

# Accounting Reform in the Barangay Development Program: An Analysis of Public Fund Management and Accountability Practices in Metro Manila, Philippines

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## ABSTRACT

This study aims to evaluate public accounting practices in Barangay Metro Manila with a focus on transparency and accountability in managing public funds. A qualitative method was used, involving in-depth interviews with key informants, including Barangay Captains, public accountants, administrative staff, and community representatives, as well as document analysis and participatory observation. Findings reveal that despite the application of some public accounting standards, challenges such as inadequate training, inconsistent manual documentation, and minimal supervision hinder optimal accountability. Recommendations include continuous accounting training for administrative staff, implementation of a digital financial recording system, periodic external audits, increased community involvement in public fund evaluation, and the preparation of a more structured accounting standards guide. Policy implications involve stricter regulations, increased investment in public fund management digitalization, and enhanced human resource capacity in public accounting systems. By implementing these recommendations, it is hoped that public fund management in Barangay Metro Manila will become more transparent, accountable, and supportive of sustainable development goals at the local community level.

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## INTRODUCTION

Over the past decade, efforts toward decentralization and grassroots empowerment have become a central focus in many developing countries. At the international level, organizations such as the World Bank, IMF, and OECD have consistently encouraged governments in developing nations to strengthen public governance through fiscal decentralization and the enhancement of local government capacities (OECD, 2017). This approach is considered an effective strategy for improving public services, accelerating regional development, and increasing community participation and accountability in managing public resources (Gaspar et al., 2022; Smoke, 2015). The Philippines, like many other Southeast Asian countries, has adopted various decentralization policies as part of its public sector reform agenda. One of the most significant innovations in this area is the launch of the Barangay Development Program (BDP), which allocates substantial public funds directly to barangays—the smallest and most community-oriented administrative units. This initiative is expected to bring decision-making processes closer to the people, ensuring that development priorities truly reflect local needs and aspirations (Republic Act No. 7160;

Dela Santa, 2018). This phenomenon aligns with the global trend of delegating authority and resources to the community level, with the aim of fostering more adaptive, responsive, and inclusive governance (Brillantes & Fernandez, 2011; Gabriel & Castillo, 2020).

However, international experience also demonstrates that decentralization does not always result in effective governance. Comparative studies in various developing countries reveal that, without institutional capacity-building, adequate oversight systems, and the integration of consistent public accounting standards, decentralization policies may instead exacerbate inequality, mismanagement, and even create opportunities for corruption at the local level (Gaspar et al., 2022; Heald, 2003). One fundamental issue in public financial governance at the local level concerns the practical implementation of transparency and accountability principles in managing public funds. Transparency, in the context of public sector finance, refers to the openness of public access to financial information and fiscal policy, enabling external scrutiny of the use of public resources (Heald, 2003). This concept not only requires the availability of relevant and timely data, but also emphasizes the importance of financial reporting formats that are easy to understand and verifiable by a wide range of stakeholders, from citizens to oversight agencies.

On the other hand, accountability demands clear mechanisms by which public officials are held responsible for all actions and decisions related to the use of public funds (Bovens, 2007). Public accountability essentially comprises two main dimensions: (a) the obligation to openly explain decisions made and outcomes achieved, and (b) the readiness to accept consequences, including sanctions, for any deviation or failure in performing duties. The implementation of transparency and accountability principles is closely linked to the concept of good governance, which many experts consider a prerequisite for effective local development. Good governance underscores the importance of public participation, rule of law, government effectiveness, and ongoing monitoring and evaluation systems. In the context of decentralization policies such as the BDP in the Philippines, achieving good governance depends not only on the existence of regulations or technical guidelines, but also on organizational culture, human resource capacity, and the integrity of key actors at the barangay level (United Nations Development Programme, 2003). Public governance theories such as principal-agent theory and legitimacy theory highlight the importance of incentives, controls, and clarity of relationships between the principal (the public or central government) and the agent (barangay implementers) (Jensen & Meckling, 1976; Suchman, 1995).

Principal-agent theory, for instance, emphasizes the risk of information asymmetry and moral hazard when delegated authority is not accompanied by effective control systems. Meanwhile, legitimacy theory asserts that the sustainability of public programs largely depends on public perceptions of government commitment to transparency and fairness. Previous research on public financial governance in developing countries has generally focused more on the national or provincial levels, while studies at the grassroots level, such as barangays in the Philippines, remain relatively limited. Several studies point out that, while decentralization policies formally open space for greater transparency and accountability, field realities often show limited implementation—particularly in terms of institutional capacity, integration of reporting systems, and oversight of public fund usage (Gabriel & Castillo, 2020; Faguet 2014; Gaspar et al., 2022). For example, studies by Dela Santa (2018) and Brillantes & Fernandez (2011) mostly discuss local leadership and political dynamics in barangays, with limited emphasis on the technical aspects of financial management. In fact, one of the main challenges in implementing decentralization is ensuring that fund transfers and the delegation of authority are accompanied by strengthened public accounting systems and effective oversight. Chi-Chi & Ebimobowei (2012) and Loozekoot & Dijkstra (2017) also stress that the main challenges in enhancing public accountability at the local government level are not only regulatory, but also concern the behavior, motivation, and technical skills of policy implementers.

