

PROVINCIAL GOVERNMENT OF LANA O DEL NORTE



Harmonization of HRD Planning with the Annual Planning and Budgeting Process of the Provincial Government of Lanao del Norte



Australian Government
Department of Foreign Affairs and Trade



*Harmonization of HRD Planning with the
Annual Planning and Budgeting Process of the
Provincial Government of Lanao del Norte*

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Acronyms

AIP	Annual Investment Plan
DBM	Department of Budget and Management
DILG	Department of Interior and Local Government
DOF	Department of Finance
ELA	Executive Legislative Agenda
HRD	Human Resource Development
LDC	Local Development Council
LDIP	Local Development Investment Plan
LGU	Local Government Unit
LFC	Local Finance Committee
MFO	Major Final Outputs
NEDA	National Economic and Development Authority
OPCR	Office Performance Commitment and Review
PAHRODF	Philippine-Australia Human Resource and Organisational Development Facility
	PBO – Provincial Budget Office
PDC	Provincial Development Council
PDPFP	Provincial Development and Physical Framework Plan
PGLDN	Provincial Government of Lanao Del Norte
PHRMDO	Provincial Human Resource Management and Development Office
PIAO	Provincial Internal Audit Office
PTO	Provincial Treasurer’s Office
PPA	Plans, Programs and Activities
PPDO	Provincial Planning and Development Office

Definition Of Terms

- 1. Annual Budget** – refers to the financial plan embodying the revenue and expenditures for one (1) fiscal year.
- 2. Annual Investment Program** – refers to the indicative yearly expenditure requirements of the LGUs' programs, projects and activities (PPA) to be integrated into the annual budget. For budgeting purposes, constitute the total resource requirements for the budget year, including the detailed annual allocation of each PPA and the regular operational budget items broken down into Personal Services, Maintenance and Other Operating Expenses and Capital Outlay.
- 3. Budget Call** – issued by the Local Chief Executive based on the AIP and signals the start of the preparation of budget proposals.
- 4. Executive-Legislative Agenda (ELA)** – ELA is a planning document that is mutually developed and agreed upon by both the executive and legislative departments of an LGU. It is an integrated plan that contains the major development thrusts and priorities of both the executive and legislative branches towards a common vision for the locality.
- 5. Human Resource Development (HRD) Plan** – a plan that will guide in the delivery of learning and development activities of the LGU's human resources towards improvement of their performance and contribute to the LGU's development agenda. It outlines the learning and development interventions or programs that need to be undertaken to address an identified competency deficiency, indicating the target groups and the development approach to be used
- 6. Local Development Council (LDC)** – the body mandated by law to assist their respective Sanggunian in setting the direction of economic and social development, and coordinating development efforts within their respective territorial jurisdictions.
- 7. Local Finance Committee (LFC)** – the body composed of the local planning and development coordinator (LPDC), the local budget officer, and the local treasurer, mandated by law to recommend to the LCE the level of the annual expenditures and

the ceilings of spending for economic, social, and general services based on the approved PDPFP.

- 8. Major Final Outputs (MFOs)** – are goods and services that a department/agency is mandated to deliver to external clients through the implementation of programs, activities and projects.
- 9. Office Performance Commitment and Review (OPCR)** – conducted during the first stage of the Strategic Performance Management System which is the performance planning and commitment, where the heads of office meet with supervisors and staff and agree on the outputs that could be accomplished based on the goals and objectives of the agency.
- 10. Organizational Performance Indicator Framework (OPIF)** - OPIF is an approach to expenditure management that directs resources for major final outputs (MFOs) toward results and measures, department/agency performance by key quality, quantity, timeliness, and cost indicators. OPIF shifts the focus of department/agency accountability to MFOs delivered with respect to activities funded through the Budget.
- 11. Provincial Development and Physical Framework Plan (PDPFP)** – The plan document formulated at the provincial level that merges the traditionally separate provincial physical framework plan and provincial development plan to address the gap between spatial and sectoral factors and between medium- and long-term concerns. It contains the long-term vision of the province, and identifies development goals, strategies, objectives/targets and corresponding PPAs, which serve as primary inputs to provincial investment programming and subsequent budgeting and plan implementation.
- 12. Strategic Performance Management System (SPMS)** – the performance management system being implemented by the Civil Service Commission that seeks to link individual performance with the agency’s strategic goals. It puts premium on major final outputs toward realization of the organizational vision, mission and development priorities.

