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Foreword

In the Office of the Ombudsman, 2012 was a year of continuous rebuilding of the institution to enhance its credibility as the protector of the people against abuse of power for personal gain.

With a new direction guided by a seven-year roadmap, the office continued implementing a series of action plans to improve case disposition. It redefined its strategies to suppress corruption in government agencies, explored new ways to promote integrity and accountability among public servants, and reengineered the entire agency machinery in fighting corruption with the help of various sectors. These initiatives infused more steam in the engine to accelerate the efforts in reaching the target. Toward the end of 2012, the Office of the Ombudsman is full speed ahead.



Through this Annual Report, the office presents the gains it has achieved in 2012. It started prioritizing cases involving high ranking officers, large sums of money, grand corruption and highly celebrated cases by refining case intake. It reduced the period for resolution and adjudication of cases through continuous monitoring of ageing cases. It also improved the conviction rate at the Sandiganbayan through better case build-up and more aggressive prosecution to send a strong message that crime indeed does not pay. It is the office's vision to end the culture of impunity.

As it continues to navigate the high seas in the next years, much remains to be done. The office may hit big waves and face strong winds but it will proceed to cruise at top speed. *Tuloy-tuloy itong maninindigan laban sa katiwalian.*


CONCHITA CARPIO MORALES
Ombudsman



Executive Summary

The Office of the Ombudsman is the lead anti-corruption agency of government. To enable it to fulfill its constitutional and statutory mandate, it is endowed with plenary powers to investigate any act or omission of any public officer or employee, office or agency which appears to be illegal, unjust, improper or inefficient. It has the authority to impose administrative sanctions against certain erring elective and appointive officials of government. It is also equipped with the authority to prosecute criminal cases against erring public officials and their cohorts and to institute cases for forfeiture of unexplained wealth.

In 2012, a total of 3,168 criminal cases were referred for preliminary investigation. Adding the cases carried over from previous years, the total workload was 8,537. About 38.3% of the workload or 3,271 criminal cases were disposed in 2012. Around 21% of these cases resulted in criminal indictment of the respondents before the Sandiganbayan and regular trial courts.

Moreover, a total of 471 criminal informations were filed in 2012 for various offenses against high-ranking officials and their cohorts before the Sandiganbayan. Among those charged before the Sandiganbayan were a former President, high-ranking officials of the Philippine National Police, and provincial governors.

The anti-graft court rendered a guilty verdict (including guilty pleas) in 54 of 118 criminal cases it decided in 2012, thus, posting a conviction rate of 45.8%, up from 33.3% in 2011.

On the other hand, a total of 3,461 administrative cases were referred for adjudication. Adding the cases carried over from previous years, the total workload was 7,862. About 45% of the workload or 3,542 were disposed in 2012. About 21% of these cases resulted in the imposition of appropriate administrative penalty upon the respondents. A total of 375 public officials and employees were subjected to lifestyle check.



Executive Summary

The Office of the Ombudsman also adopts the preventive approach in fighting corruption. Various programs have been implemented in this regard. These include the Campus Integrity Crusaders (CICs) Program which empowers the youth in their involvement in corruption prevention initiatives; the Resident Ombudsman Program which designates resident ombudsmen and resident ombudsman coordinators in key agencies to act as watchdogs and advocates of reform in the bureaucracy; and the Integrity Development Review (IDR) which aims to reduce corruption incidence in covered agencies through the institutionalization of various reform measures.

Additionally, the Office of the Ombudsman conducted 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 to inform the public about various issues affecting governance. Among its initiatives in 2012 were the conduct of seminars on Barangay Ethical and Effective Governance, promotion of the adoption anti-graft and corruption teaching exemplars in schools, celebration of the International Anti-Corruption Day by staging a March to Righteousness, and the airing of a radio program titled “Magsumbong sa Ombudsman”.

To finance its operations in 2012, the Office of the Ombudsman was given a budget of PhP1,471,405,000. The total authorized appropriations consisting of the regular agency budget and continuing appropriations was PhP2,101,989,000 of which a total of PhP1,847,371,000 were obligated in 2012. The ratio of the obligations to the allotment (regular budget) is 89.98%; the ratio of the disbursements to the obligations is 94.71%.



Legal and Institutional Framework

The 1987 Constitution ordains that 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*)

Republic Act No. 6770 (Ombudsman Act of 1989) was enacted to operationalize the Office of the Ombudsman as the lead anti-corruption agency. To fulfill its constitutional and statutory mandate, the Office of the Ombudsman discharges three 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 a public officer or employee, office or agency, when such act or omission appears to be illegal, unjust, improper or inefficient. It can also 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.

