

Financial Management Systems among Higher Education Institution in Eastern Visayas Region, Philippines

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ABSTRACT

This study determined the level of effectiveness on the financial status and the fiscal management initiatives adopted, the level of knowledge on the procedures adopted on fiscal management, and the level of seriousness on the problems encountered in financial management among Higher Education Institutions (HEIs) in Eastern Visayas Region, Philippines. Utilizing the descriptive – evaluative survey design, the study was conducted in the ten State Universities and Colleges (SUCs) in Eastern Visayas Region during the calendar year 2016. The respondents of the study were limited to the 109 SUCs personnel from the budget, finance, cashier, and supply unit. The analysis of data reveals that the level of effectiveness on the status of fiscal management among HEIs in Eastern Visayas is very satisfactory; the level of effectiveness on the fiscal management initiatives of HEIs is adequate; and the four units also possess an adequate level of knowledge on the procedures adopted in financial management in areas of budgeting, accounting, cashing, and supply. On the contrary, the supply unit has encountered serious problems that need to be resolved appropriately; while budget, finance, and cashier units encountered least serious problems. In general, the result showed that the fiscal management systems among HEIs in Eastern Visayas Region is effective, however, some areas need utmost attention by the head of agency. It is hereby recommended that further study be conducted on the relationship of the above-mentioned variables to the overall performance of SUCs and the proposed model for an effective fiscal management system shall be utilized.

Keywords: fiscal management; status; level of knowledge; problems; management initiatives; descriptive-evaluative survey

INTRODUCTION

Financial management involves proper management, allocation, and control of all government property. Proper management, expenditures, or utilization shall be in conformity with the existing laws and regulations set by Commission on Audit (COA) specified in the Government Accounting Manual (GAM), which provides “basic accounting policies and principles in accordance with the Philippine Public Sector Accounting Standards (PPSA) and adopted through COA Resolution No. 2014-003.”^{(1),(2)} These guidelines, rules and procedures should be observed by the finance personnel and in reporting all government transactions. To ensure that such policy is faithfully adhered to, it will be checked in detail by the members of the COA to determine financial and property accountabilities. This mandate makes the budget, finance, cashier, and supply office personnel aware of its intents and purpose, and the ill-effects of this policy when not strictly observed.⁽³⁾ Although COA has a sound intention to check government operations, some heads of financial and property offices find some of its findings annoying and irritating. Others end up not compliant that even led to some undesirable COA’s findings like suspension and disallowance of financial transactions; irregularities in the use of public funds; illegal procurement process; misuse of government properties; and untimely recording of deposit of cash collection, among others.

The assessment of fiscal climate of State Universities and Colleges (SUC) is vital to deal with these long-existing problems that stir up Higher Education Institutions (HEIs) in the country. Government institutions of higher learning that are fully funded by the Philippine Government (PG) like SUCs need to be assessed. The current situation including the funding structure of SUCs makes this study relevant to the policy-makers. The financial management of SUCs have often been criticized for being inadequate and not conducive to analyzing efficiency since most number of the SUCs in the Philippines are inept in managing the scarce resources of the government. Highlighting the accountability of SUCs to their stakeholders and the key officials’ yearning to utilize astutely scarce resources indicate that efficiency is a matter that should not be taken for granted among educational institutions.

However, the present set-up of SUCs in providing a monthly operating budget to the external campuses appears simple and relevant to the existing condition. Liaison officers of the external campuses facilitate the process of making the monthly allotment available for its maintenance and operation. Compliance of the liquidation reports and other required documents, and submission to the main campus forms a part of his responsibilities. An up-to-date and accurate accomplishment and submission of required reports to the main campus are the bases of the succeeding release of the operating budget. Some external campuses; however,

failed to satisfy such requirements to the disadvantage of the main campus. In effect, an internal policy "no report, no release of fund" was adopted by the main campus. This policy makes the budget, finance, cashier, and supply sections aware of their respective roles to play for the timely release of the operating budget. As such, a collaborative effort and teamwork of the offices concerned shall make the issue not a problem at all in fiscal management.

Essentially, internal control is one of the basic tools of management to check and to achieve the mandate on efficiency, economy, and effectiveness in its operations, as well as to detect and minimize the occurrence of fraud, errors, and wastage in using the government funds and property. The head in any government agencies should focus more not only on the installation but on proper implementation and close monitoring of a good system of internal control on fiscal and property accountability in accordance with the existing rules, policies, and procedures. In the light of the foregoing premises, this study was conceptualized to assess the level of effectiveness on the financial status and fiscal management initiatives adopted, the level of knowledge on the procedures adopted, and the level of seriousness on the problems encountered in fiscal management of the HEIs in Eastern Visayas Region, Philippines.

