



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
MALACAÑANG, MANILA

LOCAL BUDGET CIRCULAR

No. 101

OCTOBER 12, 2012

FOR : The Provincial Governors, City and Municipal Mayors, Sanggunian Members, Local Finance Committee Members, and All Others Concerned

SUBJECT : **THE PUBLIC FINANCIAL MANAGEMENT ASSESSMENT TOOL FOR LOCAL GOVERNMENT UNITS (PFMAT for LGUs)**

1.0 PURPOSE

1.1 This Circular is being issued to prescribe the use of the Public Financial Management Assessment Tool for Local Government Units (PFMAT for LGUs) as a means of institutionalizing governance reforms through timely PFM assessments and PFM improvement planning exercises.

2.0 THE PFMAT FOR LGUs

- 2.1 The PFMAT for LGUs supports the operative principle of decentralization set forth under Section 3(b) of the 1991 Local Government Code, which requires the establishment in every local government unit of an accountable, efficient and dynamic organizational structure and operating mechanism that will meet the priority needs and service requirements of its communities.
- 2.2 As a mode of strengthening the PFM system of LGUs, the PFMAT also fosters the culture of good governance, fiscal transparency, and accountable leadership that the Aquino Administration stands for.
- 2.3 The PFMAT for LGUs is a self-assessment, evidence-based instrument which describes the characteristics of an open and orderly PFM system. It is a diagnostic tool which establishes the indicators that will help the LGUs identify the strengths and weaknesses in their PFM system as basis for improvement measures.

3.0 ROLL-OUT OF THE PFMAT FOR LGUs

- 3.1 To ensure the widest application of the PFMAT for LGUs, orientation-workshops thereon shall be conducted by the DBM Regional Offices for all Provinces/Cities/Municipalities within their respective coverage. Technical assistance in the preparation of the LGU PFM Improvement Plans will likewise be extended by the DBM ROs concerned, whenever necessary.
- 3.2 For FY 2012, the orientation-workshops shall be conducted initially to cover the focus LGUs participating in the Bottom-Up Planning and Budgeting Approach, in compliance with the requirement for the release of funds provided under the said scheme in the FY 2013 General Appropriations Act.
- 3.3 All other LGUs shall be covered in subsequent rounds of orientation-workshops.

4.0 For guidance.

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FLORENCIO B. ABAD
Secretary