2. **Enforcement.** The Office of the Ombudsman has the authority to impose administrative sanctions against elective and appointive officials of government except members of Congress and the Judiciary and those who may be removed only by impeachment. It is equipped with the authority to prosecute criminal cases against erring public officials and their cohorts and to institute cases for forfeiture of unexplained wealth.

3. **Prevention.** The Constitution and law mandate the Office of the Ombudsman to take effective measures against graft and corruption. It has the duty to determine



Legal and Institutional Framework

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.

Structural Organization

The Office of the Ombudsman is led by the Ombudsman also known as *Tanodbayan*, ably supported by the Overall Deputy Ombudsman, the 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



Legal and Institutional Framework

the cities of Cebu and Davao, respectively. There are regional offices in the cities of Iloilo, Tacloban and Cagayan de Oro.

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.



Atty. Gerard A. Mosquera being sworn to office by Ombudsman Conchita Carpio Morales as Deputy Ombudsman for Luzon. Also shown in the picture is his wife Dr. Ma. Nissa P. Mosquera.

The Office of the Special Prosecutor prosecutes criminal cases within the jurisdiction of the Sandiganbayan under the supervision and control of the Ombudsman. It also litigates civil cases for forfeiture of unexplained wealth.

There are various directorates and allied services under the Ombudsman, with counterpart

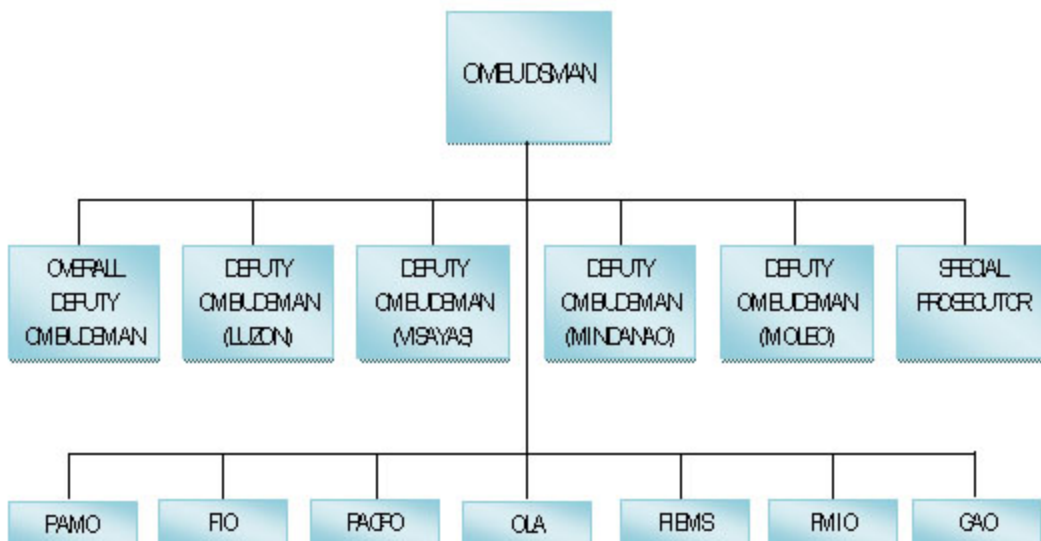


Legal and Institutional Framework

bureaus or units in its area/sectoral offices. These are the following:

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

STRUCTURAL ORGANIZATION OF THE OFFICE OF THE OMBUDSMAN





A. Investigation

Fact-Finding

Under the Constitution and law, the Office of the Ombudsman shall act promptly on complaints filed in any form and manner. Hence, complaints that are not sufficient in form and substance, or lacking in supporting evidence, or filed by anonymous persons, are generally acted upon usually by referring them to the Field Investigation Office or its counterpart bureaus in area/sectoral offices for case build-up or fact-finding if there are sufficient leads or details in the complaint.

Reports of abuse and corruption coming from the media, investigating bodies, and other sources which reach the Ombudsman through various modes may also be referred for case build-up or fact-finding investigation.

In 2012, a total of 3,143 new complaints and reports were referred for case build-up including lifestyle checks. The total workload of cases for fact-finding is 12,065. A total of 3,807 case investigations were completed in 2012. Some of these resulted in the consequent 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 officials and employees of government 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 its counterpart



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bureau on its own volition or at the request of a complainant sent through mail, e-mail or the lifestyle check hotline. In 2012, 375 government officials and employees were subjected to such inquiry.

