



Setting a New Direction



OFFICE OF THE OMBUDSMAN
2011 Annual Report

The Cover: The magnetic compass has been used since ancient times by mariners to chart the direction of their navigation. With the change in its leadership, the Office of the Ombudsman is setting a new direction in 2011 using the formulated Policy Thrust and Eight-Point Priorities as its compass. The picture on the cover was downloaded from <http://zygman.files.wordpress.com/2010/07/compass-1.jpg>.

Table of Contents

Foreword	i
Executive Summary	ii
I. Legal and Institutional Framework	1
II. Major Final Outputs	
Investigation	7
Prosecution	14
Public Assistance	20
Corruption Prevention	25
III. Organizational Development	39
IV. Financial Statements	50

Foreword

The Office of the Ombudsman is proud to present, through this Annual Report, the gains or advances it has thus far achieved for the year 2011. This Annual Report provides not just a snapshot of feats attained but also a presage of things to come.


These are exciting times, indeed, as we continue to explore avenues for change. And exciting times call for the seizing of great opportunities.

Over the first few months of my incumbency, the Office lost no time in initiating an office-wide comprehensive strategic planning and conducting various consultations, executive workshops and focus group discussions. The adoption of a seven-year roadmap in the new “Policy Thrust and 8-Point Priorities” sets a new direction for the Office.

Under a new brand and breed of leadership, the Office has started to incubate novel and practical ideas that are being set into motion by duty-bearers who are all ready to roll up their sleeves. Case disposition is gaining momentum. Indignation against corruption is starting to sink in the social consciousness. Various institutional partners have renewed their interest in intensifying the common commitment to promote integrity in public service.

As the institution looks forward to its 25th anniversary in May next year, I express high hopes for the continued triumph of the spirit of integrity over the forces that sow social inequities and economic disparities. I salute the “Ombudspeople” - the women and men that make up the Office - for their earnest cooperation and renewed effort in fulfilling the constitutional mandate and attaining the institutional goals of the Office. Indeed, these undertakings work towards ending the cycle of impunity and cultivating a culture of integrity, and consequently contribute towards ending the cycle of poverty and cultivating a culture of excellence.

Mabuhay ang Bayang Pilipinas!



Conchita Carpio Morales
CONCHITA CARPIO MORALES
Ombudsman
16 Aug 2012

Executive Summary

The Office of the Ombudsman is the lead anti-corruption agency of the government. To fulfill its constitutional and statutory mandates, it discharges four major functions: 1) Investigation; 2) Prosecution; 3) Public Assistance; and 4) Corruption Prevention.

Investigation

The Office of the Ombudsman is endowed with plenary powers to investigate any act or omission of any public officer or agency, when such act or omission appears to be illegal, unjust, improper or inefficient. In 2011, the office received a total of 16,987 new complaints up by 30% from the previous year. The most number of respondents complained against are officials and personnel of local government units and the Philippine National Police.

The office conducted lifestyle check against 435 government officials and employees. These investigations resulted in the filing of 39 criminal and 32 administrative cases.

The preliminary investigation of 4,819 cases was completed in 2011. About 30% of these cases resulted in the criminal indictment in court of one or more respondents. Among the high-ranking officials charged before the Sandiganbayan were a former Department Secretary and Undersecretary, several Members of the House of Representatives, provincial governors, city mayors, and a police general.

The total number of administrative cases adjudicated in 2011 is 4,680. About 25% of these cases resulted in the imposition of penalty. In 297 of these cases, the maximum penalty imposed was dismissal from the service. Among

Executive Summary

those who were dismissed were the Chairman, Acting Administrator, and Acting Deputy Administrator of the Local Water Utilities Administration, former Chief Government Corporate Counsel, and a Regional Director of the Department of Public Works and Highways.

Prosecution

As an enforcer of anti-graft laws, the Office of the Ombudsman prosecutes criminal cases before the Sandiganbayan and regular courts and initiates the proper action for the recovery of unexplained wealth.

A total of 469 criminal informations were filed in 2011 against high-ranking officials and their cohorts before the anti-graft court. One or more accused were convicted (including guilty pleas) in 112 cases decided in 2011, posting a conviction rate of 33.3%. Most of these cases were either for violation of R.A. 3019 or malversation of public funds or property. Among the notable individuals who were convicted include a former Acting Public Works and Highways Secretary, an air force general, and a Regional Trial Court judge.

In 2011, the Office of the Ombudsman prosecuted 2,626 criminal cases before the Regional Trial Courts and inferior courts. Conviction rate is 62.6%.

Public Assistance

The Office of the Ombudsman acts against official inaction or impropriety in the performance of official functions. It serves as a venue for redress of grievance against public officials and employees for an act or omission which do not necessarily amount to an offense. In 2011, the total number of requests for assistance and grievances

Executive Summary

classified as RAS received is 8,116. The total number of RAS disposed is 9,519, more than the number received.

The Mediation Program was adopted by the Office of the Ombudsman as an effective system for the resolution of minor and non-corruption complaints. In 2011, 940 new complaints were referred for mediation. The parties settled their dispute amicably in 62.6% of the cases formally submitted for mediation.

Corruption Prevention

The Office of the Ombudsman has the duty to determine the causes of inefficiency, red tape, mismanagement, fraud and corruption in government, and make recommendations for their elimination and the observance of high standards of ethics and efficiency. Consistently with this duty, it implements the following corruption prevention programs and projects: Resident Ombudsman Program; Integrity Development Review; Oplan *Bantay Kalsada*; Junior Graft Watch Program and Red Tape Assessment Project.

As another approach in fighting corruption, the Office of the Ombudsman conducts anti-corruption promotion activities to enhance the integrity of government officials and employees and mobilize all sectors of society in the eradication of corruption. Among the activities conducted in 2011 were the giving of lectures, seminars, and briefings, including training workshop on good governance; *Ehem!* Seminar-Workshops; curriculum integration of corruption prevention; celebration of International Anti-Corruption Day, airing of the radio program *Magsumbong sa Ombudsman*; and publication of *Integrity Watch News*.

Executive Summary

Organizational Development

The Office of the Ombudsman continuously enhances its institutional capacity to discharge its functions efficiently and effectively. It invests in its human resources, strengthens its infrastructures and systems, and reinforces its alliance with partners and stakeholders to build its arsenal for the fight against corruption.

The Office of the Ombudsman observes sound financial management. For fiscal year 2011, the Office of the Ombudsman was given a budget of P1,109,289,000.00 under the General Appropriations Act, 1.6% lower than the 2010 budget. Among the Major Final Outputs, Preliminary Investigation accounts for the highest obligations incurred. According to expenditure category, Personal Services accounts for the highest obligations incurred. The utilization rate, given as the ratio of the obligations to allotment and the ratio of disbursements to obligations, is 67.26% and 94.59% respectively.

Legal & Institutional Framework

The Ombudsman and his Deputies, as protectors of the people, shall act promptly on complaints filed in any form or manner against public officials or employees of the Government, or any subdivision, agency or instrumentality thereof, including government-owned or controlled corporations, and shall in appropriate cases, notify the complaints of the action taken and the result thereof. *(Section 12, Article XI of the 1987 Constitution, Section 13, R.A. 6770)*

Mandate

Mission

As protector of the people, we shall endeavor, in cooperation with all sectors of Filipino society, to promote integrity and efficiency and high ethical standards in public service through proactive approaches in graft prevention and public assistance, prompt investigation of complaints and aggressive prosecution of cases filed against erring public officials and employees.



Vision

We envision a truly independent office run by God-fearing men and women with the highest degree of competence, honesty and integrity and effectively serving as watchdog, mobilizer, official critic and dispenser of justice for the people it is constitutionally mandated to protect.

Under the 1987 Constitution, the State shall maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption (*Art. II, Sec. 27*). It also declares the avowed State policy that public office is a public trust and that public officers and employees must at all times be accountable to the people, serve them with utmost responsibility, integrity, loyalty, and efficiency, act with patriotism and justice, and lead modest lives (*Art. XI, Sec. 1*)

To give life to the declared policy, the Constitution created the Office of the Ombudsman as an independent constitutional authority in government with full powers and authority to see to it that the actions of all public officials and employees conform to the standards of the Constitution.

Republic Act No. 6770 (Ombudsman Act of 1989) was enacted to operationalize the Office of the Ombudsman as the lead anti-corruption agency of the government. To fulfill its constitutional and statutory mandates, the Office of the Ombudsman discharges four major functions:

1. Investigation. The Office of the Ombudsman has the power to investigate on its own or on complaint by any person, any act or omission of any public officer or

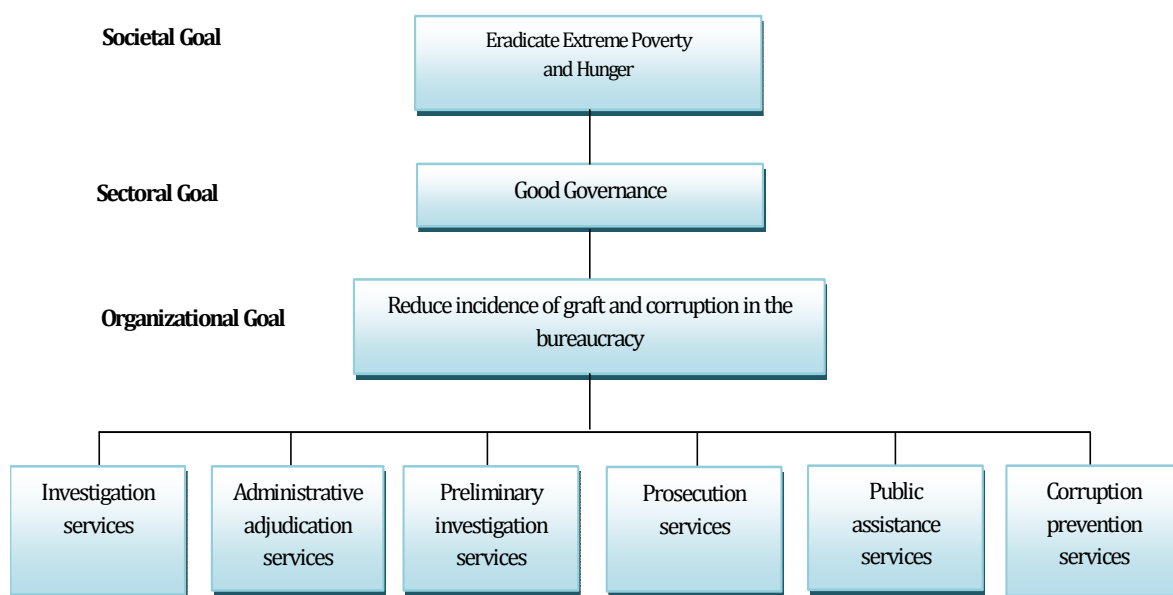
Legal & Institutional Framework

employee, office or agency, when such act or omission appears to be illegal, unjust, improper or inefficient.

2. Prosecution. The Office of the Ombudsman through the Office of the Special Prosecutor has the exclusive authority to prosecute cases against erring public officials and their cohorts before the *Sandiganbayan*. It can also prosecute criminal cases involving public officials and employees before the regular courts.

3. Public Assistance. The law empowers the Office of the Ombudsman to extend assistance to people who

OMB LOGICAL FRAMEWORK



Legal & Institutional Framework

complain against official inaction or impropriety. It is clothed with the authority to direct any public official or employee to perform and expedite any act or duty required by law, or to stop, prevent, and correct any abuse or impropriety in the performance of duties.

4. Corruption Prevention. The law mandates the Office of the Ombudsman to take effective measures, both reactionary and preventive, against graft and corruption. It has the duty to determine the causes of inefficiency, red tape, mismanagement, fraud and corruption in government, and make recommendations for their elimination and the observance of high standards of ethics and efficiency.

Jurisdiction

In the discharge of its functions, the Office of the Ombudsman exercises jurisdiction over officials and employees of the government, or any subdivision, agency, or instrumentality thereof, including government-owned or controlled corporations, as well as over private individuals who have acted in conspiracy with public officials. It has disciplinary authority over all elective and appointive officials of the government except over officials who may be removed only by impeachment or over members of Congress and the Judiciary. The Ombudsman has the power to investigate any serious misconduct in office committed by officials removable by impeachment for the purpose of filing a verified complaint for impeachment if warranted.



