

# Financial Compliance Culture and Transparency Outcomes in Local Government Operations

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## ABSTRACT

This study addressed the continuing need to strengthen fiscal discipline and visible accountability in local government operations by examining the relationship between financial compliance culture and transparency outcomes in the Local Government Unit of Nagtipunan. Using a predictive-correlational field design with an institutional diagnostics orientation, the study gathered data from personnel whose functions were connected with financial management, administrative transactions, documentation, reporting, and program implementation. A validated researcher-made questionnaire was used, with excellent reliability results for financial compliance culture, transparency outcomes, and the overall instrument. The data were analyzed using mean, standard deviation, Spearman's rho

correlation, ordinal logistic regression, and compliance-transparency gap analysis. Findings revealed a high level of financial compliance culture, particularly in ethical responsibility, adherence to financial procedures, and accuracy of reporting. Transparency outcomes were also high, especially in the alignment of budget and expenditure information with actual transactions. However, lower ratings were noted in stakeholder access, timely disclosure, inter-office coordination, and communication of corrective actions. Financial compliance culture had a strong, positive, and significant relationship with transparency outcomes. Regression results showed that ethical responsibility, documentation discipline, internal control awareness, audit responsiveness, and timeliness of compliance significantly predicted higher transparency outcomes. The study concluded that transparency in local government was not produced by disclosure alone but by a disciplined internal culture that supported accurate, timely, and accountable financial work. Strengthening compliance monitoring, disclosure systems, corrective action communication, and capacity-building was recommended to improve transparency performance.

**Keywords:** *accountability, audit responsiveness, financial compliance culture, local government operations, public financial management, transparency outcomes*

## INTRODUCTION

Sound financial management has remained one of the most visible measures of integrity in public administration, especially in local government units where citizens experience public services directly. In local operations, financial compliance is not limited to the mechanical observance of accounting rules, audit requirements, procurement procedures, and reporting deadlines. It also reflects the shared work habits, ethical standards, supervisory practices, and organizational discipline that guide how public funds are planned, obligated, disbursed, recorded, and reported. When compliance becomes part of the daily culture of an office, transparency is more likely to move beyond formal posting of documents and become a practical expression of responsible stewardship. This is particularly relevant in local government settings where financial decisions affect essential

services, infrastructure priorities, social assistance, and community development programs. As emphasized in public financial management literature, transparent and accountable systems help ensure that public resources are used according to approved purposes, are properly documented, and are open to scrutiny by oversight bodies and the public (PEFA Secretariat, 2016; International Monetary Fund [IMF], 2018).

Recent discussions on governance have placed greater attention on the relationship between compliance, transparency, and public trust. The Organisation for Economic Co-operation and Development explained that trust in public institutions is shaped not only by policy promises but also by the reliability, openness, fairness, and responsiveness of government actions (OECD, 2017). This view is important because citizens often judge government credibility through the visible handling of public money. When financial reports are complete, timely, understandable, and consistent with actual transactions, they give citizens and oversight institutions a basis for confidence. When records are delayed, incomplete, unclear, or difficult to access, even technically valid transactions may invite doubt. The 2024 OECD survey on drivers of trust further stressed that citizens' everyday encounters with public institutions influence their confidence in government performance and integrity (OECD, 2024). In this sense, transparency outcomes in local government are not merely documentary outputs. They are linked to whether citizens and stakeholders can reasonably see how decisions are made, how resources are used, and how public officials answer for their responsibilities.

The importance of transparency is also supported by studies on local government openness. Cucciniello et al. (2017) noted that transparency research has increasingly examined how access to government information can improve accountability, reduce information gaps, and shape public perceptions of government performance. In the specific context of local governments, Kraha and Mertens (2020) found that transparency has become a growing concern because local authorities operate closest to citizens and are expected to disclose information in ways that are accessible, timely, and meaningful. Their review also showed that local government transparency is influenced by institutional arrangements, administrative capacity, political conditions, and the use of information technology. These insights suggest that transparency does not depend only on legal requirements. It also depends on the internal culture of compliance within the organization, including whether employees value accuracy, documentation, procedural consistency, and ethical responsibility in financial work.

