specialist
- Ms. Josephine Fadul, Ed.D - Schs. Div. Superintendent, Department of  
Education (DepEd) Division of DDN  
Rep. Engr. Lolita P. Andamon, SGOD Chief-  
DepEd DDN
- Ms. Angelina P. Talingting - Provincial Head, DOLE  
Rep. by Ms. Jennylyn M. Rosalinda, LEO III
- Ms. Jocelyn C. Seno - OIC, Prov'l. Agrarian Reform Officer, DAR  
Rep. by Mr. Dindo Tabudlong, ARO I
- Mr. Emmanuel A. Cacal - Provincial Officer, NAT'l Commission on  
Indigenous People (NCIP)  
Rep. by Ms. Rhodora T. Braganza, FPIC
- Ms. Karina Anna C. Del Rosario - President, Davao del Norte Province  
Council of Women  
Rep. by Ms. Clarita P. Galagala, VP, DNPCW
- Mr. Rande C. Bayate - Executive Director, SILDAP Southeastern  
Mindanao, Inc.  
Rep. by Loreto Balao, SILDAP Staff

**ABSENT:**

- Hon. Pantaleon D. Alvarez - Congressman, 1<sup>st</sup> Congressional District
- Hon. Alan R. Dujali - Vice Governor/ PDC Vice Chairperson
- Hon. Al David T. Uy - City Mayor, Island Garden City of Samal
- Hon. Arnel H. Sitoy - Municipal Mayor, San Isidro
- Hon. Daniel S. Batosalem, Jr. - Municipal Mayor, Sto. Tomas
- Engr. Daniel A. Jaravata - OIC- District Engineer, Dept. of Public  
Works and Highways (DPWH)
- Mr. Remegias G. Timonio, Ed.D., CEO VI - Prov'l Director, Technical Education Skills  
Dev't Authority (TESDA)
- Ms. Arlene L. Morpus - Member, Association of Friends of the  
Home for the Aged, Inc.
- Ms. Nenita R. Malbas, CPA - Past President, Phil. Institute of Certified  
Public Accountant (PICPA)
- Ms. Zenaida R. Serrano - Executive Director, SPES Pauperum  
Foundation, Inc. (SPFI)
- Ms. Eva E. Estabillo - President, Rural Improvement Club (RIC)
- Mr. Cristito M. Calig-onan - CEO, Tribal Educ. On Ecological System  
(TREES) Community School and Learning  
Center
- Mr. Epifanio Loyola - President, Prov'l. Agriculture & Fisheries  
Council (PAFC)



Hon. Anthony G. del Rosario  
Governor, Davao del Norte



**OTHERS PRESENT:**

Hon. Raymond Joey Millan	-	SP Member
Engr. Raul G. Mabanglo	-	PG-Department Head, PEO
Dr. Anastacia G. Notarte, RA, Ph.D.	-	PG-Department Head, PAGRO
Ms. Ma. Eliza Andin, CPA	-	PG-Department Head, PEEDO
Atty. Edd Mark Wakan	-	PG-Department Head, PGSO
Ms. Norma A. Lumain, CPA, MPA	-	PG-Department Head, PBO
Ms. Regina C. Ricafort, CPA, MBA	-	PG-Department Head, PTO
Ms. Serlinda C. Atake, CPA, MBA	-	PG-Department Head, PACCO
Engr. Jivelyn B. Co	-	Asst. PG Dept. Head, PEO
Engr. Lily M. Salazar	-	Asst. PG Dept. Head, PASSO
Eduardo Malicay	-	Asst. PG Dept. Head, PENRO-LGU
Noel S. Daquioag	-	PTO, PADO- Tourism
Ms. Ernanita L. Cabebe	-	Internal Auditor V, PGO-IASD
Jane P. Bantilan	-	MPDC, B.E. Dujali
Engr. Gilbert G. Mambulao Jr.	-	Engineer II, PEO
Anita G. Juntilla	-	Facilitator, LPTRP & SFMP
Areonito L. Lamoste	-	SAO, PEEDO
Princess Lyn N. Vistal	-	PENRO, LGU
Reil C. Delosa	-	SCMS, PENRO-LGU
Godofredo B. Gono	-	AO IV, PENRO-LGU
Maritess D. Jocson	-	PLO III, DENR
Cyrean Anthony Durban	-	PMO II, DENR
May Anne Oclarit	-	LTOO III, PTO
Jasper Ryan P. Crucio	-	Engineer I, PEO
Ma. Janice Boiser	-	STOO, PADO- Tourism
Maria Theresa V. Catao	-	PDO IV, PPDO
Mildred B. Funtilon	-	PEO IV, PPDO
Araceli N. Cajés, EnP	-	PO III, PPDO
Engr. Hazel C. Zafra, EnP	-	PO III, PPDO
Maria Florencia B. Cadagdagon	-	AO V, PPDO
Odilon Juntilla, EnP	-	PO I, PPDO
Lorelie Dela Torre	-	AA III, PPDO
Mary Joy P. Olavides	-	PO I, PPDO

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Hon. Anthony G. del Rosario  
Governor, Davao del Norte

PDC RESOLUTION NO. 17, SERIES OF 2018

**A RESOLUTION APPROVING AND ENDORSING THE PROVINCIAL STRATEGIC FINANCIAL MANAGEMENT PLAN (SFMP) 2018-2022 TO THE SANGGUNIANG PANLALAWIGAN FOR APPROPRIATE ACTION**

**WHEREAS**, the Strategic Financial Management Plan (SFMP) 2018-2022 formulated by the SFMP-Technical Working Group of the Province of Davao del Norte serves as a fiscal management tool of the provincial government to manage its finances efficiently and effectively and ensure that resources are available to meet the peoples priority needs;

**WHEREAS**, the plan sets the direction of the provincial government in terms of revenue generation, resource mobilization and utilization of its financial resources in the next five (5) year period;

**WHEREAS**, as a fiscal management tool the plan contains system of rules, procedures and practices to manage public finances effectively and address key challenges of controlling spending which are not a priority;

**WHEREAS**, the updating of the plan is crucial to promote sustainability of development programs, projects and activities, and generate income opportunities for the province;

**WHEREAS**, an orderly and open public financial management system enables the province to generate its own sources of revenues and control spending within limits, spending only on programs, projects and activities which are truly needed by the constituents;

**WHEREAS**, the SFMP is in support to the BEST PEOPLE development agenda of the provincial government on Transformative Leadership through improved public financial management resulting to improved delivery of basic services by the provincial government and ultimately improve the welfare of its constituents;

**WHEREAS**, after thorough deliberation, the Council recognized that the updated SFMP serves as a fiscal management tool of the provincial government in its quest to improve the delivery of basic services consistent with the policy directions set by the province;

**WHEREFORE**, upon the motion of Mr. Virgilio F. Agunod, President, Tagum City Chamber of Commerce and Industry, Inc. and seconded by Ms. Araceli L. Ayuste, President, Provincial Tourism Council, be it;

**RESOLVED**, as it is hereby resolved to approve and endorse the Strategic Financial Management Plan (SFMP) 2018-2022 to the Sangguniang Panlalawigan for their consideration and appropriate action;

**RESOLVED FURTHER**, that copy of this resolution be forwarded to the Sangguniang Panlalawigan, and copy furnished Hon. Antonio Rafael G. del Rosario, Governor, the Local Finance Committee (LFC) and Mr. Nelson F. Plata, OIC, PPDC, for their information and guidance.



**CARRIED UNANIMOUSLY.**

**I HEREBY CERTIFY** to the correctness of the above-quoted resolution.

**NELSON F. PLATA, EnP, MPA**  
OIC, Provincial Planning & Dev't. Coordinator  
PDC Secretary

Approved :

**SAMSON J. SANCHEZ, MPA, CSEE**  
(Provincial Administrator)  
OIC Governor  
PDC Presiding Officer



**Hon. Anthony G. del Rosario**  
Governor, Davao del Norte



**EXCERPTS FROM THE MINUTES OF THE 47<sup>TH</sup> REGULAR SESSION OF THE SANGGUNIANG PANLALAWIGAN OF DAVAO DEL NORTE (TERM 2016-2019) HELD AT THE SESSION HALL, PROVINCIAL GOVERNMENT CENTER (CAPITOL), TAGUM CITY, ON MONDAY, NOVEMBER 26, 2018**

**Present:**

Hon. Alan R. Dujali, DFRIPAR	Vice-Governor (Regular Presiding Officer)
Hon. Shirley Belen R. Aala	Member
Hon. Roy J. Catalan	Member
Hon. Vicente C. Eliot, Sr.	Member
Hon. Ernesto T. Evangelista, Sr.	Member
Hon. Hernanie L. Duco	Member
Hon. Raymond Joey D. Millan	Member
Hon. Jannet N. Tanong-Maboloc	Member
Hon. Francisco C. Remitar, MDMG	Member
Hon. Alfredo B. De Veyra III	Member
Hon. Dindo C. Parangan	Member/FABC
Hon. Marcial B. Lig-onan	Member/IPMR

**On Official Business:**

Hon. Rodolfo G. del Rosario, Jr.	Senior Board Member
Hon. Dan P. Gervacio, REE	Member /PCL
Hon. Emerson Dave A. Silutan	Member/SKPPF (Baguio City)

**Absent: None**

*Sponsors: Hon. Roy J. Catalan, Hon. Shirley Belen R. Aala, Hon. Vicente C. Eliot, Sr., Hon. Ernesto T. Evangelista, Sr., Hon. Hernanie L. Duco, Hon. Raymond Joey D. Millan, Hon. Jannet N. Tanong-Maboloc, Hon. Francisco C. Remitar, MDMG, Hon. Alfredo B. De Veyra III, Hon. Dindo C. Parangan and Hon. Marcial B. Lig-onan*

**RESOLUTION NO. 913**

**APPROVING THE PROVINCIAL STRATEGIC FINANCIAL MANAGEMENT PLAN (SFMP) 2018-2022 OF THE PROVINCE OF DAVAO DEL NORTE**

**WHEREAS**, a letter dated November 21, 2018 of Hon. Antonio Rafael G. del Rosario, Governor, this Province, duly received by the Office of the Secretary to the Sangguniang Panlalawigan on November 26, 2018, endorsed to this August Body, PDC Resolution No. 17, series 2018 of the Provincial Development Council (PDC), this Province, was presented for appropriate action;

**WHEREAS**, the Strategic Financial Management Plan (SFMP) 2018-2022 is the brainchild of the SFMP-Technical Working Group of the Province and serves as a fiscal management tool of the Provincial Government in ensuring the efficient and effective management of available resources for optimum delivery of priority needs;

**WHEREAS**, it is crucial to strike a balance in promoting sustainability of development programs, projects and activities and generating income opportunities for the province vis-à-vis controlling spending limits to prioritize the actual needs of the constituents;



**WHEREAS**, under the B.E.S.T. P.E.O.P.L.E. Development Agenda, the Provincial Government puts premium on the Transformative Leadership aspect through the SFMP through the provision of strategic direction in terms of revenue generation, resource mobilization and utilization of its financial resources in the mentioned five (5) year period which will ultimately result to improved delivery of basic services consistent with the policy directions set by the province;

**WHEREAS**, considering the necessity for the immediate implementation of the SFMP, the August Body is in unanimous accord to approve the same under Unassigned Business.

**WHEREFORE, BE IT RESOLVED**, by the Sangguniang Panlalawigan in Session Assembled, to approve, as it is hereby approved, the Provincial Strategic Financial Management Plan (SFMP) 2018-2022 of the Province of Davao del Norte;

**RESOLVED, FURTHER**, that copy of this resolution be forwarded to Hon. Antonio Rafael G. del Rosario, Governor, this Province, for appropriate action, let a copy of the same be furnished Mr. Samson J. Sanchez, CSEE, MPA, Provincial Administrator, Chairperson, Local Finance Committee (LFC) and Mr. Nelson F. Plata, EnP, MPA, OIC-Provincial Planning and Development Coordinator/PDC Secretary, both of this Province, for their information and record.

**CARRIED.**

I hereby certify to the correctness of this resolution.

**DENNIS DEAN T. CASTILLO, MPA**  
(PG Department Head)  
Secretary to the Sanggunian

**ATTESTED:**

  
**ALAN R. DUJALI, DFRIPAR**  
(Vice-Governor)  
Regular Presiding Officer

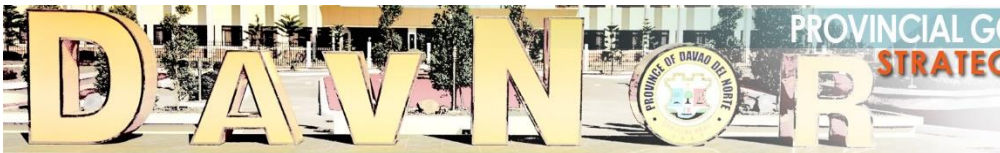
**APPROVED:**

  
**ANTONIO RAFAEL G. DEL ROSARIO**

Governor  
DEC 04 2018  
Date Signed

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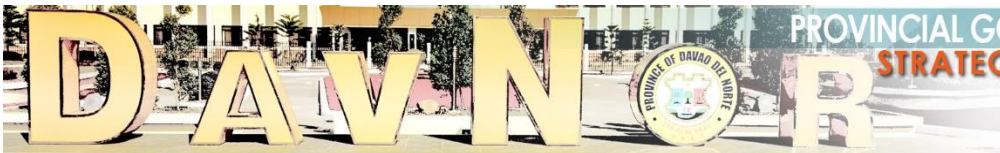
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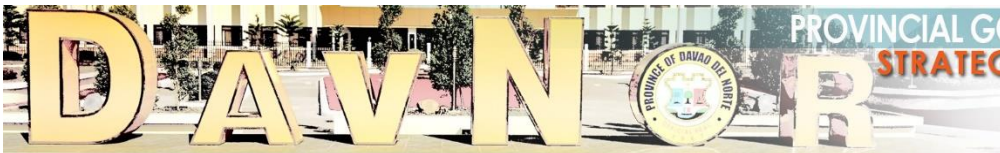
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### ACRONYMS

<i>AIP</i>	Annual Investment Plan
<i>AO</i>	Administrative Order
<i>ARGR</i>	Average Revenue Growth Rate
<i>ARTA</i>	Anti-Ted Tape Act
<i>AusAID</i>	Australian Agency for International Development
<i>BIR</i>	Bureau of Internal Revenue
<i>BLGF</i>	Bureau of Local Government Finance
<i>CDH</i>	Carmen District Hospital
<i>CER</i>	Collection Efficiency Rate
<i>CHB</i>	Concrete Hollow Block
<i>CO</i>	Capital Outlay
<i>COA</i>	Commission on Audit
<i>CSC</i>	Civil Service Commission
<i>CSO</i>	Civil Society Organization
<i>DA</i>	Department of Agriculture
<i>DAR</i>	Department of agrarian Reform
<i>DBM</i>	Department of Budget and Management
<i>DepED</i>	Department of Education
<i>DF</i>	Development Fund
<i>DILG</i>	Department of the Interior and Local Government
<i>DIDP</i>	Davao Integrated Development Program
<i>DOF</i>	Department of Finance
<i>DOH</i>	Department of Health
<i>DPWH</i>	Department of Public Works and Highways
<i>ELA</i>	Executive –Legislative Agenda
<i>ELFC</i>	Expanded Local Finance Committee
<i>eNGAS</i>	electronic New Government Accounting System
<i>ETRACS</i>	Enhanced tax revenue assessment and collection system
<i>FE</i>	Financial Expenses
<i>FMIS</i>	Financial Management Information System
<i>FMIS</i>	Fund Management Information System
<i>GAAM</i>	Government Accounting and Auditing Manual
<i>GF</i>	General Fund
<i>GIS</i>	Geographic Information System
<i>GR</i>	Growth Rate
<i>HOMIS</i>	Hospital Management Information System
<i>IASD</i>	Internal Audit Service Division
<i>IEC</i>	Information and education campaign
<i>IRA</i>	Internal Revenue Allotment
<i>IT</i>	Information Technology



<i>JICA</i>	Japan International Cooperation Agency
<i>KDH</i>	Kapalong District Hospital
<i>LBP</i>	Land Bank of the Philippines
<i>LCE</i>	Local Chief Executive
<i>LEE</i>	Local Economic Enterprise
<i>LEP</i>	Local Expenditure Program
<i>LGC</i>	Local Government Code
<i>LGPMS</i>	Local Governance Performance Management System
<i>LGU</i>	Local Government Unit
<i>LSB</i>	Local School Board
<i>MASSO</i>	Municipal Assessor's Office
<i>M &amp; E</i>	Monitoring and evaluation
<i>MIS</i>	Management Information System
<i>MOA</i>	Memorandum of Agreement
<i>MOOE</i>	Maintenance and other Operating Expenditure
<i>MRDP</i>	Mindanao Rural Development Program
<i>NEDA</i>	National Economic and Development Authority
<i>NGA</i>	National Government Agencies
<i>NGO</i>	Non-government Organization
<i>NOBLE</i>	No Barangay Left Behind
<i>OR</i>	Official Receipt
<i>OSS</i>	Office of the Secretary to the Sanggunian
<i>PACCO</i>	Provincial Accountant's Office
<i>PaDO</i>	Provincial Administrator's Office
<i>PaDO-IT</i>	Provincial Administrator's Office-Information Technology Division
<i>PAFC</i>	Provincial Agriculture and Fishery Council
<i>PAGRO</i>	Provincial Agriculturist Office
<i>PAIC</i>	Provincial Administration and Investigation Committee
<i>PAO</i>	Public attorney's Office
<i>PASSO</i>	Provincial Assessor's Office
<i>PBO</i>	Provincial Budget Office
<i>PCSO</i>	Philippine Charity Sweepstakes Office
<i>PDAF</i>	Philippine Development Assistance Fund
<i>PDC</i>	Provincial Development council
<i>PDIP</i>	Provincial Development Investment Program
<i>PDPFP</i>	Provincial Development and Physical Framework Plan
<i>PDRRMC</i>	Provincial Disaster Risk Reduction Management Council
<i>PEEDO</i>	Provincial Economic Enterprise Development Office
<i>PENRO-LGU</i>	Provincial Environment and Natural Resources Office-Local Government Unit
<i>PEO</i>	Provincial Engineer's Office
<i>PES</i>	Performance Evaluation System
<i>PFM</i>	Public Financial Management
<i>PFMAT</i>	Public Financial Management Assessment Tool
<i>PLGU</i>	Provincial Local Government Unit
<i>PGDdN</i>	Provincial Government of Davao del Norte
<i>PGO</i>	Provincial Governor's Office
<i>PGO-IASD</i>	Provincial Governor's Office-Internal Audit Service Division



<i>PGSO</i>	Provincial General Services Office
<i>PHIC</i>	Philippine Health Insurance Corporation
<i>PHO</i>	Provincial Health Office
<i>PHRMO</i>	Provincial Human Resource Management Office
<i>PIO</i>	Provincial Information Office
<i>PLO</i>	Provincial Legal Office
<i>PMC</i>	Project Monitoring Committee
<i>PO</i>	People’s Organization
<i>PPAs</i>	Program, projects and activities
<i>PPDO</i>	Provincial Planning and Development Office
<i>PPOC</i>	Provincial Peace and Order Council
<i>PPP</i>	Public Private Partnership
<i>PRMF</i>	Provincial Road Management Facility
<i>PS</i>	Personal Services
<i>PSWDO</i>	Provincial Social Welfare and Development Office
<i>PTA</i>	Parent-Teacher’s Association
<i>PTO</i>	Provincial Treasurer’s Office
<i>PVO</i>	Provincial Veterinary Office
<i>RA 7160</i>	Republic Act No. 7160, the Local Government Code of 1991
<i>RCPC</i>	Reinforce Concrete Pipe Culvert
<i>RD</i>	Registry of Deeds
<i>REDAS</i>	Rapid Earthquake Damage assessment System
<i>RPMS</i>	Regional Project Monitoring System
<i>RPT</i>	Real Property Tax
<i>RPT</i>	Real Property Tax
<i>RTC</i>	Regional Trial Court
<i>S/G</i>	Sand and gravel
<i>SDH</i>	Samal District Hospital
<i>SEF</i>	Special Education Fund
<i>SEP</i>	Socio-economic Profile
<i>SFMP</i>	Strategic Financial Management Plan
<i>SLGR</i>	State of Local Governance Report
<i>SMV</i>	schedule of market values
<i>SP</i>	Sangguniang Pnalalawigan
<i>SPO</i>	Sangguniang Panlalawigan Office
<i>SSI</i>	Staff and skills inventory
<i>SWOT</i>	Strength, weaknesses, opportunities and threats
<i>TWG</i>	Technical Working Group
<i>UBOM</i>	Budget Operations Manual
<i>VGO</i>	Vice Governor’s Office
<i>VMG</i>	Vision, mission, goals

The background features a white circle in the center, surrounded by overlapping translucent triangles in various shades of green and blue. The triangles are arranged in a pattern that suggests a stylized sunburst or a modern architectural design. The colors transition from light green on the left to light blue on the right, with darker shades of green and blue in the upper and lower corners.

# Introduction



## 1.0 INTRODUCTION

The updated Strategic Financial Management Plan (SFMP) formulated by the Province of Davao del Norte (PGDdN) serves as fiscal management tool of the provincial government in its quest to improve the delivery of basic services. It is primarily anchored on the development thrusts and priorities that are consistent with policy directions set by the province.

### 1.1 LINKS TO PROVINCIAL STRATEGIC DIRECTIONS

Davao del Norte was created by virtue of Republic Act No. 4867 dated May 8, 1967 which divided the then old province of Davao. It is a first class province comprised of three (3) component cities of Tagum, Panabo and the Island Garden City of Samal, and eight (8) municipalities with 223 barangays. It covers a total land area of 3,462.80 hectares with a population of 945,764 (Census 2010).

The economy of the province is largely agriculture-based with export bananas and rice as major crops. The province is the major exporter of Cavendish bananas which accounts 50% of the total banana exports from the Region.

PGDdN envisions to be a ***“premier province in producing export-quality agricultural products that are globally competitive, with climate change adaptive and risk resilient communities, social equity, improved quality of life under a transparent governance”***. Consequently, the province makes it imperative to fulfill its mission of uplifting the quality of life for all through the provision of adequate services and facilities; transparent, effective and gender responsive local governance; adopting a science-based policy in agriculture, climate change adaptation and disaster risk reduction and management; and providing avenue for peoples participation thus ensuring sustainable development.