METHODS

This study used descriptive-evaluative survey design. The study covered only three concepts of fiscal management to include: budgeting, accounting, and procurement. There were other minor concepts on the observance of government standards, rules, and regulations that were tackled. A survey questionnaire was developed, fielded, and collected from the personnel of the different SUCs in Region VIII. The items in the questionnaire were mostly taken from the COA Training Manual on Internal Control and published journals such as Financial Management Survey by the Missouri Community Service Commission⁽⁴⁾; Public Sector Transparency and Accountability in Selected Arab countries; Policies and Practice by Elia, et al.⁽⁵⁾ The survey questionnaire was individually distributed among the three respondents from budget, accounting, cashier and supply unit after obtaining permit from the University Presidents of the SUCs. The data was collected using purposive sampling and limited to the perceptions of the respondents; thus, it can be subjective. It may be objective based on the observations of the respondents on actual events at present. The researcher explained the idea of the study and the manner of interpreting the items of the questionnaire. Informal interviews were also done during the distribution. The place was limited only to the ten State Universities and Colleges in Region VIII, Philippines. Simple percentage, weighted mean, relative frequency, and ranking were used to determine the status, fiscal management initiatives of SUCs, level of knowledge on the procedures adopted by SUCs on fiscal management, and issues encountered by SUCs on fiscal management.

RESULT

The table presents the summary on status, fiscal management initiatives, level of knowledge, and issues encountered by SUCs on fiscal management.

Table 1. The summary on status, fiscal management initiatives, level of knowledge, and issues encountered by SUCs on fiscal management

Units	Status of fiscal management		Fiscal management initiatives		Level of knowledge		Issues and concern	
	AWM	Interpretation	WM	Interpretation	WM	Interpretation	WM	Interpretation
Budget	3.16	Satisfactory	3.94	Adequate	3.85	Adequate	2.07	Least serious problem
Finance	3.97	Very satisfactory	3.88	Adequate	3.57	Adequate	2.22	Least serious problem
Cashier	4.34	Very satisfactory	4.39	Adequate	4.23	Adequate	1.66	Least serious problem
Supply	4.20	Very satisfactory	3.98	Adequate	4.07	Adequate	2.60	Least serious problem
Overall	3.92	Very satisfactory	4.05	Adequate	3.93	Adequate	2.14	Least serious problem

*Average weighted mean / Weighted mean

DISCUSSION

The Table 1 shows that the level of effectiveness on the status of fiscal management in finance, cashier, and supply unit had a common rating, which is very satisfactory, while the budget has a satisfactory rating. The average weighted mean of 3.92 signifies that the status of fiscal management on budgeting, finance, cashier, and supply is very satisfactory which means the respondents perceived the status of fiscal management of SUCs in terms of budgeting, accounting, cashiering and supply is on its high level of effectiveness. This supports the study of Eustaquio (2015)⁽⁶⁾, who pointed out that fiscal services, financial, human, and physical resources

management of the university must be improved where policies, rules, and guidelines should be strictly followed. In doing so, the university can be more efficient and effective in implementing policies to meet the needs of the clientele. Clearly, it exercises the standard performance of adequate implementation of a sound internal control system. This finding corresponds to the study of Mahfiza as cited in Triatmoko (2018), who believed that all government universities should have a sound, flexible, effective and efficient financial management to manage the scarce resources.⁽⁷⁾ This is supported further by the study of Castano (2007) who mentioned that the SUCs in the Philippines have efficiently managed their scarce resources.⁽⁸⁾ On the other hand, this finding negates the opinion of Cuenca (2011), which says that the data envelopment analysis conducted on the data set of 78 SUCs in the country provides empirical evidence of the inefficiency of SUCs in the country.⁽⁹⁾

With regards to the level of effectiveness on fiscal management initiatives, the result is encouraging since all units were rated as adequate. The overall average weighted mean was 4.05 implies that the fiscal management initiatives of SUCs in terms of budgeting, accounting, cashiering, and supply is implemented on a very high level of effectiveness. This means that management decisions contribute to the successful execution of a coherent financial management system. This is validated in the study of Al-Khadash & Feridun (2006) who stressed out the significant positive effect of management initiatives to the performance of financial performance.⁽¹⁰⁾ Hamilton-Hart (2018) pointed out that good decision making of key personnel in an organization can overcome bad condition making the financial sector stable and crisis resilient. There are so many ways to come up with a sound economic decision. One of which is using financial statement analysis. Strategic planning also plays a major role in strengthening tenable budgeting and fiscal management.⁽¹¹⁾ The study of Bempah (2015) mentioned that management disposition and support affect the application of acceptable financial management practices. In order to attain the objective of the organization, appropriate control should be initiated by the management as well.⁽¹²⁾