The need to strengthen public financial management has been repeatedly reflected in government reform initiatives. The Public Financial Management Reforms Roadmap 2024 to 2028 seeks to improve accountability, efficiency, transparency, and digitalization in the management of public funds (Republic of the Philippines, Public Financial Management Committee, 2024). This reform direction is consistent with broader international standards that view reliable financial reporting, internal control, audit responsiveness, and public disclosure as necessary elements of effective fiscal governance (World Bank, 2025). At the same time, the Open Budget Survey 2023 reported that the Philippines obtained a transparency score of 75, showing progress in budget transparency while still leaving room for stronger public participation and oversight (International Budget Partnership, 2024). These national developments provide a relevant setting for examining how local government units translate compliance expectations into actual administrative practice.

For local government employees involved in accounting, budgeting, procurement, treasury, auditing coordination, and administrative reporting, compliance culture is formed through repeated routines. These include preparing accurate financial documents, observing procurement and disbursement rules, reconciling records, responding to audit findings, maintaining supporting documents, and ensuring that required reports are submitted and disclosed on time. The International Organization of Supreme Audit Institutions emphasized that audit institutions contribute to accountability and transparency by examining how public entities manage and use public resources and by encouraging corrective action on audit findings (INTOSAI, 2019). However, audit recommendations can only produce lasting improvement when offices treat compliance not as an occasional response to inspection but as a continuous discipline. Transparency International (2023) similarly argued that stronger public financial management reduces opportunities for corruption and enables citizens and state institutions to track how resources are allocated and spent. This shows that compliance culture and transparency outcomes are closely connected.

Despite existing rules and reporting mechanisms, local government operations may still face gaps between formal compliance and meaningful transparency. Some offices may submit reports because these are required, yet the quality, timeliness, accessibility, and clarity of the information may vary. Others may have established procedures but still experience delays, weak documentation, fragmented records, or limited staff appreciation of how financial compliance affects public confidence. These concerns are especially relevant in municipal settings where personnel often perform multiple functions and where administrative capacity may influence the consistency of financial controls. Thus, the study of financial compliance culture is important because it looks beyond the presence of rules and examines the working values, practices, and behaviors that shape actual compliance.

In the Local Government Unit of Nagtipunan, the study gains practical importance because accounting work is directly tied to the credibility of local financial operations. The study focuses on how the culture surrounding financial compliance may influence transparency outcomes in the organization. By examining this relationship, the study may contribute to a clearer understanding of how local offices can strengthen fiscal responsibility not only through policies and systems but also through employee commitment, ethical practice, documentation discipline, and responsiveness to accountability requirements. The study is therefore positioned within the continuing effort to make local governance more reliable, understandable, and worthy of public trust.

## Literature Review

### *Financial Compliance Culture in Public Sector Organizations*

Financial compliance culture refers to the shared values, routines, and ethical expectations that influence how public employees observe accounting rules, budgeting standards, procurement procedures, documentation requirements, and reporting responsibilities. In public sector organizations, compliance becomes stronger when it is treated not only as a technical requirement but also as a daily administrative discipline. The PEFA Secretariat (2016) emphasized that credible public financial management depends on clear budget execution, reliable accounting, internal control, reporting, and external scrutiny. This means that compliance culture is shaped by both formal systems and the behavior of personnel who implement them. The International Monetary Fund (2018) likewise stressed that fiscal transparency requires reliable, timely, and comprehensive financial information, which cannot be produced when financial records are weak or when rules are followed only for formality. For local government units, this literature suggests that financial compliance should be viewed as a working culture where accuracy, completeness, procedural consistency, and ethical accountability are embedded in daily operations. When employees understand that every transaction represents public trust, compliance becomes more than an audit requirement. It becomes a safeguard against misuse, confusion, and loss of confidence in government.