Preliminary Investigation

In 2012, a total of 3,168 cases were referred for preliminary investigation. Adding the cases carried over from previous years, the total workload was 8,537. These cases involved both high- and low-ranking officials.

The preliminary investigation of 3,271 cases was terminated in 2012. Around 21% of these cases resulted in the filing of criminal information with the Sandiganbayan and regular trial courts while the rest were either dismissed or referred to other government agencies for appropriate action.



Ombudsman Conchita Carpio Morales appearing as a witness in the Senate hearing on the impeachment of former SC Chief Justice Renato Corona.

Among the high-ranking officials who were investigated by the Office of the Ombudsman and subsequently charged before the Sandiganbayan in 2012 are the following:

1. Former President Gloria Macapagal Arroyo, former chairman and vice-chairman and other officials of the Philippine Charity Sweepstakes Office for plunder in connection with irregularities in the use of PCSO intelligence funds amounting to PhP366 million;



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2. Former Chief PNP, 22 other high-ranking and low-ranking officials of the PNP, and several private individuals for violation of R.A. 3019 and malversation through falsification in connection with the anomalous repair of V-150 light armored vehicles amounting to more than PhP400 million;

3. Former Chief PNP and 7 other PNP officials for violation of R.A. 3019 in connection with the anomalous purchase of 75 defective rubber boats amounting to PhP131.55 million;

4. Governor of a province in Central Visayas and other provincial officials for violation of R.A. 3019 in connection with the anomalous purchase of real estate amounting to PhP98.9 million;

5. Former Governor and other provincial officials of a province in Zamboanga Peninsula for violation of R.A. 3019 for the direct purchase of overpriced medical supplies amounting to PhP6,879,255;

6. Former Governor and other provincial officials of a province in SOCCSKSARGEN for violation of R.A. 3019 for the questionable disbursement of PhP450,000 in favor of a fictitious fishermen's group; and

7. A Commissioner of the Professional Regulations Commission for allegedly extorting and collecting PhP478,000 as commission for the rentals paid by PRC for its satellite office in Baguio City.

Grievance Resolution

The Office of the Ombudsman as a mobilizer of the bureaucracy acts against official inaction or impropriety



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Action officers from the Public Assistance Bureau entertain walk-in complainants and requesters consistently with the policy to improve responsiveness of public assistance delivery.

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 does 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.

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.

Mediation

In 2012, 737 new complaints were referred for mediation bringing the total workload of mediation cases to 1,020. The total number of mediation cases that have been disposed in 2012 was 886. Of these cases, 565 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 for mediation. The parties settled their dispute amicably in 351 cases, or 62.1% of the total number of cases formally submitted for mediation.



B. Enforcement

Administrative Adjudication

Cases are referred for administrative adjudication to determine whether there is substantial evidence to warrant the imposition of appropriate sanctions against erring respondents for an administrative offense.

In 2012, the total number of administrative cases referred for adjudication was 3,461. Adding the cases carried over from previous years, the total workload was 7,862. These cases involved both high-and low-ranking officials.

The total number of administrative cases adjudicated in 2012 was 3,542 comprising 45% of the workload. About 21% of these cases resulted in the imposition of administrative penalty upon the respondents.

Among those who were penalized in 2012 were the following:

1. Two (2) police directors, 8 police superintendents, and 4 other PNP officials who were ordered dismissed from the service for their involvement in the controversial procurement of second-hand helicopters;
2. Thirteen (13) officials of the Development Bank of the Philippines who were ordered dismissed from the service for granting behest loans amounting to PhP660 million;



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3. An agent of the National Bureau of Investigation who was ordered dismissed from the service for his involvement in kidnapping for ransom; and

4. Twenty-one (21) officials of the Davao City PNP who were ordered to pay fine equivalent to one month salary in connection with the unabated extrajudicial killings in the city attributed to the so-called Davao Death Squad.

Prosecution Before the Sandiganbayan

The Office of the Ombudsman filed 471 criminal informations for various offenses against high-ranking officials and their cohorts before the Sandiganbayan. These brought to 2,436 the number of criminal cases being prosecuted in 2012 by the Office of the Special Prosecutor.