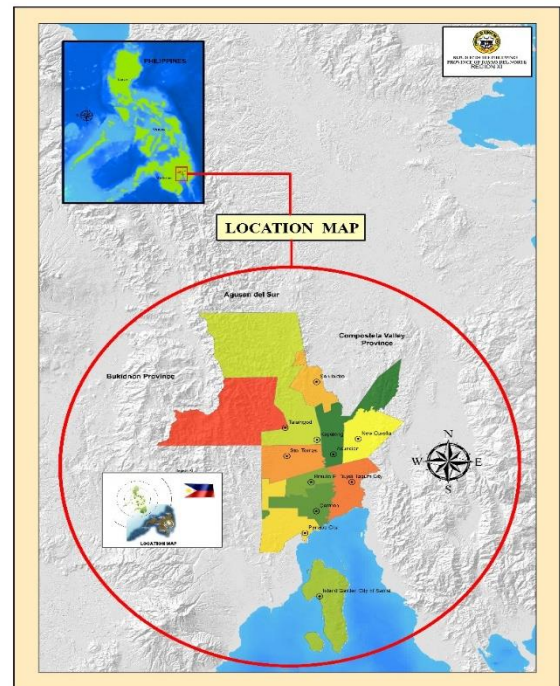


Figure 1: Map of Davao del Norte

### 1.2 Provincial Thrusts and Priorities

The development framework of the province emphasizes on balanced growth and sustainable development. The development thrust and priorities are anchored on **B.E.S.T. P.E.O.P.L.E.** It is *a development agenda which aims to transform the Davaonon people from being a survivalist and subsistent population into becoming sustainable, self-reliant globally competitive communities. This development agenda intends to fortify Davao del Norte’s increasing prominence as the best place to start a business, to find a job, to raise a family and to make one’s dreams come true.*

The components of the BEST PEOPLE strategy will be outcomes and impact-based and not activity-based targets which are designed to reach one goal: the empowerment of the Davaonon people in the social, economic, moral, and educational aspects of their lives.

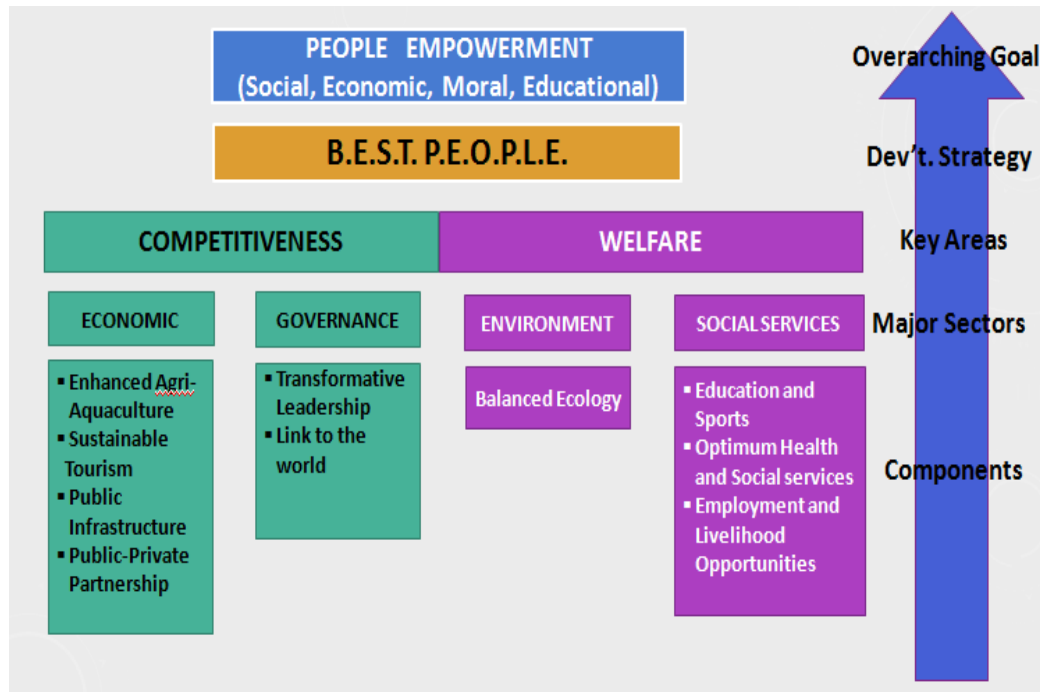


Figure 2. B.E.S.T. P.E.O.P.L.E. Conceptual Framework

The objective of making Davao del Norte a competitive and welfare-driven province shall be pursued with the development areas called “AMA” or “*Abilidad at Malasakit*”. “*Abilidad*” or competitiveness refers to the programs under the Economic and Governance Sectors, while “*Malasakit*” or welfare encompasses programs belonging to the Environment and Social sectors.

Accordingly, provincial programs, projects and activities are geared towards attainment of these goals of putting a human face to development. This demands availability of revenues to fund the various development initiatives. However, just like other local government units, PGDdN has been experiencing limited resources and financial setback

### 1.3 Description of the Fiscal Gaps and LGU Initiatives on Public Financial Management

Comparing with other first class provinces and the national average of all provinces, PGDdN shows lower level of financial performance having a high dependency rate on Internal Revenue Allotment (IRA). While IRA dependency is common to most of the provinces, this condition has adverse effect to PGDdN for having three (3) component cities enjoying fiscal autonomy, and with only eight (8) municipalities under its jurisdiction. These component cities used to contribute bigger shares in real property taxes of the provincial revenues.



While the income pattern for the last five (5) years (2013-2017) shows an increasing trend having an average annual growth rate of 13%, the dependency level on IRA has also been increasing. Local revenue accounts only at 16% in 2015 to 2016 and it dropped to 15% in 2017.

An improved fiscal performance has been noted in PGDdN in the past years. Furthermore, the enactment of the Updated Revenue Code in 2017 which took effect in July of the same year, with an inclusion of new sources of revenues resulted to an increase in local revenue.

Moreover, the Provincial Economic Enterprise Development Office (PEEDO) which was created in 2011 manages the economic enterprises. For now, only the three (3) provincial hospitals, blood bank, sales of CHB & RCPC and Philippine Health Insurance operations are considered economic enterprises but provincially subsidized. Review and further study of its operation must be conducted to enhance services and be considered revenue center facilities. On the other hand, formulation of a comprehensive economic enterprise development program must also be undertaken.

It is worthwhile to note that an in-house Financial Management Information System (FMIS) and electronic New Government Accounting System (eNGAS) has been operationalized. With regards to Real Property Tax Administration, the Enhanced Tax Revenue Assessment and Collection System (ETRACS) is already in place for real time data capturing both in the assessment and the collection. Still, Real Property tax mapping is not yet based on Geographic Information System (GIS).

Meanwhile, internal audit services has been established but it focuses more on controls rather than auditing services, hence, function review and realignment is necessary. Likewise, a provincial internal audit charter needs to be formulated and put in place.

Moreover, while development planning processes have been observing the prescribed standard procedures and long and short term plans are available, there are issues on data accuracy and proper management. For one, the GIS is not yet fully used in planning.

#### 1.4 Summary/Conclusion

The Strategic Financial Management Plan (SFMP) seeks to provide direction in revenue generation, resource mobilization and utilization for the next five (5) years (2018 – 2022). This plan is vital tool to increase local revenues in order to improve public access and service delivery in the province.

The Public Financial Management (PFM) model looks into the performance areas of planning, budgeting, revenue generation and treasury management, expenditure management, accounting and financial reporting, internal control and audit and the local economic enterprise operation.



# Provincial Fiscal Profile

## 2.0 PROVINCIAL FISCAL PROFILE

This part of the plan shows the financial condition of the province for the last five (5) years, including its income and expenditure patterns and other financial performance indicators from 2013 - 2017.

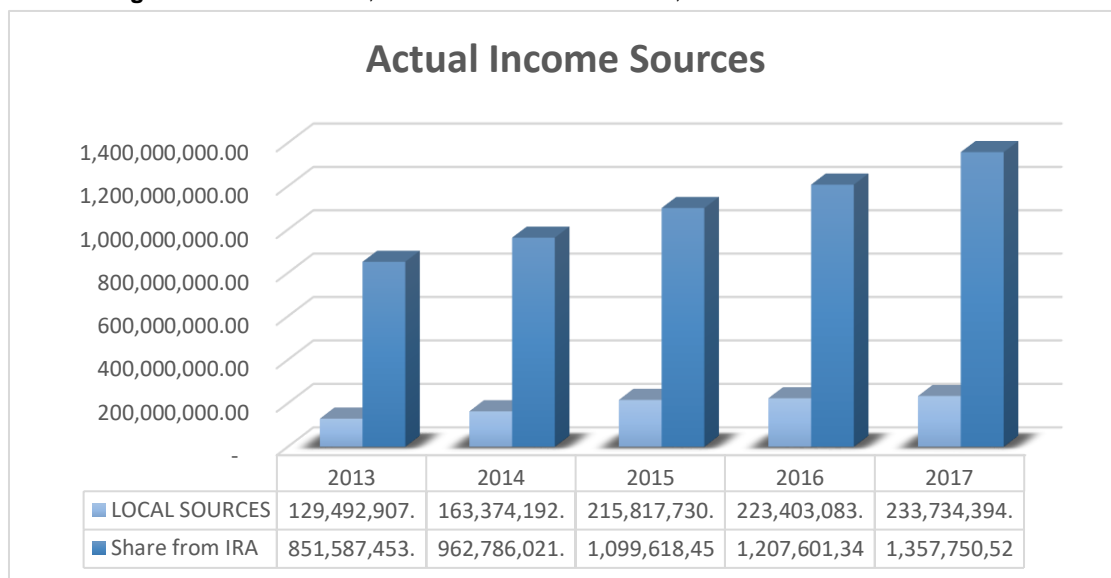
### 2.1 INCOME PATTERNS

PGDdN has been classified as first (1<sup>st</sup>) class province by the Department of Finance (DOF). Although having a limited taxing power as authorized in the Local Government Code (LGC) of 1991 compared to cities and municipalities, it has managed to maintain its classification.

For over five (5) years 2013-2017, PGDdN realized an average yearly income of Php 1,289,033,221.17. Of this amount, IRA has contributed an average of 85.12% while local income shared only 14.88%.

As can be observed, actual total income of the province for the last five (5) years (2013-2017) has been increasing. Please refer to figure below.

**Figure 3.** Actual Income, Local and External Sources, 2013 – 2017 Davao del Norte



Source: Provincial Treasurer's Office, Davao del Norte

Details of income sources is summarized in Table No. 1 below. Be it noted that income from sand and gravel has a tremendous increase from Php 6 million in 2013 to Php 12 million in 2017. Payment from ecosystem services (PES) was implemented in 2017 and realized an income of Php 9 million.

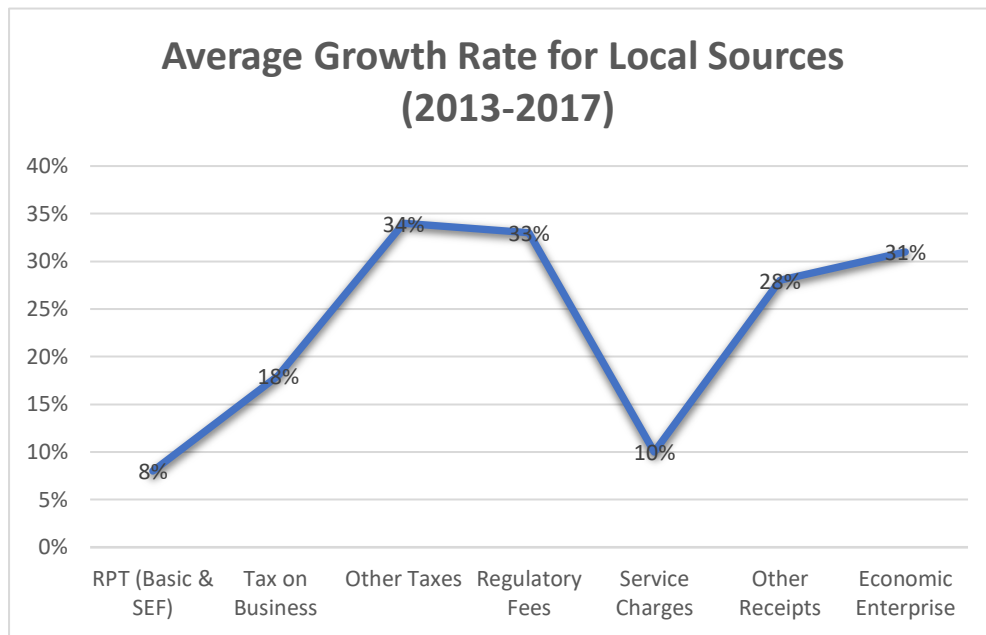
**Table 1.** Summary of Actual Income, 2013-2017, Davao del Norte.

ACTUAL INCOME					
General Fund and Special Education Fund					
Revenue Sources	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
<b>LOCAL SOURCES</b>					
RPT (Basic & SEF)	44,188,151.65	55,203,698.82	52,944,706.98	58,811,860.69	59,410,392.62
Franchise Tax	2,744,343.04	2,982,438.50	2,937,714.87	2,989,503.88	3,464,690.74
Printing and Publication Tax	42,163.08	46,201.04	86,109.74	108,231.71	92,510.54
Amusement Tax	99,861.94	131,119.10	309,769.60	489,020.00	318,849.45
Sand and Gravel Tax	6,280,479.94	6,445,664.10	6,931,723.04	11,067,700.70	12,669,258.09
Tax on Delivery Truck/Vans	1,295,400.00	1,345,700.00	1,464,900.00	1,526,800.00	1,656,250.00
Property Transfer Tax	1,442,175.29	2,068,896.07	2,204,163.65	2,984,531.75	4,295,809.57
Professional Tax	63,725.00	86,885.00	103,950.00	101,050.00	112,475.00
Fines and Penalties-Tax Revenue	132,888.04	232,796.01	300,683.10	648,301.67	653,952.68
Inspection Fees	14,900.00	13,300.00	12,800.00	32,800.00	63,600.00
Payment of Ecosystem Services (PES)	-	-	-	-	9,219,787.50
Permit Fees	530,568.00	494,505.00	503,178.00	573,794.00	696,115.00
Hospital Fees/Bloodbank	56,301,279.55	74,591,698.37	127,951,641.04	122,782,603.31	114,991,540.72
PHO-wbe, medical, dental & lab fee	212,400.00	301,700.00	411,100.00	484,400.00	780,450.00
Secretary's Fees	705,390.00	681,165.05	672,760.05	655,235.30	972,884.00
Accreditation Fee	103,600.00	118,900.00	125,000.00	126,700.00	138,700.00
Sales of Accountable Forms	3,786,009.85	4,239,056.80	5,066,992.80	5,447,400.60	5,459,235.40
Stickers	199,000.00	200,600.00	230,700.00	247,200.00	256,700.00
Sand and Gravel Misc. Fee	286,215.00	325,480.00	371,277.58	447,460.00	431,510.00
Sale of Trichoderma	309,471.00	431,483.00	517,268.00	1,684,780.00	1,631,130.00
Sales of Waste Materials					
Plans and Spec. Comp. Test, etc.	1,442,004.57	606,944.87	1,966,969.12	2,676,348.22	4,562,485.07
Gain of Disposed Asset					49,160.23
Rental-Equipment	4,018,321.37	6,184,247.16	3,389,554.31	939,238.82	1,871,764.52
Hall Rentals	237,700.00	214,450.00	100,375.00	108,650.00	21,000.00
DNSTC	-	1,997,260.09	2,099,945.00	2,701,722.47	2,327,758.00
Sale of RCPC	2,064,920.00	2,072,297.50	2,546,980.00	1,732,925.00	3,444,860.00
Sale of CHB	314,666.00	523,228.60	382,636.40	1,016,635.50	734,716.40
Interest Income (GF & SEF)	2,677,274.67	1,834,477.02	2,184,832.00	3,018,190.02	3,406,809.14
<b>Total Local Sources</b>	<b>129,492,907.99</b>	<b>163,374,192.10</b>	<b>215,817,730.28</b>	<b>223,403,083.64</b>	<b>233,734,394.67</b>
<b>EXTERNAL SOURCES</b>					
IRA/Share from PCSO/Nat'l. Wealth	851,587,453.80	962,786,021.54	1,099,618,452.98	1,207,601,341.14	1,357,750,527.72
<b>GRAND TOTAL</b>	<b>981,080,361.79</b>	<b>1,126,160,213.64</b>	<b>1,315,436,183.26</b>	<b>1,431,004,424.78</b>	<b>1,591,484,922.39</b>

Source: Provincial Treasurer's Office, Davao del Norte

The annual growth rate per income classification of local sources is summarized in Figure 4.

**Figure 4.** Average Growth Rate for Local Sources, 2013 – 2017, Davao del Norte.



Source: Provincial Treasurer’s Office, Davao del Norte

### 2.1.1 Collection Efficiency

The province has proven its capacity to collect targeted revenue with more than 100% Collection Efficiency Rating (CER). It posted an annual average CER of 101.49% for five (5) years (2013-2017). It can be noted that collection efficiency rating has been increasing from 2014 to 2017 as shown in Table 2 below.

**Table 2.** Collection Efficiency Rating (Gen Fund & SEF), 2013 – 2017, Davao del Norte

	2013	2014	2015	2016	2017
<b>Estimated Revenue</b>	992,309,763.00	1,140,065,524.00	1,291,890,000.00	1,405,243,000.00	1,570,276,770.00
<b>Actual Collection</b>	981,080,361.76	1,126,160,213.64	1,315,436,183.26	1,431,004,424.78	1,591,484,922.39
<b>Collection Efficiency %</b>	98.87%	98.78%	101.82%	101.83%	101.35%

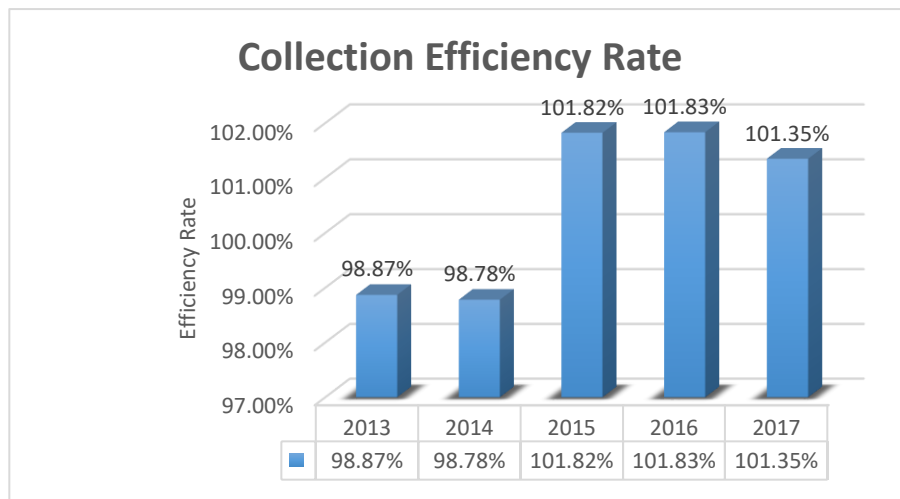
Source: Provincial Treasurer’s Office (PTO), Davao del Norte

Table 2 and Figure 5 show that the highest performance was achieved in 2016 that it posted 101.83%. The increase was attributed to the hospital collection mostly in the PHILHEALTH reimbursements, Real Property Tax, Sand and Gravel Tax, Sales of Accountable Forms and Sales of Trichoderma/Trichogramma. Despite the slight decrease seen in 2016, it gradually increases until 2017. The additional effort exerted by the Provincial Treasurer’s Office and the adopted strategies contributed to increase in collection. These activities are the following:

- A. Real Property Tax Administration
  - I. Information Education Campaign
    - i. Installation of Streamers/Tarpaulins on conspicuous places
    - ii. Conduct Barangay Forum on Real Property Tax
    - iii. Distribution of leaflets/flyers

- iv. House to house delivery of tax notices/bills
- v. Local News Publication for List of Delinquent Real Property Owners
- vi. Attend and distributed flyers during PTA meetings conducted by the different schools
- II. Remedy/Measures
  - i. Updating of Revenue Code
  - ii. Conduct of public auction
- B. Continued monitoring of quarry operations in the different strategic areas particularly the delivery receipts of sand and gravel (S & G) tax
- C. Continued monitoring through checkpoints of delivery trucks and vans
- D. Direct deduction of equivalent S/G extraction fees from contractor's claims in the province, municipalities and Department of Public Works and Highways provincial level
- E. Continued implementation of compromise agreement by delinquent taxpayers on real property taxes

**Figure 5.** Collection Efficiency Rating, 2013 – 2017, Davao del Norte



Source: Provincial Treasurer's Office, Davao del Norte

The lowest collection efficiency experienced in 2014 was due the delayed reimbursement on hospital fees from PHIC and the unrealized equipment rental.

### 2.1.2 Revenue Growth Rate

The overall Average Revenue Growth Rate (ARGR) of the Province for years 2013-2017 is 13%. The highest ARGR recorded in 2014-2015 of 17% was attributed to the significant increase of collection on PHILHEALTH share reimbursements which was due in 2014 but remitted by PHIC to the different hospitals in 2015. However, it dropped to 9% in 2015- 2016. The decrease was due to the unrealized collection of Real Property Tax wherein most local and exportable bananas were affected by panama diseases in 2015 and the constant occurrence of flood affected the production of rice, corn, and other high valued crops. Also, the targeted income for equipment rental and franchise taxes were not realized. See Table 3.



**Table 3.** Revenue Growth Rate (GF & SEF), 2013 – 2017, Davao del Norte

	2013-2014	2014-2015	2015-2016	2016-2017
LOCAL SOURCES	26%	32%	4%	5%
Share from IRA	13%	14%	10%	12%
Total Collection	15%	17%	9%	11%

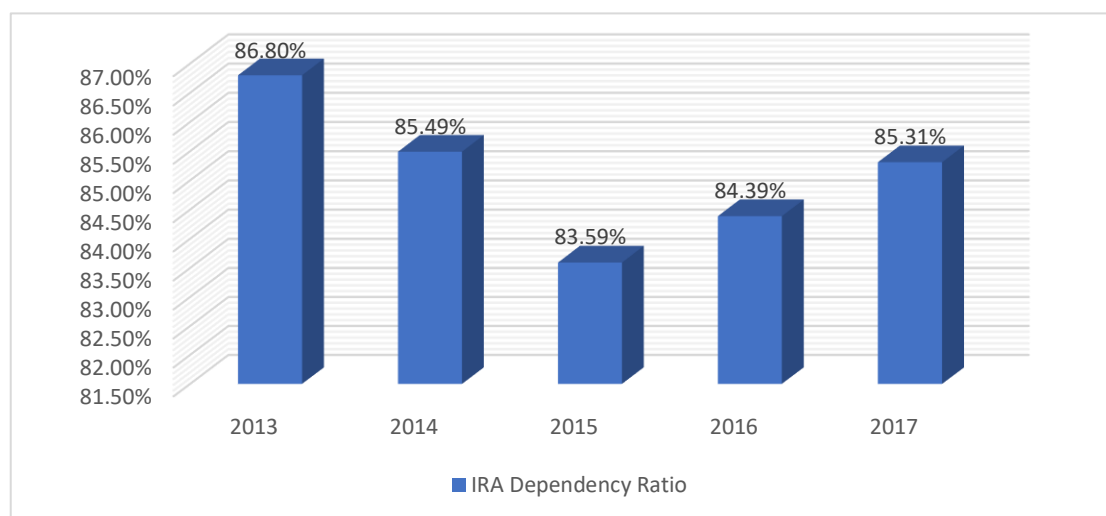
Source: Provincial Treasurer's Office, Davao del Norte

Likewise, the highest GR from Internal Revenue Allotment (IRA) was recorded in 2014-2015 with 14% and the lowest GR was in 2015-2016 of 10%. The growth rate pattern on IRA is increasing from 2015 – 2017.