### *Transparency Outcomes in Local Government Financial Operations*

Transparency outcomes in local government financial operations are reflected in the clarity, accessibility, timeliness, and usefulness of financial information made available to citizens, oversight bodies, and internal decision-makers. Cucciniello, Porumbescu, and Grimmelikhuijsen (2017) explained that transparency in public administration reduces information gaps between government and citizens and can support accountability when disclosed information is understandable and relevant. In the local government context, Kraah and Mertens (2020) found that transparency practices are shaped by institutional capacity, disclosure mechanisms, political context, and the ability of local offices to communicate financial information in a meaningful way. This is important because transparency is not achieved by disclosure alone. A document may be publicly available, but if it is delayed, incomplete, difficult to interpret, or disconnected from actual spending, its value for accountability becomes limited. The International Budget Partnership (2024) also showed that budget transparency must be complemented by opportunities for public participation and oversight. These findings indicate that transparency outcomes in local government should be measured not only through the presence of reports but also through their accuracy, accessibility, timeliness, and usefulness in helping stakeholders understand how public funds are managed.

### ***Accountability, Audit Responsiveness, and Internal Control***

Accountability in local government financial operations depends heavily on the strength of internal control, audit responsiveness, and corrective action. INTOSAI (2019) stated that public sector audit institutions help strengthen accountability, transparency, and integrity by independently examining public operations and reporting their findings. However, the value of audit does not end with the issuance of findings. It depends on whether public offices respond to recommendations, correct weaknesses, and prevent the repetition of the same compliance issues. Transparency International (2023) also noted that sound public financial management allows citizens and institutions to monitor how public resources are allocated and spent, thereby reducing opportunities for corruption and administrative abuse. In this sense, internal control is not merely a set of forms, signatures, and approval steps. It is a protective system that ensures legality, accuracy, authorization, documentation, and responsible use of public money. For local government units, audit responsiveness reflects whether financial compliance culture is reactive or preventive. A reactive culture waits for audit findings before improving practices, while a preventive culture strengthens documentation, supervision, and review before problems become institutional weaknesses.

### ***Financial Governance, Public Trust, and Local Service Credibility***

Financial governance is closely connected to public trust because citizens often judge the credibility of government through the way public funds are handled. The OECD (2017) argued that trust in public institutions is influenced by reliability, responsiveness, integrity, openness, and fairness. In local governments, these qualities are seen in how offices prepare budgets, release financial information, follow procurement rules, address audit observations, and communicate spending decisions to the public. The OECD (2024) further emphasized that citizens' confidence in government is shaped by everyday experiences with public institutions and by perceptions that government actions are honest, competent, and fair. This is especially relevant in municipal operations where public services, infrastructure, financial assistance, and community programs are directly experienced by residents. The Philippine Public Financial Management Reforms Roadmap 2024 to 2028 also highlights the need to modernize and harmonize financial management systems to strengthen accountability, transparency, and efficiency in the use of public resources (Republic of the Philippines, Public Financial Management Committee, 2024). Taken together, the literature shows that financial compliance culture has practical consequences for local service credibility. When local financial operations are orderly, documented, and transparent, they help build confidence that public resources are being managed responsibly and in line with the public interest.

## **METHODS**

### **Research Design**

The study employed a predictive-correlational field design with an institutional diagnostics orientation. This design was selected because the study did not merely describe the existing level of financial compliance culture and transparency outcomes, but also examined the extent to which financial compliance culture accounted for variations in transparency outcomes in local government operations. The design was appropriate because the variables were observed in their natural organizational setting without manipulation, and the responses were analyzed to determine patterns of association, strength of influence, and the relative contribution of compliance-related practices to transparency performance. The institutional diagnostics orientation allowed the study to treat the findings not only as statistical results but also as administrative evidence that could inform internal improvement measures in local financial governance.

### **Research Locale**

The study was conducted at the Local Government Unit of Nagtipunan. The locale was considered suitable because local government operations involved regular financial transactions, budgeting activities, procurement-related processes, accounting documentation, liquidation procedures, reporting obligations, and audit-related compliance requirements. As a municipal government setting, the LGU provided an appropriate environment for examining how financial compliance culture was practiced within daily administrative work and how such practices were reflected in transparency outcomes. The locale also represented a practical setting where financial compliance, public accountability, and transparency were directly connected to service delivery, institutional credibility, and responsible use of public resources.

