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Accounting Standards and Reporting Efficiency in Tabaco City's Local Government Unit

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***Abstract*—Accounting systems play an important role in economic and socially developed municipalities and cities, serving to improve the accountability of politicians and the improvement of public service management, and leading in turn to efficient and effective governance. Findings of the study shows that the level of accounting standards and reporting practices in the Local Government Unit of Tabaco City rated the five indicators along preparation with very highly practiced adjectival description with the following numerical ratings: financial reports on time with the highest weighted mean of 4.61 followed by provides documents on financial transactions whenever needed with 4.58; organizes financial documents orderly and chronologically has 4.55 these three indicators have an adjectival description of very highly practiced while the indicator facilitates the easy flow of financial transactions got a weighted mean of 4.48 and communicates the transaction data and information whenever necessary with 4.36, both the same adjectival description of highly practiced. Based from the, the following conclusions are drawn; the results show that the respondents perceived that the level of practice of accounting standards and reporting in the Local Government Unit of Tabaco City along preparation, disbursement and reporting is highly practiced, among the factors that affect the implementation of accounting standards and procedure along the three (3) identified components, the top three factors are: stakeholder requirements, policies and procedure for disbursement and ethical considerations. A recommendations were offered to enhance compliance, transparency, and efficiency in the implementation of accounting standards and the reporting system in an LGU, the following recommendations should be considered.**

***Index Terms*—Accountability Reporting, Budget Utilization, Reporting Efficiency, Accountability, Continuous Improvement.**

1. Introduction

Financial reporting by local governments is used in making economic, social and political decisions and in assessing accountability primarily by comparing actual financial results with the legally adopted budget, assessing financial conditions and results of operations, assisting in determining compliance with finance related laws, rules and regulations and assisting in evaluating efficiency and effectiveness. Moreover, the budget is an expression of the public policy and financial intent as well as a management tool and a method of providing control. As a consequence, the application of modern accounting methods can have important benefits both for the politicians and for the citizens. Moreover, a good accounting system is a very useful instrument for the electorate to hold their politicians and administration accountable. Public sector accounting is closely related to regional autonomy and fiscal decentralization that is currently running. Relation to reform the public sector, local autonomy to be one part of the reform of the public sector itself. Autonomy provides flexibility in the area to develop local financial management systems are widely. Accounting for the public sector has a major role to prepare the financial statements as a form of implementation of public accountability. Good governance and public sector accounting has a strong relationship, in which the public sector accounting as a tool to do a good elaboration governance to order more real.

The low quality of financial information indicating the weakness of the effectiveness of public sector accounting practices. This is because the public sector accounting related to the purpose external financial reports produced. Speaking about the effectiveness of public sector accounting means talking about the public sector accounting attempts to exploit the potential of the ability to achieve the objective of financial statements. The objective of financial statements is to provide information used in decision-making, accountability and evidence management, and evaluating managerial and organizational performance. Change in an accounting problem that can reduce the quality and integrity of the financial reporting process. Unqualified accounting information will lead to poor quality of good governance. The quality of accounting information has a relationship with good quality of governance. The use of transparent financial accounting information in corporate control mechanisms can improve the effectiveness of the governance process which in turn prevents corruption. One of the factors that can influence the governance of the company is the quality of accounting information. The implementation of public sector accounting and accounting information quality affects the accountability of government. When viewed from the public sector accounting's point of view, there are three main issues why good governance is still far from reality: First, the absence of local government accounting system that can both support the implementation of reliable reporting. The absence of a reliable accounting system led to weak internal controls (internal control) of local

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government. Second, a very limited number of personnel of local government accounting educational backgrounds, so they do not really care or may not understand these issues. On the other hand, very few scholars who are interested in quality accounting profession to develop its local government because of the low compensation offered by the local government. Third, yet full implementation of Financial Accounting Standards Public Sector standard, whereas the Accounting Standards are very important as a guide to making the financial statements and as a control mechanism. Not the full implementation of accounting standards will lead to negative implications in the form of low reliability of financial information as well as difficult in auditing.

Accounting standards play a crucial role in ensuring transparency, accountability, and efficiency in the financial management of Local Government Units (LGUs). By following established standards, LGUs can maintain accurate financial records, promote good governance, and ensure compliance with national and international regulations. These are essential for LGUs to maintain financial integrity, improve governance, and effectively serve their communities. By adhering to these standards, LGUs can ensure that public funds are managed responsibly and used to drive local development. Based on the arguments above, researchers are interested in conducting this study to assess the financial accounting practices and reporting in the local government unit of Tabaco City, Albay and to determine the factors affecting the said practices including its impact to the local governance of Tabaco City, Albay. Academically, this paper will definitely articulate the various concepts learned not only inside the classroom but also in the field. The suggestions and recommendations by the researchers will gain insights relative to accounting standards and reporting practices and the result of this study will provide better understanding on the appropriate course of action by the concerned authorities on the compliance of generally accepted accounting principles and standards Thus, this study is being conducted.

2. Methodology

The researchers employed the descriptive method in this study. According to Adanza, Bermundo and Rasonabe, (2009) descriptive method is designed to gather information about the present conditions, status or trend, and dealing with what are prevailing. The descriptive research design fitted well into this study because it determined the accounting standards and reporting practices of the Local Government Unit of Tabaco City along preparation, disbursement and reporting. It also explored the factors that greatly affect the accounting and reporting practices of the Local Government Unit. Further, this study utilized a survey-comparative design since it assessed the accounting practices. Viscarra, (2003) noted that descripted studies are useful in obtaining the prevailing status or condition of the problem which are essential in understanding the past and the future. It is a method which collect detailed and factual information to describe existing phenomena. A survey design was used since it gathered current information from a group of respondents through a questionnaire. These groups are the employees and department managers of Treasury and Accounting Department of the Local Government Unit of Tabaco City. The respondents of the study are the thirty-three (33) employees of Treasurers' Office and Accounting Department Total enumeration was be employed in the study.