### 2.1.3 IRA Dependency Ratio

PGDdN is highly dependent on Internal Revenue Allotment (IRA) from National Government. The overall average on IRA dependency ratio for five (5) years (2013-2017) is 85.12%. The highest was posted in 2013 at 86.80% while the lowest was in 2015 of 83.59%. IRA dependency ratio is relatively low in 2015 due to high collection from local sources particularly in the Provincial Economic Enterprise Office (PEEDO). Refer to Figure 4. IRA dependency ratio.

**Figure 6.** IRA Dependency Ratio, 2013 – 2017, Davao del Norte



Source: Provincial Treasurer's Office, Davao del Norte

Factors attributed on higher dependency of IRA are the following: a) revenue taxing power of the province is limited to those authorized only in the Local Government Code of 1991 b) tax mapping is not yet GIS based c) those CARP properties with no individual technical descriptions d) delayed PHILHEALTH reimbursements to hospital by PHIC e) occurrence of natural calamities and diseases in agricultural crops.

The enactment of Revised Revenue Code which took effect in July 2017 paved the way to the increase in local revenues. The collection of Payment of Ecosystem Services (PES) for sand and gravel extracted in the province and the drug testing fees were additional sources of revenues in 2017.

### 2.1.4 Revenue Per Capita Source: Provincial Treasurer's Office, Davao del Norte

Revenue per capita is the translation of the total income to total population. In PGDdN, it has an annual average of PhP 1,227.82. The income excludes the borrowings of the province. Highest revenue per capita was observed in 2017 at PhP 1,523.80 while the lowest was reported at PhP 919.04 in 2013. An increasing trend has been recorded in those years 2013 to 2017, Table 4.

**Table 4.** Revenue per Capita, 2013 – 2017, Davao del Norte

	2013	2014	2015	2016	2017	Annual Average per capita
<b>Total Income</b>	981,080,361.79	1,126,160,213.64	1,315,436,183.26	1,431,004,424.78	1,591,484,922.39	
<b>Population</b>	1,067,502	1,111,832	1,016,332	1,030,158	1,044,412	
<b>Revenue per Capita</b>	919.04	1,012.88	1,294.29	1,389.11	1,523.80	1,227.82

Source: Provincial Planning and Development Office & Provincial Treasurer's Office, Davao del Norte

## 2.2 LOANS AND OTHER INDEBTEDNESS

For the period 2013-2017, the province has approved loans from Land Bank of the Philippines (LBP) amounting to PhP 831.5M (General & Special Education Fund). However, as of December 31, 2017 only PhP 761.1M was released based on actual accomplishments. Out of the released amount, PhP 342.8 Million were paid to LBP as payment to the principal amount. Refer to Table 5.

These loans are payable for ten (10) to fifteen (15) years based on the terms and conditions stipulated in the loan agreement. The interest is at 91 days T-bill rate plus minimum spread of 3% or 7.5% whichever is lower.

**Table 5.** Statement of Loans/Releases and Repayments, Davao del Norte

STATEMENT OF LOANS/RELEASES/REPAYMENTS							
as of December 31, 2017							
CREDITOR	Date Contracted	Purpose of Loan	Approved Loan	Amount Released	Amount Paid (Principal)	Amount Paid (Interest)	Unreleased Amount
LBP	01/20/2017-01/230/2032	TL 15 Upgrading of Davao del Norte Sports Complex	30,000,000.00	23,999,984.80	-	294,262.82	6,000,015.20
LBP	04/19/2016-04/17/2026	TL 14 PRDP Counterpart for the Rehabilitation of Farm-to-Market Roads	50,000,000.00	41,763,939.41	-	2,521,356.36	8,236,060.59
LBP	04/19/2016-04/17/2026	TL 13 Infrastructure for Barangays	120,000,000.00	79,333,334.24		3,268,506.11	40,666,665.76
LBP	04/29/2015-04/29-2025	TL 12 Construction of Aqua Buildings	13,019,951.02	13,019,951.01	2,741,042.32	1,423,671.06	-

LBP	12/15/2015-12/15/2025	TL 11 Rehab/Impvt of Capitol and Legislative Bldg	20,000,000.00	19,991,807.60	3,111,100.63	1,773,116.13	-
LBP	12/02/2012-12/06/2022	TL 10 Construction of Various Infrastructure and MRDP Counterpart	87,000,000.00	82,974,786.00	36,629,260.25	13,909,708.96	-
LBP	11/17/2009-02/24/2019	TL 8 Stimulus Package Various Project for Barangays	231,000,000.00	219,760,855.50	71,862,275.35	62,727,550.44	11,239,144.50
LBP	7/24/2008-07/24/2023	TL5 Purchase of Land/consultancy Services/Sports Complex Construction	263,000,000.00	262,812,829.00	121,001,412.82	57,800,235.43	-
	01/18/2013-01/18/2023	School Buildings	10,015,587.86	10,015,587.86	4,355,232.84	1,947,619.50	-
LBP	01/18/2013-01/18/2023	Sports Facilities	7,484,412.14	7,484,412.14	3,145,335.90	1,250,702.22	-
<b>TOTAL</b>			<b>831,519,951.02</b>	<b>761,157,487.56</b>	<b>342,845,660.11</b>	<b>146,916,729.03</b>	<b>66,141,886.05</b>

Source: Provincial Treasurer's Office, Davao del Norte

Since 2008, PGDdN has been appropriating and paying loan amortization to LBP. Full provision of annual amortization was taken from 20% Development Fund and regular income under general fund budget. This annual amortization is expected to increase in the succeeding years upon full utilization of the approved loan amount.

Furthermore, payment for debt servicing is within the loan requirements of Sec. 324 (b) of RA 7160 (not to exceed twenty percent 20%) of the regular income. Refer to Table 6.

**Table 6.** Debt Service Ratio, 2013 – 2017, Davao del Norte

	2013	2014	2015	2016	2017
Total Debt Payments	<b>71,536,236.27</b>	<b>98,031,298.72</b>	<b>96,901,640.08</b>	<b>69,278,391.84</b>	<b>63,307,837.96</b>
Total Regular income	<b>981,080,361.79</b>	<b>1,126,160,213.64</b>	<b>1,315,436,183.26</b>	<b>1,431,004,341.14</b>	<b>1,591,484,922.39</b>
<b>DEBT RATIO</b>	<b>0.07:1</b>	<b>0.09:1</b>	<b>0.07:1</b>	<b>0.05:1</b>	<b>0.04:1</b>

Source: Provincial Treasurer's Office, Davao del Norte

In 2018, the province has an approved loan from the Land Bank of the Philippines amounting to Six Hundred Fifty Million Pesos (P650,000,000.00) intended for the different projects, namely: acquisition of heavy equipment (local procurement and importation) and various infrastructure which include Upgrading of Davao del Norte Sports and Tourism Complex and Construction of Legislative/SP Building.

### 2.2.1 Expenditure Patterns

The analysis on expenditures covers the assessment of the total spending, inclusive of capital outlays, of the Province of Davao del Norte from 2013 to 2017 for both General Fund and Special Education Fund. The overall expenditure efficiency rate is 83% broken down per fund as follows: a) 83% for general fund; and b) 78% for special education fund. Furthermore, the growth rate is at the overall average of 9.67% where PS is steadily increasing over the period of five years due to continuous implementation of Salary Standardization Law Part IV which will end on 2019.

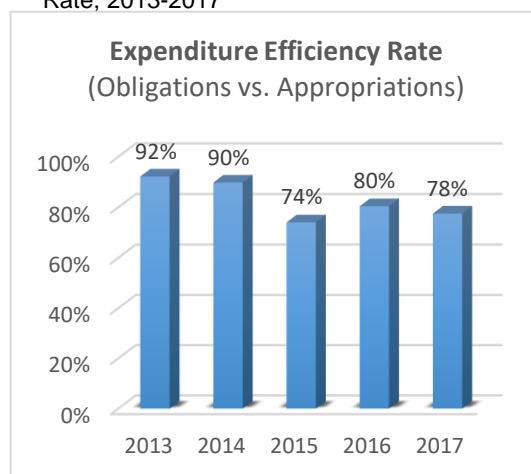
In terms of expenditure classification/object of expenditure, MOOE has the biggest amount per year. Similarly, PGO has the biggest in terms of by office and General Public Services in terms of sectoral allocation/expenditure. On the other hand, the average expenditure per capita for the period of five years (2013-2017) is P 1,138.09. This means that each member of the population shares the average amount of P 1,138.09 on the overall expenditure of the province.

### 2.2.2 Expenditure Efficiency

Expenditure efficiency is computed as the percentage of actual expenditure over budget. Generally, the trend of expenditure efficiency of the provincial government is decreasing for the years 2013 to 2015 while there is an erratic trend for the next two years. The overall average spending rate is 83%.

The highest spending rate of 92% was registered in 2013 while the lowest was recorded in 2015 with 74%. It can be noted that the spending rate went down from 90% in 2014 to 74% in 2015 (Figure 5). This was due to various infrastructure projects funded under the General Fund Supplemental Budget No. 5 sourced out of LBP Borrowings and authorized by the Sangguniang Panlalawigan on December 14, 2015 in the amount of 300 Million. Hence, its implementation & utilization was done in 2016.

**Figure 7.** Overall Expenditure Efficiency Rate, 2013-2017



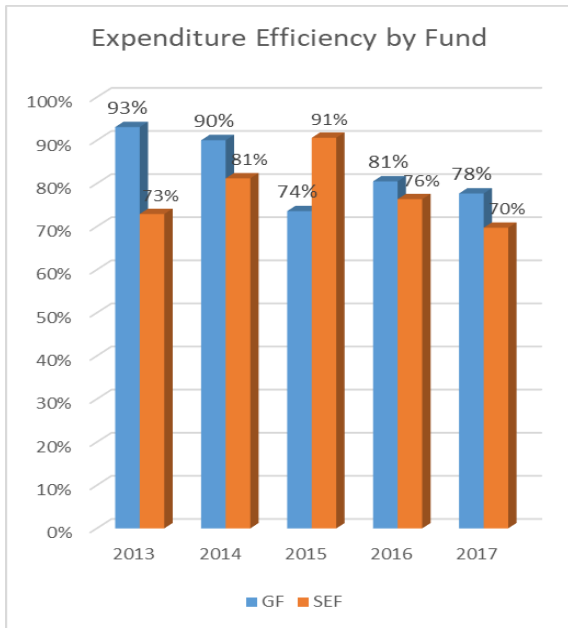
### 2.2.3 Expenditure Efficiency by Fund

Through the years, the provincial government posted high expenditure rates under the General (GF). Data shows that from 2013 to 2017, highest GF spending rate of 93% was experienced in 2013 while the lowest one was observed in 2015. Refer to Figure 6.

Factors influencing high spending are the following: a) normal price increase of goods and services, b) implementation of Salary Standardization Law Part IV, c) provision of stimulus projects to various barangays of the province, and d) upgrading of DNSTC and various government buildings and facilities.

On the other hand, the highest spending rate under the Special Education Fund was recorded in 2015 due to the hosting of the 2015 Palarong Pambansa.

**Figure 8.** Expenditure efficiency by fund, 2013-2017.



**Table 7.** Average Expenditure Efficiency, 2013 – 2017

Year	Efficiency Rate
2013	92%
2014	90%
2015	74%
2016	80%
2017	78%
AVERAGE	83%

### 2.2.4 Expenditure Growth Rate

The annual expenditure growth rate of the province is fluctuating. The highest annual growth rate of 14.24% was recorded in 2014 while in 2016 it went down to 2.72%. However, Table 8 shows an average expenditure growth rate of 9.67 from 2013-2017. The sudden decrease in 2016 was caused by the unutilized appropriation earmarked as provincial counterpart to special projects, unimplemented infrastructure projects under PSWDO, PEEDO-DDNH (Carmen Zone) and PENRO, and unutilized appropriation for loan amortization amounting to 53M, 13M and 18M, respectively.

**Table 8.** Expenditure Growth (in thousand), 2013-2017, Davao del Norte

Expenditure Classification	2013	2014	2015	2016	2017	Average Growth Rate
Personal Services	375,135	384,311	407,872	446,312	488,778	
Expenditure Growth Rate		2.45%	6.13%	9.42%	9.51%	6.88%
MOOE	539,643	615,357	684,506	714,354	759,644	
Expenditure Growth Rate		14.03%	11.24%	4.36%	6.34%	8.99%
Capital Outlay	30,468	84,513	112,313	78,554	74,071	
Expenditure Growth Rate		177.38%	32.89%	-30.06%	-5.71%	43.63%
Financial Expenses	28,987	28,777	22,785	21,588	82,398	
Expenditure Growth Rate		-0.72%	-20.82%	-5.25%	281.68%	63.72%
TOTAL	974,233	1,112,958	1,227,476	1,260,808	1,404,891	
Expenditure Growth Rate		14.24%	10.29%	2.72%	11.43%	9.67%

Source: Provincial Budget's Office, Davao del Norte

As to expenditure classification, it can be observed that the Financial Expenses has the highest average expenditure growth rate of 63.72%, followed by Capital Outlays of 43.63% and MOOE at 8.99%. The lowest average expenditure growth rate was accounted under Personal Services with 6.88%.

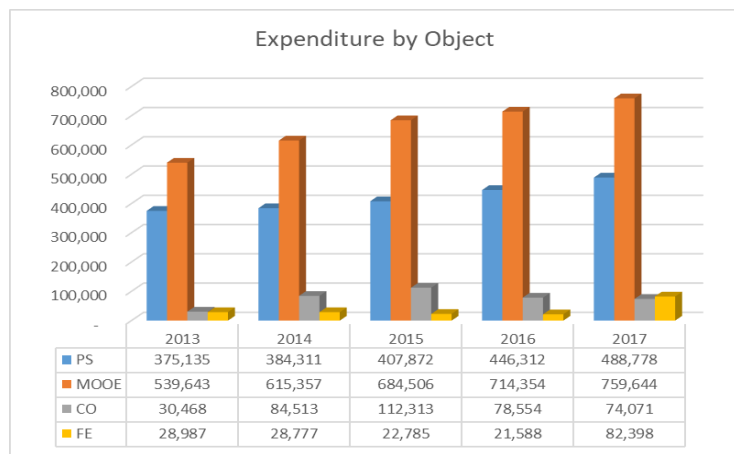
The high average growth rate of Financial Expense and Capital Outlays was due to interest payment on loans and inflow of loan proceeds, respectively.

### 2.2.5 Expenditure by Object

Figure 7 reveals that PS and MOOE are steadily increasing over the period of five years from 2013-2017. There was an erratic trend of expenditure for CO and FE. A remarkable increase by 39 Million and 42 Million in PS were recorded in 2016 and 2017, respectively. From 2013 to 2017 MOOE ranks first in terms of annual expenditure followed by PS and CO while FE has the least except in 2017.

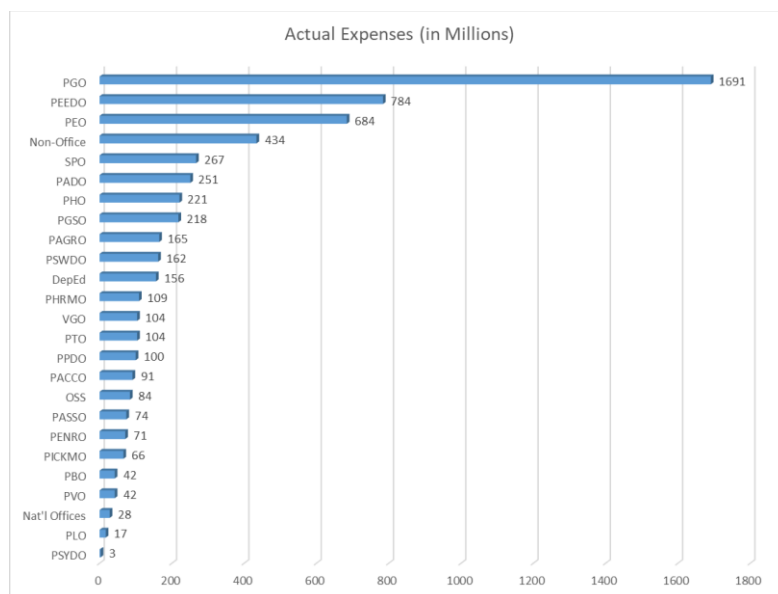
Figure 9. Expenditure by object (in thousand), 2013-2017

The huge increase on PS in 2016 and 2017 was due to the implementation of Salary Standardization Law Part IV while the sudden increase on FE in 2017 was caused by the loan releases for the Construction of Commercial Building.



### 2.2.6 Expenditure by Office

Figure 10. Overall Expenditure by Office, 2013-2017, Davao del Norte



Source: Provincial Budget Office, Davao del Norte

As to the overall expenditure by office for the period 2013 to 2017, PGO got the highest amounting to P1.691 Billion. This is followed by PEEDO with P784 Million, PEO with P684 Million, Non-Office with P434 Million, and SPO with P267 Million. Meanwhile, PSYDO, PLO, the National Offices, PVO and PBO had the lowest share in the budget of the province.

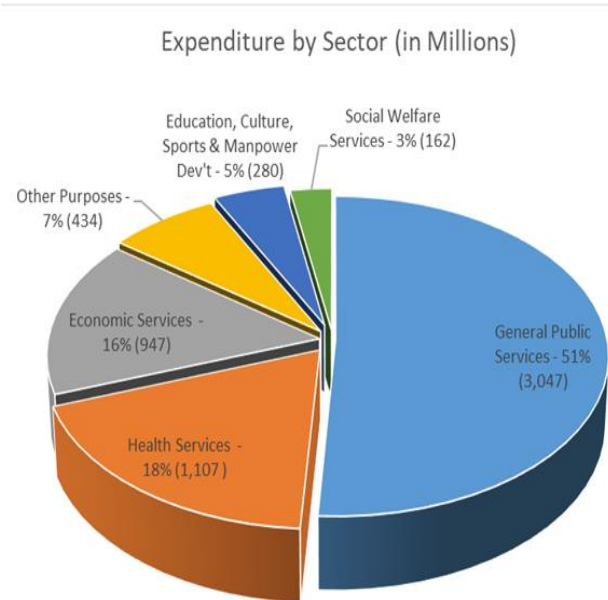
Major programs, projects and activities which entail a large amount of budget belong to the top three offices. For example: debt servicing program, peace and order program and philhealth para sa masa under PGO; the operation of three hospitals in Kapitalong Zone, Carmen Zone and Samal Zone for the PEEDO; and the upgrading of DNSTC, government buildings and facilities and the maintenance of various provincial roads and bridges under PEO. Furthermore, the allocations for provincial disaster risk reduction and management fund and miscellaneous personnel benefits fund are categorized under Non-Office.

PSYDO was registered to be the lowest considering that the office was created only in 2017, followed by PLO which is the smallest office in terms of personnel. Financial assistance was extended to the national offices namely: COA, RTCs, Prosecutor’s Office, PAO, Parole & Probation Office, and RD to augment their operating expenditures. On the other hand, the budget/expenditures of the Special Education Fund are placed under DepEd because they benefit largely out of the fund.

**2.2.7 Expenditure by Sector**

The sectoral classifications as shown in Figure 11 are in accordance with the New Government Accounting System of the Commission on Audit. The trend of expenditure by sector from 2013-2017 shows a fluctuating trend. On the average, General Public Services sector obtained the biggest share of the pie equivalent to 51% of the total expenditure of the province. The lowest share goes to Social Welfare Services sector with 3%.

Normally, General Public Services sector has the biggest allocation because it is composed of all support offices. The frontline offices such as PEO, PAGRO, PVO, PENRO belong to Economic Services while PHO and PEEDO belong to Health Services sector and PSWDO to Social Welfare Services sector.



**Figure 11.** Expenditure by Sector, 2013-2017, Davao del Norte

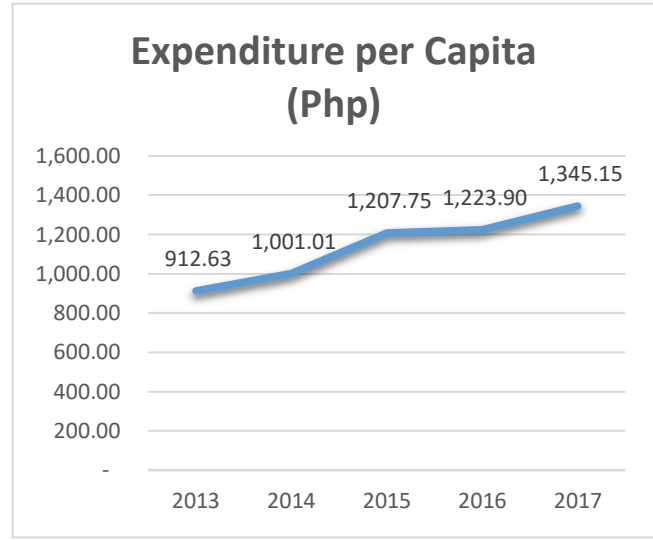
**2.2.8 Expenditure Per Capita**

It can be noted that the trend of expenditure per capita generally follows with the trend of the total expenditure. Given the increasing population per year as expected, the average share per member of the population on the total expenditure of the province for the period 2013-2017 is P 1,138. 09.



Expenditure per capita means the share of each member of the population to the total expenditure of the provincial government. The graph tells that there was an abrupt increase of share for each member of the population in 2015 from P 1,001.01 in 2014 to P 1,207.75. Furthermore, an increasing trend for the years 2013 to 2017 can also be observed in Figure 1.