### **Participants and Sampling Technique**

The participants of the study were personnel of the Local Government Unit of Nagtipunan whose work was directly or indirectly connected with financial management, administrative transactions, budgeting, accounting, procurement, records handling, program implementation, and reporting functions. A purposive-total enumeration sampling approach was used. Purposive sampling was applied because the study required participants who had sufficient exposure to internal financial procedures, documentation practices, compliance expectations, and transparency-related processes. Total enumeration was also considered because the study sought to include all qualified personnel who met the inclusion criteria, thereby allowing a more complete institutional reading of the variables under investigation. Personnel who had no direct work exposure to administrative or financial operations were excluded to maintain the relevance and accuracy of the responses.

### **Research Instrument**

The study used a researcher-made survey questionnaire developed from the objectives of the study and from concepts found in public financial management, compliance, accountability, and transparency literature. The instrument consisted of structured items measuring financial compliance culture and transparency outcomes in local government operations. The financial compliance culture section covered indicators related to adherence to financial rules, documentation discipline, ethical responsibility, audit preparedness, internal control awareness, and procedural consistency. The transparency outcomes section covered indicators related to clarity of financial information, accessibility of records, timeliness of disclosure, accountability in reporting, and stakeholder confidence in financial processes.

The questionnaire used a five-point Likert scale to determine the extent of agreement with each statement. The response options were as follows: 5, Strongly Agree; 4, Agree; 3, Moderately Agree; 2, Disagree; and 1, Strongly Disagree. The scale allowed the study to quantify the participants' assessment of the observed practices and outcomes within the organization.

Before the final administration, the instrument underwent content validation by experts in public administration, accounting, local governance, and research methodology. The validators examined the items in terms of relevance, clarity, alignment with the study objectives, appropriateness of language, and suitability to local government operations. Revisions were made based on their comments, particularly in improving item wording, removing overlapping statements, and ensuring that each item measured only one idea.

A pilot test was conducted among personnel from a comparable local government setting who were not part of the actual respondents. The purpose of the pilot test was to determine whether the items were clear, understandable, and appropriate for the target participants. The pilot test also served as the basis for reliability testing. Using Cronbach's alpha, the financial compliance culture scale obtained a reliability coefficient of 0.91, while the transparency outcomes scale obtained a reliability coefficient of 0.89. The overall instrument obtained a Cronbach's alpha value of 0.93, which indicated excellent internal consistency. These results showed that the questionnaire was reliable for measuring the intended variables.

### **Data Gathering**

The researcher first secured permission from the appropriate local government authority before conducting the study. After approval was granted, the researcher coordinated with the concerned offices regarding the schedule and manner of questionnaire distribution. The participants were informed about the purpose of the study, the voluntary nature of their participation, the confidentiality of their responses, and their right to decline or withdraw without any negative consequence.

The survey questionnaires were distributed to the qualified participants through an organized and non-disruptive process. The participants were given enough time to answer the instrument based on their actual observations and work experiences. The completed questionnaires were retrieved, checked for completeness, and encoded for statistical analysis. Responses with incomplete major sections were excluded from the final analysis to protect the accuracy of the results. The gathered data were then reviewed, coded, and prepared for processing.

### **Data Analysis**

The study used descriptive and predictive statistical treatments suited to the nature of the variables and the objectives of the research. Mean and standard deviation were used to describe the level of financial compliance culture and transparency outcomes. These measures provided a clear summary of the central tendency and consistency of responses for each indicator and dimension.

To determine the relationship between financial compliance culture and transparency outcomes, Spearman's rho correlation was used. This was considered appropriate because the data were generated from Likert-scale responses and the test allowed the study to examine the strength and direction of association between the two major variables without assuming strict interval properties.

To further determine which areas of financial compliance culture best explained transparency outcomes, ordinal logistic regression was employed. This treatment was selected because the dependent variable was measured through ordered response categories and the analysis allowed the study to identify whether stronger compliance-related practices significantly increased the likelihood of higher transparency outcomes. This approach provided a deeper interpretation than a simple relationship test because it showed the predictive value of compliance culture in explaining transparency performance.

In addition, a compliance-transparency gap analysis was conducted by comparing the mean ratings of major indicators under financial compliance culture and transparency outcomes. This analysis helped identify areas where compliance practices were already strong but transparency outcomes still needed improvement. The gap analysis provided a practical basis for recommending targeted administrative actions.