Moreover, the level of knowledge on the procedures adopted by SUCs on fiscal management were all rated as adequate. This finding implies that the respondents have a high level of knowledge on the procedures adopted by SUCs on fiscal management. This negates the study of Morehead (2018)⁽¹³⁾ that mentioned the lack of knowledge in financial management especially in the government sectors due to lack of exposure in government accounting and financial management for the public fund since college. The findings indicate that the budget personnel respondents possess a high level of understanding on the procedures pertaining to rules generally observed in budget preparation such as supplementary appropriations and transfer of funds mandated by GAA and the policies and guidelines of DBM. In the finance unit, the high level of observance on fiscal management procedures are attributed to the adequacy of trained and experienced finance personnel and the need for training of financial officers on money and property accountabilities and rotation of financial officers. These findings also reveal that the cashier unit has installed and implemented a sound internal control system. However, cashier personnel had insufficient knowledge of financial statement analysis. This could mean that there is a need for orientation and training of the personnel involved in financial analysis to make the evaluation meaningful and purposeful to financial managers. In the supply unit, the findings denote that the supply personnel had a high level of understanding of procurement using the "Philippine Government Electronic Procurement System (PhilGEPS) which is in accordance with Republic Act No. 9184 (RA 9184) that ensures transparency and accountability in government transactions and enhance efficiency and effectiveness in the procurement of goods, services and civil works."⁽¹⁴⁾

Lastly, the issues met by SUCs on fiscal management, such as budget, finance, and cashier units have a common rating of very satisfactory, while the supply unit was beset with serious problems. Nevertheless, the overall average weighted mean of 2.14, infers that the respondents see the issues on fiscal management as least serious. It is sad to note that the supply unit has a lot of serious issues to resolve than the least serious. These findings seem to indicate the untimely recording of goods in the ledger cards, personnel did not observe the policy on over-shipment of items, as well as receive and accept incorrect quantity not in accordance with the description in the purchase order. In addition to these irregularities, it allows change and variation order, and inadequate and unsafe storage of supplies and equipment deemed detrimental to the interest of the services. These one of the prevalent issues in the government is financial misconduct and irregularities that happened in the workplace. The factor contributing to this is the lack of proper management of the organization's resources.

It is noticed that the level of effectiveness on the status of financial management and the fiscal management initiatives of SUCs are at its high level of effectiveness and the level of knowledge is adequate in the budget, accounting, cashier and supply unit. However, it is observed that the serious problems encountered by SUCs in the supply unit are deemed attributed to management initiatives not properly executed and compromising the compliance on the government policies, rules, and regulations. This resulted in the incompetence of the supply officer in discharging the mandated function of his office. It is discerned further that even though training and

seminars of personnel are highly observed, it seems that personnel did not perform well the needed conventional procedures in the procurement process. This makes the issue a bit alarming. It implies that SUC personnel lacks the responsibility and accountability to the government resources. This finding is in support with that of Ayom (2013), who mentioned that despite these procurement policies, well-outlined organizations continue to record cases of procurements guidelines being faulted.⁽¹⁵⁾

CONCLUSION

Based on the outcome of the study, it is safe to conclude that: the status of fiscal management system of SUCs is on its high level of effectiveness; that the fiscal management initiatives adopted by SUCs are implemented on a very high level of effectiveness; there is a high level of knowledge on the procedures adopted by SUCs in fiscal management; only least serious problems were encountered by the personnel in the different SUCs in Region VIII.

In light of the findings of this study, the researcher recommends the following: 1) Enforce the principle of merit and fitness in the selection and hiring of personnel like hiring qualified personnel; 2) Institute an effective reward system to performing financial officers; 3) Undertake seminar pertaining to responsibilities and accountabilities of all government officials to promote a healthy working environment and enhanced work ethics; 4) In-service training of financial and supply personnel shall be enriched to avoid disallowances and deviation from procurement rules and regulations; 5) Strengthen coordination and teamwork among budget, finance, cashier and supply units to address lapses among offices; 6) Policies on overpriced, substandard, unsatisfactory, rejected and damaged items should be formulated in the supply unit; 7) A sound internal control system should be adopted in accordance with government policies, rules, and procedures to ensure that controls are implemented and exposure to risk is minimized in all offices mentioned; 8) A monthly conference of heads of different units is highly encouraged; 9) Adopt the proposed model for an effective fiscal management system.

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