**Figure 12.** Expenditure by Sector, 2013-2017



**Table 9.** Average Expenditure per Capita, 2013-2017, Davao del Norte

	2013	2014	2015	2016	2017	Average
Expenditure per Capita (Php)	912.63	1,001.01	1,207.75	1,223.90	1,345.15	1,138.09

## 2.3 MAJOR FINANCIAL PERFORMANCE INDICATORS

The development thrusts of the province and the differences in accounting policies and recording of government financial transactions vis-à-vis the private entities were considered in interpreting the results of the different ratios. The details on the major indicators governing the financial transactions of PGDdN for the years 2013-2017 are enumerated below.

### 2.3.1 Current Ratio

Current ratio is the most widely used tests of the solvency and ability of a local government unit to pay its maturing bills. It is interesting to note that for 2013-2017, the average current ratio of PGDdN is 1.1:1 which is equal to the acceptable standard of 1:1. This means that for every peso of liabilities, there is P1.10 available to pay such obligation.

It can be noted that the current asset (cash, receivables and inventories) registered the highest ratio in 2015-2016 at 1.24:1 respectively. Such increase is attributed to: a) increased revenue collections; b) farm-to-market road project funds from the Department of Agriculture; c) health services and facilities assistance from the Department of Health and d) PAMANA Programs and Performance Challenge Fund from the Department of Interior and Local Government.

The lowest current ratio of 85:1 in 2013 is due to the increase in current liabilities. Stabilizing the movement of current assets and current liabilities is at present a major challenge to PGDdN.

On the overall, the current ratio shows that PGDdN is very much solvent.



**Table 10.** Analysis of Current Ratio, Year 2013-2017, Davao del Norte

	2013	2014	2015	2016	2017	Average Rate
<b>Current Asset</b>	497,005,615.94	511,565,940.80	767,104,973.70	1,301,579,740.53	2,020,817,237.37	
<b>Current Liabilities</b>	582,670,920.72	522,438,708.29	618,325,637.92	1,051,973,048.10	1,711,725,942.31	
<b>Trend of Current Asset</b>	107%	103%	154%	262%	407%	206.60%
<b>Trend of Current Liabilities</b>	117%	90%	106%	181%	293%	157.40%
<b>Current Ratio</b>	0.85	0.98	1.24	1.24	1.18	1.1

Source: Provincial Accounting Office, Davao del Norte

### 2.3.2 Quick Ratio

Quick ratio is sometimes called the "acid test" ratio because it only concentrates on the more liquid assets, namely: cash and receivables. Just like current ratio, the quick ratio also determines the ability of a local government unit to meet its currently maturing debts. Notably for 2013-2017, the average Quick Ratio for PGDdN is 1.02:1 which means that for every peso of liabilities, there is 1.02 available to pay such obligation.

The highest quick ratio of 1.19:1 was attained in 2015 as shown in Table 11. The high ratio is attributed to the sizeable year-end cash balance composed of: a) funds for both on-going and unimplemented projects; b) withheld mandatory payroll deductions of personnel, c) withholding taxes from suppliers and d) year-end surplus.

**Table 11.** Analysis of Quick Ratio, Year 2013-2017, Davao del Norte

	2013	2014	2015	2016	2017	Average Rate
<b>Quick Asset</b>	471,006,782.04	486,611,145.29	736,497,619.14	1,164,689,456.61	1,849,310,022.92	
<b>Current Liabilities</b>	582,670,920.72	522,438,708.29	618,625,637.92	1,051,973,048.10	1,711,725,942.31	
<b>Trend of Quick asset</b>	108%	103%	156%	247%	392%	201.20%
<b>Trend of Current Liabilities</b>	118%	90%	106%	181%	294%	157.80%
<b>Quick Ratio</b>	0.81	0.93	1.19	1.11	1.08	1.02

Source: Provincial Accounting Office, Davao del Norte

Moreover, the lowest quick ratio of 0.81:1 in 2013 can be traced to the increase in current liabilities brought about by the mandatory transfer of calamity fund balance to the trust liability account in the General Fund.

Furthermore, the trend of PGDdN's quick ratio is similar to the current ratio where it decreases in 2013-2014, increases in 2015-2016, but declines back in 2017. Although the quick ratio is somewhat erratic, it is still within the acceptable level, which means that PGDdN is still capable of paying its creditors.

### 2.3.3 Debt Ratio

Debt ratio is used to determine the credit worthiness of local government units and the extent to which it relies on debt to keep operating. A debt ratio of greater than 1 indicates that the LGU

has more debts than assets. Likewise, a debt ratio of less than 1 indicates that it has more assets than debts. Obviously, the higher the ratio, the more risk is involved in extending credit to the LGU. Significantly, for 2013-2017 PGDdN experienced a desirable average debt ratio of 0.19:1. The debt ratio was lowest in 2017 at 0.40:1, as indicated in Table 12, due to lesser liabilities. On the other hand, the highest debt ratio was posed in 2013 at 0.58:1 due to the release of loan proceeds from the LBP.

Over the period, the debt ratios have been gradually decreasing, even if additional loans have been availed of, mainly because payments for principal loan amortizations were likewise made. The debt ratio indicates that PGDdN is creditworthy because its asset is greater than its debt.

**Table 12.** Analysis of Debt Ratio, Year 2013-2017

	2013	2014	2015	2016	2017	Average Rate
<b>Total Liabilities</b>	1,134,889,982.91	992,771,791.84	949,493,766.82	1,407,157,642.70	2,067,257,453.84	
<b>Total Assets</b>	1,956,256,570.75	1,928,351,969.48	1,966,546,775.62	3,074,860,860.36	5,142,543,030.82	
<b>Total Loans Payable</b>	538,791,119.43	456,505,528.24	400,203,092.69	418,492,432.60	418,839,349.53	
<b>Debt Ratio</b>	0.58	0.52	0.48	0.46	0.4	0.49
<b>% of Loans Payable to Total Assets</b>	0.28	0.24	0.2	0.14	0.08	0.19

Source: Provincial Accounting Office, Davao del Norte

### 2.3.4 Return on Assets

The return on assets indicates how efficient the LGU is in utilizing its assets to generate earnings. It is worthy to note that for 2013-2017, the Return on assets of PGDdN has shown an average rate of 0.10 and/or 10% as can be seen in Table 13. This indicates that its assets are used mainly to carry out office operations and in implementing various programs and projects. Accordingly, it shows how well committed PGDdN is in using its assets for service delivery to its constituents.

**Table 13.** Analysis of Return on Assets, Year 2013-2017, Davao del Norte

	2013	2014	2015	2016	2017	Average Rate
<b>Net INCOME</b>	66,597,829.86	199,446,727.62	461,500,888.36	233,351,724.45	260,989,326.00	
<b>Total Assets</b>	1,956,256,570.75	1,928,351,969.48	1,966,546,775.62	3,074,860,860.36	5,142,543,030.82	
<b>Trend of Net Income</b>	147%	299%	693%	350%	392%	376.20%
<b>Trend of Total Asset</b>	124%	99%	101%	157%	263%	148.80%
<b>Return on Assets</b>	0.03	0.1	0.23	0.08	0.05	0.1

Source: Provincial Accounting Office, Davao del Norte

### 2.3.5 Annual Asset Growth Rate

The annual asset growth rate shows how the assets of an LGU grew over time. Normally, it should show increases rather than decreases. It can be gleaned that for 2013-2017, the annual asset growth rate of PGDdN has an abnormal trend. The highest growth rate of 0.67 in 2017, as indicated in Table 14 was due to the acquisition of heavy equipment, motor vehicles, office equipment and completion of various projects.

Likewise, the lowest asset growth rate of -0.01 occurred in 2014. This is brought about by: a) transfers of assets to the different LGUs and national offices b) the recognition of depreciation expenses and c) the transfer of Roads, Highways and Bridges Account to the Registry of Public Infrastructure resulting to the decrease in Property, Plant and Equipment Account.

**Table 14.** Analysis of Asset Growth Rate, 2013-2017, Davao del Norte

	2013	2014	2015	2016	2017
<b>Total Asset</b>	1,956,256,570.75	1,928,351,969.48	1,966,546,775.62	3,074,860,860.36	5,142,543,030.82
<b>Annual Asset Growth Rate</b>	0.24	-0.01	0.02	0.56	0.67

Source: Provincial Accounting Office, Davao del Norte

### 2.3.6 Special Fund/Account

In accordance with the provisions of the Government Accounting and Auditing Manual (GAAM), the Philippine Public Sector Accounting Standard (PPSAS), supported by the electronic New Government Accounting System (e-NGAS) of COA, the Province has been maintaining special accounts, namely: a) General Fund Proper, b) 20% Development Fund and c) Local Economic Enterprise. Appropriations for these accounts have been provided annually.

Over the years, it can be gleaned that the General Fund Proper enjoys the biggest average percentage share of 65%, followed by the 20% Development Fund with 24% and the Local Economic Enterprise with a measly average of 12% of the total annual appropriation, as shown in Table 15.

**Table 15.** Analysis of Appropriations for Special Accounts (Year), Davao del Norte

Year	General Fund	General	% to	20%	% to	Local	% to
		Fund	GF	Development	GF	Economic	GF
		Proper		Fund		Enterprise	
2013	1,008,958,991.57	692,257,426.47	69%	201,750,073.04	20%	114,951,492.06	11%
2014	1,203,049,861.51	773,513,572.51	64%	270,375,802.00	23%	159,160,487.00	13%
2015	1,616,879,016.54	904,992,378.69	60%	539,665,773.85	33%	172,220,864.00	11%
2016	1,533,281,977.95	1,002,771,294.58	65%	314,549,733.51	21%	215,960,949.86	14%
2017	1,771,685,165.63	1,144,132,407.93	65%	416,846,007.04	24%	210,706,750.66	12%
	Average Share in Appropriation		65%		24%		12%

Source: Provincial Accounting Office, Davao del Norte

## 2.4 LOCAL ECONOMIC ENTERPRISES

PGDdN officially established its Provincial Economic Enterprise Development Office (PEEDO) in 2011. Its establishment paved the way for the recognition of the hospitals, blood bank and health insurance services unit as local economic enterprises.

PEEDO's mission is to enhance local autonomy and self-reliance in fiscal administration through the establishment of local revenue generating centers. It has the following objectives:

- a) Ensure development and implementation of effective revenue strategies;
- b) Sound management of local enterprise funds; and
- c) Upgrade revenue facilities and human resources for improved service delivery.

In the provincial reorganization in 2017, new divisions and units were created in addition to the existing number and included under its coverage are the Davao del Norte Sports and Tourism Complex (now under PSYDO), DavNor Pharmacy, CHB and RCPC Casting Division and most recently, Luntiang Paraiso Regional Rehabilitation Center for Drug and Alcoholic Dependency. The reorganization also attached new divisions under the PEEDO like the Health Economic Enterprise Division and Other Economic Enterprises and Administrative Division in addition to the already established Davao del Norte Hospitals – Carmen Zone, Kapalong Zone and Samal Zone and the Davao del Norte Blood Center.

Moreover, creation of the required plantilla positions in the hospitals as prescribed by the DBM-DOH Joint Circular 2013-1 on revised staffing structures in government hospitals was undertaken but some positions were not funded. Personnel complement of the 3 hospitals reached a total of 383 employees, comprised of 130 plantilla and 253 non-plantilla, but the inadequacy of hospital human resource was observed based on the result of the yearly licensing evaluation by the Department of Health (DOH).

The PEEDO has its own office within the Capitol complex but the space is inadequate for the growing number of personnel. On the other hand, additional hospital buildings were constructed and funded under the Health Facility Enhancement Program (HFEP) of the Department of Health (DOH) in which most of the construction will soon be completed.

Acquisition of equipment, instruments and logistics for the office and at the 3 hospitals was made possible through the yearly budget allocation for capital outlay expenditures from the Provincial Government, excess income from hospital operations and augmentation coming from the DOH. In line with systems development and upgrading, some IT equipment are still needed especially for the Carmen and Samal Zone to be able to adopt HOMIS implementation. This is in compliance with the requirements mandated by the Philippine Health Insurance Corporation (PHIC) for hospital accreditation.

### 2.4.1 Primary Sources of Revenues

The Provincial Economic Enterprise Development Office has the following primary sources of revenues:

1. Davao del Norte Hospital – Carmen Zone, formerly Carmen District Hospital, a 25-bed capacity hospital, Level I DOH licensed and PHIC accredited, serving patients from Health Development Cluster III or DCaPS cluster, comprised of the Municipalities of Braulio E. Dujali, Carmen, Panabo City and Sto. Tomas, including from nearby Paquibato District of Davao City;
2. Davao del Norte Hospital – Kapalong Zone, formerly Kapalong District Hospital, a 25-bed capacity hospital, Level I DOH licensed and PHIC accredited, serving the patients from Health Development Cluster II or SIKAT cluster, comprising the Municipalities of San Isidro, Kapalong, Asuncion and Talaingod, and from some barangays of Sto. Tomas, provinces of Bukidnon and Compostella Valley;
3. Davao del Norte Hospital – Samal Zone, formerly Samal District Hospital, a 25-bed capacity hospital, Level I DOH licensed and PHIC accredited, serving patients from the entire Island Garden City of Samal, made up of 3 districts namely: Babak, Penaplata and Kaputian.
4. The Davao del Norte Blood Center, formerly called the Provincial Blood Bank, licensed by the DOH as blood center, continues to implement the Provincial Voluntary Blood Sufficiency Program since its inception in 1992.
5. The operation of the Health Insurance Division, through the AGR PhilHealth Sponsored Program, is another source of revenue with the grant of Per Family Payment Rate (PFPR) for profiling and medical check-up performed for sponsored members and their qualified dependents. This incentive, however, is deposited in trust.
6. The Davnor Pharmacy, which serves the drugs and medicines and medical supply requirements of the 3 Davao del Norte Hospitals under the consignment system which is located at the back of the DdNH-Carmen Zone. Its income, however, is deposited in a trust fund.
7. The CHB and RCPC Casting Unit from the Provincial Engineering Office which was turned-over to PEEDO in 2017.
8. The Luntiang Paraiso Regional Rehabilitation Center for Drug and Alcoholic Dependency which was turned-over to PEEDO in December 2017.
- 9.

### 2.4.2 Revenue Statistical Data

The following tables show the sources of revenues of the Local Economic Enterprises from years 2013 – 2017. Revenues generated by the 3 hospitals and Davao del Norte Blood Center form part of the General Fund while the PFPR incentive and income from DavNor Pharmacy are lodged in trust funds.

**Table 16.** Local Enterprise Revenues Year 2013 – 2017, Davao del Norte

Revenue Sources	2013	2014	2015	2016	2017
DDNH – CZ	11,898,698.80	13,704,687.59	36,097,307.51	34,386,984.83	35,014,365.67
DDNH - KZ	20,603,512.20	30,045,417.07	47,499,699.09	48,988,054.48	44,712,836.05
DDNH - IGACOS	16,538,518.55	22,079,611.56	36,357,934.44	29,264,014.00	25,344,789.00
BLOOD CENTER	7,260,550.00	8,761,982.15	7,996,700.00	10,143,550.00	9,919,550.00
<b>TOTAL</b>	<b>56,301,279.55</b>	<b>74,591,698.37</b>	<b>127,951,641.04</b>	<b>122,782,603.31</b>	<b>114,991,540.72</b>

Source: Provincial Treasurer's Office

Data shows that there is an increasing trend in revenues per economic enterprise for the last 5 years, especially in 2014 to 2015 which reported a high growth rate at 32% and 70% respectively. A decrease in revenues was also reported in 2016 and 2017 due to the following:

1. Revenue collection from drugs and medicines used by patients of the DdNH – Samal Zone and remitted to the DavNor Pharmacy trust fund had become greater than revenues going to the General Fund; and
2. Delayed reimbursement of claims from the PHIC due to systems upgrading.

#### 2.4.3 Local Enterprise Revenue Growth Rate

Revenues showed both net increases and decreases from 2013 – 2017. Highest percentage increase in revenues was noted in 2014 and 2015, except for the Blood Center. The trend was erratic in the succeeding years showing decreases as well.

Moreover, there are factors influencing the recorded increase in revenues in 2014 and 2015, such as: a) on time reimbursement of PHIC claims and payment of the accumulated previous years claims; b) increase in hospital admission rates; c) increase in OPD patients; and d) availability of drugs and medicines and medical supplies at the Davnor Pharmacy supplied to the 3 hospitals.

Decreases in hospital revenues in 2016 and 2017, on the other hand, were caused by: a) updating of the system installation on PHIC claims (E-claims); b) decreased hospital admission; c) reduced number of OPD patients; d) denied PHIC claims; e) implementation of No Balance Billing (NBB) Scheme as mandated by the DOH and f) large number of indigent patients who have no PHIC membership and lack of compliance to PHIC documentary requirements.

Factors contributing to the increase in revenues of the Blood Center are: a) Increase in number of clients needing blood and blood by-products and b) availability of reagents and laboratory supplies through tie-up agreements with laboratory equipment suppliers

**Table 17.** Percentage of Net Increase (Decrease) in Revenues, 2013 – 2017, Davao del Norte

Revenue Sources	2013 – 2014		2014 – 2015		2015 - 2016		2016- 2017	
	Net Increase (Decrease)	%	Net Increase (Decrease)	%	Net Increase (Decrease)	%	Net Increase (Decrease)	%
DDNH – CZ	1,805,988.79	15	22,392,619.92	163	-1,710,322.68	-5	627,380.84	2
DDNH – KZ	9,441,904.87	46	17,454,282.02	58	1,488,355.39	3	-4,275,218.43	-9
DDNH – IGACOS	5,541,093.01	34	14,278,322.88	65	-7,093,920.44	-20	-3,919,225.00	-13
BLOOD CENTER	1,501,432.15	21	-765,282.15	-11	2,146,850.00	27	-224,000.00	-2

Source: Provincial Treasurer's Office, Davao del Norte

**Table 18.** Summary of Revenue Growth Rate, 2013 – 2017, Davao del Norte

Revenue Sources	2013 – 2014	2014 – 2015	2015 – 2016	2016- 2017
DDNH – CZ	15%	163%	-5%	2%
DDNH – KZ	46%	58%	3%	-9%
DDNH – IGACOS	34%	65%	-20%	-13%
BLOOD CENTER	21%	-11%	27%	-2%

Source: Provincial Treasurer's Office, Davao del Norte

#### 2.4.4 Expenditures and Provincial Subsidy

An increasing trend in expenditures was posted for the period 2013 – 2017 as the local economic enterprises improved its operations. This was mainly due to the upgrading of service capabilities of the 3 hospitals that entailed the hiring of additional staff, medical officers and consultants. In spite of such complementation, the hospitals still do not meet the required DOH standards for staffing.

The 3 hospitals, the frontrunners in revenue generation, obviously incurred the highest expenditures among all the other economic enterprises. Their income commitments in a given year are determined using the budget projections for Maintenance and Other Operating Expenses or MOOE and Capital Outlay (CO) such that a hospital's income target should be equal to or more than the cost of MOOE and CO combined. Salaries and wages plus benefits of the plantilla staff, referred to as the cost of Personnel Services (PS), are taken care of by and considered as subsidy to the hospitals of the Provincial Government.

A clearer presentation of the 3 major expense accounts incurred by each hospital is as follows:

**Table 19.** Actual Expenditures of Davao del Norte Hospitals, 2013 – 2017

<i>Davao del Norte Hospital-Carmen Zone</i>					
Particulars	2013	2014	2015	2016	2017
Personnel Services	16,464,234.58	18,821,834.06	18,864,484.14	19,328,468.60	20,555,206.34
MOOE	10,350,719.07	20,598,807.88	26,324,188.46	29,916,339.52	33,416,549.33
Capital Outlay	948,630.58	1,783,341.00	0	1,333,795.00	2,838,490.00

Sub-total MOOE & CO	11,299,349.65	22,382,148.88	26,324,188.46	31,250,134.52	36,255,039.33
Total (PS, MOOE & CO)	27,763,584.23	41,203,982.94	45,188,672.60	50,578,603.12	56,810,245.67
<b>Davao del Norte Hospital - Kapalong Zone</b>					
Particulars	2013	2014	2015	2016	2017
Personnel Services	16,925,998.33	17,328,930.97	17,113,194.62	18,799,900.21	19,471,541.80
MOOE	19,443,023.66	25,918,512.15	32,008,394.81	36,477,285.55	36,438,300.33
Capital Outlay	858,727.00	1,020,997.00	4,348,250.00	3,972,600.00	2,048,085.27
Sub-total MOOE & CO	20,301,750.66	26,939,509.15	36,356,644.81	40,449,885.55	38,486,385.60
Total (PS, MOOE & CO)	37,227,748.99	44,268,440.12	53,469,839.43	59,249,785.76	57,957,927.40
<b>Davao del Norte Hospital – IGACOS Zone</b>					
Particulars	2013	2014	2015	2016	2017
Personnel Services	14,416,347.51	15,546,281.00	15,643,040.04	17,840,007.24	18,719,401.96
MOOE	12,776,607.51	21,395,239.83	27,650,093.12	31,552,159.14	31,462,728.67
Capital Outlay	1,548,463.00	2,982,528.87	739,282.27	5,747,301.75	1,059,030.03
Sub-total MOOE & CO	14,325,070.51	24,377,768.70	28,389,375.39	37,299,460.89	32,521,758.70
Total (PS, MOOE & CO)	28,741,418.02	39,924,049.70	44,032,415.43	55,139,468.13	51,241,160.66
<b>Summary of Expenditures and Provincial Subsidy</b>					
<b>Total Davao del Norte Hospitals, 2013-2017</b>					
Particulars	2013	2014	2015	2016	2017
Personnel Services	47,806,580.42	51,697,046.03	51,620,718.80	55,968,376.05	58,746,150.10
Subsidy from PG	51%	41%	36%	34%	35%
MOOE	42,570,350.24	67,912,559.86	85,982,676.39	97,945,784.21	101,317,578.33
Capital Outlay	3,355,820.58	5,786,866.87	5,087,532.27	11,053,696.75	5,945,605.30
Sub-total MOOE & CO	45,926,170.82	73,699,426.73	91,070,208.66	108,999,480.96	107,263,183.63
Covered by Revenues of Hospitals	49%	59%	64%	66%	65%
Total (PS, MOOE & CO)	93,732,751.24	125,396,472.76	142,690,990.46	164,967,857.01	166,009,333.73
Total	100%	100%	100%	100%	100%

Source: Provincial Economic Enterprise Development Office, Davao del Norte

It can be observed from the consolidated expenditures of the 3 hospitals and their corresponding percentage share in the total cost of PS, MOOE & CO, that the subsidy in the PS account from the Provincial Government had significantly reduced from a high of 51% in 2013 to a low of 35% in 2017. This means that the 3 hospitals continue to strengthen their revenue generating capacity to enable them to hire more hospital personnel, pay for their salaries and



wages from realized revenues and assume a higher cost of MOOE, specifically the General Services account.