The interpretation of mean scores followed this scale:

4.20 to 5.00, Very High

3.40 to 4.19, High

2.60 to 3.39, Moderate

1.80 to 2.59, Low

1.00 to 1.79, Very Low

For relationship and regression tests, the level of significance was set at 0.05.

### **Ethical Consideration**

The study observed ethical standards throughout the research process. Participation was voluntary, and the participants were informed about the purpose, scope, and procedures of the study before they answered the questionnaire. Informed consent was obtained from the participants. They were assured that their responses would be treated with confidentiality and would be used only for academic and research purposes.

No names or identifying information were required in the questionnaire. The data were reported in summarized form to prevent the identification of individual participants or offices. The researcher also ensured that the study would not be used to evaluate the work performance of any employee. Instead, the study was conducted to generate institutional insights that could support better financial compliance practices and stronger transparency outcomes in local government operations.

All completed questionnaires and encoded data were stored securely. Access to the raw data was limited to the researcher. After the completion of the study, the data were handled according to accepted research ethics and data privacy standards. The researcher also maintained objectivity in the treatment, interpretation, and reporting of results.

## RESULTS AND DISCUSSION

Table 1. *Level of Financial Compliance Culture in Local Government Operations*

| Indicators  | Mean | SD   | Descriptive Interpretation |
|---|------|------|----------------------------|
| Employees followed prescribed accounting and financial reporting procedures.            | 4.31 | 0.54 | Very High                  |
| Financial transactions were supported with complete and appropriate documentation.      | 4.18 | 0.61 | High                       |
| Procurement and disbursement processes were observed according to existing rules.       | 4.09 | 0.66 | High                       |
| Personnel showed awareness of internal control requirements in handling public funds.   | 4.15 | 0.58 | High                       |
| Financial reports were prepared with attention to accuracy and consistency.             | 4.24 | 0.57 | Very High                  |
| Offices coordinated properly when preparing budgetary and financial documents.          | 3.86 | 0.72 | High                       |
| Audit observations were treated as bases for corrective action.                         | 3.78 | 0.75 | High                       |
| Staff members valued ethical responsibility in the use and recording of public funds.   | 4.36 | 0.49 | Very High                  |
| Financial deadlines were generally observed by concerned personnel and offices.         | 3.81 | 0.70 | High                       |
| Supervisors reminded personnel to comply with documentation and reporting requirements. | 4.02 | 0.65 | High                       |
| Overall Mean  | 4.08 | 0.63 | High                       |

Table 1 presents the level of financial compliance culture in local government operations. The overall mean of 4.08, interpreted as high, indicates that the Local Government Unit maintained generally sound financial compliance practices. The result suggests that employees were aware of the rules governing accounting, procurement, disbursement, reporting, and documentation. Compliance appeared to be established as part of the ordinary flow of work rather than being observed only during audit periods.

The highest mean was obtained by the indicator stating that staff members valued ethical responsibility in the use and recording of public funds. This result shows that the respondents perceived integrity as an important part of financial work. In local government operations, this is a valuable finding because financial compliance depends not only on technical knowledge but also on the moral seriousness with which personnel handle public resources. The very high rating for adherence to accounting and reporting procedures also suggests that employees had a clear understanding of the formal requirements attached to their responsibilities.

However, the results also reveal areas that require attention. The relatively lower means were recorded for audit observations being treated as bases for corrective action, observance of financial deadlines, and coordination among offices in preparing financial documents. Although these indicators were still rated high, they point to operational concerns that may affect the consistency of compliance. The data suggest that compliance culture was already present, but it was not equally strong across all work processes. The issue was not a lack of

commitment to financial rules, but the need to strengthen follow-through, inter-office coordination, and timely completion of reports. This finding is realistic in local government settings where financial transactions often involve several offices and where delays in one unit can affect the entire documentation and reporting process.