Part 1: Introduction

Background

The Provincial Government of Lanao Del Norte (PGLDN), as with other local government units, follows the provision of the Local Government Code (LGC) as far as planning and budgeting process is concerned. The entire process specifically covers planning, investment programming, budgeting, expenditure management and revenue administration.

As provided for in the Code, all LGUs shall prepare their comprehensive development plans, local development investment programs, annual investment programs (AIPs), annual and supplemental budgets in the context of and in harmony with the national and regional policies, goals and strategies.

Human Resource Development (HRD) is an equally vital dimension of local development planning along with the other major development sectors. It is in this context that Human Resource Development (HRD) Planning, as a process and the HRD Plan as an output, is to be institutionalized in the PGLDN. As a critical step to the institutionalization process, it is proposed to be harmonized with PGLDN's annual planning and budgeting cycle.

Purpose

This documentation material is primarily intended for the core team of PGLDN or any of its employees who will be involved or assigned in the HRD planning intervention of the organization. This document describes the general process flow of PGLDN's annual planning and budgeting cycle and presents how to integrate HRD planning activities into these standard processes. It also shows the different offices, committees or units involved in the process and briefly defines their roles and responsibilities.

With this document, the users will be guided on how to effectively mainstream HRD Planning into PGLDN's planning and budgeting process so that HRD planning will be sustained and become significant part of the planning process of the organization.

Methodology

To come up with this documentation material, a review of related issuances, guidebooks and other related documents from government agencies was conducted to get the framework and standard processes of local government units (LGUs) in planning, programming and budgeting. An important document considered was the Joint Memorandum Circular No. 1 Series of 2007, which provides guidelines on the harmonization of local planning, investment programming, revenue administration, budgeting and expenditure management for provincial and municipal LGUs. This was issued by the Department of Interior and Local Government (DILG), the National Economic and Development Authority (NEDA), the Department of Budget and Management (DBM) and the Department of Finance (DOF).

Results of the desk review were summarized to draft an initial paper of this harmonization document. The draft paper was shown to the department head of the Provincial Planning and Development Office (PPDO) to gather her valuable inputs on the actual setting, planning and budgeting cycle of PGLDN. The enhanced material was also reviewed by the different offices of PGLDN like the Provincial Budget Office (PBO), the Provincial Accountant's Office (PAccO), Provincial Treasurer's Office (PTO) and the Provincial Internal Audit Office (PIAO). The finalization of this manual was properly endorsed by the HRD Planning Core team headed by the acting head of the Provincial Human Resource and Development Office (PHRMDO).

This documentation was crafted during the first HRD planning intervention of PGLDN, a project funded by the Australian Department of Foreign Affairs and Trade through the Philippine-Australia Human Resource and Organisational Development Facility (PAHRODF). The said project was implemented from August 2013 to March 2014. With this project, the formulation of the three-Year HRD Plan of PGLDN provided actual experiences, relevant insights and lessons learned in the effort to harmonize HRD planning in the context of PGLDN's annual planning and budgeting cycle. This will therefore serve as critical reference material in updating the HRD Plan of PGLDN to capture emerging needs of the organization in the coming years.

Part 2:

*General Process Flow
of PGLDN's Planning and
Budgeting*

General Process Flow of PGLDN's Planning and Budgeting

As with any other local government units, the PGLDN needs to link the development of its plans with the approval of its needed budget for effective and efficient implementation of its local programs, projects and activities. The Local Government Code (LGC) of 1991 (RA 7160) clearly stipulates the following basic principles:

1. Local budget plans and goals, as far as practicable, be harmonized with national development plans, goals and strategies in order to optimize the utilization of resources and to avoid duplication in the use of fiscal and physical resources (Section 305 h);
2. Local budgets shall operationalize approved local development plans Section 305 i);
3. Local governments shall formulate sound financial plans. The local budgets shall be based on functions, projects and activities in terms of expected results (Section 305g);
4. Budgets of LGUs shall include a brief description of the functions, projects and activities for the ensuing fiscal year, expected results for each function, project and activity; and the nature of work to be performed, including the objects of expenditure for each function, project and activity (Section 317b 3).