This lack of literature limits understanding of how public sector accounting standards (such as PPSAS/IPSAS) are actually applied at the grassroots level, and to what extent transparency and accountability principles can be effectively operationalized in resource-constrained and highly diverse institutional environments. Indeed, audit reports from the Commission on Audit (COA, 2022) regularly identify fundamental weaknesses such as incomplete documentation, manual financial reporting, and low compliance with standard procedures in many barangays.

Globally, studies in other developing countries such as Indonesia, India, and South Africa show similar patterns, where fiscal decentralization is not automatically followed by strengthened technical capacity and oversight. Thus, there remains an urgent need for empirical research focusing on the dynamics, challenges, and real-world practices of public financial governance at the grassroots community level. This study offers a novel contribution by employing a qualitative approach to examine financial management practices in barangays across Metro Manila, integrating in-depth interviews, participant observation, and document analysis. The study seeks to identify institutional, technical, and behavioral barriers in the implementation of transparency and accountability principles, and to formulate evidence-based recommendations to strengthen public financial governance at the community level. Accordingly, this research aims to expand the literature on governance and public financial management in developing countries, and to provide practical input for policy formulation and the sustainable enhancement of barangay financial reporting systems.

#### A. Public Sector Accountability

Accountability is a foundational principle of good governance and effective public sector financial management. In the public sector, accountability refers to the obligation of public officials to inform stakeholders about their decisions and actions, justify the use of resources entrusted to them, and accept responsibility for the results of those actions (Bovens, 2007; Mulgan, 2000). This principle is not merely procedural; it is essential for ensuring the legitimacy of public institutions and sustaining citizen trust. Accountability in public sector governance has been conceptualized in various dimensions by scholars and international organizations. Bovens (2007) distinguishes between answerability—the obligation to provide information and explanations—and enforceability—the capacity to sanction or reward behavior. Meanwhile, Schedler (2022) expands the typology of accountability into vertical accountability (where local government officials are accountable to higher-level government agencies or the electorate) and horizontal accountability (where they are subject to scrutiny by independent oversight bodies, peer agencies, or citizens themselves). These multiple forms of accountability are intended to provide a robust system of checks and balances in the management of public resources, reducing the risk of corruption, abuse of power, and inefficiency (O'Donnell, 1998; World Bank 2022).

Effective public sector accountability also depends on the existence of clear standards, reliable information flows, and transparent reporting mechanisms. International Public Sector Accounting Standards (IPSAS) and other best practices advocate for comprehensive financial disclosures, performance audits, and participatory oversight to strengthen accountability at all levels of government (IPSASB 2023). In the Philippines, accountability is formalized through legislative frameworks such as the Local Government Code of 1991 (Republic Act No. 7160), which mandates barangays to prepare and submit regular financial reports to the Commission on Audit (COA) and other relevant authorities. Furthermore, COA issues annual audit reports assessing compliance, financial management practices, and the overall integrity of public spending at the barangay level. Yet, while the institutional framework is robust in theory, implementation remains uneven, especially at the barangay level. Numerous studies reveal that resource constraints, technical capacity gaps, lack of training, and in some cases, political patronage, limit the ability of barangays to fully comply with reporting requirements and accountability standards (Gabriel & Castillo, 2020; Gaspar et al., 2022; COA 2022). Field evidence indicates that many barangays struggle to maintain adequate financial records, produce timely reports, or understand the technical aspects of public sector accounting, resulting in recurring audit findings and weak public scrutiny (World Bank 2022; Kend et al., 2023; Loozekoot & Dijkstra, 2017). These challenges are exacerbated in rural and resource-poor barangays, where administrative capacity is even more limited. Thus, the persistent gap between accountability norms and actual practice—a phenomenon described by some scholars as “decoupling” (Meyer & Rowan, 2021a)—remains a central concern in the literature on public sector governance in developing countries. Strengthening accountability in barangays requires not only robust legal and institutional frameworks, but also investments in human resources, technical training, and the creation of a culture of transparency and ethical stewardship at the grassroots level.

## B. Transparency in Public Sector Governance

Transparency is widely regarded as a cornerstone of good governance and effective public financial management. At its core, transparency in the public sector refers to the degree to which government processes, decisions, and resource allocations are open and accessible to external scrutiny (Heald, 2003; Hood, 2007). The principle extends beyond simply making information available; it requires that public sector data—particularly financial reports, procurement contracts, and audit findings—are not only disclosed but also understandable, timely, and actionable by stakeholders (OECD, 2017; IPSASB 2023). Scholars such as Heald (2003) have distinguished among different types of transparency: event transparency (disclosure of specific decisions or transactions), process transparency (clarity of procedures and decision-making criteria), and result transparency (reporting outcomes and performance).

The effectiveness of transparency as a governance mechanism hinges not only on formal disclosure but also on the ease with which information can be accessed, interpreted, and used to hold public officials (Piotrowski & Van Ryzin, 2007; Michener and Worthy 2022). Transparency thereby functions as both an input and an output of accountability systems—enabling monitoring, facilitating informed participation, and serving as a deterrent to corruption (Bauhr & Grimes, 2014). In the Philippines, various legal frameworks mandate transparency in public administration. The Local Government Code (Republic Act No. 7160) and subsequent executive orders require barangays to publicly post financial statements, procurement plans, and budgets, and to conduct regular public consultations.