Actual expenditures in MOOE and CO when compared to hospital revenues collected show that the 3 hospitals managed to absorb this operational cost, except for 2014 and 2017 when revenues fell short basically due to delayed reimbursement of claims from the PHIC.

**Table 20.** Hospitals' Actual Expenditures (MOOE & CO) versus Realized Revenues, 2013 - 2017

Particulars	2013	2014	2015	2016	2017
Actual Expenditures (MOOE & CO only)	45,926,170.82	73,699,426.73	91,070,208.66	108,999,480.96	107,263,183.63
Hospital Revenues realized	49,040,729.55	65,829,716.22	119,954,941.04	112,639,053.31	105,071,990.72
Surplus (Shortage)	3,114,558.73	-7,869,710.51	28,884,732.38	3,639,572.35	-2,191,192.91

Source: Provincial Economic Enterprise Development Office, Davao del Norte

Other economic enterprises such as the Blood Center, CHB & RCPC Casting and Luntiung Paraiso rely also on the Provincial Government's General Fund to augment their budgets for the salaries and wages of plantilla as well as non-plantilla personnel and operational expenditures.

#### 2.4.5 Local Economic Enterprise Revenue Share to Local Income

From 2013 to 2017, revenues from local economic enterprise operations accounted for an average of 39% of the total provincial local income. Data showed that the local economic enterprise achieved the highest percentage share of 46% only in 2014. On the other hand, the lowest percentage of revenues from overall operations was recorded at 30% in 2013.

Moreover, there were factors influencing the noted increase in revenues in 2014 and 2015. These were attributed to the following: a) increase in hospital bed occupancy rates; b) increase in the number of OPD patients; c) updated PHIC claims and reimbursements, and d) availability of drugs and medicines and medical supplies at the Davnor Pharmacy.

Inversely, there are also factors affecting decreases in revenues in 2016 and 2017, such as: a) updating the system installation on PHIC claims, (E-claims); b) decrease in hospital admissions; c) reduced number of OPD patients; d) denied PHIC claims; e) implementation of No Balance Billing (NBB) Scheme as mandated by the DOH and f) large number of indigent patients who are non - PHIC members and lack of compliance to PHIC documentary requirements.

**Table 21.** Percentage of Share of Contribution to Local Revenue, 2013 -2017, Davao del Norte

	2013	2014	2015	2016	2017
Total Local Revenue	129,492,907.99	1,126,160,213.64	1,315,436,183.36	1,413,004,424.78	1,591,484,922.39
Total Revenue Local Economic Enterprise	58,680,865.55	77,187,224.47	130,881,257.44	125,532,163.81	119,171,117.12
Percentage Share to Local Revenue	<b>30%</b>	<b>35%</b>	<b>46%</b>	<b>44%</b>	<b>40%</b>

In terms of contributions to local revenue of the province, the Local Economic Enterprise revenue since 2013 to 2017 generally shows an increasing trend. Data shows from 30% in 2013 rise up to 40% in 2017 share to the total local revenue.

Originally, only the Casting Unit was added to the 3 Davao del Norte Hospitals and the Blood Center as the sources of local economic revenues. Lately, the operation of Luntiang Paraiso Regional Rehabilitation Center for Drug and Alcoholic Dependency has been transferred to PEEDO, however their revenue is still considered as trust fund.

On the other hand, the PEEDO has the policy development and legislative support to strengthen its operation. In 2014, the Provincial Tax Ordinance prescribing the hospital billing rates, fees and charges was enacted to conform to the rates prescribed by the PHIC. Such amendments and revisions of hospital billing rates helped the hospitals raise their revenue collection. Despite the enactment of the Tax Ordinance, there is needed to revisit and amend again the hospital rates, fees and charges to conform to the PHIC package scheme of reimbursements in the years to come.

On the human resource management side of the PEEDO, the hiring of personnel is within the jurisdiction of the Provincial Human Resource Management Office, which handles the personnel screening, selection and placement particularly for plantilla positions. The Provincial Governor has sole authority to appoint the recommended applicants.

Performance assessment of the employees is conducted through the submission of the Office Performance Commitment and Review (OPCR) and Individual Performance Commitment Review (IPCR) every semester. Quality performance of the hospitals is gauged through the yearly licensing evaluation and PHIC Bench Book setting the standards in every area of hospital service.

#### **2.4.6 PO's and NGO's Participation**

There is only limited Involvement of civil society organizations, private sector and government partners in the management of the Provincial Economic Enterprise Development Office. However, in medical services, NGOs, POs and other agencies are actively involved in a convergence scheme of activities. One example of this scheme is the presence of the Tie-up Agreements for the laboratory services and consignment system of readily available drugs and meds and medical supplies offered by the DavNor Pharmacy.

On issues and concerns that need public consultation and opinions, committee hearings and public consultations were done on policies and ordinances enacted. More so if related to revenue generation, tax collection and imposition of fees and charges.

In the area of forging partnerships with the private sector in the operation and management of economic enterprises, this is lacking. While there are some NGOs and the private sector within reach which can help and contribute strategies in the operation of the enterprises, there are no available policies and procedures yet.

#### 2.4.7 Improvements and Innovations

The management of the PEEDO has devised mechanisms to improve quality of hospital services and improve financial income. However, there is a need to strengthen and enhance the scheme for delivery of hospital services thereby adopting the standards set by the DOH and PHIC.

There are alternative ways of obtaining financial support for the operation of the local enterprises. The Provincial Government availed of grants from the DOH for the construction of OR/DR buildings of hospitals including medical equipment and instruments. This is aside from the funds from the MLGUs and Congressmen, which provide financial assistance and manpower complement to augment hospital operations.

The transfer of operation of the Davao del Norte Luntiang Paraiso Regional Rehabilitation Center for Drug and Alcoholic Dependency to the PEEDO is also another source of local revenues. However, there is a need to strengthen its service capability to include the consideration of revising and or amending its service fees and charges.

#### 2.4.8 Feedback Mechanism on Operations

The local economic enterprise office solicits feedbacks from stakeholders, especially the public that it serves. The hospitals have continuously installed the Public Information and Assistance Desk (PIAD) utilizing the Client Feedback Survey Form for the clients' comments and suggestions for the improvement of hospital services.

Service delivery systems, on the other hand, are viewed and streamlined to improve processing/transaction time, number of requirements, number of signatories and number of steps. This is shown in each hospital through the installed Citizens Charter with service pledge posted in conspicuous places.

The background features a series of overlapping, semi-transparent geometric shapes in various shades of green and teal. These shapes are primarily triangles and quadrilaterals, creating a dynamic, layered effect. The colors transition from a light, almost white-green at the bottom to a darker teal at the top. The overall composition is clean and modern.

# Public Financial Management Assessment

### 3.0 PUBLIC FINANCIAL MANAGEMENT (PFM) ASSESSMENT

Sound management of public finances is one of the foundations of good local governance. It seeks to address the key challenges of controlling government spending and making the agencies operate efficiently and effectively.

Good governance entails the strengthening of public institutions and the continuous improvement of the PFM System. The requirement on Public Financial Management Assessment Tool (PMAT) compliance of Local Government Units (LGUs) is therefore a proper mechanism by which the LGUs could measure their current PFM System and determine which areas need improvement.

The table below shows the two results of the PFM assessments of the seven critical dimensions in the past two assessment periods of the Provincial Government of Davao del Norte.

**Table 22.** PFM Assessment Results, 2013 & 2016, Davao del Norte

CD No.	Critical Dimension (CD)	Mean Score (Past/Previous Ratings) 2013	Mean Score (Latest/Current Ratings) 2016
1	Policy-Based Budgeting	1.67	2.42
2	Comprehensiveness and Transparency	3.5	3.5
3	Credibility of the Budget	3.34	2.83
4	Predictability and Control in Budget Execution	2.77	3.36
5	Accounting, Recording and Reporting	3	3.75
6	Internal and External Audit	1	2.83
7	Citizens' Participation	4	4
Overall PFMAT Mean Score		<b>2.75</b>	<b>3.24</b>

Source: PADO-IAS, Davao del Norte

It can be noted that the overall PFMAT Mean Score had significantly improved from 2.75 in 2013 to 3.24 in 2016. The increase was brought about by the increase in the mean scores of the four Critical Dimensions (CD), namely, CD Nos. 1, 4, 5, and 6. On the other hand, Critical Dimensions 2 and 7 had maintained a mean score of 3.50 and 4.00 respectively while CD No. 3 mean score had decreased from 3.34 in 2013 to 2.83 in 2016. PFMAT index ratings greatly affect the LGUs eligibility criteria in fund outsourcing.

### 3.1 INTERNAL CONTROL AND INTERNAL AUDIT SYSTEM

The Internal Audit Services Division (IASD) was created by virtue of the Provincial Ordinance No. 2017-005. It is a division under the Provincial Administrator's Office headed by a Division Head. It has two sections, namely, the Management and Finance Section and Operations, Compliance and Monitoring Section under which are four created permanent positions. Of the eleven plantilla positions created, only six are funded and filled-up, while the five others are not yet funded and filled-up.

In the past, the functions of internal audit were focused more on financial audit which was a duplication of the accounting function as well as that of the Commission on Audit.

It was in 2012 when the Provincial Roads Management Facility (PRMF) under the Australian Government identified the Internal Audit Services Division of the Province as one of the key reform areas given series of capacity interventions. It was during this time that the functions of internal audit were clearly defined and aligned to what is mandated by law. The PADO-IASD is now a fully-functional internal audit focusing on the audit of processes and systems of the Provincial Government Offices.

Since then, the IASD has been fully functional directly reporting to the Provincial Governor's Office through the Provincial Administrator.

In 2016 and 2017, the Internal Audit Services Division prepared the Internal Audit Plan based from the results of the Risk Assessment Report and now includes the results of the Baseline Assessment of Internal Control Systems (BAICS) as the basis for the conduct of internal audit.

The PADI-IASD has so far audited the Provincial Engineer's Office and Provincial Economic Enterprise and Development Office. It has yet to start the audit with the Provincial General Services Office, Provincial Environment and Natural Resources Office, Provincial Agriculturist Office and other Provincial Offices.

However, the Local Chief Executive through the Provincial Administrator's Office can from time to time recommend which processes and systems of the Provincial Offices to be given the priority for audit. In fact, just recently, the Provincial Administrator has requested the PADO-IASD to include and prioritize the Audit of Procurement and Bids and Awards Proceedings.

### 3.1.1 Management Actions of Audit Findings and Recommendations

The LCE through the Provincial Administrator has acted and promptly implemented the recommendations of the Internal Audit Reports through the issuance of Memorandum Circular. In 2016 for instance, there was a Memorandum Circular No. 19, dated August 17, 2016 being issued regarding the guidelines on the filling-up of various forms in the issuance of trip tickets and purchase orders for fuel, oil, and lubricants.

The objective of this memorandum is to improve procedure in the requisition, issuance, and consumption of fuel, oil, and lubricants to be implemented and complied by all Provincial Offices as effective control to minimize if not eliminate the wastage and duplication of fuel issuance.

The PADO-IASD has conducted series of Business Process Flow and Detailed Procedures Trainings and Workshops for all Provincial Offices. The objective of these trainings is to identify and eliminate overlapping processes which will redound to the streamlining of process flows.

The Provincial Offices are now in the process of finalizing the business process flow and detailed procedures to be submitted to the Provincial Administrator's Office- Information Technology Division who is tasked to establish electronic governance process system. The Office of the Governor through the Provincial Administrator has recently issued Memorandum Order requiring all Provincial Offices to submit their output as soon as possible.

With the business process flow and detailed procedures, it is hoped that effective and efficient internal control systems and procedures will be established and operational in the Provincial Offices.

The implementation of electronic priority number in the Provincial Accountant's Office to ensure that the first-come first-served or first-in first-out basis of facilitating the audit of the financial transactions; the issuance of Memorandum Circular on Internal Controls as regards to the fuel issuance to be complied by all Provincial Offices are just examples of the internal controls that have been established and operational as a result of the recommendations made by the Internal Audit.

Furthermore, the PADO-IASD has also been conducting Risk Assessment and Baseline Assessment of Internal Control System in some offices. This will also serve as the basis for the conduct of audit. The findings and recommendations of the audit reports will be submitted to the management for decision making and policy formulation and implementation.

To be better equipped with knowledge, skills and attitudes on the conduct of actual internal audit, capacity interventions are needed by the Internal Auditors. Unfortunately, not all PADO-IASD staff are well-trained or capacitated with the Internal Audit-Related topics and concepts.

Of the ten PADO-IASD personnel, only five are trained and five others need to undergo audit related trainings. Presently, only five are performing audit related functions while others are doing purely administrative functions.

### 3.1.2 Audit Process

The audits performed by the IASD are based on the auditing standard, rules and regulations consistent with the Philippine Government Internal Audit Manual (PGIAM), and the audit processes from audit planning, pre-conference, actual audit, feed-back, audit report writing to exit conference are strictly followed. This is to ensure that the auditees are well-informed, agreeable and cooperative of the steps that the Auditors will do in the entire duration of audit process.

It is very important that in all audit related undertakings, both the auditees and auditors should meet and discuss findings and recommendations prior to the submission and presentation with the LCE.

Of all the provincial offices, only the PEO had been audited with audit recommendations being implemented by all provincial offices. The IASD has yet to start the audit with PGSO, PENRO, PAGRO, PHRMO and other offices. As a result of the implementation of audit recommendations by the concerned department, reforms are in place and risks that may hinder to the achievement of office objectives are minimized if not eliminated.

The audit report findings and recommendations are shared through the exit conference with the auditees prior to the presentation with the LCE. The Auditors make sure that the auditees are informed of the findings and recommendations. The management action and commitment to implement the recommendations are also sought during the exit conference. The auditees should commit themselves to implement the recommendations. Such commitments will be validated during the compliance audit to find out as to whether or not they are indeed complying.

Every after exit conference, both the auditee and the auditor would agree on the scheduled date of presentation with the LCE and the Provincial Administrator for decision-making and policy

information. If needed, a policy in a form of memorandum, or executive or administrative order will be issued for the implementation of such policy.

### 3.2 PROCUREMENT SYSTEM

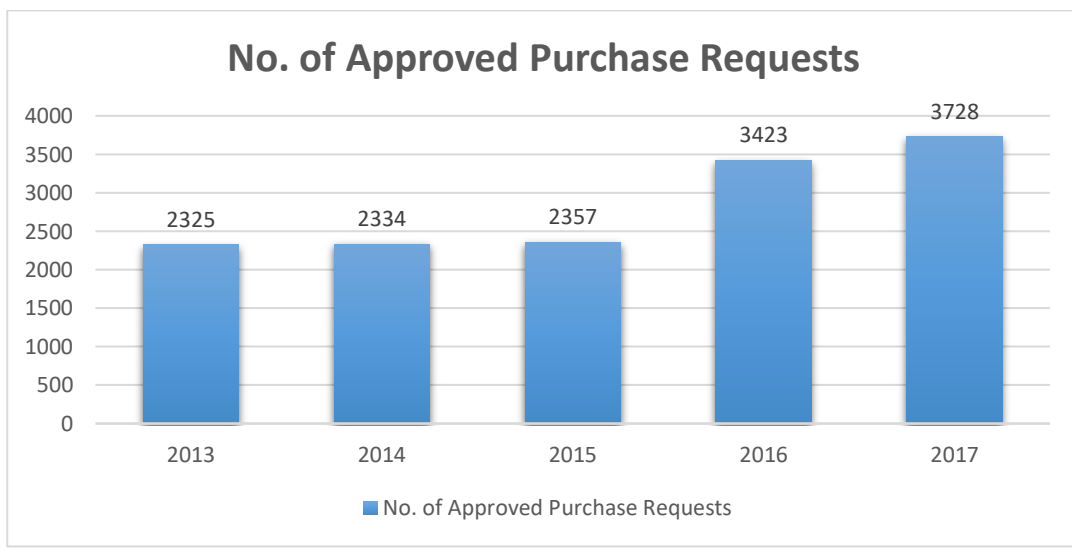
Procurement system in the province adheres to the provisions of Republic Act No. 9184 or the Government Procurement Reform Act. Procurement activities in the last five (5) years show that there was an increasing preparation and approval of Purchase Requests (PR) as reflected in Table No. 23 below.

**Table 23.** Procurement Profile, 2013 – 2017, Davao del Norte

Particular	2013	2014	2015	2016	2017
No. of Approved Purchase Requests	2,325	2,334	2,357	3,423	3,728
No. of Infra Projects Bidded	12	9	13	24	11
No. of Goods Bidded	39	54	60	78	374
No. of Shopping (Infra/Goods)	1,811	1,901	2,087	2,867	3,038
No. of Small Value Procurement (Infra/Goods)	0	0	0	0	181
No. of Direct Contract Award (Goods/Infra)	463	370	197	454	124

Source: PGSO, Davao del Norte

**Figure 13.** Approved Purchase Requests, 2013 -2017 Davao del Norte



Source: PGSO, Davao del Norte

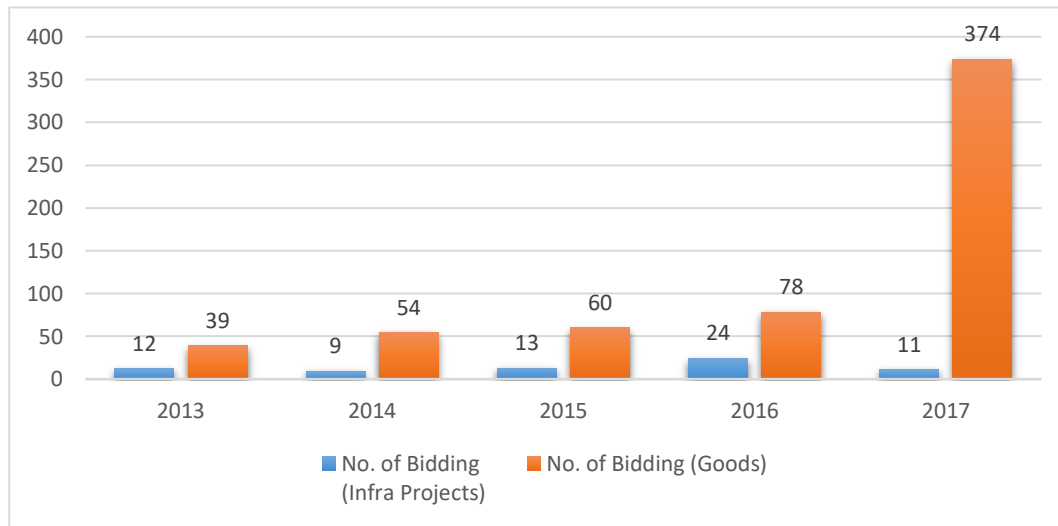
PGDdN procures goods, services and infrastructure projects through regular and approved Purchase Requests instead of purchasing items through Immediate Purchase or also known as Shopping A (where the Request for Quotation (RFQ) may be sent directly to a supplier of known technical, legal and financial qualifications. This is also in adherence to the governing principles



of the RA 9184 and its 2016 Revised IRR, where competitiveness is shown by extending equal opportunities not only to one (1) supplier but to more qualified and competitive suppliers.

Procurement shows an upward trend in the number of goods procured through competitive bidding: from CY 2013 with 39 PRs as against CY 2017 with 374 PRs. However, for the infrastructure projects procurement through competitive bidding has an erratic trend considering the limited number of projects approved and implemented during the year.

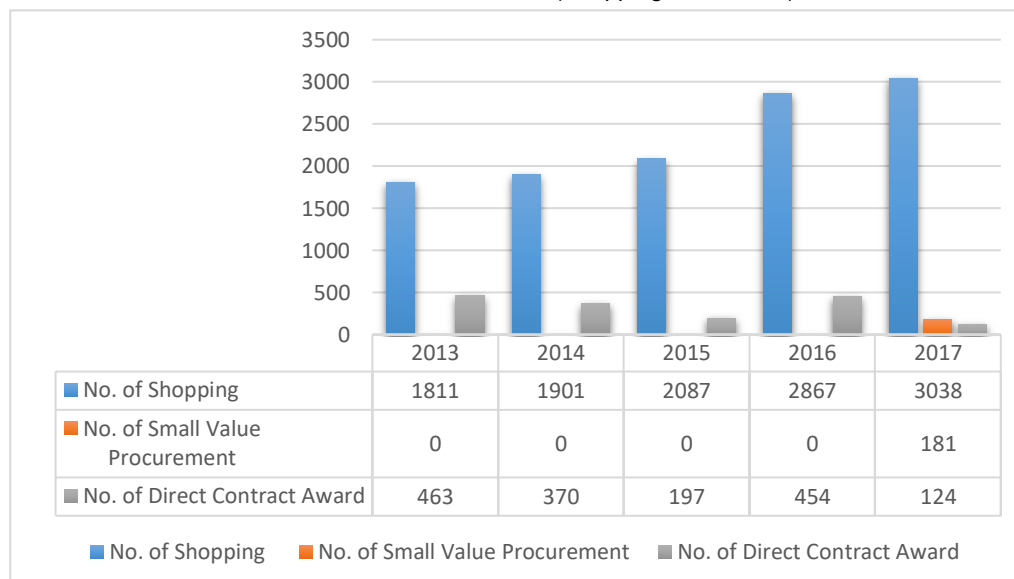
**Figure 14.** Profile of bidding for both Infrastructure Projects and Goods, 2013 – 2017, Davao del Norte



Source: PGSO, Davao del Norte

Alternative Methods of Procurement particularly Shopping B, Small Value Procurement (SVP) and Direct Contract Award (DCA) were also undertaken in the last five (5) years. It is evident that there has been an increasing trend under Shopping B (Procurement of ordinary or regular office supplies and equipment not available in the Procurement Service involving an amount not exceeding the thresholds for Shopping and Small Value Procurement prescribed in RA 9184). Please refer to Figure No. 13 below.

**Figure 15.** Profile on Alternative Methods of Procurement (Shopping, SVP, DCA), 2013 – 2017 Davao del Norte



Source: PGSO, Davao del Norte

There has been no record of Small Value Procurement (SVP) adopted as method of procurement from CY 2013-CY 2016. However, due to emphasis given during the seminar on the 2016 Revised IRR of RA 9184 conducted on October 2016, there has been adaptation of the said procurement in the CY 2017 and up to the present year.