The issuance of JMC no. 1, Series of 2007, by DBM-NEDA-DILG-DOF on March 8, 2007, aims to strengthen the interface between LGUs and national government agencies (NGAs) and complementation between and among all LGUs in all levels in planning, investment programming, revenue administration, and budgeting and expenditure management.

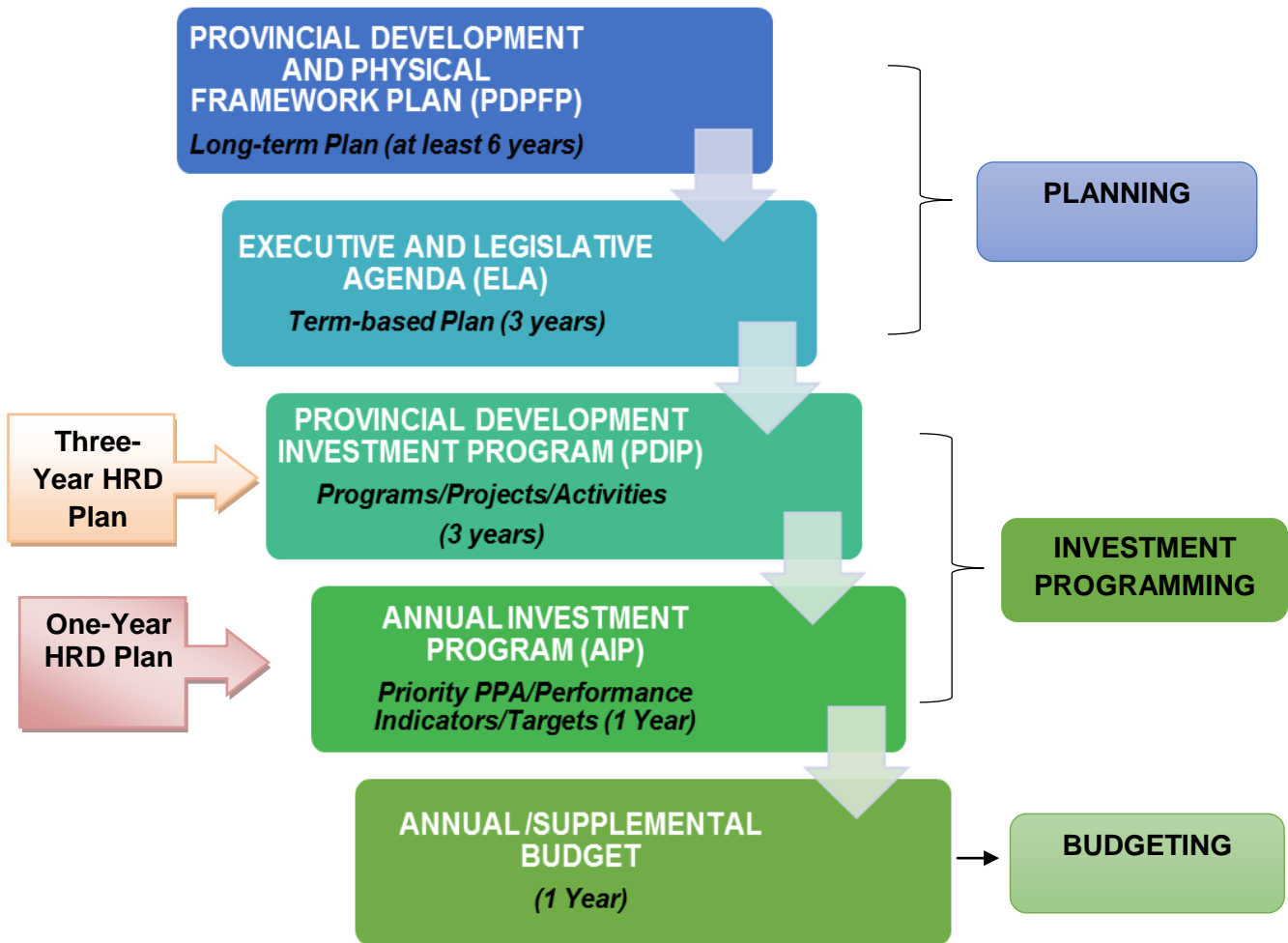
It is within this context that the PGLDN follows the planning and budgeting model that any LGU should follow. The figure below (*Figure 1*) shows the Planning-Budgeting Link Model of PGLDN. It depicts how planning, investment programming and budgeting cycle are linked and integrated as part of the standard processes of the provincial government. As shown in the figure, the following planning and budgeting documents are as follows:

- **Provincial Development and Physical Framework Plan (PDPFP)** contains the long-term vision of PGLDN. It is formulated at least every 6 years to identify practical vision and strategic directions of the provincial government;

- **Executive and Legislative Agenda (ELA)** is known as a term-based planning document as it reflects the priority thrusts of both the executive and legislative departments of the provincial government. It is formulated every three (3) years at the start of the local chief executive's (LCE's) term;
- **Provincial Development Investment Program (PDIP)** is a programming document that shall be prepared every three (3) years based on the PDPFP of the provincial government. It spells out medium-term goals of the organization through identification of programs, projects and activities for 3 years;
- **Annual Investment Program (AIP)** is another programming document as required by Article 410 of the Implementing Rules and Regulations (IRR) of RA no. 7160. This is being prepared and approved before the fiscal year before budget preparation;
- **Annual Budget** outlines the revenue and expenditure needed by the organization specifically for the fiscal year.

The formulation of the PDPFP and ELA is critical in the HRD planning process as these documents, which reflect the strategic and sectoral thrusts of PGLDN, aligned with the Philippine Development Plan (PDP), are relevant inputs for the development and updating of the human resource (HR) strategic directions of the province. It is also critical to note that the crafting of the HRD Plan shall be significantly integrated into the PDIP and AIP of PGLDN.

Figure 1: PGLDN's Planning-Budgeting Link Model



Part 3:

*Harmonization of the HRD
Planning with PGLDN's
Annual Planning and
Budgeting Process*

Harmonization of the HRD Planning with PGLDN's Annual Planning And Budgeting Process

The harmonization of the HRD Planning takes a process flow where the following HRD Planning activities will be integrated with the PGLDN's planning and budgeting process:

1. The process starts with the updating of planning and budgeting databases, which include, among others, the socio-economic, physical resources, time series revenue and expenditure data, and project profiles and status. These are done from the period **January to March** by the local planning development coordinator, local budget officer and local treasurer.
 - In this process, the HRD Plan can be integrated as part of the updating of planning database for assessment and revisiting.
2. Based on the data generated from the aforementioned step, the local planning & development coordinator can proceed with the analysis of the planning environment for plan preparation, review and updating from **April to May**.
 - Part of this analysis of the planning environment will be the analysis of the HRD situation in the PGLDN which may be facilitated by the HRMD officer
3. A review of the PGLDN's vision, mission, goals and strategic directions will follow taking into consideration emerging development thrusts, available resources and financial capability. This will be done from **May to June**. During election year however, this activity is undertaken from **July to August** to take into consideration the development agenda of the incoming set of local officials, particularly the Local Chief Executive.
 - During this period, HRD Plan revisit and assessment start vis-à-vis emerging development thrusts and strategic priorities of the provincial administration for alignment. Additional critical or enhancement of existing competencies may occur. Competency gaps will be updated and prioritized per department and

office. Proposed HRD interventions will then be identified based on prioritized competency gaps of employees per employee group per department. The HRD Plan interventions with budgetary requirements will be prepared and be incorporated in the Annual Investment Plan.