The Commission on Audit (COA) regularly publishes barangay-level audit reports, and the Full Disclosure Policy (FDP) of the Department of the Interior and Local Government (DILG) obliges barangays to display budget and expenditure data in accessible formats. Despite these formal mechanisms, the literature reveals persistent barriers to meaningful transparency at the barangay level. Studies have found that compliance with disclosure rules is often superficial: reports may be posted but are incomplete, inaccessible, or presented in ways that limit their utility for public oversight (Gaspar et al., 2022; World Bank 2022). Furthermore, technical limitations, lack of digital infrastructure, and low information literacy among both officials and citizens compound the problem, resulting in what Fox (2007) describes as “opaque transparency”—disclosure without real accountability or empowerment.

Comparative evidence from other developing countries reinforces these challenges. In Indonesia, for instance, efforts to improve village financial transparency have encountered similar obstacles, such as limited capacity for data management and low levels of civic engagement (World Bank 2022). In sub-Saharan Africa, issues of “transparency without accountability” have been widely documented in local government reforms (Bukonya & Yanguas, 2018). Ultimately, while transparency frameworks are essential, their effectiveness in promoting good governance depends on a broader ecosystem of oversight, civic participation, and the political will to ensure that information leads to real accountability and better public sector outcomes.

#### C. Integration of Accountability and Transparency in Public Sector Governance

While accountability and transparency are often discussed as separate pillars of good governance, a substantial body of literature emphasizes their interdependence and mutual reinforcement (Fox, 2011; Heald, 2003). Transparency is frequently described as a necessary—though not sufficient—condition for accountability: information must be disclosed for actors to be held responsible, yet disclosure alone does not guarantee that public officials will be answerable for their actions (Bauhr & Grimes, 2014). Conceptually, transparency enables accountability by providing stakeholders—including citizens, oversight agencies, and the media—with the data they need to monitor, question, and evaluate government performance (Fox, 2007; Michener and Worthy 2022). Accountability, in turn, transforms transparency from a procedural requirement into a meaningful process: once information is available, institutions and stakeholders must be able to use it to demand explanations, impose sanctions, or reward ethical conduct (Piotrowski & Van Ryzin, 2007; Schedler, 2022). However, the relationship between the two is not always straightforward in practice. Several studies warn that “transparency without accountability”—where information is disclosed but not acted upon—can lead to disillusionment, resignation, or even strategic blame-avoidance by public officials (Fox, 2007; Hood, 2007). Conversely, accountability mechanisms without sufficient transparency may become arbitrary or politicized, as stakeholders lack access to evidence for fair and effective oversight. Empirical research in developing countries, including the Philippines, reveals significant barriers to the integration of these two principles at the grassroots level.

Compliance with financial disclosure regulations does not automatically result in improved oversight or citizen engagement, especially in barangays with limited technical capacity, weak civil society participation, or entrenched local patronage systems (Gaspar et al., 2022; COA 2022). Global comparative studies also suggest that successful integration of accountability and transparency requires not only robust legal frameworks, but also investments in institutional capacity, civic education, digital infrastructure, and a supportive political culture (World Bank 2022; Bauhr & Grimes, 2014). Countries that have made progress in this area tend to combine open data policies with effective audit, complaint, and sanction systems, while also encouraging civil society and media to play an active watchdog role. For barangays in the Philippines, integrating transparency and accountability is particularly challenging given resource constraints, diverse institutional capacities, and varying degrees of citizen engagement. Despite advances in formal regulations and policy reforms, the persistent “implementation gap” between prescribed standards and actual practice remains a central theme in the literature. In sum, while the symbiosis between transparency and accountability is widely recognized in theory, the extent to which both principles are integrated in practice—especially at the local government level—remains uneven. Addressing this challenge is essential for improving public trust, enhancing the quality of public services, and ensuring the legitimacy of decentralized governance systems.

#### D. Barangay in the Philippine Governance System

The barangay is the smallest administrative unit in the Philippine government system and serves as the foundational building block of local governance. Established under Republic Act No. 7160, commonly known as the Local Government Code of 1991, barangays possess legal personality, fiscal authority, and the responsibility to deliver basic public services and promote community welfare. There are over 42,000 barangays across the Philippines, encompassing a vast diversity of demographic, socioeconomic, and geographic characteristics—from dense urban centers in Metro Manila to remote rural communities. The unique governance structure of barangays reflects the broader goals of decentralization: bringing government “closer to the people” by empowering local officials and citizens to participate directly in decision-making, resource allocation, and public service delivery (Capuno 2017; Brillantes & Fernandez, 2011). Each barangay is headed by an elected barangay captain (punong barangay) and a council (sangguniang barangay), who oversee administrative, fiscal, and legislative functions at the grassroots level. Despite these formal structures, empirical research has documented significant variation in the capacity and effectiveness of barangays in fulfilling their mandates.