Justice Conchita Carpio Morales takes her oath of office as the new Ombudsman before President Benigno Aquino III on 26 July 2011. Witnessing the ceremony are the members of her family.

Legal & Institutional Framework

Structural Organization

The Office of the Ombudsman is led by the Ombudsman also known as *Tanodbayan*, ably supported by the Overall Deputy Ombudsman, Deputy Ombudsmen for Luzon, Visayas, Mindanao, and the Military and Other Law Enforcement Offices (MOLEO), and the Special Prosecutor.

The Ombudsman, Overall Deputy Ombudsman, Deputy Ombudsmen for Luzon and MOLEO, and the Special Prosecutor hold office in Quezon City. The Deputy Ombudsmen for Visayas and Mindanao are stationed in the cities of Cebu and Davao, respectively. There are regional offices in the cities of Calamba, Iloilo, Tacloban and Cagayan de Oro. A regional office is being established in Rosales, Pangasinan.

The Office of the Overall Deputy Ombudsman oversees and administers the operations of the different offices and performs such other functions and duties assigned by the Ombudsman such as the review of cases involving low-ranking officials.

The Office of the Deputy Ombudsman for Luzon, Visayas, and Mindanao performs various functions and duties of the Ombudsman within their respective geographical jurisdictions.

The Office of the Deputy Ombudsman for MOLEO has jurisdiction over officials and personnel of the Armed Forces of the Philippines, Philippine National Police, Bureau of Fire Protection, Bureau of Jail Management and Penology, Bureau of Corrections, and other agencies of the government involved in law enforcement.

Legal & Institutional Framework

Under the supervision and control of the Ombudsman, the Office of the Special Prosecutor prosecutes criminal cases within the jurisdiction of the *Sandiganbayan*. It can also enter into plea bargaining agreements upon the authority of the Ombudsman.

There are various directorates and allied services under the Ombudsman, with counterpart bureaus or units in its area/sectoral offices. These are the following:

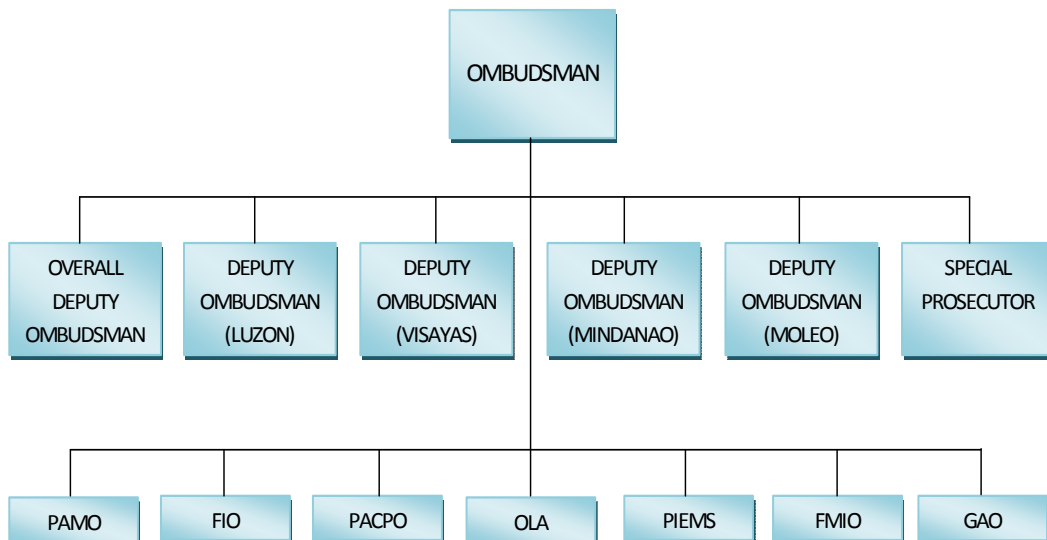
1. Preliminary Investigation, Administrative Adjudication, and Monitoring Office (PAMO)
2. Field Investigation Office (FIO)
3. Public Assistance and Corruption Prevention Office (PACPO)
4. Office of Legal Affairs (OLA)
5. Prosecution, Information, Evaluation, and Monitoring Service (PIEMS)
6. Finance and Management Information Office (FMIO)
7. General Administration Office (GAO).

Additionally, there are various bureaus and divisions under each office with specific functions. The area/sectoral offices of the Office of the Ombudsman generally have the same set-up as the central office.



Legal & Institutional Framework

STRUCTURAL ORGANIZATION OF THE OFFICE OF THE OMBUDSMAN



Investigation

The Office of the Ombudsman is the lead anti-corruption agency of the government. Under the law, it is endowed with plenary powers to investigate on its own or on complaint by any person, any act or omission of any public officer or employee, office or agency, when such act or omission appears to be illegal, unjust, improper or inefficient.

Complaints received

A total of 16,987 new complaints were received in 2011, up by 30% from the 2010 figure of 13,057.

Pursuant to its rules, complaints are evaluated by officials designated as officer-of-the-day who recommends initial action thereon. Complaints that are deemed sufficient in form and substance are given criminal and/or administrative dockets and immediately referred to the proper offices or bureaus for the conduct of the required preliminary investigation and/or administrative adjudication. They may also be referred for case build-up or further fact-finding investigation, or for the conduct of mediation proceedings in accordance with the rules. Others may be treated as grievance or request for assistance. In many instances, the recommended actions are combinations of these.

A complaint may be dismissed outright for a number of reasons such as lack of jurisdiction or prescription. In some instances, it is referred to other government agencies (*e.g.*, CSC, NAPOLCOM, COMELEC, Supreme Court, etc.) for appropriate action.

Investigation

Statistics show that the most number of respondents complained against are local government officials and personnel. The chart below shows the other government agencies where the most number of respondents charged criminally and/or administratively come from.

**Government Agencies with the Most Number of Cases
Filed in 2011 Against Their Officials**

Rank	Government Agency	Number of Cases
1	Local Government Units	3,854
2	Philippine National Police	1,709
3	Department of Education	562
4	Bureau of Internal Revenue	416
5	Armed Forces of the Philippines	304
6	Bureau of Customs	177
7	Department of Environment and Natural Resources	155
8	Department of Social Welfare and Development	148
9	Department of Justice	98
10	Department of Finance	92

Fact-Finding Investigation

The Office of the Ombudsman is mandated under the law to act promptly on complaints filed in any form and manner. Hence, complaints which are not sufficient in form and substance, or lacking in supporting evidence, or filed by anonymous persons, are generally entertained. But before such complaints are referred for preliminary investigation and/or administrative adjudication, they are usually referred to the Field Investigation Office or counterpart bureaus in area/sectoral offices for case build-up or fact-finding investigation, provided there are sufficient leads or details in the complaint that warrant the investigation.

Reports of abuse and corruption coming from the media, investigating bodies, and other sources which reach

Investigation

the Ombudsman through various modes may also be referred for case build-up or fact-finding investigation, provided there are also adequate indications to justify the referral.

In 2011, a total of 5,079 complaints and reports were referred for fact-finding investigation. The total workload of cases for fact-finding is 12,157. More than a quarter of these involve high-ranking officials. Some 3,727 fact-finding investigations were completed in 2011, which is 31% of the total workload. About 12% of these investigations resulted in the filing of criminal and/or administrative cases against the subjects of investigation.

Lifestyle Check

Lifestyle check is conducted to establish the existence of ill-gotten or unexplained wealth of public officials and employees for the purpose of imposing appropriate administrative sanctions against them or initiating forfeiture proceedings under R.A. 1379. Such special inquiry is conducted by the FIO or counterpart bureaus on its own volition or at the request of a complainant sent through mail, e-mail or hotline.

In 2011, 435 government officials and employees were subjected to lifestyle check. Almost 3 out of 10 of these are high-ranking officials. The investigations resulted in the filing of 39 criminal and 32 administrative cases against those who failed the lifestyle check.

Preliminary Investigation

When a complaint is docketed as a criminal case, it undergoes preliminary investigation for the purpose of



An FIO staff receives reports on irregularities from the public through the hotline numbers.

Investigation

determining whether there is sufficient ground to engender a well-founded belief that a crime has been committed and that the respondent is probably guilty thereof and should be held for trial.

In 2011, a total of 4,558 new cases were referred for preliminary investigation in addition to the cases carried over from previous years. More than half of these cases involve low-ranking officials.

The preliminary investigation of 4,819 cases was completed in 2011. About 30% of these cases resulted in the criminal indictment in court of one or more respondents. In 155 cases, the recommended action is the filing of criminal information with the Sandiganbayan; in 1,315 cases, the recommendation is to file an information with the regular trial courts. The rest were either dismissed (69%), or closed and terminated/referred to other government agencies for appropriate action (1%).

Among the high-ranking officials who were investigated by the Office of the Ombudsman and subsequently charged before the Sandiganbayan in 2011 are the following:

1. Former Secretary and Undersecretary of the Department of Agriculture, as well as Quezon City Representative and former governors of two provinces in MIMAROPA and Bicol, for complicity in the P728 million Fertilizer Fund scam;
2. Former governor of a province in the SOCCSKSARGEN Region in Mindanao and presently a Member of the House of Representatives for alleged misappropriation of calamity funds amounting to P18.6 million worth of diesel fuel;

Investigation

3. Former mayor of a city in Cebu and presently a Member of the House of Representatives for the purchase of 470 units of allegedly overpriced personal computers;

4. Former Representative of Cebu and former mayor of a town in Cebu for alleged misappropriation of P10 million worth of Priority Development Assistance Fund (PDAF) intended as donation to the Girl Scouts of the Philippines in Cebu;

5. Former Philippine ambassador to a country in Africa for alleged misuse of Assistance to National Standby Funds in the amount of \$95,856 for the repatriation of abducted OFWs;

6. Governor of a nearby province in Central Luzon for alleged anomaly in the purchase of a patrol boat worth P142,500;

7. City mayor, a former city mayor, and several other officials of a southern city in Metro Manila for direct bribery and violation of the anti-graft law in connection with the contracts for solid waste management entered into by the city government;

8. Former Chairman of the PCGG for alleged misappropriation of public funds amounting to P12 million;

9. Assistant Commissioner and other officials of the Bureau of Internal Revenue for alleged fraudulent issuance and sale of tax credit certificates; and

10. Retired PNP Director for Comptrollership for alleged violation of BSP Circular No. 507 in connection with the so-called "Euro-Generals."

Investigation

Administrative Adjudication

Cases docketed as administrative cases undergo adjudication for the purpose of determining whether the respondent should be held liable for an act or omission as shown by substantial evidence.

In 2011, the total number of administrative cases referred for adjudication is 4,785 in addition to the cases carried over from previous years. There are far more low-ranking officials who were charged administratively than high-ranking officials.

Pending investigation, the respondent may be preventively suspended without pay if the various conditions for its imposition are obtaining. In 2011, 31 officials were placed under preventive suspension for various offenses; 12 of these are high-ranking officials while 19 are low-ranking officials.

The total number of administrative cases adjudicated in 2011 is 4,680. About 25% of these cases resulted in the imposition of administrative penalty upon the respondents. The chart shows the distribution of the cases according to

Distribution of Cases Resulting in the Imposition of Administrative Penalty

Maximum Penalty Imposed	No. of Administrative Cases
Dismissal from the Service	297
Suspension	654
Fine	46
Reprimand	173
Disqualification from Holding Public Office	2
Admonition	16

the maximum penalty imposed upon the respondents. The rest of the cases were either dismissed (73%), or closed and terminated/referred to other government agencies for appropriate action (2%).

Investigation

Among those who were dismissed from the service in 2011 are the following:

1. Chairman, Acting Administrator, and Acting Deputy Administrator of the Local Water Utilities Administration (LWUA) for investing P780 million of LWUA funds in a local savings bank without any authority from the Monetary Board;
2. Former Chief Government Corporate Counsel and three others in connection with the unlawful grant of attorney's fees and allowances for herself and her staff; and
3. Regional Director of the Department of Public Works and Highways for making untruthful statements in his Statement of Assets, Liabilities and Net Worth (SALN).



Prosecution

The Office of the Ombudsman is an enforcer of anti-graft laws. It has the authority to prosecute criminal cases before the Sandiganbayan and regular courts and initiate the proper action for the recovery of unexplained wealth. The Office of the Special Prosecutor prosecutes criminal cases against high-ranking officials within the jurisdiction of the Sandiganbayan.