Table 2. *Level of Transparency Outcomes in Local Government Operations*

| Indicators   | Mean | SD   | Descriptive Interpretation |
|--|------|------|----------------------------|
| Financial information was prepared in a clear and understandable manner.               | 4.05 | 0.62 | High                       |
| Required financial reports were made available to concerned offices and authorities.   | 4.17 | 0.59 | High                       |
| Financial records were organized in a way that supported review and verification.      | 4.10 | 0.64 | High                       |
| Budget and expenditure information reflected actual financial transactions.            | 4.22 | 0.56 | Very High                  |
| Transparency-related documents were released or submitted within expected timeframes.  | 3.74 | 0.76 | High                       |
| Stakeholders could access relevant financial information when needed.                  | 3.68 | 0.79 | High                       |
| Financial reporting practices supported accountability in local government operations. | 4.11 | 0.60 | High                       |
| Corrective actions on financial concerns were communicated to concerned offices.       | 3.62 | 0.81 | High                       |
| Disclosure practices helped reduce doubts about the handling of public funds.          | 3.89 | 0.69 | High                       |
| Financial reports helped promote confidence in the credibility of local operations.    | 4.03 | 0.63 | High                       |
| Overall Mean   | 3.96 | 0.67 | High                       |

Table 2 presents the level of transparency outcomes in local government operations. The overall mean of 3.96, interpreted as high, indicates that the LGU generally produced transparency outcomes that supported accountability and public confidence. The respondents perceived that financial information was prepared, organized, and reported in a manner that allowed review and verification. This means that transparency was not absent in the organization. Rather, it was already practiced at a favorable level, particularly in relation to the accuracy and availability of financial records.

The highest-rated indicator was that budget and expenditure information reflected actual financial transactions. This is a strong result because transparency depends heavily on the alignment between reported figures and real financial activity. When records correspond with actual transactions, financial reports become credible bases for evaluation, decision-making, and audit review. The high rating for the availability of required reports also indicates that the organization had functional reporting mechanisms.

Despite these positive results, the table also shows that transparency outcomes were weaker in some practical areas. The lowest means were recorded for communication of corrective actions, stakeholder access to relevant financial information, and timely release or submission of transparency-related documents. These findings reveal that the LGU's transparency outcomes were stronger in internal report preparation than in outward communication and accessibility. In other words, the organization appeared capable of producing financial records, but the flow of information to stakeholders and the timely communication of corrective actions still needed improvement. This is an important distinction because transparency is not only about having documents. It also involves ensuring that information reaches the proper users in a timely, understandable, and useful manner.

Table 3. *Relationship Between Financial Compliance Culture and Transparency Outcomes*

| Variables  | Spearman's rho | p-value | Strength of Relationship     | Decision    |
|--|----------------|---------|------------------------------|-------------|
| Financial Compliance Culture and Transparency Outcomes | 0.684          | 0.000   | Strong Positive Relationship | Significant |

Table 3 presents the relationship between financial compliance culture and transparency outcomes. The Spearman's rho value of 0.684 indicates a strong positive relationship between the two variables. The p-value of 0.000, which is lower than the 0.05 level of significance, shows that the relationship was statistically significant. This means that higher levels of financial compliance culture were associated with stronger transparency outcomes in local government operations.

The result suggests that transparency was not merely a product of disclosure requirements. It was closely linked to the organization's internal culture of compliance. When employees consistently followed accounting rules, maintained proper documentation, observed internal controls, and treated financial responsibilities seriously, transparency outcomes also improved. This finding supports the idea that transparency begins inside the organization before it becomes visible to external stakeholders.

The strong positive relationship also indicates that weaknesses in compliance culture may eventually affect transparency. For instance, if documentation is incomplete, reports are delayed, audit observations are not acted upon promptly, or offices fail to coordinate, transparency outcomes may suffer even when policies require disclosure. Thus, the statistical result gives practical meaning to the role of financial compliance culture. It shows that transparency is not only a reporting function. It is also the result of disciplined work behavior, ethical responsibility, and consistent administrative practice.

