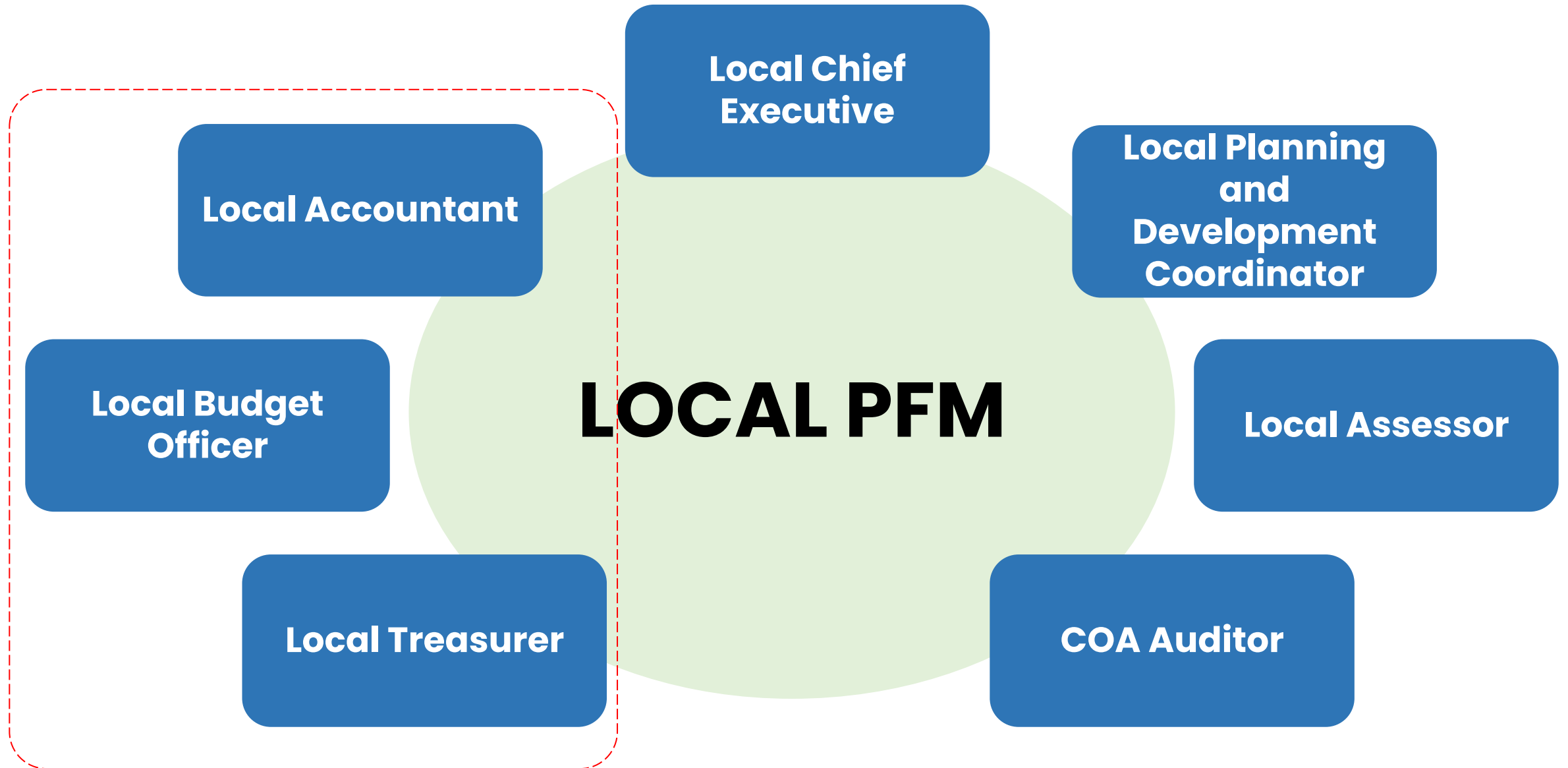




# Rapid Study on the Establishment of Oversight Office for Local Accountants in the National Government

Systems and Productivity Improvement Bureau  
Department of Budget and Management

# Key Positions in Local PFM



# National Oversight on Local PFM



## DBM

Promote the sound, efficient and effective management and utilization of government resources as an instrument in the achievement of national socioeconomic and political development goals



## DOF

Formulate, institutionalize, and administer sound fiscal policies; generate revenues and manage the government's financial resources; and manage the fiscal health of the country



## COA

Examine, audit, and settle all accounts pertaining to the revenue and receipts of, and expenditures or uses of funds and property, owned or held in trust by, or pertaining to, the Government, or any of its subdivisions, agencies, or instrumentalities, including GOCCs with original charters, and on a post-audit basis



## DILG

Assist the President in the exercise of general supervision over local governments through promulgation of policies, rules, regulations and other issuances on the general supervision over local governments and on public order and safety

# National Oversight on Local PFM

**DBM**



**Local Budget Officer**

- Review of annual and supplemental budgets of provinces and HUCs/ICCs
- Management of the allocation and release of the National Tax Allotment
- Publication of the Budget Operations Manual for LGUs
- Capacity building/training programs