Prosecution Before the Sandiganbayan



The Sandiganbayan while in session. A prosecutor from the Office of the Special Prosecutor argues her case while the defense counsel makes a counter-manifestation.

A total of 469 criminal informations were filed in 2011 for various offenses against high-ranking officials and their cohorts before the Sandiganbayan. These brought to 2,443 the number of criminal cases being prosecuted in 2011 by the Office of the Special Prosecutor.

In 2011, the anti-graft court promulgated its decision or resolution in 412 cases, 342 of which underwent full blown trial or were finally disposed. Of this number, 114 cases resulted in the conviction of one or more accused (including guilty pleas), thus, posting a conviction rate of 33.3%. The rest were either dismissed or resulted in acquittal. Most of these cases are either for violation of R.A. 3019 (Anti-Graft and Corrupt Practices Act) or malversation of public funds or property.

A total of 84 unique persons were convicted; 36 are high-ranking officials, 46 are low-ranking officials and employees, and 2 are private individuals. Most of the convicted public officials are appointive (65%); others are elective (35%), mostly elected municipal officials. The most number of convicted accused are municipal mayors (29%) and police officers (12%).

Prosecution

A few notable criminal cases resulting in conviction are as follow:

Criminal Case No. 23539, *People vs. Florante Soriquez, et al*

Acting Public Works and Highways Secretary who was then Program Director of the Mt. Pinatubo Rehabilitation Project, together with five (5) supervising project engineers (one of whom died during the trial) and four (4) private individuals from a private construction company, were accused of Violation of Sec. 3(e) of R.A. 3019 (Anti-Graft and Corrupt Practices Act) in relation to Presidential Decree No. 1759 for consenting or allowing a construction company awarded with the contract to build a section of the Mega Dike Project, to disregard or deviate from the plans and specifications of the project which resulted in the collapse of a substantial portion of the transverse dike, and for allowing the private contractor to collect and receive the amount of P38,289,708.61 despite the breach of contract. The Sandiganbayan convicted the accused DPWH officials and sentenced them to suffer an indeterminate prison term of 6 years and 1 day to 9 years and 1 day with perpetual disqualification to hold public office. They were also ordered to indemnify the government P12,697,197.61.

Criminal Case Nos. 28233 and 28234, *People vs. B/Gen. Vladimir Delos Trino, et al*

Accused Air Force Wing Commander and Squadron Commander based in Mactan Air Base in Lapu-Lapu City were charged together with a Supply Accountable Officer of the Military Supply Unit-Cebu and a certain private individual named Antonio for Violation of Sec. 3(e) of R.A.

Prosecution

3019 and Malversation of Public Funds/Properties. These military officers were indicted for selling to Antonio four (4) backup power generators belonging to the government valued at P1,200,000 in consideration of P800,000 without the authority to do so and without the conduct of public bidding as required under the rules. They were also charged for misappropriating the proceeds of the illegal sale. The Sandiganbayan found both commanders guilty as charged and sentenced them to suffer imprisonment ranging from 6 years and 1 month to 10 years for Violation of Sec. 3(e) of R.A. 3019 and from 12 years and 1 day to 17 years, 4 months and 1 day for malversation, and to pay a fine of P1,200,000.00.

Criminal Case Nos. 22880, 22882, and 22884, *People vs. Valentino Tablang*

Presiding judge of the Regional Trial Court of Sultan Kudarat was accused of three counts of violation of Section 3(e) of R.A. 3019 for: 1) obtaining premium gasoline from a gasoline station owned by the son of the defendant in a pending civil case before his sala amounting to P3,173.16 without paying, 2) demanding and receiving the amount of P12,500.00 from the same defendant in exchange for the issuance of an Order from the court lifting its earlier order stopping the construction of a building owned by the defendant, and 3) taking for his own personal use and benefit the amount of P40,000.00 representing the rentals of tenants of a commercial building which is the subject of the pending civil case. The Sandiganbayan found the accused judge guilty and decreed his imprisonment ranging from six years and one month as minimum to nine years, one month and one

Prosecution

day as maximum for each count. He was further sentenced to suffer perpetual disqualification from holding public office.

Criminal Case Nos. 27766 and 26748, *People vs. Manuel Luis Sanchez*

Deputy Administrator of National Electrification Administration (NEA) was charged for Violation of Sec. 3(e) of R.A. 3019 for causing undue injury to the Government, which consisted of the fact that the amount of P85 million was withdrawn from the savings account of the NEA by virtue of documents purportedly signed by the accused. He was also charged for Malversation of Public Funds for permitting unauthorized persons to misappropriate and convert the subject amount to the damage and prejudice of the government. The Sandiganbayan found him guilty of both offenses and sentenced him to suffer imprisonment ranging from 6 years and 1 month to ten (10) years for violation of Section 3(e), R.A. 3019, and from 10 years and one 1 day to 18 years, 8 months and 1 day for malversation. He was also ordered by the court to pay a fine in the amount of P85 million and to return the amount malversed to the NEA.

Prosecution Before the Regular Courts

In 2011, the Office of the Ombudsman through its prosecution bureaus in the central and area offices prosecuted a total of 2,626 criminal cases before the Regional Trial Courts, Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts involving low ranking officials and employees of government agencies. Of this number, 131 have been decided and resolved. Conviction rate is 62.6%. Most of the cases with

Prosecution

conviction are for malversation of public funds or property. Others are for violation of R.A. 6713 and other provisions of the Revised Penal Code. The total number of unique persons convicted is 45.

In addition to the prosecution of criminal cases, the Office of the Ombudsman also litigated civil forfeiture cases against low-ranking public officials and employees with unexplained wealth. In 2011, a total of 11 civil actions for violation of R.A. 1379 were litigated. Only 1 was decided in 2011 involving a former lady customs specialist at the Bureau of Customs and her husband. The court decreed the forfeiture of a total of P9,930,800 worth of assets in favor of the government.

Appellate Advocacy

Decisions and resolutions of the Office of the Ombudsman in regard to cases investigated by it as well as decisions and resolutions of the trial courts that heard cases filed by the Ombudsman may be challenged by the affected party before either the Court of Appeals or Supreme Court by ordinary appeal or by filing a petition for review. There are two offices within the Ombudsman that handle such appeals: Office of Legal Affairs (OLA) and the Appeals and Special Actions Bureau (ASAB) of the OSP.

The Office of the Ombudsman through OLA collaborates with the Office of the Solicitor General to counter the appeals filed by parties adversely affected by the decisions and resolutions of the Ombudsman. In 2011, a number of petitions were filed by affected parties with the

Prosecution

Court of Appeals and the Supreme Court. However, only 56 petitions were given due course by the Court of Appeals while 12 were given due course by the Supreme Court. But the Office of the Ombudsman successfully opposed 38 petitions before the Court of Appeals and 4 cases before the Supreme Court where their rulings were adverse to the petitioner.

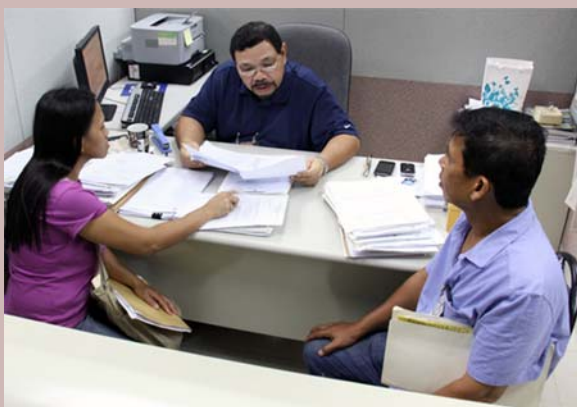
The Office of the Special Prosecutor through the ASAB files special civil actions with the Supreme Court assailing the resolutions of the Sandiganbayan that are adverse to the Office of the Ombudsman. In 2011, 13 petitions for certiorari were filed by ASAB with the Supreme Court.



Public Assistance

The Office of the Ombudsman as a mobilizer of the bureaucracy acts against official inaction or impropriety in the performance of official functions. It serves as a venue for redress of grievance against public officials and employees for an act or omission which do not necessarily amount to an offense. It also extends assistance to citizens by ensuring the effective and responsive delivery of services by government agencies and functionaries. To discharge this function, the Office of the Ombudsman can direct the concerned official or agency to perform or expedite the performance of its functions and to prevent or correct any improprieties.

Requests for Assistance and Grievances



A lawyer from the Public Assistance and Corruption Prevention Office attends to request and grievance from the public.

A request for assistance or grievance may consist of a complaint or request seeking redress or relief for an act or omission that is unreasonable, unfair, oppressive, discriminatory, improper or inefficient, and which does not necessarily amount to an offense. To distinguish them from criminal and administrative cases, they are docketed separately as RAS. Such complaints or grievances are not denominated as cases.

In 2011, the total number of RAS received is 8,116. The total number of RAS disposed is 9,519, more than the number received.

The following case illustrates how the Office of the Ombudsman acts on requests for assistance or grievances filed by the public in consonance with its policy of extending meaningful, relevant, and responsive public assistance.

Public Assistance

RAS-C-11-2279

Leonor, an elementary school teacher, obtained a housing loan from GSIS. Because of her meager salary, she failed to pay the amortization. Subsequently, she received a notice of foreclosure of the property from the GSIS. Eventually, she retired from government service in January 2009. When she applied for her retirement benefits, she was surprised to find out that the amount of unpaid amortizations had been deducted from her benefits even if the property had already been foreclosed. In dire need of money to support her family, she then wrote the Ombudsman to request intervention to recover the deducted amount. Through proper representation of the Ombudsman with GSIS officials, Leonor eventually received her check for Php481,989.73.

Quick Response

In 2011, the Office of the Ombudsman formed a composite quick response group dubbed as *Team Aksyon Agad* pursuant to the mandate of the Ombudsman as a mobilizer. The team was directed to provide quick response to the request for delivery of basic government services, and prompt action on projects or frontline services of the government. Initially, the area of operation of the team was Quezon City until it expanded to other areas in the National Capital Region. The team acted promptly on a number of reports and complaints about road obstructions, defective roads, “fixing” at the NSO, etc.

Toward the end of 2011, the Ombudsman tasked the Help/ Assistance Desk Project to provide immediate assistance to arriving OFWs, *balikbayans*, and tourists



Team Aksyon Agad, a task force created to provide quick response for complaints of OFWs and balikbayans, set up help desks at NAIA Terminals 1, 2, and 3.

Public Assistance

during the holiday season and to fend off possible extortion or solicitation of money by public officials. The project was programmed from December 5 to 23, 2011. Help desks were set up at the three terminals of the Ninoy Aquino International Airport. The 17-man team went on a 24/7 roving mission around the terminals in alternating 12-hour shifts. The visibility of the members of the team helped deter the commission of unscrupulous activities and prompted airport personnel to speed up the process of arrivals and departures.

Mediation

Mediation is a voluntary process in which a mediator facilitates communication and negotiation between the disputing parties and assists them in reaching an agreement to settle their dispute. Mediation was adopted by the Office of the Ombudsman as an effective system for the resolution of minor and non-corruption complaints. It was designed as a strategy to declog the dockets of the Office of the

Ombudsman to enable it to give priority to cases involving high-ranking officials, large sums of money and grand corruption. It was also envisioned to be a means of rendering meaningful and responsive assistance to the public with legitimate grievance against government officials and employees.

In 2011, 940 new complaints were referred to mediation in addition to the 166 mediation cases carried over from the previous year. The total number of mediation cases



A mediator from Public Assistance Bureau facilitates the discussion between the parties during a mediation conference. A delegate from the Asian Ombudsman Association observes the process.

Public Assistance

that have been disposed in 2011 is 844. Of these cases, 513 were formally submitted by the parties for mediation. The rest were closed and terminated for lack of consent by either or both parties to submit their dispute to mediation. The parties settled their dispute amicably in 321 cases, or 62.6% of the total number of cases. Mediation failed in 192 cases.

Other Forms of Assistance and Services

In addition to the resolution of requests and grievances, the public assistance bureaus and units in the Office of the Ombudsman also attended to the needs of the public for other Ombudsman services such as the administration of oath in formal pleadings filed with the office, action on requests for status or expeditious resolution of pending Ombudsman cases, counseling on legal procedures and Ombudsman rules, and issuance of copies of Statement of Assets, Liabilities and Net Worth. In 2011, the total number of documented access to these services is 8,517.