Many barangays struggle with limited administrative resources, weak technical skills, and frequent leadership turnover. The disparity between urban and rural barangays is particularly stark, with rural units often facing greater constraints in human resources, access to information, and financial autonomy (World Bank 2022). Accountability and transparency challenges are especially pronounced at the barangay level. Annual audit reports by the Commission on Audit (COA 2022) consistently highlight problems such as incomplete financial records, irregularities in procurement, non-compliance with disclosure requirements, and low levels of citizen engagement. These weaknesses are compounded by the absence of robust oversight mechanisms, the prevalence of informal

practices, and sometimes, the influence of local patronage networks (Gabriel & Castillo, 2020; Gaspar et al., 2022). Nonetheless, barangays remain critical arenas for democratic participation and innovation in governance. Initiatives such as participatory budgeting, open meetings, and community monitoring of projects have demonstrated potential for improving local accountability and service delivery, especially when supported by higher-level government agencies, civil society, and international donors. By situating this study at the barangay level, the research aims to address gaps in the literature on public sector accountability and transparency—exploring the complex realities, institutional dynamics, and practical barriers that shape governance outcomes at the frontline of public administration in the Philippines.

#### E. Gap in the Literature and Research Questions

Although substantial progress has been made in understanding public sector accountability and transparency, both internationally and within the Philippine context, the literature reveals several persistent gaps—particularly at the barangay level. Most prior studies have focused on higher levels of government, such as national or provincial institutions, or on macro-level reforms and sector-specific cases. Far less attention has been paid to the everyday realities and institutional dynamics of governance in barangays, as highlighted by Chi-Chi & Ebimobewe (2012), Capuno (2017), and Gaspar et al. (2022). Empirical research consistently finds that, while legislative frameworks and policy reforms—such as the Local Government Code of 1991 and the Full Disclosure Policy—have strengthened the formal requirements for accountability and transparency, the translation of these standards into effective practice remains uneven. Audit reports and fieldwork highlight ongoing challenges, including incomplete or delayed financial reporting, low levels of citizen engagement, limited technical and administrative capacity, and entrenched informal practices that undermine both transparency and accountability (COA 2022; Gabriel & Castillo, 2020). Furthermore, much of the literature tends to treat accountability and transparency as separate constructs, with only limited discussion of their interdependence or the conditions under which their integration produces better governance outcomes (Bauhr & Grimes, 2014; Fox, 2007). The specific mechanisms through which barangays can strengthen both principles—given severe resource constraints, diverse local contexts, and complex political realities—remain underexplored. There is also a notable shortage of qualitative research that investigates the lived experiences, adaptive strategies, and day-to-day practices of barangay officials and citizens in navigating governance challenges.

Most existing work is either quantitative, relying on surveys or secondary data analysis, or heavily dependent on official documentation, which may not capture informal norms, social dynamics, or the realities of implementation on the ground (Gaspar et al., 2022; Meyer & Rowan, 2021b). Given these persistent gaps, this study adopts a qualitative approach to explore how accountability and transparency are operationalized in barangay governance in the Philippines, with particular attention to the barriers, innovations, and contextual factors that shape governance outcomes. The central research questions guiding this study are as follows: how are accountability and transparency defined, interpreted, and enacted in the everyday governance of barangays in the Philippines; what institutional, technical, and socio-political factors facilitate or hinder the effective implementation of accountability and transparency at the barangay level; and in what ways do barangay officials and community members navigate challenges, adapt to constraints, and develop practical strategies to strengthen public sector governance at the grassroots.

## RESEARCH METHOD

#### A. Research Design

This research adopts a qualitative case study design to examine the real-world implementation of transparency and accountability principles in the management of public funds at the barangay level in Metro Manila. The study was motivated by persistent findings in the literature and audit reports showing that, despite robust regulatory frameworks, many barangays experience significant barriers in translating accountability and transparency standards into actual practice. Rather than relying on survey data or structured quantitative indicators, the study is built on a close engagement with local actors, aiming to reveal the lived realities and operational challenges of barangay officials, finance staff, and community members who are directly involved in public fund management. The case study approach was chosen because it provides the methodological flexibility needed to capture the complexity and diversity of barangay contexts across Metro Manila. The research deliberately selected barangays that vary in socioeconomic profile, administrative capacity, and prior audit outcomes, in order to generate findings that reflect a wide range of governance experiences.

Data collection included in-depth interviews, nonparticipant observation of barangay financial meetings and public disclosures, as well as analysis of financial documents, audit reports, and barangay policy archives. The iterative nature of data collection allowed the researcher to pursue emerging themes, such as the influence of leadership style, community participation, or specific obstacles to compliance with financial reporting requirements, and to adapt the interview protocol in response to unexpected issues encountered in the field. Central to the design

was the effort to go beyond official narratives or procedural compliance and instead capture informal practices, negotiation strategies, and even tensions or conflicts within the barangay administration as they attempted to enact principles of transparency and accountability. This “on the ground” focus allowed the researcher to build a detailed, context-sensitive account of how regulations are interpreted, adapted, or even resisted at the community level. Such a design is particularly relevant in Metro Manila, where barangays face highly varied resource environments, citizen engagement levels, and external oversight from both city governments and national agencies. In sum, the qualitative case study design was chosen not only to document “what” happens in barangay public fund management, but to uncover the “how” and “why” behind successes, failures, and adaptations in transparency and accountability, thereby contributing new empirical insights for both academic theory and practical reform.