3. Findings

The salient findings of the study are: The level of accounting standards and reporting practices in the Local Government Unit of Tabaco City rated the five indicators along preparation with very highly practiced adjectival description with the following numerical ratings: financial reports on time with the highest weighted mean of 4.61 followed by provides documents on financial transactions whenever needed with 4.58; organizes financial documents orderly and chronologically has 4.55 these three indicators have an adjectival description of very highly practiced while the indicator facilitates the easy flow of financial transactions got a weighted mean of 4.48 and communicates the transaction data and information whenever necessary with 4.36, both the same adjectival description of highly practiced.

Along disbursement, the indicator analyzes financial transaction carefully as to the completeness of documents and attachments got the highest weighted mean of 4.58 with an adjectival description of very highly practiced followed by monitors carefully financial transactions of local government unit of Tabaco City and ensures continuing engagement by standardized disbursement mechanisms having the same weighted mean of 4.27; implements the standardized disbursement strategies and polices has 4.00 and lastly warrants the availability of funds before disbursement with a weighted mean of 3.88. On average, the five indicators has a computed weighted of 4.20 with an adjectival description of highly practiced. Along reporting, The respondents rated the indicator complies with the limitations of disclosing relevant financial transactions with the highest weighted mean of 4.36 followed by reflects accurate and timely data in all financial documents with 4.27; takes corrective actions when adverse variances are reported with 4.21; conducts regular audit to financial transactions (4.15) and lastly prepares financial statements and reports regularly has a weighted mean of 4.06. All with an adjectival description of highly practiced. Likewise, the average composite mean of the five indicators along reporting is 4.21 with an adjectival description of highly practiced. The respondents ranked the factors affecting the accounting standards and reporting with the following rankings: Along Preparation Phase of Accounting. The indicator stakeholder requirements ranked 1st; quality of the financial records and time constraints both ranked 2nd; internal accounting controls with a rank of 4th; management and staff expertise ranked as 5th; nature of business and adequacy of technology and systems both with a rank of 6th; economic environment ranked 8th; kind of business transactions ranked 9th and accounting standards and regulations with a rank of 10th. Along Disbursement Phase of Accounting. The indicator policies and procedure for disbursement has a frequency of forty four and has a rank of first; cash flow availability ranked second; stakeholders expectations third in rank; compliance with laws and regulations ranked fourth; the indicators completeness and accuracy of documentation and internal controls in disbursement both with a rank of fifth; economic and external factors ranked seventh; budgetary constraints and authorization and approval of budget was rated by respondents with a rank of eight and payment method and vendors terms and agreements both were ranked tenth by the respondents. Along Reporting System in an Accounting Procedure. The respondents ranked the following indicators in order of magnitude: ethical considerations with a rank of 1^{st}; organizational complexity ranked 2^{nd}; timeliness with a rank of 3^{rd}; quality of internal controls with a rank of 4^{th}; compliance with standards in financial reporting and reporting objectives have the same rank as 5^{th}; accuracy of financial data to be presented and technological systems with the same rank of 7^{th}; expertise of the accounting team in rendering financial report ranked 9^{th}; stakeholder requirements with a rank of 10^{th}; external factors ranked 11^{th} and audit and review process being practiced ranked 12^{th}.

4. Conclusions and Recommendations

Based from the findings, the following conclusions are drawn: The results show that the respondents perceived that the level of practice of accounting standards and reporting in the Local Government Unit of Tabaco City along preparation, disbursement and reporting is highly practiced, among the factors that affect the implementation of accounting standards and procedure along the three (3) identified components, the top three factors are: stakeholder requirements, policies and procedure for disbursement and ethical considerations. To enhance compliance, transparency, and efficiency in the implementation of accounting standards and the reporting system in an LGU. The following recommendations should be considered: Strengthen Compliance with Government Accounting Standards. Ensure that accounting procedures align with the Philippine Public Sector Accounting Standards (PPSAS), Government Accounting Manual (GAM), and COA regulations. Conduct regular training for LGU accounting personnel on updated accounting and auditing standards; Implement a Digital Accounting and Reporting System. Adopt automated financial management systems to streamline accounting processes, such as the Electronic New Government Accounting System (e-NGAS). Integrate an online portal for financial reporting to improve accessibility and accuracy; Improve Internal Controls and Financial Oversight. Establish strong internal controls by implementing check-and-balance mechanisms to prevent fraud and errors. Conduct regular internal audits to identify and address financial discrepancies before external audits; Ensure Transparency and Public Access to Financial Reports. Publish financial reports regularly on official LGU websites and bulletin boards. Conduct public consultations or budget hearings to engage citizens in financial decision-making; Strengthen Budget Planning and Fund Allocation. Implement performance-based budgeting to ensure that allocated funds align with development goals and stakeholder needs. Establish a financial monitoring system to track expenses and prevent fund misallocation; Enhance Capacity-Building for LGU Accounting Personnel. Provide continuous professional development and ethics training for accountants and finance officers. Encourage knowledge-sharing and best practices among LGUs for better financial management strategies; and establish a Stronger Coordination Mechanism with Oversight Agencies. Strengthen partnerships with COA, DBM, BIR, and other financial regulators for guidance on financial policies. Participate in audit compliance programs and workshops to address recurring audit issues. By implementing these recommendations, LGUs can ensure efficient financial management, compliance with accounting standards, and enhanced transparency in their reporting system. These efforts will ultimately lead to better governance, improved service delivery, and increased public trust in local government financial operations.

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