OMB Regional Office in Iloilo initiated a Social Service Caravan in Kabankalan City, Negros Occidental

Another service of the Office of the Ombudsman is the issuance of a certification that the applicant has no pending case before the office, which is a requirement for retirement, promotion, application for a particular post in government, and other purposes. In 2011, the total number of processed applications for Ombudsman clearance is 46,557.

Moreover, the Office of the Ombudsman gave direct assistance to the public through social caravans

Public Assistance

designed to deliver Ombudsman services directly to the target communities. With the cooperation of other agencies, the beneficiary communities of the social caravans also had direct access to certain government services.

Finally, the Office of the Ombudsman as a repository of SALNs of identified public officials and employees pursuant to R.A. 6713 received the submissions of various government agencies. In 2011, around 650,000 accomplished SALN forms covering the year 2010 were filed with the Office of the Ombudsman, including its area and sectoral offices nationwide.



Corruption Prevention

Under the law, the Office of the Ombudsman has the duty to determine the causes of inefficiency, red tape, mismanagement, fraud and corruption in government, and make recommendations for their elimination and the observance of high standards of ethics and efficiency. Consistently with this duty, the Office of the Ombudsman adopts a three-pronged approach to fight corruption: prosecution, prevention, and anti-corruption promotion. Various programs are being implemented by the Office of the Ombudsman to fulfill this mandate.

Resident Ombudsman Program

As part of the strategy to prevent corruption in government agencies, resident ombudsmen and resident ombudsman coordinators have been designated in various agencies nationwide as watchdogs, mobilizers, and advocates of reforms.

A resident ombudsman should be an organic official of the Office of the Ombudsman who is a member of the bar. In 2011, there were 12 resident ombudsmen in 46 national government agencies in the National Capital Region (NCR).

The Bureau of Resident Ombudsman oversees the functions of resident ombudsmen and resident ombudsman coordinators in agencies in the National Capital Region.

Resident ombudsman coordinators are officials organic to a government agency, who have been designated by the Office of the Ombudsman through its area offices to perform the functions of a resident ombudsman. In 2011, the total number of resident ombudsman coordinators nationwide was 502.

Corruption Prevention

Pursuing Reforms through Integrity Development (PRIDE) Program

The *Pursuing Reforms through Integrity Development (PRIDE) Program* is a flagship program of the Office of the Ombudsman to reduce the incidence of corruption in government agencies. The program utilizes the Integrity Development Review (IDR) which is a diagnostic tool for assessing the robustness of corruption resistance mechanisms and identifying the vulnerabilities to corruption of government agencies with the end in view of designing and implementing safeguards to prevent corruption in the public sector. Agencies reduce corruption incidence through the institutionalization of various reform measures identified in their integrity development action plans borne out of the review exercise.

The different participating government agencies in the PRIDE Program are as follow:

1. Bureau of Corrections
2. Bureau of Customs
3. Bureau of Fire Protection
4. Bureau of Internal Revenue
5. Department of Agrarian Reform
6. Department of Education
7. Department of Environment and Natural Resources
8. Department of Health
9. Department of Public Works and Highways
10. Department of Social Welfare and Development
11. Land Registration Authority
12. Land Transportation Office
13. Light Rail Transit Authority
14. National Irrigation Administration
15. Philippine National Police

Corruption Prevention

16. Philippine Navy
17. Philippine Veterans Affairs Office
18. Procurement Service

The Office of the Ombudsman continuously advocates the implementation of the integrity development action plans of the participating agencies through the active role played by resident ombudsmen in the Integrity Development Council, a tripartite committee that acts as champion of reforms within an agency.

The IDR participating agencies instituted various reforms to reduce corruption vulnerabilities in their operation pursuant to their integrity development action plans. The DSWD, for example, established a computerized system database to track the net worth of its employees. To prevent leakage of limited program funds to ineligible or non-existent beneficiaries of the *Pantawid Pamilyang Pilipino* Program, its National Program Management Office in coordination with the National Household Targeting System for Poverty Reduction has adopted clear processes and identified specific criteria in the selection of beneficiaries. The DENR, meanwhile, through its Land Management Bureau, issued Memorandum Circular No. 2011-002 setting definitive guidelines on the issuance of a certification for isolated survey plans. The LRTA, on the other hand, sent its managers to a Leaders' Training on Corruption Prevention. It also adopted a code of conduct and institutionalized the Internal Audit Office for Corruption Risk Management.

In addition to the agencies mentioned, there are non-IDR participating agencies where the goals of the IDR have been replicated through the intervention of the resident ombudsmen. These are the: 1) Commission on Elections, 2) Department of National Defense, 3) Securities and Exchange

Corruption Prevention

Commission, 4) Bureau of Immigration, and 5) Insurance Commission.

Cascading the IDR in Local Government Units



Ombudsman Conchita Carpio Morales and DILG Secretary Jesse Robredo sign the Memorandum of Agreement on the implementation of Integrity Development Review for LGUs on October 11, 2011.

In 2011, the generic Integrity Development Review tool was calibrated for local governments and pilot-tested in 14 selected LGUs in Luzon, Visayas, and Mindanao, consisting of 1 province (Laguna), 1 city (Tabaco City, Albay), 5 municipalities (Kapangan, Benguet; Goa, Camarines Sur; Maydolong, Eastern Samar; Mahayag, Zamboanga del Sur; and Opol, Misamis Oriental), and 7 barangays.

The pilot run was conducted with funding support from the United States Agency for International Development in collaboration with the Department of Interior and Local Government (DILG).

Monitoring of Agency Activities

The Office of the Ombudsman through the office of the resident ombudsman in different agencies continuously monitors various agency activities for compliance with pertinent laws and regulations as part of its corruption prevention program. Monitoring includes: 1) agency resource utilization, 2) liquidation of cash advance, 3) use of motor vehicles and availment of transportation allowance, and 4) procurement.

The vigilance of the Office of the Ombudsman in monitoring cash advances resulted in the submission of

Corruption Prevention

liquidation reports by all agencies under the resident ombudsman program. The total liquidated cash advances reached P2,281,336,640.55 equivalent to 36.87% of the aggregate of all cash advances, both from overdue and current accounts in these agencies. The amount of P7 36,676,514.23 is part of the total overdue accounts while P1,544,660,126.33 is part of the total current accounts. As a result of the monitoring, 73.55% of the total current accounts have been liquidated. The following agencies also took decisive action against delay in the liquidation of cash advance: BIR, COMELEC, DILG, and DND.

As part of its monitoring of compliance with the rules on availment of transportation allowance, the Office of the Ombudsman checks whether there are agency officials who still collect transportation allowance despite having been issued government vehicles. As a result of the monitoring, the Bureau of Fire Protection, DepEd, DND, NHA and DENR ordered the discontinuation or refund of transportation allowance received by their officials who have been issued motor vehicles.

The Office of the Ombudsman also monitors the procurement activities, especially big ticket procurement, of the agencies under the resident ombudsman program. In 2011, the total amount of procurements monitored reached P22,127,520,503.36. At the Light Rail Transit Authority, a special task force was even created to monitor its procurement considering the technical nature and amount involved in procurement projects.



A staff of the Ombudsman regional office in Iloilo visits the site where a bridge construction project is being undertaken along Iloilo-Antique Road.

Corruption Prevention

Additionally, the Office of the Ombudsman monitors the implementation of various infrastructure projects in specific areas. Dubbed as Oplan Bantay Kalsada, the Ombudsman regional office in Iloilo, in partnership with local civil society organizations, monitored 42 infrastructure projects in Region 6.

Junior Graftwatch Program

In partnership with the Department of Education, the Office of the Ombudsman implements the *Junior Graftwatch Program* as a means to mobilize the youth to effectively participate in corruption prevention campaigns. The program seeks to create a culture of integrity among the youth by transforming their mind and behavior and make them exemplary leaders and followers.

The Junior Graftwatch Program accredits student organizations in public secondary schools nationwide to serve as junior graftwatch units (JGUs).

In 2011, the total number of newly accredited and re-accredited JGUs is 650. These JGUs were involved in activities which develop and ingrain in the youth such moral values as integrity, honesty and efficiency in preparation for their future roles as leaders of the country. The Office of the Ombudsman through its Community Coordination Bureau and counterpart units in area offices conducted orientation briefings, seminar-workshops and other interventional undertakings to develop the capacity of the JGUs in promoting integrity in their schools and communities and



Students from various schools in the National Capital Region join the "Alay Lakad Kontra Korupsyon" on 08 December 2011 at the Quezon City Bikers' Lane in commemoration of the International Anti-Corruption Day.

Corruption Prevention

assuming leadership roles on campus. Several thousand student leaders benefitted from the JGU capacity-building program.

In 2011, JGU organizations were active in integrity promotion activities on campus. Their campaigns were directed against cheating during exams, cutting-classes, loitering, gambling, cigarette smoking, bullying and extortion.

Red Tape Assessment Project

The Office of the Ombudsman as one of the oversight agencies in the implementation of R.A. 9485 (Anti-Red Tape Act), rolled out the Red Tape Assessment (RTA) Project through its Research and Special Studies Bureau to reduce red tape and expedite transactions in government RTA seeks to simplify administrative procedures in government agencies involved in business regulation with the end in view of easing administrative burdens on businesses.

The assessment utilized the RTA as the heuristic tool in analyzing an identified regulatory process to determine the sources of intrinsic red tape. In essence, the RTA tool looks into the rationalization of the documentary and other requirements, fees to be paid, and the steps in the procedure prescribed for accessing the front-line service of a government agency. RTA recommends to these agencies various measures to reduce red tape, mitigate its effects, enhance the process, improve customer satisfaction, and address certain corruption typologies particular to the agency concerned.



Focus group discussion on Red Tape Assessment of Trade Mark and Patent Registration held at the IPO Office, Taguig City facilitated by the Research and Special Studies Bureau.

Corruption Prevention

The project covered selected national government agencies, local government units, and government corporations involved in the facilitation of business, particularly, in the grant of licenses, permits, and other concessions to businesses. Among these agencies are the Securities and Exchange Commission, Department of Trade and Industry, Intellectual Property Office, Board of Investments, Department of Labor and Employment, Technical Education and Skills Development Authority, City Governments of Manila and Taguig, Philippine Export-Import Credit Agency, and Small Business Corporation. Examples of agency processes assessed are: application for issuance of patent, issuance of special investor's visa, issuance of building permit, application for wholesale direct lending for SMEs, and many others.

Policy Reviews and System Studies

As an official critic of the bureaucracy, the Office of the Ombudsman conducted policy reviews and system studies for the purpose of recommending reform measures to be undertaken by agencies to address various issues affecting governance. One of such studies assessed the vulnerabilities to corruption of the control mechanisms being implemented by the Bureau of Immigration (BI) at the departure screening area of NAIA in line with its intensified campaign against human trafficking. This was prompted by reports of abuses by immigration officials in offloading passengers at the departure area. The study recommended the issuance of definite guidelines to canalize the use of unlimited discretion by immigration officers manning the booths. Recently, BI issued new guidelines setting the various criteria for offloading passengers.

Corruption Prevention

Anti-Corruption Promotion

As another approach in fighting corruption, the Office of the Ombudsman conducts various anti-corruption promotion activities to raise the consciousness of public officials and employees as well as the citizens and other stakeholders on the magnitude of corruption and its impact on government and society, and inform the public about various issues affecting governance. These promotion activities also seek to enhance the integrity of government officials and employees and mobilize all sectors of society in the eradication of corruption.

Varied anti-corruption promotion activities were conducted in 2011 as follows:

1. Conduct of lectures, seminars, workshops, and briefings on various topics;
2. Conduct of *Ehem!* Seminar-Workshops;
3. Curriculum Integration of Corruption Prevention;
4. Celebration of International Anti-Corruption Day;
5. Airing of the radio program, *Magsumbong sa Ombudsman*;
6. Publication of *Integrity Watch News*;
7. Issuance of press releases on corruption cases;
8. Distribution of leaflets, brochures, and flyers on anti-corruption.