#### B. Research Setting

The study was conducted in Metro Manila, the National Capital Region of the Philippines, which comprises sixteen cities and one municipality. Metro Manila barangays were selected as the research setting because they represent a wide range of socio-economic profiles and governance capacities, encompassing highly urbanized commercial districts as well as mixed-use residential communities. To capture meaningful variation in public fund management and local governance practices, three local government jurisdictions—Quezon City, Makati, and Manila—were purposively chosen for in-depth investigation. These jurisdictions were selected because they differ significantly in budget size, infrastructure capacity, and administrative practices. For example, some barangays enjoy relatively high fiscal resources and diversified funding sources, while others rely heavily on national government transfers as their main source of revenue. In terms of governance capacity, the sample includes barangays with well-established administrative structures, documented standard operating procedures, and dedicated accounting staff, as well as barangays operating with minimal institutional infrastructure and frequent staff turnover.

Community engagement also varies: some barangays have vibrant civil society participation, active neighborhood associations, and regular public consultations, whereas others show limited public involvement in governance and decision-making processes. This diversity in fiscal, administrative, and community factors enables the study to conduct a comparative analysis of how transparency and accountability principles are implemented under different institutional and contextual conditions across Metro Manila’s barangays. By situating the research in these contrasting settings, the study seeks to generate nuanced insights into the mechanisms, barriers, and innovations in barangay-level public fund management.

#### C. Participants

Participants were selected using purposive sampling to ensure coverage of key stakeholder groups involved in barangay fund management. Selection criteria included direct involvement in budget preparation, fund allocation, financial documentation, audit processes, or oversight activities.

Table 1. Participant Profile

Informant Category	No. of Informants	Role in Public Fund Management
Barangay Officials	2	Decision-making, fund allocation oversight
Public Accountants	2	Compliance monitoring, financial reporting
Administrative Staff	2	Financial recording, document management
Community Representatives	2	Community perspectives, fund evaluation

The final sample included barangay officials responsible for decision-making and fund allocation oversight, public accountants engaged in compliance monitoring and financial reporting, administrative staff managing day-to-day financial records, and community representatives who contributed perspectives on the use and evaluation of public funds. A total of eight informants participated in the study, with two individuals drawn from each stakeholder category to reflect diversity in experience and role specialization. This approach enabled the research to capture not only the formal mechanisms of public fund management but also the practical challenges and community expectations that shape the implementation of transparency and accountability at the barangay level. Interviews lasted between forty-five and ninety minutes, and were conducted in either English or Filipino, depending on the participant’s preference and comfort. All interviews were audio-recorded with explicit consent to ensure accuracy and facilitate in-depth analysis. To safeguard confidentiality, participants are referenced in the report only by their role or stakeholder category, rather than by name or specific barangay affiliation.

#### D. Data Collection Procedures

Data collection for this study was conducted over a four-month period, from April to July 2024, utilizing three complementary methods: in-depth interviews, participant observation, and document analysis.

Table 2. Document Analysis Summary

Document Type	Description & Function
Republic Act No. 7160	Legal framework for barangay governance

Document Type	Description & Function
Barangay Justice System PD 1508	Local conflict resolution framework
Barangay Budget Policies	Procedures for budgeting and reporting
Financial Statements	Daily fund usage reports
Annual Development Report	Annual performance and financial evaluation

In-depth interviews were held using a semi-structured interview guide that addressed key topics such as barangay budget planning processes, documentation practices, audit experiences, and perceptions of transparency and accountability in fund management. The open-ended format encouraged participants to elaborate on their experiences, challenges, and strategies, while allowing the researcher to employ follow-up probes as needed to clarify responses or pursue emerging themes. The iterative nature of the interview process enabled the refinement of questions and ensured that both anticipated and unanticipated issues could be fully explored. Participant observation supplemented the interviews by allowing the researcher to directly attend barangay budget meetings, financial review sessions, and community consultations.

During these events, attention was paid to how decisions were made, the level and diversity of participation, and the manner in which financial information was disclosed or discussed. Detailed field notes were systematically maintained, encompassing both descriptive accounts of observed events and analytic reflections regarding power dynamics, communication patterns, and potential gaps between formal procedures and actual practice. Document analysis provided a further layer of triangulation, as a variety of legal, policy, and financial documents were systematically reviewed to assess the extent of compliance with statutory standards and to contextualize observed practices.

The documents analyzed included Republic Act No. 7160 (the legal framework for barangay governance), Barangay Justice System Presidential Decree 1508 (local conflict resolution), barangay budget policies and procedures, daily and annual financial statements, audit reports, and annual development plans. Reviewing these materials allowed the researcher to cross-validate participant accounts and observation findings, as well as to identify formal expectations and actual outcomes in barangay fund management. This combination of data collection methods facilitated a comprehensive and multi-layered understanding of how transparency and accountability principles are translated from policy to practice at the grassroots level.

#### E. Data Analysis

The analysis of the data in this study was conducted using thematic analysis, following Braun and Clarke's (2006) well-established six-phase process.