**DOF**



**Local Treasurer**

- Supervision and coordination of conduct of local treasury and assessment operations of LGUs
- Publication of the Local Treasury Operations Manual
- LGU Fiscal Sustainability Scorecard
- Capacity building/training programs



**Local Accountant**

# National Oversight on Local PFM

Functions of Local Accountants	DBM	DOF	COA	DILG
• Install and maintain an internal audit system in the local government unit concerned	✓			
• Prepare and submit financial statements to the governor or mayor, as the case may be, and to the <i>sanggunian</i> concerned			✓	
• Apprise the <i>sanggunian</i> and other local government officials on the financial condition and operations of the local government unit concerned	✓	✓	✓	
• Certify to the availability of budgetary allotment to which expenditures and obligations may be properly charged	✓		✓	

# National Oversight on Local PFM

<b>Functions of Local Accountants</b>	<b>DBM</b>	<b>DOF</b>	<b>COA</b>	<b>DILG</b>
• Review supporting documents before preparation of vouchers to determine completeness of requirements			✓	
• Prepare statements of cash advances, liquidation, salaries, allowances, reimbursements and remittances pertaining to the LGU			✓	✓
• Prepare statements of journal vouchers and liquidation of the same and other adjustments related thereto			✓	
• Post individual disbursements to the subsidiary ledger and index cards			✓	

# National Oversight on Local PFM

Functions of Local Accountants	DBM	DOF	COA	DILG
• Maintain individual ledgers for officials and employees of the local government unit pertaining to payrolls and deductions			✓	
• Record and post in index cards details of purchased furniture, fixtures, and equipment, including disposal thereof, if any	✓		✓	
• Account for all issued requests for obligations and maintain and keep all records and reports related thereto	✓			
• Prepare journals and the analysis of obligations and maintain and keep all records and reports related thereto			✓	

# National Oversight on Local PFM

<b>Functions of Local Accountants</b>	<b>DBM</b>	<b>DOF</b>	<b>COA</b>	<b>DILG</b>
<ul style="list-style-type: none"><li>Exercise such other powers and perform such other duties and functions as may be provided by law or ordinance</li></ul>	✓	✓	✓	✓

# Findings

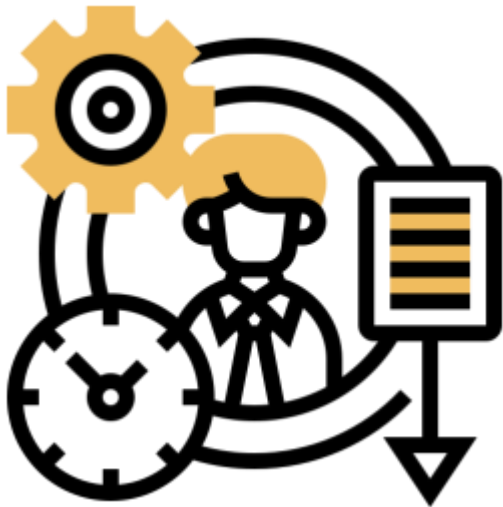
## **Gap in PFM accountability chain:**

Lack of a function within the Executive Branch that enforces accounting standards, reporting requirements, and internal control mechanisms not only across agencies in the national government, but also in the LGUs

No single focal office in the national government which supervises local accountants in contrast to the local budget officer and treasurer

Areas on oversight and/or supervision of the functions being performed by local accountants cannot be attributed to a single national government agency

Current fragmented set-up results to inefficiencies (e.g., addressing concerns; clarification on policies)



# Proposed Actions

## Option 1:

Strengthening of  
current oversight  
institutions and  
mechanisms

## Option 2:

Establishment of a  
new office

# Proposed Possible Actions

## Option 1:

Strengthening of current oversight institutions and mechanisms

- ❑ Clearly delineate functions among oversight agencies and address fragmentation
- ❑ Enhance or expand oversight functions of **DOF / DBM / COA**
- ❑ Would require **legislation**

# Proposed Possible Actions

## Option 2:

## Establishment of a new office

- ❑ Creation of a new oversight body separate from said agencies is **deemed unnecessary**
- ❑ Proposed creation of an **Office of the Comptroller General** identified under the PFM Reforms Roadmap 2024-2028
- ❑ Previous initiatives in DBM
- ❑ Would require **at least an executive issuance/action**



***But where?  
DBM? DOF? COA?***

### **If COA...**

Local accountants are similarly mandated to perform internal audit/internal control functions, which is a function that the COA, as the supreme audit institution, cannot be expected to fulfil.