Anti-Corruption Education

A few hundred informative lectures, seminars, workshops, and briefings on various topics such as anti-graft laws, powers and functions of the Office of the Ombudsman, public accountability, and corruption prevention were given by Ombudsman officials and resource persons in 2011. Participants were government

Corruption Prevention

officials and employees, members of non-government organizations, students, and community members from different regions in the Philippines.

Notably, the Office of the Ombudsman through its Center for Integrity and Professional Development (CIPD) designed a crash training workshop on good governance specifically for barangay council members and other officers. For the initial and pilot implementation of the training program, the participants were selected from 23 barangays in the municipalities of Rodriguez and San Mateo in Rizal. The training was held in five batches with 219 participants. Moreover, the CIPD facilitated an orientation training and action planning for officers of the Philippine Association of Professional Regulatory Boards. The training aims to heighten the awareness of professionals on corruption and other governance issues and mobilize professional groups in corruption prevention.



Barangay officials of Montalban, Rizal attend the Barangay Good Governance Seminar Workshop conducted by the Center for Integrity & Professional Development.

In addition to the various trainings conducted, the Ombudsman area offices in Visayas and Mindanao continued giving *Ehem!* Seminar-Workshops. This seminar-workshop was started by the Society of Jesus in 2001 and adopted by the Office of the Ombudsman in 2003. It consists of four modules aimed at facilitating a process of serious reflection to increase cultural sensitivity to corruption. A total of 11 *Ehem!* seminar-workshops were conducted in 2011.

Corruption Prevention



Grade VI pupils of Talaba Elementary School, Bacoor, Cavite participate in the teaching demonstration of the GCPE teaching exemplars module.

Memorandum Circular No. 237, series of 2007, corruption prevention modules are to be integrated into the *Makabayan* subject of public elementary and secondary students. In 2011, the Office of the Ombudsman actively promoted the use of these exemplars by arranging with different schools in NCR, Pangasinan, Baguio, Batangas, and Cavite the conduct of teaching demonstrations aided by the modules. The Office of the Ombudsman also conducted orientation briefings to *Makabayan* teachers and caused the distribution of 500 copies of the exemplars to various schools.



Ombudsman Conchita Carpio Morales poses with Senate President Juan Ponce Enrile, House Speaker Feliciano Belmonte, Jr. and other government officials and NGO representatives after the signing of the Covenant to support the NACPA during the commemoration of International Anti-Corruption Day held at the EDSA Shangri-La Hotel on December 9, 2011.

International Anti-Corruption Day

Another anti-corruption promotion strategy is the celebration of the International Anti-Corruption Day which is held every December 9. Week-long activities were held to commemorate the day, such as guesting in a radio program, briefing on the UNCAC legislative agenda with

Corruption Prevention

concerned House and Senate committees, and an integrity march attended by members of junior graftwatch units (JGUs). On the day itself, a Memorandum of Understanding was forged to formally organize the steering committee for the holding in Manila of an international seminar on APEC Code of Conduct for Business. The sectoral and institutional members of the Multi-Sectoral Anti-Corruption Council (MSACC) were also convened on December 9, 2011 and they renewed their commitment through a formal signing ceremony to support all initiatives to enhance the Philippine compliance with the United Nations Convention Against Corruption (UNCAC).



Deputy Ombudsman for Mindanao Humphrey T. Monteroso poses with Mindanao MSACC members and other partners in a forum organized to commemorate the International Anti-Corruption Day.

The International Anti-Corruption Day was also celebrated by the Ombudsman area offices in Visayas and Mindanao. OMB-Visayas commemorated the day in a program held in Cebu City attended by 74 participants from various sectors. OMB-Mindanao also held a similar program in Davao City attended by 30 participants.

Media Promotions

Utilizing the wide reach of broadcast media, the Office of the Ombudsman airs a radio program on *Radyo ng Bayan*, DZRB 738 kHz titled *Magsumbong sa Ombudsman*. The program airs every Wednesday morning from 10 am to 12 nn anchored by radio broadcaster Tony Salao and several OMB officials. The program features weekly news updates about the projects and activities of the Office of the Ombudsman as well as discussions of current issues on governance. It also features interviews with Ombudsman officials and resource persons from other government

Corruption Prevention



Radio broadcaster Tony Salao interviews staff from the Office of the Ombudsman in one of the episodes of "Magsumbong sa Ombudsman."

agencies or private institutions, and an open-line segment where phone calls from the listeners are entertained. Podcasts of the weekly episodes are available at the official website, www.ombudsman.gov.ph.

Magsumbong sa Ombudsman also airs on DXFE 1197 kHz, a local radio station in Davao City, from 8 to 9 am every Thursday. The program is anchored by Rev. Arnold Tan and officials of OMB-Mindanao. It can be

heard in Davao area and nearby provinces and is accessible everywhere in the world using live media streaming. It also features the current activities of the Office of the Ombudsman and allows listeners to ask questions or air their grievances.

Moreover, the Office of the Ombudsman through its Media Affairs Bureau regularly and periodically issues press releases both to print and broadcast media for the information of the public. In 2011, a total of 93 press releases were issued. These press releases are also accessible at the official website. The Office of the Ombudsman also publishes the *Integrity Watch News*, its official journal, which contains news items and various articles for public information. In 2011, two issues were published and 5,000 copies per issue were disseminated to local government executives in Regions 1, 2, 3, 4, and NCR as well as to participants in Ombudsman-organized or sanctioned activities.

Legislative Advocacy

The Office of the Ombudsman advocates for the enactment of legislations which make corruption a high risk, low reward activity. It also supports the passage of laws

Corruption Prevention

which enable it to discharge its mandate more effectively and efficiently, and enhance the Philippine compliance with the United Nations Convention Against Corruption (UNCAC).

The Ombudsman through its Office of Legal Affairs conducted legislative advocacy activities by actively participating in public hearings of various committees of the Senate and the House of Representatives, filing of position papers in support of advocated bills, and manifesting the official position of the office on particular bills in various fora. Position papers were filed pertaining to the following bills:

1. Senate Bill Nos. 2871 and 2723, titled “An Act Providing for Rules on Plea Bargaining in Criminal Cases, Providing Penalties for Violation Thereof, and for Other Purposes”

2. House Bill No. 3732 and Substitute Bill for Senate Bill Nos. 16, 109, 576, 592, and 1578 titled “An Act Implementing the Right to Access to Information on Matters of Public Concern Guaranteed Under Section Twenty-Eight, Article II and Section Seven, Article III of the 1987 Constitution, and for Other Purposes.”

The Office of the Ombudsman also monitors a number of pending bills in both chambers of Congress on various subject matters. Among them are House Bill No. 846 seeking to strengthen the institutional capacity of the Ombudsman, House Bill No. 406 amending certain provisions of R.A. 1379, Senate Bill No. 2991 amending certain provisions of R.A. 6770 (Ombudsman Act of 1989), and Senate Bill No. 2373 providing the Ombudsman a fixed percentage of the value of forfeited properties in corruption cases. A total of 14 House Bills and 22 Senate Bills are being monitored.

Organizational Development

The Office of the Ombudsman continuously enhances its institutional capacity to discharge its functions efficiently and effectively in order to fulfill its constitutional mandate and meet the expectations of the people that it is mandated to protect. It invests in its human resources, strengthens its infrastructures and systems, and reinforces its alliance with partners and stakeholders to build its arsenal for the fight against corruption.

Strategic Plan 2011 - 2018

In order to set a new direction and chart a 7-year roadmap for the Office of the Ombudsman upon assuming office in July 2011, Ombudsman Conchita Carpio Morales directed the conduct of Strategic Planning to attain the Policy Thrust and Eight-Point Priorities which were adopted by the Executive Committee to serve as the core of the strategic planning exercises.

Following the policy pronouncement of Ombudsman Morales, a coached and participatory type of planning was conducted to unearth areas of problems and challenges of the office. A series of consultation sessions was conducted per office between August 23 and September 7, 2011. The consultation is an objective and output-driven activity with the different offices in order to discover the restraining and enabling factors in the existing organization and operation of the Ombudsman which may impede or enhance the attainment of the policy thrust and 8-point priorities.



OMB officials discuss the 8-point priorities of the Office of the Ombudsman during the Pre-Strategic Planning.

After the series of consultations, a Pre-Planning Workshop was held on September 19 to 23, 2011 involving the middle management from all the functional

Organizational Development

units in the Office of the Ombudsman including its area/sectoral offices. The workshop culminated the series of planning consultations designed to harmonize, prioritize, and adopt the key deliverables of the Ombudsman in consonance with its policy thrust and 8-point priorities as well as define the enabling organizational and operational conditions to ensure their attainment

On October 5, 2011, the members of the Executive Committee met in an executive planning session for the plenary review and deliberation for approval of the consolidated recommendations identified during the Pre-Planning Workshop.

Policy thrust and 8-point priorities of the Office of the Ombudsman

Our policy thrust in the Office of the Ombudsman for 2011-2018 is to enhance efficiency, effectiveness, transparency, accountability, credibility and responsiveness in the performance of the mandate and functions of the Office towards the improvement of corruption prevention and control.

Along this thrust, we shall vigorously pursue the following eight-point priorities:

- 1. Prioritized disposition of complaints and cases involving high-ranking officials, large sums of money, grand corruption, and celebrated cases;*
- 2. Zero backlog;*
- 3. Improves survival rate of fact-finding cases;*
- 4. Enforced monitoring of referred cases;*
- 5. Improved responsiveness of public assistance;*
- 6. Improved anti-corruption policy and program coordination among sectors;*
- 7. Rationalization of the functional structure; and*
- 8. Enhanced transparency and credibility.*

Organizational Development

Managing Human Resource

The most important resource of the Office of the Ombudsman is its human resource. As of December 31, 2011, the total manpower complement of the Office of the Ombudsman is 1,193 including 370 lawyers who discharge different tasks such as investigation, prosecution, public assistance, and corruption prevention. There are 78 prosecutors at the Sandiganbayan and 25 prosecutors at the lower courts in NCR, Metro Cebu and periphery, and Metro Davao and periphery. The total number of lawyer-investigators for fact-finding cases is 31. The number of non-lawyer investigators is 154.

Capacity building of the employees is one of the priorities of the Office of the Ombudsman. In 2011, 23 employees who were given scholarships for the Master in Government Management Executive Program at the Pamantasan ng Lungsod ng Maynila completed the course. A number of employees also attended short courses abroad and various local trainings, seminars, and conventions in 2011.

In compliance with R.A. 7192 (Women in Development and Nation-Building Act), the Gender and Development Focal Point Committee in the office was formed in 2010. In 2011, a Gender and Development Plan was formulated and approved by the National Commission on the Role of Filipino Women. Among the activities conducted in 2011 pertaining to Gender and Development are the gender sensitivity trainings for Ombudsman executives and frontline employees.

To properly manage the human resource of the office, functional HR systems are put in place. The Performance Evaluation System is used as the basis for all personnel

Organizational Development

actions such as promotions, transfer, and granting of awards covered under the Program on Awards and Incentives for Service Excellence (PRAISE). The PRAISE is designed to recognize and reward employees for their superior accomplishments, worthy performance and personal efforts that contribute to the improvement of the operations. The Attendance System was also put in place with the use of biometrics to monitor the attendance of employees. The Financial Support Program for Bar and Board Reviewees is also being implemented pursuant to CSC MC No. 21, s. 2004 under the Personnel Development Committee. Other functional HR systems are the Grievance Machinery, Merit and Promotion Plan, and Recruitment and Selection System.

Other HR systems were put up in 2011: the Human Resource Management Information System to support the implementation of a computer-based human resource management; and the Training and Development Management System to systematize the provision of training for internal clients and rationalize the selection of trainees, the training structure, and support systems.

The welfare of the employees is also a foremost concern of the Office of the Ombudsman. Shuttle service consists of 2 buses, 2 coasters, 1 van, and 3 AUVs which ply different routes as far as Imus, Cavite, Malolos, Bulacan and Montalban, Rizal for the convenience of the commuting employees who are charged minimal fares. Moreover, the main office has a functional clinic equipped with medical laboratory and dental



Doctors, medical technologist, nurse and dental assistant provide medical and dental services to Ombudsman employees.

Organizational Development



The homepage of the OMB intranet accessible to Ombudsman employees

facilities which cater to the employees and their immediate family members. The clinic offers various services such as medical checkup, vaccination, dental extraction and prophylaxis, routine blood, stool, and urine analyses, and other services.