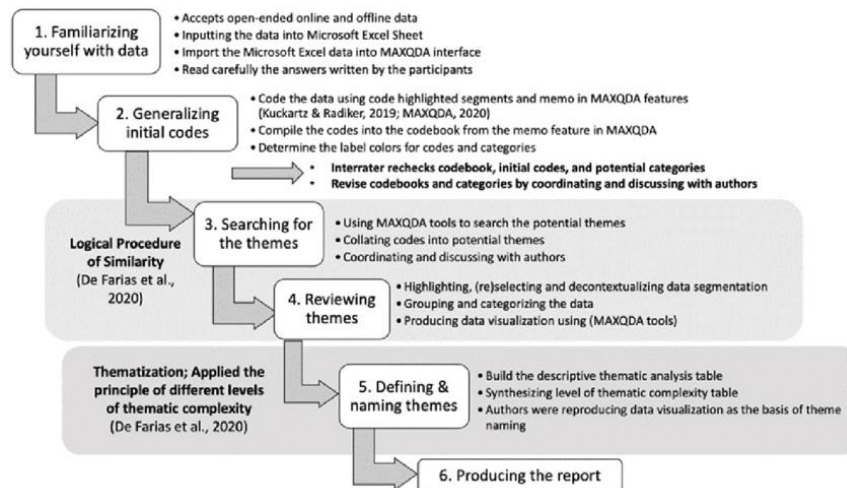


Figure 1. Stages of Thematic Analysis

After all interviews were transcribed and field notes compiled, the researcher began by repeatedly reading the transcripts, observation notes, and key documents to gain deep familiarity with the data and to identify preliminary analytic ideas and patterns. During this familiarization phase, both salient issues raised by participants and subtle contextual cues were noted for further exploration. Initial coding involved assigning descriptive and analytic labels to relevant data segments. Both inductive codes—emerging directly from the raw data—and deductive codes—derived from established literature on public sector accountability and transparency—were used to ensure that the analysis captured novel themes while remaining anchored in prior theory. Codes such as

“documentation practices,” “audit experiences,” and “community trust” were applied consistently across all data sources, including interviews, meeting observations, and policy documents.

The next phase involved organizing the codes into broader, recurring categories to capture key patterns and relationships in the data. These candidate themes were iteratively reviewed, refined, and cross-checked against the entire data set to ensure internal coherence and distinctiveness. Particular care was taken to test the robustness of each theme by seeking out disconfirming evidence or exceptions to the emerging patterns. Once finalized, the themes were defined and named, and representative quotations or examples were selected to illustrate their substantive meaning and relevance to the research questions. The entire analytic process was documented through a coding framework that combined a priori categories drawn from the literature with inductively generated codes specific to this research context. This dual approach ensured that the analysis was theoretically informed yet fully responsive to new insights arising from the lived realities of barangay fund management in Metro Manila. Throughout, the researcher integrated findings from interviews, observations, and documents, triangulating evidence to strengthen the credibility and depth of the thematic interpretations. The thematic findings were then woven together with relevant literature to directly address the research questions posed in this study.

#### F. Trustworthiness and Ethical Considerations

To ensure the credibility and trustworthiness of the findings, the study employed multiple validation strategies commonly used in qualitative research. Triangulation was achieved by collecting data from several sources—interviews, participant observation, and document analysis—which enabled the corroboration of key themes and reduced the risk of relying solely on any single perspective. Member checking was also conducted by sharing preliminary interpretations and summaries of key themes with selected participants, who provided feedback on the accuracy and completeness of the researcher’s understanding.

Where discrepancies or misunderstandings emerged, clarifications were sought through follow-up communication or targeted re-interviews. An audit trail was maintained throughout the research process, documenting key decisions in sampling, data collection, coding, and interpretation. This audit trail, together with a reflexive journal, allowed the researcher to monitor their own assumptions, positionality, and potential sources of bias at each stage of the study. In addition, periodic peer debriefings were held with academic colleagues to obtain critical feedback and challenge emerging conclusions, further strengthening the dependability and confirmability of the analysis.

All ethical procedures adhered to international standards for research involving human participants. Prior to data collection, ethical clearance was obtained from the university’s research ethics committee, and formal letters of introduction were submitted to local authorities in each barangay to secure their cooperation. Informed consent was obtained from all participants before interviews or observations began, with explicit explanation of the study’s aims, their rights, and the voluntary nature of their participation. To protect privacy and confidentiality, all names and identifying information were removed from transcripts, pseudonyms were used in reporting findings, and research data were stored securely with access limited to the research team. No participant experienced harm or coercion as a result of the research process, and the study respected local norms and expectations regarding appropriate conduct in barangay settings.

## RESULTS AND DISCUSSIONS

### A. Results

This section presents the findings of the study, organized according to the main themes that emerged from the thematic analysis. The themes reflect recurring patterns across interviews, observations, and document reviews, and correspond to the research questions outlined earlier. Each theme is supported by illustrative quotations from participants and, where relevant, by reference to documentary evidence.

#### 1. Limited Staff Training and Technical Capacity

A consistent finding across all barangays studied is the lack of adequate training for administrative and accounting personnel. While some staff members have attended short seminars provided by the Department of the Interior and Local Government (DILG) or the Commission on Audit (COA), these sessions were often irregular, generic, and not tailored to the specific operational needs of barangay-level accounting.

“We only attend training once in a while, and even then, it’s mostly about general government accounting. We need more guidance specific to barangay transactions.” — Administrative Staff

“Training is mostly lecture-style, and by the time we go back to our work, we’ve forgotten some of the steps because there’s no follow-up session.” — Public Accountant

The absence of sustained capacity-building programs has led to inconsistent application of accounting standards and a reliance on personal judgment in recordkeeping. This, in turn, increases the risk of clerical errors and delays in report preparation.