U.S. Ambassador Harry K. Thomas, Jr. presents to Ombudsman Conchita Carpio Morales a check in the amount of US\$100,000 payable to the Republic of the Philippines. The sum represents the amount of money seized by the United States government from Major General Carlos Garcia's sons.

The anti-graft court rendered its decision in 118 cases. Of these cases, 54 resulted in the conviction of one or more accused (including guilty pleas), thus, posting a conviction rate of 45.8%, up from 33.3% in 2011.



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A few notable criminal cases resulting in conviction at Sandiganbayan are as follows:

1. A provincial prosecutor in Sarangani and his personal assistant who were convicted by the anti-graft court for Direct Bribery;
2. A former regional director of the PNP in Eastern Visayas who was convicted for violation of R.A. 3019 and consequently sentenced to imprisonment of up to 10 years for the overpriced construction of a police training facility;
3. A labor arbiter in Cebu City who was convicted for violation of R.A. 3019 and consequently sentenced to imprisonment of up to 9 years, 1 month, and 1 day, for modifying a resolution of the Court of Appeals in a labor case after receiving bribe money;
4. A former executive of the Philippine National Bank who was convicted for 15 counts of violation of R.A. 3019 and consequently sentenced to imprisonment of up to 105 years for authorizing the encashment of out-of-town cheques prior to clearing; and
5. A former President of the Philippine Air Force College of Aeronautics who was convicted for violation of R.A. 3019 and consequently sentenced to imprisonment of up to 10 years for padding receipts from first-class restaurants and five-star hotels for reimbursement.



Operations

Prosecution Before the Regular Courts

In 2012, the Office of the Ombudsman through the Prosecution and Monitoring Bureau and its counterparts in OMB-Visayas and Mindanao prosecuted a total of 2,865 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. The outcome was conviction in 63.4% of the criminal cases decided in 2012.

Appellate Advocacy

The Office of the Ombudsman collaborates with the Office of the Solicitor General to oppose the appeals filed by parties affected by the decisions and resolutions of the Ombudsman. In 2012, a number of petitions were filed by the affected parties with the Court of Appeals and the Supreme Court. The Court of Appeals affirmed the decisions and resolutions of the Ombudsman in 223 of the 265 cases brought to it. The Supreme Court, on the other hand, affirmed the decisions and resolutions of the Ombudsman in 103 of the 111 cases brought to it.



Projects

National Household Survey on Actual Experience with Corruption in the Philippines

The National Household Survey on Experience with Corruption in the Philippines is a rider to the 2010 Annual Poverty Indicators Survey conducted in collaboration with the National Statistics Office involving 26,000 sample households. It sought to measure the extent or pervasiveness of corruption, in particular, bribery or facilitation payment, in the public sector in the Philippines not in terms of how the respondents perceive corruption but in terms of their actual experience.

Officially released in May 2012, the survey showed that only 10% of those who accessed government services paid bribe or grease money to an agency official to facilitate transaction or avoid problems. This is lower than the 16% bribe incidence in the Philippines reported by the Transparency International in the 2010 Global

Corruption Barometer. The low incidence of payment of bribe or grease money may be attributed to reduced red tape in government agencies, improved service delivery and customer satisfaction, or non-tolerance of corruption by the transacting public. Moreover, the least number of families paid bribe or grease money when accessing social services



Distinguished members of the academe exchange their views in a forum to discuss the results of the 2010 National Household Survey on Actual Expenditure with Corruption in the Philippines held at the University of the Philippines.



Projects

compared to other transactions with government such as registry and licensing, payment of taxes and other charges, and access to justice.

The same survey also revealed that 3 out of 4 who gave bribe or grease money volunteered to give it even without being asked to. This means that most of the bribery incidence in government agencies occurred at the instance of the giver and not of government officials. However, 99% of those who have been asked to pay bribe or grease money did not report the same to proper authorities.

Integrity Development Review

The Integrity Development Review (IDR) is a continuing project of the Office of the Ombudsman to reduce the incidence of corruption in government agencies. It utilizes a diagnostic tool to assess the robustness of corruption resistance mechanisms and identify 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.

A total of 18 government agencies have participated in the project since its inception. These are: BIR, BOC, DPWH, PNP, LTO, AFP-PN, BuCor, DOH, BFP, DAR, DENR, LRA, LRTA, NIA, DBM-PS, PVAO, DepEd, and DSWD. Continuous provision of technical support is being given by the Office of the Ombudsman in the implementation of the IDR action plans in these agencies.