Management Information

Several computerized systems to serve the management information requirements of the Office of the Ombudsman were developed or enhanced in 2011. These systems are part of the approved Information Systems Strategic Plan for 2012-2014.

The Office of the Ombudsman including its area/sectoral offices adopted the intranet technology for quick and easy access to information. The OMB Intranet contains various pertinent office circulars and memoranda, legal research tools, downloadable forms, etc. which the user can access from his/her computer at any time.

The existing Daily Time Record System underwent major enhancements in 2011. Employees can now access their own record of biometrics entries and not wait until the end of the month to check their attendance.

To provide better access to some official documents of general circulation, the Administrative Issuance System was put up in 2011. The system stores electronic copies of signed documents thereby providing backups and a mechanism for convenient retrieval.

Organizational Development

The Property Inventory and Monitoring System was developed in 2011 to manage and monitor the assets of the Ombudsman. It is capable of providing detailed information for each property item and allows quick generation of forms and reports.

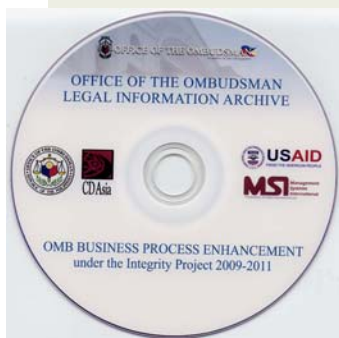
Ombudsman officials and personnel are given intranet and internet access. The number of computers connected to the network is 589. On the other hand, the number of computers with internet access is 412.

Foreign-Funded Projects

The Office of the Ombudsman has been a recipient of technical assistance and funding support from international development partners.

In 2009, the United States Agency for International Development (USAID) funded the Integrity Project which seeks to enhance anti-corruption efforts at the national and local levels. The project is to be implemented for two years from September 2009 to September 2011, which was extended up to March 2012. The Integrity Project consists of 4 components: 1) Strengthening the Office of the Ombudsman; 2) Supporting the prosecution of corruption cases in the lower courts; 3) Building institutional cooperation; and 4) Cascading Integrity Development Review in the LGUs.

The last component has already been completed in 2011. Under this component, Integrity Development Review had been conducted in 14 pilot LGUs nationwide using a recalibrated IDR tool for LGUs. There are also significant milestones in the implementation of the other components. Under Component 1, a Manual of Procedures for Case Management has been drafted in 2011. The Legal



CD containing Sandigan-bayan decisions and other important issuances from the Office of the Ombudsman for reference purposes

Organizational Development

Information Archive, a single, digitized repository of Sandiganbayan decisions from 2001-2010 and other information was also developed and installed in Ombudsman servers for easy access. The Legal Information Archive was installed in the computers of a number of personnel.

Physical Plant

The central office of the Office of the Ombudsman is housed in an owned lot located along Agham Road, Diliman, Quezon City. The Office of the Deputy Ombudsman for Luzon and the Office of the Deputy Ombudsman for the Military and Other Law Enforcement Offices (MOLEO) occupy the 3rd floor of same building.

The Office of the Special Prosecutor (OSP) occupies the 5th floor of the Sandiganbayan Building along Commonwealth Avenue, Quezon City. In view of limitation in space, the OSP also maintains satellite offices on the ground floor of the nearby Senate Electoral Tribunal and the 2nd floor of SAADO Building of the Commission on Audit. The Administrative Division of the OSP holds office in the Ombudsman central office.

The Office of the Deputy Ombudsman for Luzon has a regional office in CALABARZON in a rented space inside the Calamba City Hall. It plans to open a regional office in Region 1 in a donated land at the government center located in Rosales, Pangasinan. As of December 31, 2011, the building was almost complete.

The Office of the Deputy Ombudsman for Visayas is located inside the compound of the Department of Agriculture Region 7 along M. Velez Street, Guadalupe, Cebu City, in a building erected on donated land. It has regional offices in the cities of Iloilo and Tacloban. The regional

Organizational Development

office in Iloilo rents the ground floor of CAP Building on General Luna Street while that in Tacloban City rents the 3rd floor of Yuhoo Building in Marasbaras. The OMB Region 8 office formally opened on July 4, 2011.

Total Obligations Incurred in 2011

Major Final Output	Obligations in Thousand Pesos	Percentage
Investigation	239,931	18.6%
Administrative Adjudication	193,596	15.0%
Preliminary Investigation	287,363	22.3%
Prosecution	250,605	19.5%
Public Assistance	137,041	10.6%
Corruption Prevention	180,145	14.0%
TOTAL	1,288,681	100%

The Office of the Deputy Ombudsman for Mindanao rents a portion of the 3rd floor and the entire 4th floor of Herrera Building along Alvarez Street, Sta. Ana, Davao City. It has a regional office in Region 10 in Cagayan de Oro City on a rented ground floor of ALU-TUCP Building along Kauswagan National Highway.

Financial Stewardship

Expenditure Category	Obligations in Thousand Pesos	Percentage
Personal Services	1,035,241	80.3%
Maintenance and Other Operating Expenses	190,625	14.8%
Property, Plant, and Equipment	62,816	4.9%
TOTAL	1,288,682	100%

The Office of the Ombudsman observes sound financial management. For fiscal year 2011, the Office of the Ombudsman was given a budget of P1,109,289,000.00 including the appropriations for retirement and life insurance premium of P77,388,000.00 under the General Appropriations Act, 1.6% lower than the 2010 budget. The total authorized appropriations consisting of the regular agency budget and continuing appropriations is P1,916,098,448.90 of which a total of P1,288,681,408.81 were obligated in 2011. The total obligations incurred

Utilization Rate

Period	Ratio of Obligations to Allotment	Ratio of Disbursements to Obligations
Current Year (2011)	90.20%	95.77%
Prior Year/s	26.79%	89.68%
Total	67.26%	94.59%

in 2011 disaggregated according to the major final outputs (MFO) and expenditure category are shown in the accompanying tables.

Organizational Development

Among the MFOs, Preliminary Investigation accounts for the highest obligations incurred. The least is for Public Assistance. According to expenditure category, Personal Services accounts for the highest obligations incurred. The utilization rate, given as the ratio of the obligations to allotment and the ratio of disbursements to obligations, is also shown in the preceding table.



Ombudsman and IAAGCC Chairperson Conchita Carpio Morales poses with other IAAGCC principals (from left: former NBI Director Magtanggol B. Gatdula, Undersecretary Ronaldo A. Geron, CSC Chairman Francisco T. Duque III, COA Chairperson Ma. Gracia M. Pulido-Tan, DBM Sec. Florencio T. Abad, and DOF Sec. Cesar V. Purisima), Consulcom members and the secretariat during the Strategic Planning Conference on December 15, 2011 at Best Western Premier F1 Hotel, Bonifacio Global City, Taguig.

Broadening Alliance

The Office of the Ombudsman has established and maintained linkages with other government agencies and civil society organizations including the business sector to collaborate in anti-corruption work.

Inter-Agency Anti-Graft Coordinating Council (IAAGCC).

The Inter-Agency Anti-Graft Coordinating Council is a voluntary alliance of government agencies engaged in enforcing integrity and accountability formed in 1997. The

Council was originally composed of the heads of the following agencies: Office of the Ombudsman, Commission on Audit, Civil Service Commission, National Bureau of Investigation, and Presidential Anti-Graft Commission (PAGC). The Department of Justice joined a year later in 1998. In 2011, the Office of the Deputy Executive Secretary for Legal Affairs replaced PAGC. The Department of Finance and the Department of Budget and Management also joined the coalition. The Council also conducted a Strategic Planning to draw up a comprehensive work plan for 2012-2014.

Organizational Development



Ombudsman Conchita Carpio Morales presides over the Multi-Sectoral Anti-Corruption Council Meeting held on August 17, 2011 for the selection of governmental experts who will review the Philippine compliance with the UNCAC.

Multi-Sectoral Anti-Corruption Council (MSACC).

The Multi-Sectoral Anti-Corruption Council is a convergence of government agencies, civil society organizations, and business groups formed to integrate and eradicate overlaps in the anti-corruption initiatives and projects of anti-corruption players in the Philippines. The Office of the Ombudsman is the lead convenor of the Council. In 2011, the MSACC

officially kicked off the review of Philippine compliance with the United Nations Convention Against Corruption (UNCAC) with the adoption of the Guidelines for the Selection of UNCAC Governmental Experts.

Integrity Initiative.

The Office of the Ombudsman joined 30 other government agencies and numerous private companies in signing the Integrity Pledge which is a formal and concrete expression of commitment by companies to abide by ethical business practices and to support a national campaign against corruption. The Integrity Pledge is part of the Integrity Initiative, a private sector-led campaign that aims to promote common ethical standards among various sectors of society. It operates on the principle of inclusion and collective action. The initiative's first endeavor is Project SHINE, which stands for the project's main objective: Strengthening High-level commitment for Enterprises advocating for fair market conditions. It aims to institutionalize and promote honesty, transparency, and fairness in conducting business by using internal and external integrity validation systems. SHINE is a four-year project (2011-2014) implemented by the Makati Business Club and the European Chamber of Commerce of the Philippines and funded by Siemens.

Organizational Development



The Office of the Ombudsman together with PSLINK Visayas Regional Council conducts the "Training on the Procurement Process" in Tacloban City. The training is part of the agreement in the MOA between the Office and PSLINK for the project "Bantay Lustay."

Other Local Anti-Corruption

Partners. The Office of the Ombudsman also maintains its linkage with the following civil society organizations: 1) Community Force Multipliers for Peace, Inc. for the implementation of the project on monitoring police officers' attendance; 2) Public Services Labor Independent Confederation (PSLINK) for the implementation of the *Bantay Lustay* Project to ensure transparency in procurement; 3)

Alliance of Concerned Transport Organizations (ACTO)/ United Transport Koalisyon (1-UTAK); 4) Citizen's Information Assistance Bayanihan Text Power Brigade, Inc.; and 5) Philippine Association of Professional Regulatory Boards. The Office of the Ombudsman also enlisted the support of the National Competitiveness Council in its advocacy to promote the APEC Code of Conduct for Business.

International Alliances. In the international anti-corruption arena, the Office of the Ombudsman joins its counterpart agencies in other countries as a member/endorser of the following: 1) UNCAC Conference of States Parties; 2) ADB-OECD Anti-Corruption Initiative for Asia and the Pacific; 3) South East Asia Parties Against Corruption; 4) APEC Anti-Corruption Plan and Growth Strategy; and 5) International Association of Anti-Corruption Authorities.



Ombudsman Conchita Carpio Morales and the members of the Steering Committee sign the Memorandum of Understanding for the implementation of the APEC Code of Conduct for Business.