## 2. Reliance on Manual Recordkeeping Systems

All barangays in the study still use predominantly manual bookkeeping systems, with financial transactions recorded in physical ledgers and notebooks. This reliance on manual systems creates several challenges: delayed compilation of financial reports, difficulties in retrieving historical records, and vulnerability to physical damage or loss of documents.

“Everything is handwritten. If the ledger gets damaged or misplaced, it’s very hard to reconstruct the records.” — Public Accountant

“We have computers, but most of the time, we just type in Word or Excel when we need to submit reports. The day-to-day record is still written by hand.” — Administrative Staff

Document reviews confirmed that manual ledgers were the primary source of official financial data, and that digitalization efforts, where present, were limited to spreadsheet-based summaries prepared only for submission to oversight bodies.<sup>3</sup>

## 3. Weak Oversight and Audit Follow-Up

While COA is mandated to audit barangay finances, participants reported that external audits were infrequent, often occurring only once every few years. Furthermore, even when audits identified deficiencies, follow-up actions were inconsistent, and in some cases, entirely absent.

“The audit team comes maybe once in three years. They give recommendations, but sometimes no one checks if we’ve followed through.” — Barangay Captain

“There was a time when the COA pointed out missing receipts, but nothing much happened after that. We just moved on.” — Administrative Staff

This gap in oversight undermines the deterrent effect of audits and allows procedural lapses to persist over time.

## 4. Limited Community Participation in Fund Oversight

Although legal provisions exist for citizen participation in budgeting and fund monitoring, actual engagement is often minimal. In some barangays, community members attend budget hearings primarily as observers rather than active contributors.

“We are invited to the meetings, but we don’t always feel comfortable questioning how the funds are used.” — Community Representative

“Most people in the community don’t know exactly what’s in the budget. They just trust the officials to manage it.” — Community Representative

This passive participation reduces the potential for grassroots accountability and reinforces the perception that financial management is the sole domain of barangay officials.

Table 3. Summary of Thematic Findings

Theme	Description	Illustrative Quote
Limited Training	Staff Lack of sustained, targeted training programs for barangay accounting personnel	“We need more guidance specific to barangay transactions.” — Admin Staff
Manual Recordkeeping	Predominant use of handwritten ledgers, limited digitalization	“Everything is handwritten. If the ledger gets damaged, it’s hard to reconstruct.” — Public Accountant
Weak Oversight	Infrequent audits, inconsistent follow-up on recommendations	“The audit team comes maybe once in three years.” — Barangay Captain
Limited Participation	Low levels of active citizen engagement in fund oversight	“We don’t always feel comfortable questioning how the funds are used.” — Community Rep

## B. DISCUSSION

This section discusses the study’s main findings in relation to the existing literature and theoretical frameworks on public sector accountability and transparency, with a particular focus on how these concepts manifest in the context of barangay-level public fund management in Metro Manila. The analysis highlights not only the persistent challenges but also the nuanced mechanisms and potential for reform at the grassroots of local governance.

### 1. Staff Training and Technical Capacity: The Foundation of Effective Governance

One of the most salient findings is the persistent lack of sustained and targeted staff training for barangay accounting personnel. This result is consistent with the literature, which emphasizes that technical capacity is a

foundational prerequisite for implementing accountability mechanisms in the public sector (Bovens, 2007; Gaspar et al., 2022). While government bodies such as the DILG and COA provide periodic seminars, these are often generic, lacking follow-up and adaptation to the unique challenges of barangay-level accounting. As a result, administrative staff frequently rely on informal peer advice and personal judgment, leading to inconsistency and vulnerability to error. This echoes the argument by Schedler (2022) and Brusca et al. (2017) that accountability cannot be effective in the absence of the skills and knowledge needed to comply with and interpret evolving financial standards.

The lack of a systematic, context-specific training framework contributes not only to documentation errors but also to a sense of uncertainty and insecurity among staff responsible for fund management. This finding extends previous research by highlighting how staff at the frontline of decentralized governance often navigate their roles with limited institutional support—a phenomenon also observed in other developing countries (World Bank 2022). The current study underscores the need for localized and continuous capacity-building efforts, tailored to the specific operational realities of barangay administration.

## 2. Manual Recordkeeping: Barriers to Timely and Accurate Financial Management

The continued reliance on manual bookkeeping systems emerged as a significant barrier to effective public fund management. Although digital tools are available in some barangays, day-to-day financial records are overwhelmingly maintained in handwritten ledgers. This not only slows down the reporting process but also increases the risk of data loss and impedes audit readiness. This result strongly supports Heald (2003) and OECD (2017) arguments regarding the crucial role of digitalization in enhancing transparency and auditability in public financial management.

Moreover, the study reveals a gap between national-level expectations—such as the move toward e-governance and real-time financial reporting—and the realities faced at the barangay level, where resource constraints and lack of digital literacy persist. This “implementation gap” has been highlighted by Meyer and Rowan (1977) as a form of “decoupling” between formal policy and actual practice. The finding reinforces the importance of not only providing digital infrastructure but also ensuring staff are adequately trained and supported to adopt and sustain digital recordkeeping practices.