4. Preparation and Updating of Annual Investment Plan (AIP) and Organizational Performance Indicator Framework (OPIF), Office Performance Commitment Review (OPCR); and Presentation of AIP to the Provincial Development Council from **June 1 to 15**.
 - The Proposed HRD Plan Interventions are already integrated in the AIP during this period.
5. After the AIP is adopted by the Provincial Development Council, issuance of Budget Call based on the said AIP by the Local Chief Executive will follow. This will be from **June 16 to 30**. Local Finance Committee composed of planning officer, treasurer and budget officer conducts workshop and forum on the budget call
6. Technical Budget Hearing will be conducted after the departments and offices have submitted their budget proposals. This will be done by the LFC from **July 1 to August 31**.
 - Included in this budget deliberation is the proposed HRD Plan of the PGLDN.
7. The Local Chief Executive reviews and approves the annual budget, prepares a budget message and endorses to the Sangguniang Panlalawigan. This will be from **September 1 to 30**.
8. The Sangguniang Panlalawigan deliberates and approves the Executive Budget. Date expected for enacted local appropriation ordinance for executive/annual budget is **October 16**.

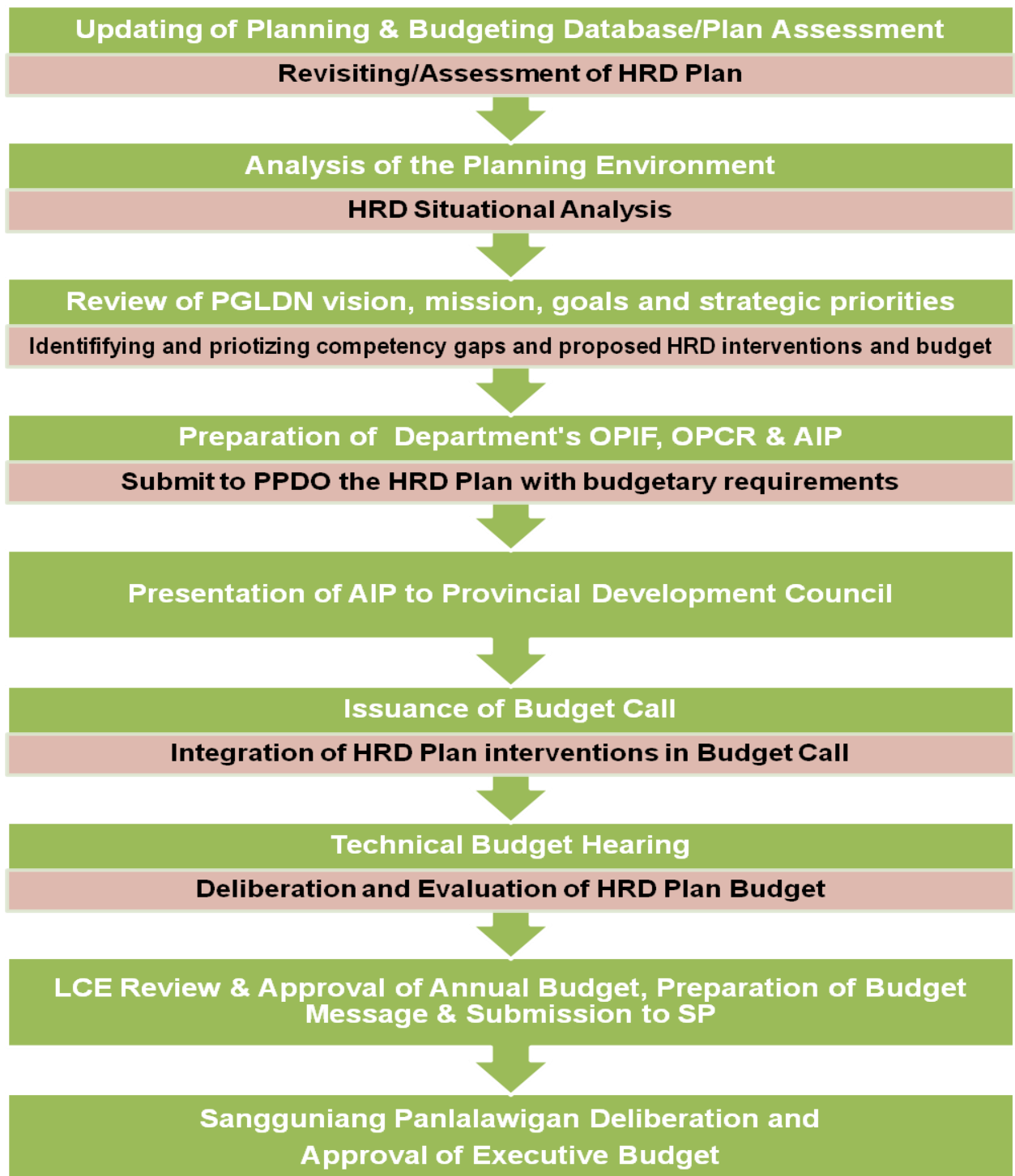
Table 1: Process Flow of the Harmonization of the HRD Planning with PGLDN's Annual Planning and Budgeting