Table 4. *Ordinal Logistic Regression Analysis on the Predictive Effect of Financial Compliance Culture on Transparency Outcomes*

| Predictor Variables        | Estimate | Standard Error | Wald  | p-value | Odds Ratio | Interpretation        |
|----------------------------|----------|----------------|-------|---------|------------|-----------------------|
| Documentation Discipline   | 0.842    | 0.286          | 8.672 | 0.003   | 2.32       | Significant Predictor |
| Ethical Responsibility     | 0.911    | 0.301          | 9.158 | 0.002   | 2.49       | Significant Predictor |
| Internal Control Awareness | 0.693    | 0.274          | 6.394 | 0.011   | 2.00       | Significant Predictor |
| Audit Responsiveness       | 0.577    | 0.248          | 5.412 | 0.020   | 1.78       | Significant Predictor |
| Inter-office Coordination  | 0.418    | 0.231          | 3.276 | 0.070   | 1.52       | Not Significant       |
| Timeliness of Compliance   | 0.466    | 0.219          | 4.527 | 0.033   | 1.59       | Significant Predictor |

Model Fit Information: Chi-square = 46.218, p = 0.000

Pseudo R<sup>2</sup>: Cox and Snell = 0.412; Nagelkerke = 0.468; McFadden = 0.251

Table 4 presents the ordinal logistic regression analysis on the predictive effect of financial compliance culture on transparency outcomes. The model fit result showed a chi-square value of 46.218 with a p-value of 0.000, indicating that the set of financial compliance culture predictors significantly explained transparency outcomes. The Nagelkerke pseudo-R<sup>2</sup> value of 0.468 suggests that the predictors accounted for a substantial portion of the variation in transparency outcomes.

Among the predictors, ethical responsibility had the strongest effect, with an odds ratio of 2.49. This means that stronger ethical responsibility increased the likelihood of achieving higher transparency outcomes. In practical terms, personnel who treated public funds with care, honesty, and accountability contributed meaningfully to clearer and more credible financial reporting. Documentation discipline also emerged as a strong predictor, with an odds ratio of 2.32. This indicates that well-prepared supporting documents, accurate records, and organized files significantly improved the likelihood of better transparency outcomes.

Internal control awareness, audit responsiveness, and timeliness of compliance were also significant predictors. These results show that transparency improved when employees understood control procedures, responded to audit findings, and complied with deadlines. Audit responsiveness was particularly important because it reflected the organization’s willingness to correct weaknesses rather than merely acknowledge them. Timeliness also mattered because delayed financial reports reduce the usefulness of information, even if the data are accurate.

Inter-office coordination, while positively related to transparency outcomes, did not reach statistical significance. This does not mean that coordination was unimportant. Rather, it may suggest that coordination practices were inconsistent or that their effect was already captured by other stronger predictors such as documentation discipline and timeliness. The finding still has administrative value because the earlier descriptive results showed coordination as one of the lower-rated compliance indicators. Therefore, coordination may not have been the strongest statistical predictor, but it remained a practical area for improvement.

Table 5. *Compliance-Transparency Gap Analysis*

| Areas Compared   | Financial Compliance Culture Mean | Transparency Outcomes Mean | Mean Gap | Priority Level    |
|--|-----------------------------------|----------------------------|----------|-------------------|
| Accuracy and consistency of financial records                  | 4.24                              | 4.22                       | 0.02     | Low Priority      |
| Documentation and record organization                          | 4.18                              | 4.10                       | 0.08     | Low Priority      |
| Timeliness of reports and disclosure                           | 3.81                              | 3.74                       | 0.07     | Low Priority      |
| Audit response and communication of corrective action          | 3.78                              | 3.62                       | 0.16     | Moderate Priority |
| Internal control and accountability in reporting               | 4.15                              | 4.11                       | 0.04     | Low Priority      |
| Inter-office coordination and stakeholder access               | 3.86                              | 3.68                       | 0.18     | Moderate Priority |
| Ethical responsibility and confidence in financial credibility | 4.36                              | 4.03                       | 0.33     | High Priority     |
| Overall Mean   | 4.05                              | 3.93                       | 0.12     | Moderate Priority |

Table 5 presents the compliance-transparency gap analysis. The overall gap of 0.12 indicates that the level of financial compliance culture was slightly higher than the level of transparency outcomes. This means that while compliance practices were generally strong, their effect was not fully translated into equally strong transparency outcomes. The result is important because it shows that internal compliance does not automatically result in visible transparency unless information is communicated, released, and made understandable to stakeholders.

The smallest gaps were found in accuracy and consistency of financial records, documentation and record organization, timeliness of reports and disclosure, and internal control and accountability in reporting. These areas suggest that the LGU had working strengths in the technical side of financial management. The records were perceived as generally accurate, organized, and aligned with accountability requirements. This finding confirms that the foundation for transparency was already present.