On the part of the Direct Contract Award (DCA), there is also no stable number of items in the last five (5) years and the rise and fall of data is evident. However, due to increase in the number of competitors in the market (i.e. cement, oxygen, acetylene), the same led to the rapid decrease of the number of Direct Contract Award (DCA) as method of procurement.

### 3.3 STRENGTHS, WEAKNESSES, OPPORTUNITIES AND CHALLENGES (SWOC)

An assessment on the public financial management areas on planning, budgeting, revenue generation and treasury management, expenditure management, accounting and financial reporting, internal control and internal audit and local economic enterprise was conducted. The following strengths and weaknesses were identified, to wit:

STRENGTHS	WEAKNESSES
<b>PLANNING</b>	
<ul style="list-style-type: none"> <li>- Full observance to planning and budgeting calendar</li> <li>- Updated PDPFP</li> <li>- Presence of Competent and Committed Human Resource</li> <li>- Well defined Development Framework/Thrust</li> <li>- Functional Provincial Development Council</li> <li>- Competent Planners (e.g. Twgs)</li> <li>- Supportive LCE and Legislators</li> <li>- Strong Linkage to Plans and Budget</li> </ul>	<ul style="list-style-type: none"> <li>- Created but not funded positions</li> <li>- Work overload/multi-tasking</li> <li>- Not fully functional GIS Database System</li> </ul>
<b>BUDGETING</b>	
<ul style="list-style-type: none"> <li>- Adherence to Budget Call, policies and guidelines including its process and timelines</li> <li>- Supportive LCE and Legislators</li> <li>- Competent/Committed Staff</li> <li>- Supportive/Functional Expanded Local Finance Committee</li> <li>- Strong coordination among the Provincial Department Heads</li> </ul>	<ul style="list-style-type: none"> <li>- Less participation of NGOs in LFC</li> <li>- Frequent Augmentation of Funds by some Offices</li> <li>- Insufficient Funds</li> <li>- Preparation and submission of Project Procurement Management Plan merely for compliance only by some offices</li> </ul>
<b>REVENUE GENERATION AND TREASURY MANAGEMENT</b>	
<ul style="list-style-type: none"> <li>- Competent/committed human resource</li> <li>- Presence of e-TRACS</li> <li>- availability of data between Assessor and Treasury</li> <li>- real time reports on collections and deposits</li> <li>- Supportive LCE and Legislators</li> </ul>	<ul style="list-style-type: none"> <li>- Unstable Internet Connection on e-TRACS</li> <li>- Created but not funded position</li> <li>- Weak participation of LGUs in Quarry Operation Monitoring</li> <li>- Interconnectivity on RPT between municipalities and the province in the treasury services is not yet established.</li> </ul>

<ul style="list-style-type: none"> <li>- Tie-up with NGAs and other LGUs on shared taxes</li> <li>- Implementation of Compromise Agreement on RPT</li> <li>- Continuous monitoring on quarry operations</li> <li>- Implementation of Public Auction</li> <li>- Conduct of Information Education Campaign (IEC)</li> <li>- Updated Revenue Code 2017</li> <li>- 100% collection efficiency for the last three (3) years</li> <li>- Fully bonded Accountable Officers</li> <li>- Implementation of Queuing System</li> <li>- Pick-up of collections and deposits and delivery of payrolls</li> <li>- Presence of G-cash payroll system</li> <li>- Fully implementation of payroll on Automatic Teller Machine for permanent and casual employees</li> <li>- Institutionalization of RA 9646</li> <li>- Implementation of PES</li> <li>- Functional PBATA and PMRB</li> <li>- Periodic conduct of meetings/conferences with Assessors and Treasurers</li> <li>- Timely submission of reports</li> <li>- Full compliance to environment and assessment laws, rules and regulations</li> <li>- Expanded LFC Membership</li> <li>- GIS Tax Mapping in-placed</li> <li>- Compliant to Full Disclosure Policy</li> <li>- Updated SMV – Schedule of Market Value 2017</li> </ul>	<ul style="list-style-type: none"> <li>- Irregular remittances of PHIC Claims/reimbursements</li> <li>- G-cash payroll system not fully implemented</li> <li>- Difficulty in locating Real Property Owners</li> <li>- GIS on Tax Mapping not fully implemented</li> </ul>
<b>EXPENDITURE MANAGEMENT</b>	
<ul style="list-style-type: none"> <li>- Adherence to accounting and auditing rules &amp; regulations, hence no COA adverse opinion</li> <li>- Available procurement system</li> <li>- Supportive LCE and Legislators</li> <li>- Compliance to procurement laws/rules and regulations</li> <li>- Functional Financial Management System</li> <li>- Presence of Competent and Committed Human Resource</li> <li>- Monitoring and Evaluation System In-placed</li> <li>- Timely release of Allotment Release Order</li> <li>- Compliance to Full Disclosure Policy</li> <li>- Adherence to Debt Service Policy</li> </ul>	<ul style="list-style-type: none"> <li>- Under-utilization of budget by some frontline offices</li> <li>- PASIMS/FMS need further enhancements to expand its scope &amp; operation</li> <li>- Non-implementation of PPMP by some Offices</li> <li>- Low participation of NGOs/POs in BAC</li> <li>- Non-compliance to the required Quarterly Accountability Report by some offices</li> <li>- Delayed implementation of programs/projects</li> </ul>
<b>ACCOUNTING AND FINANCIAL REPORTING</b>	
<ul style="list-style-type: none"> <li>- Presence of Competent and Committed Human Resource</li> </ul>	<ul style="list-style-type: none"> <li>- Enhancement of existing financial systems</li> </ul>



<ul style="list-style-type: none"> <li>- Supportive LCE and Legislators</li> <li>- Presence of functional Operating Divisions</li> <li>- Full Utilization of Engas</li> <li>- Compliance to Full Disclosure Policy</li> <li>- Timely remittances of statutory obligation to all agencies</li> <li>- Regular submission of monthly liquidation reports</li> <li>- Regular issuance of tracers to accountable officers</li> <li>- Timely preparation and submission of financial reports</li> <li>- Presence of in-house financial processing system</li> </ul>	<ul style="list-style-type: none"> <li>- Delayed submission of bank reconciliation statement</li> <li>- Delayed closure of construction in progress account</li> <li>- Delayed processing of financial documents</li> <li>- Mismatched personal Data between Province and NGAs</li> <li>- Inaccurate computation of withholding taxes</li> </ul>
<b>LOCAL ECONOMIC ENTERPRISE DEVELOPMENT</b>	
<ul style="list-style-type: none"> <li>- Human Resource complementation of PEEDO Human Resource complementation of PEEDO structure ;</li> <li>- Supportive LCE and Legislators ;</li> <li>- Presence of competent and committed human resources;</li> <li>- Updated Provincial Tax Ordinance including Revised Hospital Billing Rates;</li> <li>- Available Health Information System;</li> <li>- Available Medical Consultants and Specialist;</li> <li>- Upgraded hospital building facilities;</li> <li>- Established Davnor Pharmacy;structure ;</li> <li>- Supportive LCE and Legislators ;</li> <li>- Presence of competent and committed human resources;</li> <li>- Updated Provincial Tax Ordinance including Revised Hospital Billing Rates;</li> <li>- Available Health Information System;</li> <li>- Available Medical Consultants and Specialist;</li> <li>- Upgraded hospital building facilities;</li> <li>- Established Davnor Pharmacy;</li> </ul>	<ul style="list-style-type: none"> <li>- Multi-tasking, there are created positions but unfunded and unfilled up;</li> <li>- Fast turnover of hospital human resource;</li> <li>- Absence of Economic Enterprise Marketing Plan;</li> <li>- Hospital Policy and Manual Procedures needs updating;</li> <li>- Hospital Information Systems needs upgrading;</li> <li>- Delayed PHIC reimbursements;</li> <li>- Continued subsidy for hospital operations especially for PS;</li> </ul>
<b>INTERNAL CONTROL AND INTERNAL AUDIT</b>	
<ul style="list-style-type: none"> <li>- Fully functional internal audit</li> <li>- Presence of committed and competent human resource</li> <li>- Supportive LCE and Legislators</li> <li>- Management action on internal audit findings and recommendations</li> </ul>	<ul style="list-style-type: none"> <li>- Created but not funded positions</li> <li>- Absence of internal audit manual/charter</li> </ul>

**3.3.1 OPPORTUNITIES**

- o The opportunities open to and enjoyed by the province include planning guidelines issued by NEDA, DILG, DBM and DOF in the crafting of PDPFP, PDIP, AIP and

other plans. These guidelines are also helpful in the preparation of the Provincial Socio-economic and Ecological Profile.

- Provided efforts for more meaningful and active participation of NGOs and CSOs in the planning process.
- Technical Assistance from BLGF and COA in mentoring, supervising and monitoring implementation of policies thru periodic conduct of revenue and cash audit.
- Grants received from national agencies like DA, DoH, DILG, DPWH and PDAF from senators and representatives augmented local resources.
- Loans from LBP for implementation of infrastructure and livelihood projects, hospital operations and sports activities also supplemented the delivery of basic services.
- Wide opportunities for bananas in the export market contributed much to agricultural development.

It is mandated in the Local Government Code that each LGU shall appropriate in its annual budget no less than twenty percent (20%) of its Internal Revenue Allotment for development projects. The provincial government of Davao del Norte appreciates the guidelines issued by DILG on the utilization of 20% Development Fund. It aids in the identification of programs/projects to be funded out of the fund. Moreover, it ensures optimum utilization of the fund to achieve desirable socio-economic and environmental outcomes.

The provincial government is also blessed to enjoy the technical assistance from COA, DILG, DOF, DBM and BLGF particularly on expenditure management. Likewise, the technical assistance provided by the PRMF enhanced the capabilities and skills of officials and employees directly involved in expenditure management and revenue generation. Most importantly, the funding assistance extended by World Bank for various PRDP projects.

### **3.3.2 CHALLENGES**

The following are considered challenges or threats to the provincial government in revenue generation:

1. the creation of new cities and the unmet revenue collection targets of the national government due to occurrence of natural calamities;
2. tax exemptions on cooperative;
3. Crops infestation/diseases;
4. CARP properties under CLOA w/o individual technical description/GOP Properties
5. change in leadership;
6. Non-compliance to rules and regulations;
7. Weak or slow internet connection greatly affects the systems' operations in government transactions;



8. In the delivery of hospital services, the cultural practices and beliefs of the IPs hinders the delivery of hospital services;
9. Unstable peace and order situation in some areas of PGDdN can hinder economic growth.

### 3.4 DEVELOPMENT ISSUES AND CONCERNS

- **High IRA dependency.** Share of local revenues in the overall income of the province accounts only from 13 % to 16 % for 2013 to 2016 and it dropped to 15% in 2017.
- **Real Property Tax Administration (RPTA) Systems are not yet fully in place.** Geographic Information Systems on tax mapping is not yet fully implemented and inter connectivity between the province and the municipalities is not fully in place. E-Tracs internet connectivity is unstable. Connectivity between assessment and treasury in the province has been established but connectivity between the Provincial and Municipal Treasurer’s Office is not yet available. RPT ledger cleansing at the municipal level is still on-going.
- **There are barriers in the collection of real property taxes.** There is difficulty in locating property owners. The existence of more cooperative, GOP and CLOA/CARP properties without technical description greatly affects real property tax collections. Calamities, unstable peace and order and infestations of crops also affected the collection of real property taxes. Meanwhile, tax enforcement measures has to be enhanced particularly in the institutionalization of civil remedies for the settlement of tax.
- **Financial self-reliance of local economic enterprises not yet in place.** Operations of blood bank and DDN hospitals are highly subsidized by the General Fund. Delayed and irregular remittances of PHIC claims and reimbursements were experienced. Economic Enterprise Marketing Plan is not yet available. There is also a need to update the Hospital Policy and Manual Procedures and upgrade the Hospital Information System and the hospital building facilities. Besides, there is also fast turn-over of hospital human resources which resulted to multi-tasking of staff. However, there are created positions but unfunded.

Although the revenues generated from the sand and gravel operations marked high but participation of the local government units in the quarry operation monitoring is weak. There is also observed over-extraction of quarry resources.

- **Fund utilization and disbursements need priority consideration and enhancement.** The province has difficulty in achieving the required percentages of utilization of various funds as prescribed in Seal of Good Local Governance (SGLG) performance measurement for LGUs. There is also a need to formulate public financial



management policies in all PFM areas. Responses and compliance to COA findings were not totally addressed in the previous years.

Efficiency, transparency and accountability in financial transaction have been given due considerations, however, there is a need to establish systems particularly from the planning to budgeting to implementation phases. Existing PASIMS/FMS also need further enhancement to expand its scope and operation. In the same manner, Payroll Computerization System has to be strengthened to avoid entering mismatched data into the system itself, affecting on line remittances to various NGAs. It has been observed also that some offices are not strictly implementing PPMP for one reason or another. Delayed processing of financial documents and implementation of programs and projects have been observed which, in effect reduced the impact to those PPAs, to the intended beneficiaries. Likewise, recurring system error in PhilGEPS has been experienced due to intermittent internet/intranet connection that contributed to greater percentages of failed biddings. For transparency, public access to key budget information must always be available thru web and other means such as billboards, portal and etc.

It has been observed further, that inaccessibility of bank statement due to system maintenance resulted to the delayed submission of monthly bank reconciliation statements as required.



# Strategic Financial Management Plan For Cy 2018 – 2022



## 4.0 STRATEGIC FINANCIAL MANAGEMENT PLAN

The Strategic Financial Management Plan (SFMP) of PGDdN is anchored on the overall goal of effective and efficient financial management in the areas of revenue generation, allocation, utilization and control. The plan translates the development thrusts and priorities of the province for the next five years (2018-2022).

### 4.1 Sectoral Priorities

In the B.E.S.T. P.E.O.P.L.E. agenda, public financial management falls under **Transformative Leadership** of the Governance Sector. It aims at improving financial management through strict adherence to established processes and procedures and linking such adherence to performance management

The SFMP of PGDdN aims to raise its level of local revenue generation. As real property tax is a local tax, a regular revision of the schedule of market values once every three (3) years by the local assessor is vital to raising real property tax collection. Good treasury management likewise involves proper custody and management of local funds. The disbursements of funds shall always be in accordance with accounting and auditing rules and regulations set by the Commission on Audit (COA).

The fiscal strength of PGDdN can be achieved through adherence to the following:

- a. Strategic planning process is aligned with the development thrust of PGDdN and linked with budgeting for effective resource allocation
- b. Enough revenues are generated to back-up the spending for programs and projects identified in the approved annual development plan and the regular budget
- c. Public funds and monies are properly accounted for and spent according to lawful appropriation and following prescribed procedures
- d. There is a periodic review and analysis of revenue and expenditure data for appropriate guidance of the local financial management team and ELFC of PGDdN
- e. There is accurate and timely reporting of financial information. The created and functional Internal Audit Unit under the Provincial Administrator's office contributed in strengthening PGDdN' s fiscal management systems and processes.

### 4.2 Financial Management Goals and Objectives

The overall PFM goal of PGDdN is anchored in achieving and sustaining fiscal strength, as well as carrying out and upholding good governance.



Taking into account the issues and concerns, development needs and requirements that were identified in the previous section of this plan, the following financial goals and objectives are formulated to meet current and future requirements of the province.

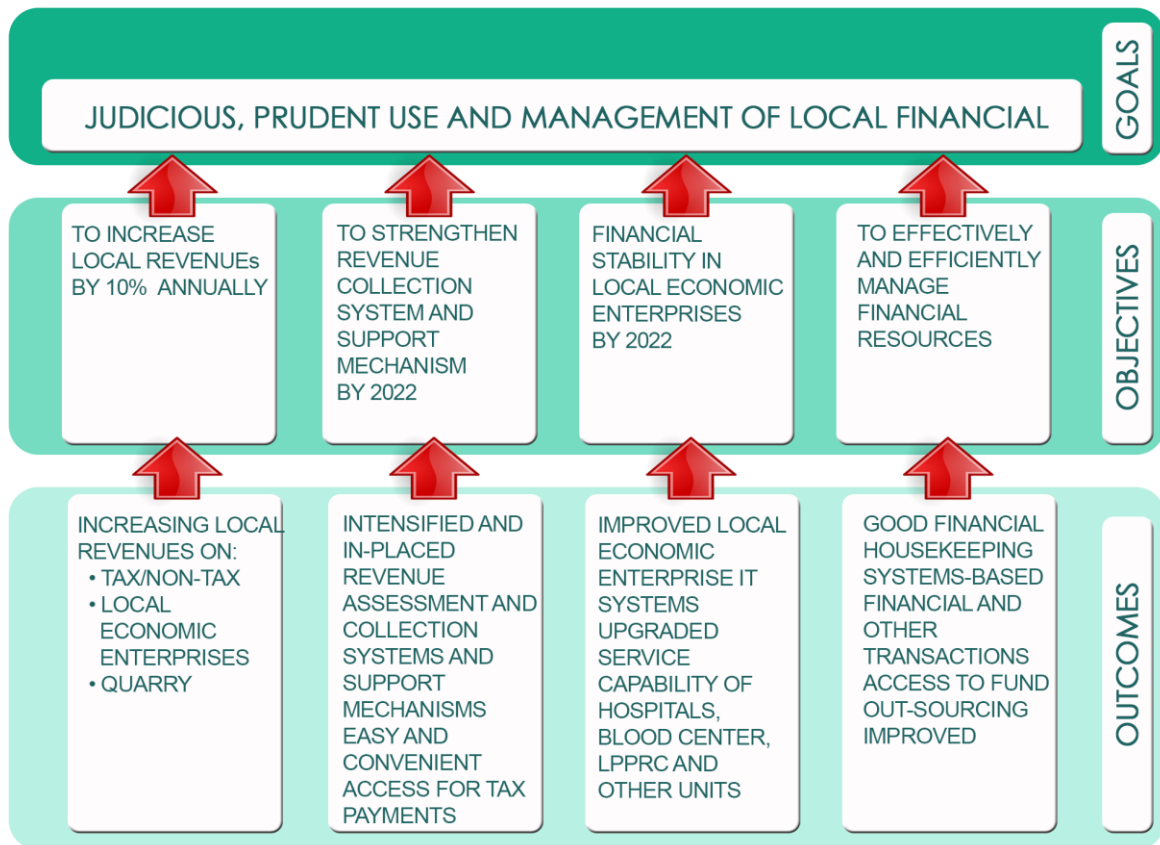
**SPECIFIC GOAL:**

JUDICIOUS, PRUDENT USE AND MANAGEMENT OF LOCAL FINANCIAL RESOURCES

**OBJECTIVES:**

- TO INCREASE REVENUE BY 10% ANNUALLY
- TO STRENGTHEN REVENUE COLLECTION SYSTEM AND SUPPORT MECHANISM BY 2022
- FINANCIAL STABILITY IN LOCAL ECONOMIC ENTERPRISES BY 2022
- TO EFFECTIVELY AND EFFICIENTLY MANAGED FINANCIAL RESOURCES
- TO EFFICIENTLY REGULATE QUARRY RESOURCE EXTRACTION BY 2022

The desired outcomes of the objectives can be best illustrated below.



### 4.3 INCOME AND EXPENDITURE PROJECTIONS

One of the key factors to consider in plan formulation is the flow of funds needed during plan implementation. It is necessary to determine the projected fiscal resources that can be generated, *vis-à-vis*, projected expenditure within the next five (5) years (2018-2022)

The projection process involves doing analyses and evaluation of past years' revenue and expenditure patterns, laying down assumptions, examining the development and investment plan, determining budgetary needs of departments, among others. Forecasting tool such as average growth method was used using past years' revenue and expenditure data. Results are then analyzed and compared. Yet, actual projections of revenues and expenditures are not made solely on the basis of this forecasting tool.

Considerations such as the Provincial Development and Investment Plan (PDIP), Revenue Generation Plan, statutory obligations, existing contractual obligations, and other anticipated needs of the various departments are inputted into the forecasting process.

#### 4.3.1 Income Projection

Under Article I, Section 134-141 of the LGC, the province exercises its taxing powers from the following revenue sources, namely a) tax on transfer of real property ownership, b) tax on business of printing and publication, c) franchise tax, d) tax on sand and gravel, e) professional tax, f) amusement tax, and g) annual fixed tax on delivery trucks and vans.

In forecasting the income, the average growth rate (AGR) method was used as these revenue sources are dependent on several factors affecting its imposition and collection.

Over the five year-period (2018-2022) PGDdN is expected to collect a total of PhP 1,329,318,550.50 or at annual average of PhP 265,863,710.10 from local revenue sources. Real property taxes remain to be one of the major source of local revenues contributing about an average of 25% over the total local revenues.

With the restructuring and enhancement of the operations of the local economic enterprises, it is anticipated that this revenue source can contribute at 12% yearly on the projected income of the province.

For the next five years, the local revenues will be increasing at an average of PhP 19,004,068.00 or 10% of the total revenues from the local sources.