# Proposed Possible Actions

## Option 2:

## Establishment of a new office

Pros	Cons
<ul style="list-style-type: none"><li>• Having a centralized office will ensure <b>standardization and uniform implementation</b> of financial/accounting policies across all LGUs</li><li>• Having an office dedicated to overseeing local accountants could <b>enhance financial management and monitoring system</b> which could help prevent corruption and mismanagement at the LGU level</li><li>• <b>Consistent capacity-building/training and professional development</b> to local accountants could be provided, ensuring adherence to modern/latest financial standards and developments</li><li>• <b>Faster intervention</b> in financial issues at the LGU level through conduct of real-time supervision and performance assessment</li></ul>	<ul style="list-style-type: none"><li>• <b>Possible redundancy and bureaucratic overlap</b> considering there are existing agencies already performing similar functions</li><li>• <b>Resource and budget constraints</b> since the creation/establishment of a new office will require substantial funding and personnel, which may not be cost-effective</li><li>• <b>Perceived interference to local fiscal autonomy</b> given absence of provision in the LGC explicitly providing for direct supervision over the local accountant, as compared to the local treasurer and budget officer</li></ul>

# Conclusion

- ❑ Need to strengthen national oversight mechanisms over local accountants is recognized
- ❑ Establishment of a dedicated office to oversee local accountants may be deemed as a more effective option but there is a need to ensure that the same will not duplicate existing functions of several government agencies exercising supervision over local PFM activities of the LGUs
- ❑ Both options will necessitate a comprehensive analysis of existing agency mandates, functions, systems, and mechanisms in place
- ❑ Both options will not provide instant solution to identified gap considering corresponding actions needed

S. No. 890  
H. No. 7240

Republic of the Philippines  
Congress of the Philippines  
Metro Manila  
Nineteenth Congress  
Third Regular Session

Begun and held in Metro Manila, on Monday, the twenty-second  
day of July, two thousand twenty-four.

[ REPUBLIC ACT NO. 12231 ]

AN ACT OPTIMIZING THE NATIONAL GOVERNMENT  
FOR EFFICIENT PUBLIC SERVICE DELIVERY

*Be it enacted by the Senate and House of Representatives of the  
Philippines in Congress assembled:*

SECTION 1. *Short Title.* - This Act shall be known as  
the "Government Optimization Act".

SEC. 2. *Declaration of Policy.* - It is hereby declared the  
policy of the State to promote and maintain effectiveness,  
efficiency, economy, equity, and ethical accountability in the  
government; enhance institutional capacity to improve public  
service delivery; and ensure the attainment of the country's  
societal and economic development goals and objectives.  
Consistent with this, the government shall provide adequate  
resources to support an organization's essential role, scope, and  
level of governance, and minimize, if not eliminate,

# REPUBLIC ACT NO. 12231

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## AN ACT OPTIMIZING THE NATIONAL GOVERNMENT FOR EFFICIENT PUBLIC SERVICE DELIVERY

### "GOVERNMENT OPTIMIZATION ACT"



REPUBLIC OF THE PHILIPPINES  
**DEPARTMENT OF BUDGET AND MANAGEMENT**  
GENERAL SOLANO STREET, SAN MIGUEL, MANILA

04 MAY 2026

**PRESIDENT LEDENIA A. FLORES**

Philippine Association of Local Government Accountants (PHALGA), Inc.  
Unit 214 Pacific Century Tower, Quezon Avenue  
South Triangle, Quezon City

Dear **President Flores**:

This is in reference to **PHALGA, Inc. Resolution No. 003-2025**, entitled, "*A Resolution Earnestly Requesting the Committee on Optimizing the Executive Branch (COEB) to Include in the Government Optimization Plan the Establishment of the Office of the Comptrollership General (OCG) as the Government's Central Accountancy Office Responsible for Real-time Consolidation of Financial Reports and the Formulation of Standardized Government Accounting Policies.*"

Foremost, we thank you for sharing your recommendation and insight to improve the operations of government institutions in relation to the implementation of Republic Act (RA) No. 12231,<sup>1</sup> and duly acknowledge your concern.

In relation thereto, we would like to respectfully highlight that RA No. 12231, otherwise known as the Government Optimization Act (GOA), mandates the implementation of the Government Optimization Program (GOP), which primarily aims to enhance the government's institutional capacity to enable it to perform its mandates and functions and deliver public goods and services more effectively and efficiently.

Essentially, the GOA authorizes the President to undertake functional shifts/modifications and implement organizational and staffing actions in the agencies of the Executive Branch to streamline their operations and optimize their organizational structure and manpower complement, such as the strengthening, scaling down, phasing out, elimination, or discontinuance, and transfer or integration of functions; and merger, consolidation, transfer, splitting, creation, regularization, and abolition of agencies, offices, and/or positions, upon determination by the COEB, an inter-agency body created to oversee the implementation of the GOP,<sup>2</sup> that it is in the best interest of the State to pursue such modifications and actions.

# Thank you!



Scan this QR code to learn more about the Systems and Productivity-related activities of the DBM

For questions and/or concerns, you may email the **Systems and Productivity Improvement Bureau** at [dbm-spib@dbm.gov.ph](mailto:dbm-spib@dbm.gov.ph)  
(+63) 02 8657-300 loc. 1223 (AU), 1226 (ICMD), 1227 (MSID), 1228 (AMD), 1238 (PED)

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