Timetable	PGLDN Planning & Budgeting Process	Person/Office Responsible	HRD Planning Activities	Expected Outputs
January to March	1. Updating of Planning & Budgeting Database / Plan Assessment	Local planning development coordinator, local budget officer, local treasurer, Department heads	Revisiting / Assessment of HRD Plan	Annual Plan Assessment Report integrating the HRD Plan assessment output
April to May	2. Analysis of the Planning Environment	Provincial Planning and Development office	HRD Situational Analysis	Draft Situational Analysis with HRD Inputs
May to June (July to August during election year)	3. Review of PGLDN vision, mission, goals and strategic priorities	Office of the Governor/ Provincial Administrator's Office/Department Heads	<ul style="list-style-type: none"> • Revisit and assess the PGLDN HRD Plan intervention vis-à-vis emerging development thrusts & strategic priorities • Identify new competency gaps based on emerging development thrusts & strategic priorities • Prioritize competency gaps per department and office • Identify Proposed HRD Interventions for the current year based on prioritized competency gaps and identified needs of employees per department • Prepare HRD Plan Interventions with budgetary requirements to be incorporated in the Annual Investment Plan 	<ul style="list-style-type: none"> • HRD Plan directly aligned with the PGLDN vision, mission, goals and strategies • Identification of learning and development needs with their appropriate interventions • Allocation of budgetary requirements in the implementation of identified learning and development programs based on the identified needs of employees

Timetable	PGLDN Planning & Budgeting Process	Person/Office Responsible	HRD Planning Activities	Expected Outputs
June 1 to 15	4. Preparation of department Organizational Performance Indicators Framework (OPIF), Office Performance Review Commitment (OPCR) & Annual Investment Plan (AIP)	Department Heads, PPDO, Local Finance Committee	Submit to PPDO the HRD Plan Interventions with budgetary requirements	PGLDN OPIF, OPCRs and AIP with HRD Plan Component
Before Issuance of Budget call	5. Presentation of AIP to Provincial Development Council			PDC Resolution adopting the AIP
June 16 to 30 August 1 to 15	6. Issuance of Budget Call	Local Chief Executive	Integration of HRD Plan Interventions in Budget Call	Budget Call integrating HRD Plan Priorities
July 16 to August 31	7. Technical Budget Hearing	Local Finance Committee	Deliberation and Evaluation of HRD Plan Budget	Local Finance Committee Reviewed department budget which include HRD Plan Budget
September	8. Review & Approval of Annual Budget, Preparation of Budget Message &	Local Chief Executive		Budget Message and Executive Budget

Timetable	PGLDN Planning & Budgeting Process	Person/Office Responsible	HRD Planning Activities	Expected Outputs
	Submission to SP			
October 16	9. Deliberation and Approval of Executive Budget	Sangguniang Panlalawigan		Enacted Local Appropriations Ordinance of the Annual Budget

Figure 2: Flowchart of the Harmonization of the HRD Planning with PGLDN's Annual Planning and Budgeting Process



Legend:



Part 4:

*Roles and Responsibilities
of Offices and Committees
Involved*

Roles and Responsibilities of Offices and Committees Involved

1. Heads of Offices / Departments

- During the conduct of committee hearings and en-banc deliberations, the different heads of departments or chiefs of offices whose budget proposals are being considered, shall make themselves available and, upon request of the SP, appear before that body or the Committee on Appropriations to explain or justify their proposals.