On the other hand, the average yearly increase on external sources of revenues such as the share from IRA of PhP 1,779,909,756.27 is also projected at 10% annually. The projected income of PGDdN is highlighted in Table 24 below:



**Table 24. Income Projection CY 2018-2022**

INCOME PROJECTION					
Sources of Revenue	2018	2019	2020	2021	2022
Interest Income	2,000,000.00	3,000,000.00	1,500,000.00	1,500,000.00	1,500,000.00
Real Property Tax (Basic)	26,700,000.00	26,938,000.00	29,000,000.00	31,000,000.00	33,000,000.00
Real Property Tax (SEF)	34,335,000.00	35,500,000.00	37,275,000.00	39,138,750.00	41,095,687.00
Property Transfer Tax	1,800,000.00	3,000,000.00	3,300,000.00	3,630,000.00	3,993,000.00
Franchise Tax	3,700,000.00	3,700,000.00	3,800,000.00	3,900,000.00	4,000,000.00
Professional Tax	94,000.00	100,000.00	105,000.00	110,000.00	110,000.00
Printing & Publication	105,000.00	90,000.00	100,000.00	110,000.00	110,000.00
Amusement Tax	32,000.00	32,000.00	275,000.00	300,000.00	300,000.00
Sand & Gravel Tax	8,500,000.00	9,500,000.00	11,000,000.00	13,000,000.00	15,000,000.00
Tax on Delivery Trucks & Vans	1,700,000.00	1,680,000.00	1,848,000.00	2,000,000.00	2,200,000.00
Fines & Penalties – Tax Revenue	331,000.00	500,000.00	500,000.00	500,000.00	500,000.00
Hospital Fees – Kapalong Zone	48,000,000.00	51,000,000.00	50,400,000.00	53,000,000.00	56,000,000.00
Hospital Fees – Samal Zone	36,000,000.00	36,000,000.00	37,800,000.00	39,700,000.00	41,700,000.00
Hospital Fees - Carmen Zone	32,000,000.00	37,000,000.00	39,000,000.00	40,000,000.00	42,000,000.00
Drug Testing	-	100,000.00	100,000.00	100,000.00	10,000.00
Water Bacteriology	400,000.00	500,000.00	500,000.00	500,000.00	500,000.00
Bloodbank	9,500,000.00	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00
DNSTC	2,000,000.00	2,500,000.00	3,000,000.00	3,000,000.00	3,000,000.00
Inspection Fees	20,000.00	50,000.00	60,000.00	72,000.00	72,000.00
Payment of Ecosystem (PES)	12,012,113.00	15,500,000.00	17,000,000.00	18,000,000.00	22,000,000.00
Permit Fees	600,000.00	610,000.00	675,000.00	700,000.00	800,000.00
Clearance/Certification Fee	750,000.00	800,000.00	880,000.00	970,000.00	1,000,000.00
Rental – Equipment	2,000,000.00	1,500,000.00	2,000,000.00	2,000,000.00	2,000,000.00
Sale of RCPC	2,500,000.00	3,000,000.00	3,500,000.00	3,500,000.00	3,500,000.00
Sale of CHB	500,000.00	300,000.00	350,000.00	350,000.00	350,000.00
Accreditation/Reg. Fee	200,000.00	150,000.00	157,500.00	157,500.00	157,500.00
Sales of Accountable Forms	5,500,000.00	5,000,000.00	5,500,000.00	5,500,000.00	5,500,000.00
Stickers	250,000.00	250,000.00	257,500.00	260,000.00	260,000.00
Sand & Gravel/Misc. Fee	350,000.00	400,000.00	400,000.00	450,000.00	450,000.00
Sale of Trichoderma, Trichogramma, Mushroom, Plant Nursery & Others	1,000,000.00	1,800,000.00	1,850,000.00	1,850,000.00	1,900,000.00

Plans & Spec., Comp. Test, Seeds, Bid Docs	2,000,000.00	3,000,000.00	3,000,000.00	3,500,000.00	4,000,000.00
<b>Total Local Sources</b>	<b>234,879,113.00</b>	<b>253,500,000.00</b>	<b>265,133,000.00</b>	<b>278,798,250.00</b>	<b>297,008,187.00</b>
IRA	1,457,555,887.00	1,603,525,726.00	1,763,878,298.60	1,940,266,128.46	2,134,292,741.31
PCSO			300,000.00	300,000.00	300,000.00
<b>GRAND TOTAL</b>	<b>1,692,435,000.00</b>	<b>1,857,025,726.00</b>	<b>2,029,311,298.60</b>	<b>2,219,364,378.46</b>	<b>2,431,600,928.31</b>

### 4.3.2 Expenditure Projection

**Table 25.** Expenditure Projection CY 2018-2022

EXPENDITURE PROJECTION SUMMARY					
PARTICULARS	2018	2019	2020	2021	2022
<b>GENERAL FUND</b>					
<b>Statutory and Mandatory Obligations:</b>					
Aid to Component Barangays	223,000	223,000	223,000	223,000	223,000
Local Disaster Risk Reduction Mgt. Fund	82,905,000	91,076,287	99,469,280	108,892,271	119,273,497
<b>Loan Amortization:</b>					
Loans Payable (Principal)				25,600,962	34,134,616
Financial Expense (Interest)			19,408,220	18,207,203	17,278,781
Personal Services	591,566,098	650,278,018	663,311,890	702,620,009	721,191,209
<b>Sub-total Statutory and Mandatory Obligations</b>	<b>674,694,098</b>	<b>741,577,305</b>	<b>782,412,390</b>	<b>855,543,445</b>	<b>892,101,103</b>
<b>20% Development Fund</b>					
Programs and Projects	185,511,178	210,705,146	204,568,143	240,488,391	289,906,941
<b>Loan Amortization :</b>					
Loans Payable (Principal)	75,023,295	89,800,000	112,893,339	114,816,416	114,816,416
Financial Expense (Interest)	30,976,705	20,200,000	35,314,178	32,748,419	22,135,192
<b>Sub-total 20% Development Fund</b>	<b>291,511,178</b>	<b>320,705,146</b>	<b>352,775,660</b>	<b>388,053,226</b>	<b>426,858,549</b>
<b>MAINTENANCE &amp; OTHER OPERATING EXPENSES</b>	<b>378,980,234</b>	<b>418,529,103</b>	<b>451,643,691</b>	<b>488,297,217</b>	<b>528,190,553</b>
<b>CAPITAL/EQUIPMENT OUTLAYS</b>	<b>20,563,100</b>		<b>25,000,000</b>	<b>30,000,000</b>	<b>35,000,000</b>
<b>LOCALLY FUNDED PROGRAMS/PROJECTS</b>	<b>292,351,390</b>	<b>340,714,172</b>	<b>374,785,589</b>	<b>412,264,148</b>	<b>454,200,325</b>
<b>TOTAL GENERAL FUND</b>	<b>1,658,100,000</b>	<b>1,821,525,726</b>	<b>1,986,617,330</b>	<b>2,174,158,036</b>	<b>2,336,350,530</b>
<b>SPECIAL EDUCATION FUND</b>					
Personal Services	612,000	612,000	612,000	612,000	612,000
<b>Loan Amortization</b>					
Loans Payable (Principal)	1,945,979	1,945,979	1,945,979	1,945,979	1,945,979
Financial Expense (Interest)	537,389	424,575	311,762	198,948	86,135
<b>MAINTENANCE &amp; OTHER OPERATING EXPENSES</b>	<b>21,898,000</b>	<b>22,028,000</b>	<b>24,550,000</b>	<b>24,800,000</b>	<b>25,450,000</b>
<b>CAPITAL/EQUIPMENT OUTLAYS</b>	<b>500,000</b>	<b>500,000</b>	<b>600,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>LOCALLY FUNDED PROGRAMS/PROJECTS</b>	<b>8,841,632</b>	<b>9,989,446</b>	<b>10,200,000</b>	<b>10,850,000</b>	<b>10,950,000</b>
<b>TOTAL SPECIAL EDUCATION FUND</b>	<b>34,335,000</b>	<b>35,500,000</b>	<b>38,219,741</b>	<b>39,406,927</b>	<b>40,044,114</b>
<b>TOTAL PROJECTED EXPENDITURES</b>	<b>1,692,435,000</b>	<b>1,857,025,726</b>	<b>2,024,837,071</b>	<b>2,213,564,963</b>	<b>2,376,394,644</b>



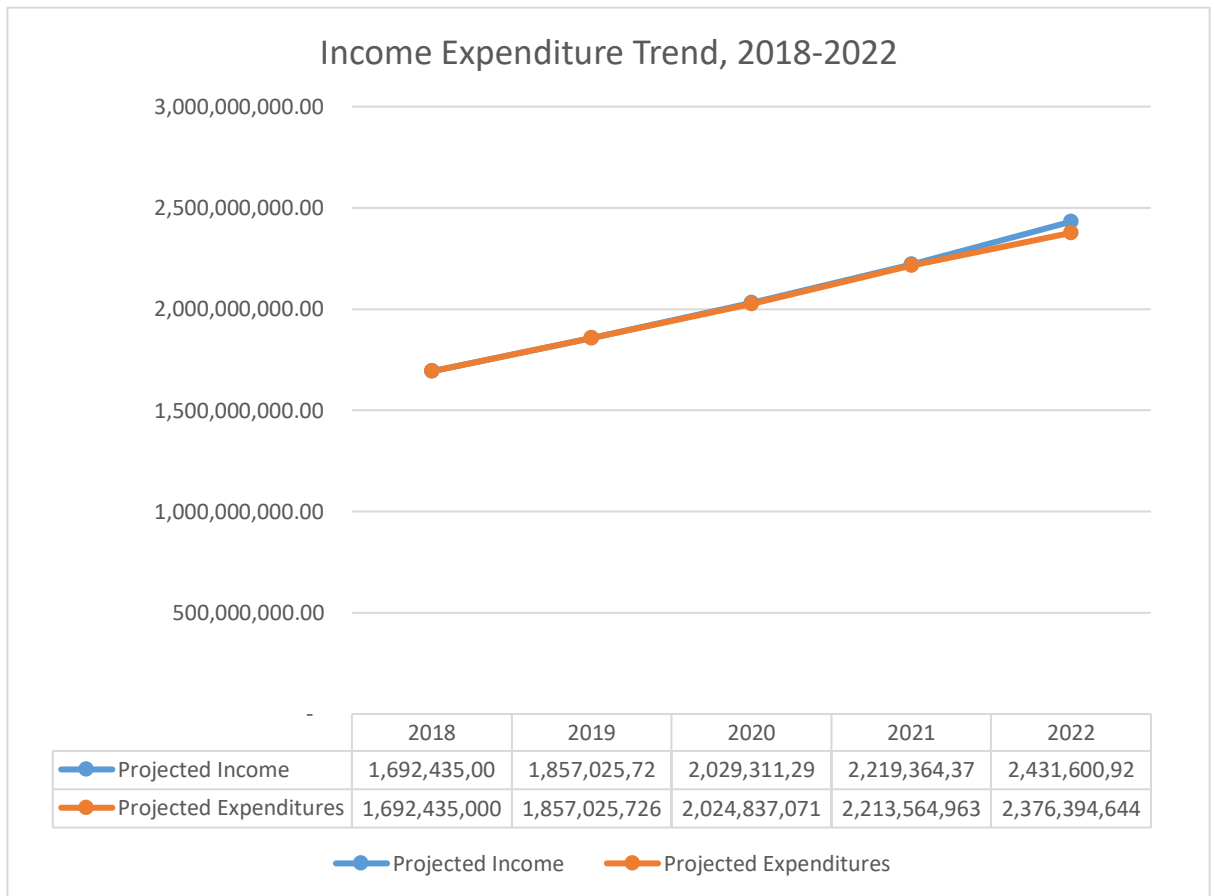
## 4.4 PROJECTED INCOME AND EXPENDITURE ANALYSIS

The analysis on the projected income *vis-vis* expenditures is a vital tool for the determination of the fiscal gap of PGDdN. It seeks to provide the financial managers of PGDdN with financial information that will serve as guidepost in the measures to manage fiscal gaps; tapping revenue generation efforts and improving expenditure management. It also helps in the prioritization of development interventions, projects and activities that are envisaged to be implemented within the plan period.

As reflected in the income and expenditure trend for CY 2018 – 2022, PGDdNs financial operation presents a positive outlook.

**Table 26:** Projected Income and Expenditures 2018-2022

	2018	2019	2020	2021	2022
<b>PROJECTED INCOME</b>	1,692,435,000.00	1,857,025,726.00	2,029,311,298.60	2,219,364,378.46	2,431,600,928.31
<b>PROJECTED EXPENDITURE</b>	1,692,435,000.00	1,857,025,726.00	2,024,837,071.00	2,213,564,963.00	2,376,394,644.00
<b>VARIANCE</b>	-	-	4,474,227.60	5,799,415.46	55,206,284.31



#### 4.5 Underlying Assumptions on the Projections

PGDdN is largely dependent on its share from Internal Revenue Allotment (IRA) from the national government. Historical revenue data reveal that, on the average, IRA comprises 85% of the total revenue collection of the province, which leaves the contribution of local revenue to only 15%. In 2015 and 2016, a slight increase in the percentage of local revenue has been reported at 16 %. The capacity to collect local revenues is based on the following assumptions.

Real property tax is one of the top local revenue source of PGDdN although shared among LGUs of the province as follows: for General Fund (Basic)- Municipal- 40%; Province- 35%; and Barangay share-25%, while on Special Education Fund – RPT share: Province-50%; Municipal – 50%. Another largest local revenue contributors are the economic enterprise particularly the PGDdN –operated hospitals.

The Revised Revenue Code, Provincial Tax Ordinance 2017-001, has incorporated new sources of revenues which likewise contributed in increasing local revenue. These are the drug testing fee, the progressive rates on the Payment of Ecosystem Services (PES) of P25.00per cubic meter of Sand and gravel and other quarry resources for the first three (3) years of implementation (2018-2020). On the fourth year, 2021, it will increase to P30.00 per cubic meter and on the fifth year, 2022, it will be P50.00per cubic meter. The income derived from PES goes to the General Fund of the province.

Moreover, the Sand and Gravel Tax and the Sales of Accountable Forms contributed also a lot in increasing local income. On the other hand, the collection derived from Printing and Publication is minimal due to the fact that there are no sufficient numbers of Printing and Publishing companies from which PGDdN can collect the appropriate tax nor are there big public utility companies from which to collect franchise tax.

In like manner, there are no enough numbers of professional working in the private institutions within the province which professional tax can imposed. Also, the tax rate on the amusement tax went down from 30% (based on LGC) to 10% based on RA No. 9640 dated May 21, 2009.

In addition, PGDdN is now on the process of conducting public hearing for the rental of the newly completed commercial building at the proposed rate of P38.00 per square meter which will contribute to the increase in local income.

Based on past years' revenue collection performance, average tax revenue growth rates are determined at:

##### a. Tax Revenue

- Eight percent (8%) for RPT- Basic
- Eight percent (8%) for RPT- SEF



- Seventeen and a half percent (17.5%) for Tax on Business (includes printing and publication, franchise tax, delivery trucks & vans, sand and gravel tax, transfer tax etc.)
- Sixteen and a half percent (16.5%) for Other Taxes (includes amusement tax, and sand & gravel tax)
- 

**b. Non Tax Revenue**

- Seventy six percent (76%) for Regulatory fees (includes permit fee and inspection fee)
- Thirty five and a half percent (35.5%) for Service/User Charges (includes certification fee, rental income, etc)
- Twelve percent (12%) for Other Receipts (includes interest income, fines and penalties, sale of waste materials and farm products, etc.)
- Twenty-nine percent (29%) for Hospital Collections/Fees

**4.5.1 Income Items**

**4.5.1.1 External Sources**

**Internal Revenue Allotment (IRA).** IRA represents the annual share of a province from national revenue actually realized as certified by the Bureau of Internal Revenue (BIR) during the third fiscal year preceding the current fiscal year.

As provided under RA 7160, the IRA share of every province, city, and municipality shall be determined on the basis of the following distribution formula:

- Population - fifty percent (50%)
- Land Area - Twenty-five percent (25%)
- Equal Sharing - Twenty-five percent (25%)

PGDdN takes a conservative approach in projecting IRA growth for the years 2018 – 2022. It relies upon the 10% average growth rate in the past five years (2013-2017) and applies it steadily over the next five-year period.

The conservative approach is adopted, for the reason that the share and release of IRAs to LGUs are highly dependent on the collection efficiency of the national government. As LGUs being an IRA dependent at an average rate of 85%, any shortfall in the IRA collection will highly affect the implementation of planned programs and projects of the local government.



#### 4.5.1.2 Local Sources

##### On Tax Revenues:

1. Real Property Tax (RPT) – 1% of the assessed value for Basic Tax and additional levy of 1% for Special Education Fund (SEF). – The appraisal, assessment, levy and collections or real property tax shall be guided by the following fundamental principles (Sec. 198, LGC):

- it shall be appraised at its current and fair market value;
- it shall be classified for assessment purposes on the basis of its actual use;
- it shall be assessed on the basis of a uniform classification within each local government unit;
- appraisal, assessment, levy and collection of real property tax shall not be let to any private person; and
- appraisal and assessment of real property shall be equitable.

The revenue target for RPT shall consider the following computation based on Department Order No. 006-2015, the performance standard for Local Treasurers and Assistant Treasurer.

$$\text{RPT Target} = \text{Total Current Collectibles} \times 80\% + \text{Cumulative Five-Year Delinquencies} \times 35\%$$

Where: Total Current Collectibles = Collectibles Net of Properties with Restrictions

RPT Current Collections = Gross Amount of Basic & SEF + Current Year Penalty Basic & SEF

2. Tax on Transfer of Real Property Ownership – imposed on the sale, donation, barter, or on any other mode of transferring ownership or title of real property. The tax rate is sixty percent (60%) of one percent (1%) of the total consideration involved in the acquisition of the property or fair market value based on the values enacted by the Sanggunian for property tax purpose, whichever is higher.

3. Tax on Business of Printing and Publication – imposed on the business of persons engaged in the printing and/or publication of books, cards, posters, leaflets, handbills, certificates, receipts, pamphlets, tarpaulins, and other printed materials of similar nature, at the rate of sixty percent (60%) of one percent (1%) of the gross annual receipts for the preceding calendar year.

4. Franchise Tax – imposed on businesses within the territorial jurisdiction of the province enjoying a franchise at the rate of sixty percent (60%) of one percent (1%) of the gross annual receipts which shall include both cash sales and sales on account realized during the preceding calendar year.

5. Tax on Sand, Gravel and Other Quarry Resources – imposed in the amount of Twenty Seven & 50/100 (Php27.50) per cubic meter of ordinary stones, sand & gravel,

earthfill extracted from public/private lands or from the beds of seas, lakes, rivers, streams, creeks and other public waters within the territorial jurisdiction of the province.

6. Professional Tax – levied as an annual tax on each person engaged in the exercise or practice of his profession requiring government examination in the amount of Three Hundred Pesos (Php300.00), except professionals exclusively employed in the Government.

7. Amusement Tax – a tax collected from the proprietors, lessees, or operators of theaters, cinemas, concert halls, circuses, boxing stadium, and other amusement places at the rate of ten percent (10%) of the gross receipts from admission fees.

8. Annual Fixed Tax for Delivery Truck, Van and Heavy Equipment operating within the territorial jurisdiction of the Province at the rates stipulated in the Revised Revenue Code of the Province 2007-001.

**Non- Tax Revenues:**

The average growth rates of the different revenue items are used correspondingly in projecting non-tax revenue for the years 2018-2022. Non-tax revenue target shall also consider the computation based on Department Order No. 006-2015, the performance standard for Local Treasurers and Assistant Treasurer.

$$\text{Fees and Charges (FC)} = [\text{Regulatory Fees (Prior Years)} + \text{Service/User Charges (Prior Year)}] \times \text{Incremental Factor}$$

1. Regulatory Fees – are normally associated with fees derived from the exercise of regulatory powers of local government like police power. It commensurate to the cost of regulation, inspection and surveillance before any person may engage in business in the printing and publication, enjoying a franchise, proprietors, leases, or operators of amusement places, owners or operators of delivery trucks, vans and heavy equipment and shipping or transporting livestock/animals and extraction of sand and gravel and other quarry materials.
2. Service and Other Users Charges - tax imposed are collected such reasonable fees and charges for services rendered in pursuant to Section 153, Local Government Code of 1991).
3. Tax imposition that will contribute in achieving non-tax revenue target is the Payment for Ecosystem Services (PES). It is an ecosystem service fee that shall be collected from the permittee, for all natural resources to be extracted. It shall be used for ecosystem management, protection and rehabilitation, maintenance & regulatory expenses; and economic enterprises development related to the environment.

All reasonable fees and rates for regulatory fees and service/users charges are provided in the Revised Revenue Code of the Province for 2017-2021.

#### 4.6 ASSUMPTIONS IN REVENUE PROJECTION

RPT collection is among the lowest in average growth. Thus, the strategies of enforcing administrative remedies against real property tax delinquencies shall be continued. The first public auction conducted by PGDdN was on December 12, 2017. Another strategy is to encourage the delinquent taxpayers to enter into a compromise agreement; massive distribution of Notice of Tax Bills and continuous conducting information education campaign on Real Property Tax per barangay. In addition, general revision of real property assessments shall strictly be observed every three (3) years. The vigorous enforcement of these strategies brings the projection of RPT beyond its 8% average growth to 10% annually during the five-year period.

In forecasting non-tax revenue, the average growth rate of each non-tax revenue item is relied upon and used in making the five-year projection. It is to be noted that these growth rates are over and above the 10% growth rate applied to RPT projection (16% for regulatory fees, 4% for service/user charges, 23% for other receipts, and 12% for economic enterprises), except for IRA which is targeted to increase at a conservative rate of 10% based on preceding year's growth. To ensure the achievement of non-tax revenue targets, such strategies as updating of the local revenue code in 2017 and the full utilization of the Davao del Norte Sports and Tourism Complex and Commercial Building are identified and proposed to be implemented during the five-year period.

Additional assumptions in revenue projection:

- PGDdN continues to sponsor free Philhealth insurance to indigent families under its Capitation Fund. This scheme not only promotes effective health service but also increases the capacity of the province, particularly its district hospitals, to augment its revenue with the capitation fund it gets from Philhealth.
- The creation of the provincial Sports and Youth Development Office is tasked to strengthen and improve the operations of the DNSTC and the capacity to generate more revenues.

The Local Economic Enterprise revenue projection for the next five (5) years (2018 to 2022) is presented below. It has the average of 3% to 5% increase every year.

**Table No 27:** LEE Revenue Projection, 2018 – 2022 Davao del Norte

	2018	2019	2020	2021	2022
DDNH - CZ	32,000,000.00	37,000,000.00	39,000,000.00	40,000,000.00	42,000,000.00
DDNH - KZ	48,000,000.00	51,000,000.00	51,500,000.00	53,000,000.00	56,000,000.00
DDNH - IGCZ	36,000,000.00	36,000,000.00	37,800,000.00	39,700,000.00	41,700,000.00
BLOOD CENTER	9,500,000.00	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00
RCPC CASTING	3,000,000.00	3,300,000.00	3,850,000.00	3,850,000.00	3,850,000.00

Source: PEEDO, Davao del Norte

With the trend of projections still the operation of the PEEDO is provincially subsidized. There is a need to review and further study its operations to upgrade the service capability of the hospitals and look into the development of the potential revenue units. On the other hand, there is a need to formulate a comprehensive economic enterprise development program that will serve as the noble guide in its operations.

#### 4.7 ASSUMPTIONS FOR EXPENDITURE PROJECTIONS

The projected budgets for programs/projects/activities for the years 2018 – 2022 find their basis on the approved Provincial Development and Investment Plan (PDIP), identification and prioritization of such is anchored on the B.E.S.T. P.E.O.P.L.E. agenda of the province.

On the other hand, forecast of current operating expenditures for the five-year period is founded on the following assumptions:

1. Continuous implementation of the Salary Standardization Law as well as the provision of benefits due to employees.
2. Full provision of statutory and mandatory requirements i.e. loan amortization and retirement benefits.
3. PGDdN policy of prudent spending in MOOE items.