## 3. Weak Oversight and Audit Follow-Up: Challenges to Sustained Accountability

Although the Commission on Audit is mandated to conduct regular audits, participants consistently reported that actual oversight is sporadic and follow-up actions are weak. This observation corroborates O'Donnell (1998) theory of horizontal accountability, which warns that effective oversight depends not just on formal mandates but on consistent, systematic application. The infrequency of audits and the absence of structured follow-up mechanisms mean that procedural lapses, once identified, are rarely rectified or prevented from recurring.

This finding resonates with Bauhr & Grimes (2014) and Valkama et al. (2016), who argue that the effectiveness of audit institutions is often undermined by resource constraints, inconsistent enforcement, and lack of coordination with local administrative actors. The current study contributes by showing how these weaknesses manifest not in policy design, but in the everyday realities of barangay operations—highlighting a critical area for institutional reform. Strengthening audit frequency, improving the quality of audit recommendations, and establishing formal feedback loops are essential for closing the accountability gap at the grassroots.

## 4. Limited Community Participation: Implications for Grassroots Accountability

Despite the existence of legal mechanisms for citizen participation in budgeting and fund monitoring, the actual level of community engagement remains limited. This result is significant in light of the literature that links participatory governance to improved transparency and trust in public administration (Dela Santa, 2018; Fox, 2007; Piotrowski & Van Ryzin, 2007). The study found that community members are often invited to meetings as observers but are seldom empowered to actively question or influence financial decisions. This finding challenges the assumption that procedural openness alone is sufficient to foster real accountability and highlights the need for more substantive engagement strategies.

Building on the concept of “responsive accountability” (Fox, 2007), this research suggests that enabling meaningful participation—through capacity building for citizens, simplification of budget information, and mechanisms for feedback—can help bridge the gap between formal transparency and genuine accountability. The lack of active community participation observed in this study signals a missed opportunity to leverage citizen oversight as a check on administrative discretion and potential misuse of public funds.

This study advances the literature by providing a rich, empirical account of how transparency and accountability are operationalized at the lowest level of government in the Philippines. While prior research has focused on national or municipal-level reforms, this study uncovers the distinct challenges, informal practices, and adaptive strategies specific to barangay administration. By employing a qualitative, multi-site case study approach, the research responds to calls by Brusca et al. (2016) and (Rana et al., 2022) for more context-sensitive and field-based investigation of public sector governance. A key theoretical contribution of this work is its illustration of how the “implementation gap”—the divergence between formal regulations and on-the-ground practice—is

mediated by local capacity, technology, oversight culture, and the dynamics of community participation. The findings reveal not just a lack of resources but also the importance of relational and institutional factors in shaping accountability and transparency outcomes. This nuanced understanding is particularly relevant for other developing contexts with highly decentralized governance systems.

Beyond its theoretical significance, this study offers actionable recommendations for policymakers and practitioners seeking to strengthen barangay-level public fund management. First, there is an urgent need for regular, context-specific, and hands-on training programs for administrative and accounting staff, with built-in monitoring and evaluation components to ensure sustained learning. Second, the adoption of digital recordkeeping systems should be paired with robust support for digital literacy and change management, so that technological solutions do not simply replicate old manual practices in a new format. Third, oversight mechanisms—especially audit cycles and follow-up procedures—must be institutionalized with clear lines of responsibility, periodic reviews, and accessible channels for citizen feedback. Finally, efforts to enhance community participation should move beyond mere procedural compliance and invest in building the capacity of citizens to understand, question, and contribute to fund management decisions.

As with any case study, this research is subject to several limitations. The focus on selected barangays in Metro Manila may limit the generalizability of findings to other regions with different administrative, fiscal, or sociopolitical conditions. In addition, while the qualitative approach enabled a deep exploration of processes and perceptions, it may not capture all instances or variations in practice across the broader population of barangays. Future research could expand on these findings by employing comparative approaches across regions, integrating mixed methods for broader generalizability, or exploring the longitudinal impact of specific reform initiatives. Further studies might also examine the role of political leadership, intergovernmental relations, or civil society organizations in shaping transparency and accountability at the local level.

## CONCLUSION

This study highlights the persistent challenges in implementing transparency and accountability in barangay-level public fund management in Metro Manila. Four major findings emerged: (1) inadequate staff training and limited technical capacity, (2) reliance on manual recordkeeping systems, (3) weak oversight and inconsistent audit follow-up, and (4) limited community participation in financial monitoring. These interconnected issues hinder the realization of good governance principles and weaken public trust at the grassroots level.

The research underscores the need for sustained, context-specific training programs, adoption of digital financial recording systems, strengthened audit mechanisms with clear follow-up procedures, and more meaningful citizen engagement in budgeting and fund evaluation. Strengthening these aspects will not only enhance financial accountability but also promote transparency and inclusiveness in local governance.

Beyond contributing to the theoretical discourse on public sector governance, this study provides actionable recommendations for policymakers, oversight institutions, and local administrators to address the “implementation gap” between formal standards and actual practices. Ultimately, improving barangay-level fund management is crucial for advancing sustainable local development and achieving the broader objectives of decentralization in the Philippines.

## ETHICAL CONSIDERATIONS

The authors declare that the use of AI-based tools (ChatGPT, OpenAI) in this study was limited to language editing and manuscript refinement. All research processes—including research design, data collection, statistical analysis, and interpretation of results—were fully conducted by the authors. The responsibility for the accuracy and integrity of the findings lies solely with the authors.

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