

## **Discussion Paper on Senate Bill Nos. 481 and 511 Promoting Transparency in Government by Establishing a Local Government Finance Website and Establishing the Local Management Information System**

### **INTRODUCTION**

The House Committee on Local Government is in the process of discussing Senate Bill Nos. (SBNs) 481 and 511 that, if enacted, would promote transparency and accountability in government by establishing a Local Government Finance Website and a Local Management Information System, respectively. SBN 481 shall create an accessible single, searchable internet website that displays data on LGUs' fiscal transactions to include revenues, expenditures, and bond indebtedness. The Municipal/City Treasurer shall be the person responsible for designing, developing, and maintaining the website, under the supervision of DILG and DICT.

Meanwhile, SBN 511 shall develop a local government information system covering the collection processing, storage, presentation, and sharing of information in support of the local government activities. For such purposes, the Local Management Information Office (LMIO) and a corresponding officer shall be created. In addition, barangay databanks shall be established to facilitate the collection of data and promote community participation involving NGOs and people's organizations. Furthermore, assistance shall be provided to LGUs prioritizing second and lower-class cities. The assistance shall include the initial acquisition of equipment and software, funding support, training, management consultancy, the design of the computerization programs, and other services as may be necessary. LGUs may also opt to enter into financing schemes such as consortia, build-operate-transfer (BOT), and other similar arrangements.

### **DISCUSSION**

The League of Cities of the Philippines generally supports the intent of SBNs 481 and 511, which promote transparency among local governments by establishing a public finance website and local management information system. Further, the League would like to expound on the following comments for the Committee's consideration.

- 1. Not only do the bills promote transparency and accountability at the local level, they may also elevate the quality of policymaking and planning at the local level, by providing a platform for scrutiny, participation, and collaboration with the public.**

The bills complement each other in promoting transparency and accountability in local governance. The local government website, in particular, contains all the data necessary for development planning, policy-making, and service administration which imperatively helpful to the LGUs itself. Opening such information to the public, will increase public awareness and, possibly, the quality of policymaking and planning by making possible the collaboration between local governments and constituents with valuable technical skills. Accordingly, the League expresses its general support for the Bill. Nonetheless, the League also considers them only as an initial step toward a full-fledged partnership between the LGUs and the

constituents. Mechanisms that harness the potential policy inputs from the public and turning them into actual local policies must follow.

- 2. SBN 481 directs the City Treasurer to establish and maintain a local government public finance website and develop policies and procedures with regard to opening the data to the public. The League would like to express its reservations as respects the readiness of local treasurers to take on the task, particularly in terms of the technical skills required.**

Currently, the 1991 Local Government Code (LGC) only requires that a local treasurer be “a citizen of the Philippines, a resident of the local government unit concerned, of good moral character, a holder of a college degree preferably in commerce, public administration or law from a recognized college or university.” Intensive training or even creating of new positions (e.g., Information Technology Officer) may, therefore, be needed to ensure full compliance with such provision of the Bill, but these measures may have implications on other provisions of the 1991 LGC, particularly on personnel service limitation. The maintenance of a website will also entail a cost, the wherewithal of which is not identified in the Bill.

- 3. SBN 511 provides for the establishment of Local Management Information Office (LMIO) and appointment of a corresponding officer. The creation of such entities can be facilitated by additional provisions addressing LGU’s personal service limitation, staff composition, and source of funding.**

There have been previous laws requiring the creation of community-based services maintained and operated largely by LGUs. Many LGUs are still struggling to comply with the requirements of these laws. In cases where an LGU must create an entirely new office and/or position, one of the greatest challenges is the personal services limitation provided in the 1991 LGC. Specifically, the 1991 LGC provides that total appropriations, whether annual or supplemental, for personal services of an LGU for one fiscal year shall not exceed 45% in the case of 1st to 3rd class LGUs and 55% in the case of 4th class or lower class LGUs, hence the term Personnel Services (PS) cap. Based on 2015 figures, a third of the cities have exceeded their PS Cap while another third are at critical levels. As such, the League foresees an unintended setback in the continued compliance with this provision of the Local Government Code with the creation of the LMI Office/Officer. Accordingly, the League requests the proponent to specifically state in the proposed bill item(s) where costs associated with the creation of the office may be charged while ensuring the LGUs are still compliant with existing laws.

- 4. The creation of barangay databanks implies the need for technical skills, hardware, and thus the source of funding.**

SBN 511 provides for the creation of barangay databanks that shall be in charge of data collection and community engagement. The LGU, through the local management information officer, shall be responsible for its development and establishment. The creation of barangay databanks implies the need for technical skills, hardware, and thus the source of funding.

While the bill explicitly identifies LGUs for its implementation, there is no funding provision for technical training, acquisition of equipment, and its maintenance. As of September 2015, there are 42,036 barangays in the Philippines unevenly scattered among LGUs. They may not have sufficient fund to cover for such expenses.