#### 4.8 FINANCIAL MANAGEMENT STRATEGIES

- Strengthening of tax and other fees collection measures and campaign.
- Sustain the reward system to top performing LGUs and tax payers.
- Full implementation of GIS in tax mapping
- Strengthening of E-Tracs implementation and its connectivity
  
- Formulation of Economic Enterprise Marketing Plan
- Updating of the Hospital Policy and Manual Procedures
- Updating and implementation of fees and charges
- Enhancement of hospital services
  
- Strengthening of planning and budgeting linkages
- Establishment of systems from planning to budgeting to implementation to monitoring/evaluation phase
- Enhancement of PASIMS/FMS
- Implementation of Internal Audit and Control Systems
- Strict adherence to full disclosure policy and e-SRE posting
- Explore Public Private Partnership schemes for funding and implementing development projects
- Strengthen resource mobilization activities – partnerships with ODA, NGAs and other resource institutions; joint ventures



# Implementation Plan CY 2018 - 2022

## 5.0 IMPLEMENTATION PLAN CY 2018 - 2022

This part of the plan translates into action the PFM strategies into concrete actions or specific activities to facilitate attainment of objectives set in the SFMP.

### IMPLEMENTATION PLAN

Davao del Norte, CY 2018-2022

PROGRAMS/PROJECTS/ ACTIVITIES	OUTPUT	OPR	BUDGETARY REQUIEMENT( in Million)					TOTAL
			2018	2019	2020	2021	2022	
<b>Outcome: INCREASING LOCAL REVENUE</b>								
<b>Revenue Collection Enhancement Project</b>	- Public Auction of Delinquent Real Properties - Sale of Accountable Forms - Compromise Agreements with delinquent taxpayers - Performance Awards and Incentives to LGUs and early-paying taxpayers - Updated tax payers index card - Updated Revenue Code - Learning and development for human resource	PTO PASSO /PLO	6.444	7.1	7.8	8.5	9.4	39.244
<b>Inventory of Electric Post and Electric sub-station</b>	FAAS Inventory Report	PASSO						
<b>Review and revision of Provincial Tax Ordinance on Hospital Billing Rates and Charges</b>	Revised Provincial Tax Ordinance on Hospital Billing Rates and Charges	PEEDO Head and Chief of Hospitals and Units Heads						
<b>Formulation of new Hospital Billing Rates and Charges</b>						0.1	0.1	
<b>Amendment of Provincial Tax Ordinance on Hospital Billing Rates and Charges</b>								
<b>Efficient Regulation of Quarry Resource Extraction</b>	Increased revenue from enforcement of environmental places	PENRO	8.5	9.5	11	13	15	57
<b>Outcome: INTENSIFIED AND IN-PLACED REVENUE ASSESSMENT AND COLLECTION SYSTEMS AND SUPPORT MECHANISMS</b>								
<b>Real Property Tax Enhancement Project</b>		PASSO	2.322	4.822	4.854	2.8896	2.92858	17.8164
• <b>RPT Assessment and Appraisal</b>	No. of RPU's		0.4	0.43	0.2	0.7	1	2.78
	Appraisal Reports							
	Awards & Incentives							
• <b>ETRACS Maintenance</b>	ETRACS maintained / operated	PTO/ PASSO	0.322	0.322	0.354	0.3896	0.42858	1.816402
• <b>Tax maps updating</b>	No. of Tax maps digitized	PASSO	0.89	1.423	0.4	1.3	0.8	4.8128

	No. of GIS- based tax maps								
• RPT General Revision	RPT Gen. Revision					3.5			3.5
• Linkages & tie-up activities	Consultations		0.21	0.297	0.3	0.2	0.4	1.4072	
	IEC & Monitoring								
• Purchase of service vehicle	No. of vehicle			2					2
• Purchase of office and IT equipment	No. of equipment		0.5	0.3	0.1	0.3	0.3	1.5	
e-SRE	Functional E-SRE System	PTO/IT-PADO/ PBO/PACCO	0.03	0.04	0.05	0.05	0.05	0.19	
<b>Outcome: EASY AND CONVENIENT ACCESS FOR TAX PAYMENTS</b>									
Assessor and Treasury Connectivity	Assessor and Treasury Connected	PTO,PADO-IT, PASSO	-	-	-	-	-	-	-
E-TRACS and treasury services connectivity (Municipal to Provincial)	( Municipal to Provincial) E-TRACS and treasury services connected	PTO,PADO-IT, PASSO	-	-	-	-	-	-	-
<b>Outcome : Effective and Efficient Fund Management System</b>									
Conduct of Compliance Audit for all the strategies of SFMP related - offices	Compliance Audit Report	PADO-IASD Concerned PFM Offices	0.05	0.05	0.05	0.05	0.05	0.25	
Tracking of PFM Improvement Plan	Tracking Table for the Implementation on LGU PFMIPs	PADO-IASD Concerned PFM Offices	0.015	0.015	0.015	0.015	0.015	0.075	
Review on the Implementation of Internal Controls, Business Process Flows and Detailed Procedures	Internal Control Review Report, Business Process Flows and Detailed Procedures	PADO-IASD All Provincial Offices	0.015	0.015	0.015	0.015	0.015	0.075	
<b>Outcome: IMPROVED LOCAL ECONOMIC ENTERPRISE IT SYSTEMS</b>									
Hospital Management Information System (HOMIS) at Carmen and Samal Zone	Functional HOMIS	DOH - IT	2	2					4
Implementation of Level II HOMIS Package at Kapalong Zone	Level II HOMIS implemented	DOH - IT			2				2
Merger of E - Tracs and HOMIS system for 3 hospitals	E-Tracs and HOMIS merger	PLGU - IT & DOH IT			0.5	0.5	0.5	1.5	
<b>Outcome: UPGRADED SERVICE CAPABILITY OF HOSPITALS, BLOOD CENTER, LPPRC AND OTHER UNITS</b>									
A. Human Resource Complementations	Funded and filled up plantilla positions based on Licensing Standards	PEEDO/HOSPITALS							
	- PEEDO		0.5	0.5	0.5	0.5	0.5	2.5	
	- Hospitals		3	6	6	6	6	27	
	- Blood Center		0.5	0.5	0.5	0.5	0.5	2.5	
	- LPPRC		0.5	1	1	1	1	4.5	
	- DavNor		0.3	0.5			0.5	1.3	
	Pharmacy								
	-RCPC Unit			0.5	0.5	0.5	0.5	2	
<b>B. Construction/ Renovations and Equipping the LEE Buildings</b>									
B.1. PEEDO	PEEDO Bldg improved		-	3	3	-	-	6	
Extention of the Existing PEEDO office		PGSO & PEO		3				3	
Renovation of the Davnor Pharmacy		PGSO & PEO		0.5				0.5	
IT Equipment		PEEDO & PGSO		0.1	0.2	0.3		0.6	
Furnitures and Fixures		PEEDO & PGSO		0.1			0.3	0.4	
B.2. DDNH - CZ:	DDNH-CZ hospital bldg. improved/equipped		-	1.5	1.5	-	-	3	
Construction of MIS Center (Minimally Invasive Surgery)		PEEDO/DOH			90			90.0*	



Construction of Admin Building Annex		PEO	3					3
Completion of Perimeter Fence, Landscaping and Parking Area		PEO/PGSO		2				2
Equipping the OR, DR and other Special Care Areas		DOH - HFEP Division		2	2	2	2	8.0*
B.3. DDNH - KZ	DDNH-KZ hospital improved							
Purchase of Motor Vehicle			0.9					0.9
Completion of Ward Building		DOH - HFEP Division	19					19.00*
Completion of the Nursing/ Administrative Building		DOH - HFEP Division		49				49.0*
Construction Additional Ward Building		DOH - HFEP Division			90			90.0*
Construction of Ugpaan ni Aya		DOH - HFEP Division		5				5.0*
Construction of hospital signage;		PEO		1				1
Completion of Perimeter Fence		PGSO & PEO		2				2
Landscaping and Embankment		PEO	3					3
Construction of Drainage System and STP		DOH - HFEP Division			5			5.0*
Construction of Watchers Waiting Shed		PGSO & PEO		0.5				0.5
Establishment of Adolescent Clinic		PGSO & PEO		0.2				0.2
Repainting of the OPD Building		PGSO & PEO		0.5				0.5
Construction of Bacteriology Room		PGSO & PEO		0.5				0.5
Construction of Elevated Power House		PGSO & PEO			10			10
Construction of DDNH-KZ Extension Hospital @ Talaingod, Davao del Norte	Extension of DDNH-KZ services	DOH - HFEP Division			50			50.0*
Construction of DDNH-KZ Extension Hospital @ Sto. Tomas, Davao del Norte	Extension of DDNH-KZ services	DOH - HFEP Division				50		50.0*
Repainting of Dietary Building		PGSO & PEO				0.5		0.5
Repainting of Eng'ng Building		PGSO & PEO				0.2		0.2
Equipping the Hospital OR/DR, ICU, ER complex and other units		COH & PGSO	2	3	5	5	5	15.0*
Fully Furnishing the Hospital Facilities		PGSO & PEO		2	2			4
B.4. DDNH - SZ	DDNH_SZ bldg. improved and equipped							
Construction of Davao del Norte Hospital -Annex (Medical Tourism Complex) completed.		DOH - HFEP Division		500				500.0*
Equipping the OR, DR and other Special Care Areas completed		DOH - HFEP Division	2	2	2	2		8.0*
Fully Furnished Hospital Facilities		PGSO & PEO	2	2				4
B.5. BLOOD CENTER	Blood center improved							
Procurement of Blood Transport Motor Vehicle		PEEDO/PGSO		2.5				2.5
Construction of Septic Vaults		PEO		0.5				
Procurement of Laboratory Equipment		PEEDO/PGSO	0.35	1.5	1	0.5	2	5.35
Construction of Power House and Fencing		PEO		0.2				0.2
B.6. LPRRC	LPRC bldg. improved							
Construction of Rehabilitation Building			30					30
Renovation of Security Post				0.3				0.3
Renovation of the Administrative Building				5			10	15





Upgrading and Development of LPPRC				120					120
<b>B.7. RCPC Casting Unit</b>									
Improvements of the RCPC Production Area	Increasing RCPC production	PEEDO			1				1
<b>Capacity Building/ Learning and Development</b>									
Formulation of the Economic Enterprise Management Manual	Economic Enterprise Management Manual	PEEDO	0.05	0.1					0.15
Orientations to users of the Economic Enterprise Business Marketing Manual	No. of orientations conducted	PEEDO		0.05					0.05
Updating of the Hospital Manual of Procedures	Hospital Manual of Procedures updated	PEEDO/PHRMO		0.1	0.05				0.15
Orientations to hospital staff on the updated Hospital Manual of Procedures	No. of orientations conducted	PEEDO		0.05	0.05				0.1
Attendance to DOH Vertical Public Health Programs, workshops, orientations and updates	No. of trainings/	PEEDO	0.5	0.5	0.5	0.5	0.5	0.5	2.5
	workshops attended								
<b>D. Other Programs and Project Development</b>									
Organic Fertilizer Production Project	No. of projects implemented	PEEDO/PAGRO		7	2	2	2	2	11
<b>Outcome: GOOD FINANCIAL HOUSEKEEPING</b>									
Financial Resources Mgt. Policy and Expenditure Control	Financial Reports	PACCO	1.8	2	2	2	2	2	9.8
	FS schedules								
Full Disclosure Policy Compliance	FDPP reports posted	PACCO/PTO							
		PBO/PGSO							
		PPDO							
Planning and Development Programming Project	AIP/ANNUAL REPORT/Monitoring Reports/SEPs on line/Data base maintained	PPDO	1.505	1.505	1.655	1.821	2.0		8.486
Resource Allocation and Appropriation Project	1 General Fund Annual Budget	PBO/DEPED/LSB	0.25	0.25	0.275	0.3205	0.3325		1.41
	1 Local School Board	PBO/DEPED/LSB							
<b>Outcome:SYSTEM-BASED FINANCIAL AND OTHER TRANSACTIONS</b>									
Enhanced Financial Information System (FMIS)	Non imposition of penalties and surcharges	PACCO/ PHRMO/ PTO							
	FR submission within reglementary period	PACCO							
<b>Outcome: ACCESS TO FUND OUT-SOURCING IMPROVED</b>									
Implementation of special projects	No. of Projects implemented	PADO	-	2.065	2.271	2.498	2.748		9.582

The background features abstract, overlapping geometric shapes in various shades of green and teal, creating a modern, layered effect. The shapes are primarily triangles and polygons, some with soft gradients and others with solid colors. The overall composition is clean and professional, suitable for a business or financial document.

# Monitoring and Evaluation Plan for Strategic Financial Management Plan



## PFM MONITORING AND EVALUATION

Monitoring and evaluation is an integral part of any plan. For this SFMP, M & E Plan enables PGDdN to measure and evaluate accomplishments based on the goals and objectives stipulated in the plan.

Internal monitoring shall be undertaken by the concerned offices. Monitoring reports shall be prepared quarterly and submitted to the Provincial Monitoring and Evaluation Group (PMEG) organized to monitor and evaluate this Strategic Financial Management Plan of Davao del Norte. The PPDO shall serve as the secretariat of the PMEG.

PMEG shall provide periodic updates on SFMP to the Local Chief Executive and Local Finance Committee.

The performance framework presents indicators that are measurable and acceptable and establishes the vertical and horizontal linkages towards coming up the outcomes and objectives of the plan.

The illustration below shows the over-all monitoring and evaluation plan, to wit:

### SUMMARY RESULTS

RESULTS	CRITICAL PERFORMANCE INDICATOR	BASELINE	TARGET
		-2017	(END OF PLAN PERIOD)
Increasing Local Revenue	Local revenue growth rate	5%	10%
Efficient and in-placed revenue assessments and collection systems and support mechanisms	E-tracs systems	Not yet fully operational	E-tracs fully operational and properly maintained
	Scientific based RPTA	Digitized tax maps	GIS based tax maps
Easy and convenient access for tax payments	Inter connectivity between MLGU and PLGU treasury	Not connected	MLGU/PLGU treasury connected
Increased revenue generation from LEE	% General fund subsidy	35%	
Improved local economic enterprise IT systems	HOMIS implementation	DDN_CZ – not yet	DDN_CZ HOMIS



<b>Upgraded service capability of hospitals, blood center, LPRRC and other units</b>	E-tracs – HOMIS integration	DDN-SZ- not yet	DDN SZ HOMIS
	DOH licensed category of hospital	DDN-KZ – Level 1 Not yet Level 1	DDn KZ Level II HOMIS E-tracs – HOMIS integration Level 1
<b>Good financial housekeeping</b>	Increasing PMAT index	3.24 (2016)	4
	No COA adverse findings % of fund utilization	Qualified opinion 20% DF – LDRRM Fund-	0 85%
<b>Systems-based financial and other transactions</b>	No. systems developed/enhanced	FMS	Enhanced FMIS, EMIS
	Non imposition of penalties and surcharges	Imposition of penalties w/ concerned employees	Zero penalty
	FR submission within reglementary period	Within reglementary period	Within reglementary period
<b>Access to fund out-sourcing improved</b>	No. of special projects implemented		

**RESULTS MATRIX**  
**SFMP CY 2018 – 2022**

RESULTS	PERFORMANCE INDICATOR	BASE LINE 2017	Target				END OF TARGET	OPR	MOV	ASSUMPTIONS
			2018	2019	2020	2021				
<b>Increasing Local Revenue</b>	Local Revenue Growth Rate									
	Local income growth rate	5%	6%	8%	10%	10%	10%	ESRE	Fully implemented Revised Revenue Code	
<b>Efficient and in-placed revenue assessments and collection systems and support mechanisms</b>	e-tracs maintained and fully operational	In all LGUs	In all LGUs	In all LGUs	In all LGUs	In all LGUs	In all LGUs	Accomplishment report	Sustainability of E-TRACS at the LGUs	
<b>Easy and convenient</b>	Inter connectivity between MLGU and PLGU treasury	Not connected	1 LGU	2 LGU	2 LGU	3 LGU	8 LGUs	PTO/MTO/P ADO-IT	Accomplishment report	Full support from the LGUs/stable internet connection



access for tax payments	Online transactions on Real Property Assessments	Connected 7 lgu's						1 lgu	8 lgu's	PASSO/MASO/ PADO-IT	Sustainability of E-TRACS at the LGUs and Full support from the LGUs/stable internet connection
Improved local economic enterprise IT systems											
Upgraded service capability of hospitals, blood center, LPRRC and other units											
Good financial housekeeping	Increasing PMAT index No COA adverse findings	3.24 (2016) Qualified opinion	3.5 0	0 0	0 0	0 0	4 0	4 0	4 0	7 OFF All Offices	COMPLIANT TO 7 REFORM AREAS Compliant to COA rules and reg.
Systems-based financial and other transactions	Strengthened budget and planning linkages Enhanced FMIS PASIMS e-NGAS FMS EMIS	1 GF/1 SEF AB FMIS PASIMS e-NGAS FMS EMIS	1 GF/1 SEF AB 1 1 1 1 1	1 GF/1 SEF AB 1 1 1 1 1	1 GF/1 SEF AB 1 1 1 1 1	1 GF/1 SEF AB 1 1 1 1 1	1 GF/1 SEF AB 1 1 1 1 1	1 GF/1 SEF AB All Offices	1 GF/1 SEF AB 1 1 1 1 1	PBO/PPDO/DEPED/ LSB In-placed System	LEP/AIP/LSB Full support from LCE/SP/ management
Access to fund out-sourcing improved											
Efficient Regulation of Quarry Resource Extraction	Increasing Quarry Revenue	Extraction Fees Php 8.5M	8.5M	9.5M	11M	13M	15M	57M	PENRO/PTO	PTO/PENRO Database/Report	Strict implementation of mining laws, rules and regulation for judicious and long term use of mineral resources
		Payment for Ecosystem Services (PES)	12M	15.5M	17M	18M	22M	84.5M	PENRO/PTO	PENRO/PTO	



Improved and Upgraded Financial Management and Other Systems	Complied PFM Requirements	PFM Tracking Table of Fully Implemented Strategies	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	PTO/PBO/PACCO/PPDO/PGSO/PEED O/PADO-IASD	Public Financial Management Assessment Report
	Increased PFM Score	2016 3.24	3.5	4	4	Annual	Annual	Annual	Annual	Annual	4	Annual	PTO/PBO/PACCO/PPDO/PGSO/PEED O/PADO-IASD	Public Financial Management Assessment Report	
<b>Streamlined Provincial Processes and Procedure</b>	Systems and Processes in-place and operational	On-going	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	All Offices	Functional System Internal Control Review, Business Process Flows and Detailed Procedures	

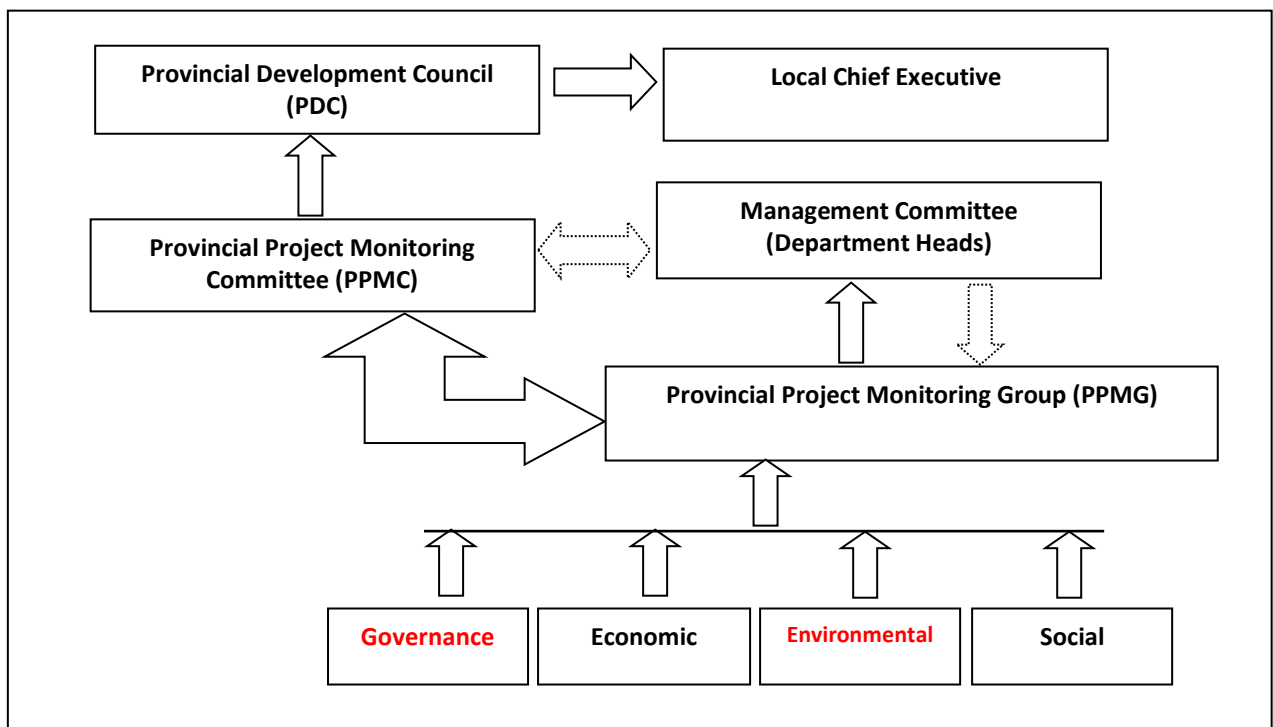


## 6.2 MONITORING AND EVALUATION MECHANISM

The monitoring and evaluation system shall make use of the existing Provincial Project Monitoring Committee (PPMC). Monitoring and evaluation will continue to be the responsibility of the PPMC, with the technical support of the PPDO as the Secretariat. To assist LPMC attain its function, a Provincial Project Monitoring Group (PPMG) shall be constituted through an Executive Order. PPMG is a grouping of sectors composed of the representatives from various departments of the Local Governments; the governance, economic, environmental and social sectors.

The PPMG shall facilitate the field level monitoring in agreement with the PPMC. Monitoring templates shall be developed to capture needed information and data at the input and output levels. The PPDO, being the Secretariat of PPMC, shall consolidate the results of field monitoring conducted by PPMG. Concerned departments will be provided with the results of the monitoring, as submitted to the PPMC. The system is illustrated in Figure 16. The M&E system should also be adopted by the Local Development Council.

Figure 16. Local M&E Structure, Davao del Norte



The Provincial Project Monitoring Committee is composed of representatives from NGO/CSO members of the Provincial Development Council and concurrently chaired by the DILG Provincial Director. The PPMC will report their monitoring and evaluation findings and assessment to the PDC.