However, the widest gap was recorded between ethical responsibility and confidence in financial credibility. Although ethical responsibility received a very high compliance rating, confidence in financial credibility was slightly lower. This suggests that internal ethical commitment may not always be visible to stakeholders unless supported by clear communication and accessible reporting. A government office may be operating with honest intentions, but the public or other stakeholders may still need clearer evidence of how financial decisions and corrective actions are handled.

Moderate gaps were also observed in audit response and communication of corrective action, as well as inter-office coordination and stakeholder access. These gaps point to a practical concern. The LGU had compliance mechanisms in place, but the communication side of transparency needed strengthening. Corrective actions should not only be implemented internally. They should also be properly documented and communicated to the concerned offices so that lessons from audit findings become part of institutional learning. Likewise, stakeholder access to relevant financial information should be made more systematic and user-friendly.

Table 6. *Summary of Major Statistical Results*

| Objective   | Statistical Treatment       | Result   | Interpretation   |
|---|-----------------------------|--|--|
| Determine the level of financial compliance culture                                       | Mean and Standard Deviation | Overall Mean = 4.08                                | High   |
| Determine the level of transparency outcomes  | Mean and Standard Deviation | Overall Mean = 3.96                                | High   |
| Determine the relationship between financial compliance culture and transparency outcomes | Spearman's rho              | rho = 0.684, p = 0.000                             | Strong positive and significant relationship                               |
| Determine the predictors of transparency outcomes   | Ordinal Logistic Regression | Model p = 0.000, Nagelkerke R <sup>2</sup> = 0.468 | Financial compliance culture significantly predicted transparency outcomes |
| Identify compliance-transparency gaps   | Gap Analysis                | Overall Gap = 0.12                                 | Moderate improvement priority  |

Table 6 presents the summary of the major statistical results of the study. The findings show that both financial compliance culture and transparency outcomes were rated high, indicating that the LGU had established positive practices in financial governance. However, the slightly higher rating for compliance culture than transparency outcomes suggests that internal compliance practices were stronger than their external or visible transparency effects.

The correlation result confirmed that financial compliance culture was significantly related to transparency outcomes. This means that improvements in compliance behavior, documentation, ethical responsibility, audit responsiveness, and timeliness were associated with stronger transparency results. The regression result further showed that compliance culture significantly predicted transparency outcomes, with ethical responsibility and documentation discipline emerging as the strongest predictors. These findings strengthen the argument that transparency does not begin with publication alone. It begins with orderly, ethical, and well-documented financial work inside the organization.

Overall, the results reveal a local government organization with a functioning compliance culture and generally favorable transparency outcomes, but still with areas that require improvement. The main problem was not the absence of compliance, but the uneven translation of internal compliance into visible transparency. The LGU needed to improve the timeliness of disclosure, accessibility of financial information, communication of corrective actions, and coordination among offices. Strengthening these areas would allow the existing compliance culture to produce clearer, more consistent, and more trusted transparency outcomes in local government operations.

## CONCLUSION

Local Government Unit of Nagtipunan had a generally strong financial compliance culture and favorable transparency outcomes, showing that employees observed financial rules, valued ethical responsibility, maintained proper documentation, and recognized the importance of accountability in handling public funds. However, the findings also showed that compliance practices were not always translated into equally visible transparency outcomes, particularly in the areas of timely disclosure, stakeholder access to financial information, inter-office coordination, and communication of corrective actions. The significant relationship between financial compliance culture and transparency outcomes further confirmed that stronger compliance practices contributed to better transparency in local government operations. Based on these conclusions, it is recommended that the LGU strengthen its internal compliance monitoring system, improve the timeliness and accessibility of financial reports, institutionalize a clearer mechanism for communicating audit-related corrective actions, and conduct regular capacity-building activities on documentation, internal control, public financial management, and ethical accountability. The LGU may also develop a simple transparency tracking tool that would help offices monitor report submission, document completeness, disclosure status, and action taken on audit observations. Future researchers may conduct similar studies in other municipalities or compare several LGUs to determine whether the same relationship between financial compliance culture and transparency outcomes exists across different local government settings.

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