2. The Sangguniang Panlalawigan Committee on Appropriations

- Responsible for conducting a preliminary review and evaluation of the budget. For the purpose, the committee may conduct its own budget hearing and may call upon the local finance committee and heads of offices/departments. Thereafter, the committee shall render its report, recommendations and draft the Resolution and Ordinance to the SP proper. Such will serve as the focus of deliberation.

3. Local Finance Committee

- Assists the SP in the analysis and review of the budget for the purpose of ensuring compliance with statutory and administrative requirements;
- Prepares the necessary visual aids/references and make available all other pertinent data to facilitate deliberations of the budget;
- Be present during committee hearings and SP sessions as maybe required.

4. Provincial Human Resource Management and Development Office

- The lead office in the development and formulation of the HRD Plan and determining the learning and development needs of the employees in the PGLDN. In coordination with other departments and offices, plays proactive role in determining training and non-training needs, performance improvement and

management of employees, evaluation of the learning and development activities if indeed had positive effect on them and their departments.

5. Provincial Planning and Development Office

- The office in the LGU responsible in the formulation of integrated economic, social, physical and other development plans and policies for consideration of the local development council. The office also monitors and evaluates the implementation of the different development programs, projects and activities in the LGU in accordance with the approved development plan, and prepares comprehensive plans and other development planning documents for the consideration of the local development council.

6. Provincial Budget Office

- A member of the Local Finance Committee (LFC), this office reviews and consolidates the budget proposals of different departments and offices of the LGU, coordinate with the planning and development coordinator in the formulation of the development plan of the LGU, coordinate with the treasurer, accountant, and the planning & development coordinator for the purpose or budgeting.

7. Provincial Treasurer's Office

- A member of the Local Finance Committee (LFC), this office takes custody of and exercise proper management of the funds of the LGU and other matters relative to public finance.

8. Office of the Governor

- The office responsible in facilitating and directing the formulation of the provincial development plan, with the assistance of the provincial development council, and upon approval by the Sangguniang Panlalawigan, implements the said development plan.

9. Sangguniang Panlalawigan

- Act as the legislative body of the province, enact ordinances, approve resolutions and appropriate funds for the general welfare of the province. Generate and maximize the use of resources and revenues for the development plans, programs and priorities of the LGU.

Part 5:
Conclusion

Conclusion

As provided for by the Local Government Code, the Provincial Government of Lanao Del Norte is expected to manage effectively and efficiently its own local development with the crafting and implementation of various plans. From the development of its long-term, medium-term and annual strategic plans, PGLDN needs to link planning with its budgeting process to identify priority programs, projects and activities that need funding and to optimize utilization of its resources. The planning documents of PGLDN (PDPFP, ELA and PDIP) shall be aligned with the national and regional policies, goals and strategies.

To support the achievement of organizational strategic goals and directions of PGLDN, HRD planning is considered as an equally important planning process to identify competency needs of its human resources, as well as, determine necessary interventions that address them. The development of learning and development interventions through the HRD plan will lead to the enhancement of competencies of its workforce in order to provide more responsive and efficient delivery of basic services and contribute in meeting the PGLDN's priority reform agenda. To respond to the new and emerging needs and challenges of the organization, the HRD plan needs to be reviewed and updated and shall serve as inputs to the update of the PDIP and AIP of PGLDN.

Therefore, it is very critical to mainstream HRD planning within the standard planning and budgeting process of PGLDN. This documentation material will help the Provincial Government of Lanao del Norte sustain its efforts to institutionalize HRD planning within the organization.