Financial Statements

OFFICE OF THE OMBUDSMAN
Consolidated Detailed Balance Sheet
As of December 31, 2011
(With Comparative Figures for CY 2010)

ASSETS	2011	2010
Current Assets:		
Cash (Note 5)		
Cash-Collecting Officers	P 413.35	P 1,462.37
Petty Cash Fund	207,541.24	161,735.02
Cash-National Treasury, MDS	1,931,090.71	651,332.53
Cash in Bank- Local Currency, Current Account	28,831,565.65	17,336,643.38
Cash in Bank- Local Currency, Savings Account	457,727.02	455,895.67
Total Cash	31,428,337.97	18,607,068.97
Receivables (Note 6)		
Due from Officers and Employees	24,493.86	23,531.10
Due from NGAs	308,884.63	101,414.98
Due from Central Office	533,428.51	0.00
Due from Regional Offices	533,603.32	533,603.32
Due from Other Funds	1,012,514.54	6,907,688.44
Receivables - Disallowances/Charges	94,889.52	1,212,211.85
Advances to Officers and Employees	1,494,421.91	422,447.24
Other Receivables	267,737.86	38,286.02
Total Receivables	4,269,974.15	9,239,182.95
Inventories		
Office Supplies Inventory	10,915,272.59	10,878,880.87
Accountable Forms Inventory	149,260.00	1,000.00
Drugs and Medicine Inventory	125,044.36	0.00
Other Supplies Inventory	1,342,807.09	1,688,687.51
Total Inventories	12,532,384.04	12,568,568.38
Prepayments		
Prepaid Rent	39,000.00	0.00
Prepaid Insurance	1,283,251.03	1,810,217.55
Prepaid Interest	1,851,099.14	1,851,099.14
Advances to Contractors (Note 7)	0.00	2,604,481.60
Other Prepaid Expenses	425,288.59	425,288.59
Total Prepayments	3,598,638.76	6,691,086.88
Other Current Assets		
Guaranty Deposits	810,165.83	732,165.83
Total Current Assets	52,639,500.75	47,838,073.01

Financial Statements

	2011	2010
Investments		
Investments in Stocks	258,190.00	258,190.00
Property, Plant and Equipment		
Land	245,580,000.00	245,580,000.00
Office Buildings	790,638,777.23	705,660,637.49
Other Structures	1,788,581.50	1,788,581.50
Office Equipment	27,791,798.19	25,487,142.18
Furniture and Fixtures	30,339,644.84	27,823,520.13
IT Equipment and Software	107,475,652.70	86,429,771.42
Library Books	7,263,020.66	6,801,116.41
Communication Equipment	4,477,058.96	4,440,508.96
Medical, Dental and Laboratory Equipment	1,914,025.00	1,784,025.00
Sports Equipment	285,261.00	285,261.00
Other Machinery and Equipment	441,058.14	442,046.14
Motor Vehicles	71,472,755.66	61,684,490.66
Other Property, Plant and Equipment	12,347,078.07	11,305,035.14
Construction in Progress - Agency Assets	14,942,378.90	3,782,500.00
Total Property, Plant and Equipment	1,316,757,090.85	1,183,294,636.03
Less: Accumulated Depreciation (Note 8.3)	338,592,066.19	275,243,886.67
Property, Plant and Equipment - Net	978,165,024.66	908,050,749.36
Other Assets		
Arts, Archeological Specimen and Other Exhibits	9,818.82	9,818.82
Items in Transit	0.00	814,702.09
Other Assets	9,706,597.00	10,954,321.63
Total Other Assets	9,716,415.82	11,778,842.54
TOTAL ASSETS	₱ 1,040,779,131.23	₱ 967,925,854.91
LIABILITIES AND EQUITY		
LIABILITIES		
Current Liabilities		
Accounts Payable	₱ 16,542,090.56	₱ 4,696,836.96
Due to Officers and Employees	1,252,519.02	787,515.42
Due to National Treasury	98,153.31	74,102.35
Due to BIR	8,604,416.34	6,344,211.24
Due to GSIS	6,046,956.75	4,024,881.69
Due to PAG-IBIG	874,876.22	710,071.61
Due to PHILHEALTH	369,476.93	293,531.17
Due to Other NGAs	4,553,555.38	5,284,264.86
Due to Other GOCCs	2,221.20	20,229.21
Due to Other Funds	1,540,881.78	32,297.97
Performance/Bidders/Bail Bonds Payable	959,591.57	1,338,625.06
Tax Refunds Payable	401,118.11	560,060.67
Other Payables	8,022,279.31	4,617,253.27
Total Current Liabilities	49,268,136.48	28,783,881.48

Financial Statements

	2011	2010
Long-Term Liabilities		
Loans Payable, Domestic	46,753,200.00	54,545,400.00
Deferred Credits		
Other Deferred Credits	49,300.00	57,653.58
Total Liabilities	96,070,636.48	83,386,935.06
Equity		
Government Equity, Beginning January 1	884,538,919.85	849,533,250.56
Retained Operating Surplus:		
Current Operations	22,600,453.80	56,495,707.96
Prior Years' Adjustments (Note 4)	37,569,121.10	(21,490,038.67)
Total Retained Operating Surplus	60,169,574.90	35,005,669.29
Government Equity, Ending December 31	944,708,494.75	884,538,919.85
TOTAL LIABILITIES AND EQUITY	P 1,040,779,131.23	P 967,925,854.91

Financial Statements

Consolidated Detailed Statement of Income and Expenses

For the Year Ended December 31, 2011

(With Comparative Figures for CY 2010)

	2011	2010
INCOME		
Subsidy Income		
Subsidy Income from National Government (Note 9) ₱	1,245,377,999.36	₱ 1,163,131,948.41
Less: Subsidy to Regional Offices	(377,812,212.74)	(320,382,172.80)
Subsidy to Other Funds	(1,219,299.21)	0.00
Reversion of Unused Cash Allocation	(20,670.00)	(37,579.15)
<i>Subsidy Income-Net</i>	866,325,817.41	842,712,196.46
Subsidy from Other National Government Agencies	7,211,585.00	4,934,401.16
Subsidy from Central Office	380,068,327.76	318,669,010.82
Subsidy from Other Funds	0.00	200,000.00
Total Subsidy Income	1,253,605,730.17	1,166,515,608.44
Other Income		
Income from Grants and Donations	9,768,046.04	0.00
Interest Income	10,730.83	0.00
Miscellaneous Income	1,951.00	0.00
Other Fines and Penalties	2,693.75	1,000.00
Gain/Loss on Sale of Disposed Assets	0.00	(22,017.25)
Total Other Income	9,783,421.62	(21,017.25)
LESS: EXPENSES		
Personal Services		
Salaries and Wages - Regular	725,149,938.59	609,674,749.00
Personnel Economic Relief Allowance (PERA)	27,996,608.82	32,057,794.35
Representation Allowance (RA)	37,059,902.48	44,808,463.96
Transportation Allowance (TA)	36,990,843.21	43,644,418.16
Clothing/Uniform Allowance	4,540,000.00	4,172,000.00
Productivity Incentive Allowance	2,256,000.00	1,950,000.00
Other Bonuses and Allowances	32,748,750.00	27,096,081.19
Honoraria	202,399.30	118,363.89
Hazard Pay	271,622.25	0.00
Longevity Pay	105,000.00	225,000.00
Overtime and Night Pay	3,475,196.64	3,343,517.31
Cash Gift	6,922,075.50	5,266,250.00
Year End Bonus	43,807,846.75	29,915,059.70
Life and Retirement Insurance Contributions	48,713,047.36	39,613,453.82
PAG-IBIG Contributions	1,333,212.87	1,286,174.16
PHILHEALTH Contributions	3,775,613.48	3,468,465.00
ECC Contributions	1,345,782.99	1,129,888.64
Pensions Benefits - Civilian	12,205,134.27	12,732,786.36
Retirement Benefits - Civilian	10,544,022.35	6,503,880.00
Terminal Leave Benefits	9,305,394.39	3,177,752.75
Other Personnel Benefits	24,786,158.30	28,173,405.77
Total Personal Services	1,033,534,549.55	898,357,504.06

Financial Statements

	2011	2010
Maintenance and Other Operating Expenses		
Traveling Expenses - Local	10,403,375.95	6,993,970.64
Traveling Expenses - Foreign	3,227,720.31	3,169,206.70
Training Expenses	4,021,401.34	2,813,024.75
Scholarship Expenses	363,136.00	526,264.00
Office Supplies Expenses	13,813,375.53	11,574,748.47
Accountable Forms Expenses	100,355.00	28,450.00
Drugs and Medicines Expenses	753,542.11	324,507.48
Medical, Dental and Laboratory Supplies Expenses	826,566.90	403,362.45
Gasoline, Oil and Lubricants Expenses	4,577,259.24	3,574,387.55
Textbooks and Instructional Materials Expenses	650.00	0.00
Other Supplies Expenses	1,917,905.92	2,347,608.47
Water Expenses	2,802,390.00	1,790,989.99
Electricity Expenses	28,270,738.75	27,194,099.76
Postage and Deliveries	700,868.24	459,222.98
Telephone Expenses - Landline	5,258,003.98	8,708,269.79
Telephone Expenses - Mobile	2,653,046.01	2,875,080.57
Internet Expenses	857,795.19	793,018.55
Cable, Satellite, Telegraph and Radio Expenses	9,420.00	9,420.00
Membership Dues and Contributions to Organizations	6,000.00	48,150.00
Advertising Expenses	798,065.30	2,677,763.62
Printing and Binding Expenses	957,684.01	789,800.08
Rent Expenses	8,063,637.05	6,681,531.27
Representation Expenses	2,195,174.18	2,196,069.14
Transportation Expenses	540,665.00	245,502.00
Subscriptions Expenses	1,225,422.11	2,200,089.00
Auditing Services	358,912.73	323,041.83
Consultancy Services	3,539,096.00	2,297,132.00
Environment/Sanitary Services	62,500.02	0.00
General Services	9,818,493.81	7,873,879.93
Janitorial Services	7,860,308.60	9,248,305.77
Security Services	25,911,787.54	23,434,247.87
Other Professional Services	27,050.00	0.00
Repairs and Maintenance - Land Improvements	29,925.00	67,680.00
Repairs and Maintenance - Office Buildings	832,688.02	409,361.97
Repairs and Maintenance - Office Equipment	252,164.95	461,442.58
Repairs and Maintenance - Furniture and Fixtures	75,004.75	44,214.25
Repairs and Maintenance - IT Equipment and Software	154,916.00	74,551.75
Repairs and Maintenance - Communication Equipment	3,700.00	0.00

Financial Statements

	2011	2010
Repairs and Maintenance - Medical, Dental & Laboratory Equipment	1,500.00	0.00
Repairs and Maintenance - Other Machinery & Equipment	1,351.60	350.00
Repairs and Maintenance - Motor Vehicles	2,472,189.19	2,241,130.02
Repairs & Maintenance - Other Property, Plant & Equipment	7,970.00	14,000.00
Donations	0.00	0.00
Confidential Expenses	0.00	9,500,000.00
Intelligence Expenses	0.00	9,500,000.00
Extraordinary Expenses	3,804,848.07	3,120,000.15
Miscellaneous Expenses	4,918,490.32	4,134,000.00
Taxes, Duties and Licenses	101,517.66	77,145.37
Fidelity Bond Premiums	1,135,860.22	359,855.49
Insurance Expenses	3,107,883.97	2,125,951.89
Depreciation - Office Buildings	16,891,944.00	16,679,498.76
Depreciation - Other Structures	53,657.69	53,657.40
Depreciation - Office Equipment	1,346,879.14	1,208,808.33
Depreciation - Furniture and Fixtures	1,847,221.43	1,863,872.35
Depreciation - IT Equipment	9,673,231.19	8,154,359.07
Depreciation - Library Books	265,108.28	239,129.34
Depreciation - Communication Equipment	320,361.35	326,661.64
Depreciation - Medical, Dental & Laboratory Equipment	166,697.28	97,740.84
Depreciation - Sports Equipment	25,673.52	21,145.13
Depreciation - Other Machineries and Equipment	20,697.50	21,532.44
Depreciation - Motor Vehicles	6,129,232.90	4,407,505.49
Depreciation - Other Property, Plant and Equipment	794,737.06	782,331.28
Tax Refunds	14,748.52	0.00
Other Maintenance and Operating Expenses	2,534,905.82	4,954,986.14
Total MOOE	198,907,452.25	202,542,056.34
Financial Expenses		
Bank Charges	16,750.00	15,171.75
Documentary Stamps Expenses	0.00	66.53
Interest Expenses	8,329,946.19	9,083,884.55
Other Financial Charges	0.00	200.00
Total Financial Expenses	8,346,696.19	9,099,322.83
Total Expenses	1,240,788,697.99	1,109,998,883.23
EXCESS OF INCOME OVER EXPENSES	P 22,600,453.80	P 56,495,707.96

Financial Statements

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2011

(With Comparative Figures for CY 2010)

	2011	2010
Cash Flow from Operating Activities:		
Cash Inflows:		
Receipt of Notice of Cash Allocation (Note 12)	₱ 1,172,776,161.00	₱ 1,109,315,716.00
Receipt of Subsidy from Central Office	379,803,241.91	324,872,966.15
Receipt of Fund from Regional Office	713,552.20	710,427.21
Receipt of Cash Dividends from Welfare Fund	775,480.77	763,744.00
Fund Transferred from CFAG Account	5,656,106.50	242,500.00
Fund Transferred from Payroll Fund Account	83,679.55	-
Cancellation of Lost/Stale Check (issued during the year)	483,723.41	92,583.38
Collection of Other Income	35,539.25	5,311,218.40
Refund of Cash Advance	346,758.98	884,490.47
Receipt of Erroneous Deposit	1,923.00	-
Undeposited Collections	-	1,462.37
Receivable from Other Funds	662,400.00	4,614.92
Collection of Performance/Bidders/Bail Bonds	1,138,477.03	1,222,341.65
Collection of Bidding Fees/Bidding Documents	2,750,540.00	227,884.00
Collection of Certification Fees and Production Cost	-	49,516.00
Deposit of Cash Refunds previously deposited to other funds	-	97,661.10
Collection of Overpayment of Personal Services Deducted Unbilled	244,730.20	47,261.66
Interest earned for the Year	64,984.76	122,657.04
Miscellaneous Income	33,102.67	-
Restoration of Cash Due to Unreleased Checks at Year-End	1,931,090.71	651,332.53
Collection of Intra-Agency Receivables	127,834.55	0.00
Total Cash Inflows	1,567,629,326.49	1,444,618,376.88
Less: Cash Outflows:		
Cash Payments of Personal Expenses	560,934,848.17	502,513,472.61
Cash Payments of Operating Expenses	301,493,918.48	343,483,129.27
Cash Payments of Payables	16,797,649.55	31,494,083.82
Cash Payments of Financial Expenses	-	488.28
Cash Purchases of Inventories	8,327,549.12	4,125,448.82
Granting of Cash Advance /Petty Cash Fund	53,422,853.00	37,815,896.59
Remittance to GSIS/HDMF/Philhealth/NHMF & Other Payables	189,179,500.82	154,651,812.54
Remittance of Interest to the National Treasury	36,799.77	70,525.70
Payment to Other Funds	992,626.50	138,299.25
Release of Funds to Regional Offices	380,106,274.27	318,392,902.80
Cash Advances Granted to NGAs	361,752.78	1,455,129.45
Payment for First/Final Progress Billing of Contractor	7,639,972.08	166,010.19
Payment of Consultancy fee chargeable to the Project	303,856.19	0.00
Payment of Bank Charges	4,200.00	6,170.00

Financial Statements

	<u>2011</u>	<u>2010</u>
Reversion of Unused Notice of Cash Allocation	20,670.00	37,579.15
Reversing entry for prior year's unreleased checks	651,332.53	12,038,352.73
Cash Payment of Dividends from Welfare Fund	775,480.77	763,744.00
Cash Payments of Other Payables	7,406,595.98	14,107,315.78
Payment of Intra - Agency Payable	244,730.20	-
Remittance of Other NGAs/GOCCs Payables	154,823.15	
Refund of Performance/Bidder's/ Bail Bonds Payable	<u>1,534,364.10</u>	<u>1,184,277.44</u>
Total Cash Outflows	<u>1,530,389,797.46</u>	<u>1,422,444,638.42</u>
Cash Provided by Operating Activities	<u>37,239,529.03</u>	<u>22,173,738.46</u>
Cash Flow from Investing Activities:		
<i>Less: Cash Outflows:</i>		
Payment for Other Maintenance and Other Operating Expenses	-	4,792.40
Replenishment of Expenses from Petty Cash Fund	-	22,186.90
Granting of Cash Advance /Petty Cash Fund	1,585.00	-
Cash Purchase of Property, Plant and Equipment	<u>13,847,826.30</u>	<u>24,801,032.05</u>
Total Cash Outflows	<u>13,849,411.30</u>	<u>24,828,011.35</u>
Cash Provided by Investing Activities	<u>(13,849,411.30)</u>	<u>(24,828,011.35)</u>
Cash Flow from Financing Activities:		
<i>Less: Cash Outflows:</i>		
Payment of Long-Term Liabilities	<u>10,568,848.73</u>	<u>36,322,787.09</u>
Cash Provided by Financing Activities	<u>(10,568,848.73)</u>	<u>(36,322,787.09)</u>
Total Cash Provided by Operating, Investing and Financing Activities	12,821,269.00	(38,977,059.98)
Add: Cash Balance, Beginning January 1	<u>18,607,068.97</u>	<u>57,584,128.95</u>
Cash Balance, Ending December 31	<u><u>P 31,428,337.97</u></u>	<u><u>P 18,607,068.97</u></u>

Financial Statements

Office of the Ombudsman – Consolidated
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

1. General/Agency Profile

The 1987 Constitution, in its declaration of Principles and State Policies, mandated that the State shall maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption. It has likewise reiterated that public office is a public trust and that public officers and employees must, at all times, be accountable to the people, serve them with utmost responsibility, integrity, loyalty and efficiency, act with patriotism and justice, and lead modest lives. Along this line, the same Constitution gave birth to the Office of the Ombudsman which it has expressly described as an independent body and the protector of the people. It has vested the Office with broad and comprehensive powers in order to institute reforms in the bureaucracy and prosecute erring government officials and employees.

The Office is headed by Ombudsman Conchita Carpio Morales and assisted by Overall Deputy Ombudsman Orlando C. Casimiro. The sectoral offices in Luzon, Visayas, Mindanao, Military and Other Law Enforcement Offices (MOLEO) and Office of the Special Prosecutor (OSP) are led by a Deputy Ombudsman and Special Prosecutor, respectively.

The Regional Office VIII in Tacloban City was created for the ultimate vision to bring the Office of the Ombudsman closer to the people. It is located at the 3/F Yuhoo Building C, Barangay 77, Fatima Village, Marasbaras, Tacloban City. It maintains a separate book of accounts to record and account for all the transactions pursuant to the Memorandum dated February 14, 2011 by Christopher B. Lim of Planning and Budget Division.

2. Basis of Financial Statements Presentation

The statements have been prepared in accordance with generally accepted state accounting principles and standards.

3. Significant Accounting Policies

- 3.1 The Office of the Ombudsman uses the accrual basis of accounting. All expenses are recognized when incurred and reported in the financial statements in the period to which they relate. Income is on accrual basis except for transactions where accrual basis is impractical or when law requires other methods.
- 3.2 Notice of Cash Allocation is recorded in the books, as well as those income or receipts which the agency is authorized to use.
- 3.3 The costs of ending inventory of office supplies and materials and other inventory items are based on Moving Average Method.
- 3.4 *Petty Cash Fund* (PCF) account is maintained under the Imprest System. All replenishments are directly charged to the expense account and the petty cash fund is not used to purchase regular inventory items for stock.
- 3.5 Property, Plant and Equipment are carried at cost less accumulated depreciation. The straight line method of depreciation is used in depreciating the Property, Plant and Equipment with estimated useful lives ranging from five (5) to thirty (30) years. A residual value computed at ten (10) percent of the cost of assets is set and depreciation starts on the following month after purchase.
- 3.6 Accounts were classified to conform to the new Chart of Accounts prescribed under the New Government Accounting System (NGAS) per COA Circular No. 2004-008 dated September 20, 2004.
- 3.7 Payable accounts are recognized and recorded in the books of accounts only upon acceptance of the goods/inventory/other assets and rendition of services to the agency.
- 3.8 Financial Expenses such as bank charges are separately classified from MOOE.

Financial Statements

4. Correction of Fundamental Errors

Fundamental errors of prior years are corrected by using the *Prior Year's Adjustments* account. Errors affecting current year's operations are charged to current year's accounts.

5. Cash

- 5.1 The account *Petty Cash Fund* (104) represents petty cash fund granted to Special Disbursing Officers for the repair of equipments/office building, emergency purchase of books/office supplies and conduct of activities of the Bids and Awards Committee, Office of the Overall Deputy Ombudsman and Office of the Ombudsman-Proper.
- 5.2 The account *Cash-National Treasury, MDS* (108) represents restoration of cash equivalent to the unreleased checks in compliance with COA Circular Letter No. 2002-001 dated December 16, 2002.
- 5.3 The *Cash in Bank – Local Currency, CA* (111) represents deposits maintained with Authorized Government Depository Bank (AGDB), LBP – North Avenue Branch, Quezon City of the following accounts: Trust-Bidders, UNDP, ATM Payroll Account and Inter-Agency Anti-Graft Coordinating Council (IAAGCC) account.

On July 22, 2004, The Office of the Ombudsman has opened current account no. 0712-1025-60 under the account name Office of the Ombudsman, Inter-Agency Anti-Graft Coordinating Council (IAAGCC) with the ₱4,751,023.83 as initial deposit.

In order to maximize the interest earnings of the IAAGCC account, ₱4.5 Million was transferred to a high yield savings account on September 17, 2004, which was terminated and the remaining balance was transferred to the IAAGCC Current Account on May 17, 2010.

6. Accounts Receivable

- 6.1 The account *Due from National Government Agencies* (136) represents overpayment to the Procurement Service (PS) for undelivered items, payment of government forms to the National Printing Office (NPO) and receivable from Department of Budget and Management for cancellation of lost check payable to supplier.
- 6.2 The account *Due from Regional Offices/ Staff Bureaus* (142) represents unliquidated internal operating budget (I.O.B.) granted to Area/Sectoral Offices before decentralization.
- 6.3 The account *Disallowances/Charges* (146) consists of amounts due from suppliers and employees resulting from audit disallowances which have become final and executory.
- 6.4 In the Mindanao sector, disallowances charges were significantly reduced to ₱52,745.80 when former Overall Deputy Ombudsman Margarito P. Gervacio, Jr. authorized the Office to deduct his disallowances amounting to ₱1,146,988.09 from the terminal leave pay. A letter in April 2006 requesting for the relief of accountability of two deceased employees has not been acted as of December 31, 2011.
- 6.5 The account *Other Receivables* (149) consists of overpayment on salaries and allowances of separated employees in OSP.
- 6.6 In the Visayas sector, this account consists of:
 - a. Lost 2 units Sony Cassette Recorder @ ₱1,990.00;
 - b. Receivable from Ms. Falcon, Cashier, in the amount of ₱2,400.00 for inadvertently issuing a check without cancelling the previously issued check. Said check was issued on September 26, 2008 and was later negotiated on December 12, 2008 by the payee.

Financial Statements

7. Property, Plant and Equipment

- 7.1 Land represents the value of lot at Agham Road, Diliman, Quezon City where the main office is located with an area of 10,000 square meters and the adjacent lot with an area of 5,772 square meters.
- 7.2 On May 9, 2007, the National Housing Authority has approved the Award of Institutional Lot 3-B-4-B-1-B-3-B-2-A at North Triangle, Quezon City with Transfer Certificate of Title No. N-291453 in favor of the Office of the Ombudsman. The lot has a total selling price of ₱86,580,000.00 with ten percent (10%) required down payment and the balance payable in ten (10) years at an interest rate of sixteen percent (16%) per annum.

Principal Balance: ₱46,753,200.00 as of December 31, 2011

- 7.3 Details of Accumulated Depreciation are as follows:

Account Description	Acquisition Cost	Accumulated Depreciation	Net Book Value
Office Buildings	790,638,777.23	185,704,690.19	604,934,087.04
Other Structures	1,788,581.50	366,659.21	1,421,922.29
Office Equipment	27,791,798.19	19,532,103.51	8,259,694.68
Furniture & Fixtures	30,339,644.84	16,347,658.21	13,991,986.53
IT Equipment and Software	107,475,652.70	70,982,020.79	36,493,631.91
Library Books	7,263,020.66	4,498,392.28	2,764,628.38
Communication Equipment	4,477,058.96	1,880,679.28	2,596,379.68
Medical, Dental and Laboratory Equipment	1,914,025.00	307,780.47	1,606,244.53
Sports Equipment	285,261.00	48,019.09	237,241.91
Other Machineries & Equipment	441,058.14	323,451.58	117,606.56
Motor Vehicles	71,472,755.66	31,005,412.38	40,467,343.28
Other Property, Plant and Equipment	12,347,078.07	7,595,199.20	4,751,878.87
Total	1,056,234,711.95	338,592,066.19	717,642,645.76

8. Subsidy Income from National Government

	2011	2010
NCA received from DBM for operational requirements	₱ 1,172,776,161.00	₱ 1,109,315,716.00
Add: Tax remittance issued to BIR	37,946,476.13	31,011,309.24
Sub-total	1,210,722,637.13	1,140,327,025.24
Less: Reversion of NCA	20,670.00	37,579.15
Total	₱ 1,210,701,967.13	₱ 1,140,289,446.09

9. Receipt of Notice of Cash Allocation (NCA)

Notice of Cash Allocation received from Department of Budget and Management amounting to ₱1,172,776,161.00 includes the amortization due on the land acquired from National Housing Authority.