Projects

The IDR project will eventually be rolled out in local government units through the Integrity Development Initiative (IDI). The IDI is an effort to harmonize and mainstream IDR indicators within the menu of good governance initiatives being implemented by the DILG in LGUs. It will be pilot-tested in selected LGUs in the Autonomous Region of Muslim Mindanao in relation to the Transition Investment Plan for the region.



Support to Operations

Corruption Prevention

Campus Integrity Crusaders

The Office of the Ombudsman encourages the participation of the youth in promoting a culture of integrity in society by accrediting Campus Integrity Crusaders (CICs). This strategy aims to empower the youth in their involvement in corruption prevention initiatives by developing their leadership skills and instilling the values of integrity and social responsibility. Any non-partisan school-based student organization duly recognized by a public or private secondary or tertiary education institution may apply for accreditation pursuant to Memorandum Circular (MC) No. 04, series of 2012 which prescribes the guidelines for accreditation.

In 2012, six student-organizations were accredited as CICs. These CICs were actively involved in various activities which develop and ingrain in the youth such



Participants from Region 7 deliver a special song number during the 2nd Visayas-wide Campus Integrity Crusaders Summit held in Cebu City

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 CICs in promoting integrity in their school and community and assuming leadership roles on campus.



Support to Operations

More than one thousand student leaders benefitted from the CIC capacity-building program.

Policy Reviews and System Studies

In 2012, the following researches were conducted and completed:

1. Red Tape Assessment of Issuance of Alien Employment Permit
2. Red Tape Assessment of Recognition of Apprenticeship Program
3. Red Tape Assessment of Application for Special Investor's Resident Visa (SIRV)
4. Assessment of the Integrity of Procurement Through Alternative Methods at the Department of Education
5. Assessment of the Integrity of Procurement Through Alternative Methods at the Department of Health
6. Development and Validation of Assessment Tool for Blue Certification of LGUs
7. Baseline Study on the Implementation of APEC Anti-Corruption Code of Conduct for Business
8. A Clientele Approach for Efficiency and Clientele-Friendly LTFRB



Support to Operations

Anti-Corruption Education

In order to promote integrity, accountability and transparency in government, lectures, seminars, workshops, and briefings on various topics such as anti-graft laws, powers and functions of the Office of the



Barangay officials in Davao City listen during the seminar on barangay ethical and effective governance as part of the anti-corruption education initiative of the Office of the Ombudsman.

Ombudsman, public accountability, corruption prevention, etc. were given by Ombudsman resource persons in 2012. About 8,000 government officials and employees, members of non-government organizations, students, and members of the community from different regions in the Philippines benefitted from these lectures and seminars.

The Center for Integrity and Professional Development (CIPD) is the training arm of the Office of the Ombudsman for external stakeholders. In 2012, the CIPD designed and developed the training modules under the Integrity, Transparency and Accountability in Public Service (ITAPS) training series. It also designed the training modules for the Barangay Ethical and Effective Governance training series. The modules were initially pilot-tested in Valenzuela City with 219 barangay officials in attendance in four batches.

To nip corruption in the bud, the Office of the Ombudsman adopts the strategy of integrating corruption prevention into the basic education curriculum by



Support to Operations

promoting the use of Graft and Corruption Prevention Education Teaching Exemplars. These exemplars seek to instill positive values among the students and mold them to become good citizens. In 2012, the Office of the Ombudsman coordinated with elementary and secondary schools in Rosario, Cavite to promote the adoption of the modules.

International Anti-Corruption Day

As part of its anti-corruption promotion activities, the Office of the Ombudsman led the observance of the International Anti-Corruption Day which is commemorated every December 9. In Quezon City, a March to Righteousness was staged by men and women from

various government agencies, schools, civil society organizations, and development partners. The highlight of the march was a short program held at Quezon City Memorial Circle. A similar Integrity Parade was also organized by OMB-Visayas in Cebu City attended by thousands of people from both public and private sectors. The parade proceeded from Plaza Independencia to Cebu City Sports Complex where a brief program was held. In Davao City, an advocacy run titled “*Takbo ng Mamamayan sa Matuwid na Daan*” was organized by OMB-Mindanao at the Ateneo de Davao University campus in Matina District.



Ombudsman officials lead other government agencies and civil society organizations in celebrating the International Anti-Corruption Day by staging a March to Righteousness on 9 December 2012.



Support to Operations

Public Information

The Office of the Ombudsman utilizes the wide reach of broadcast media by airing a radio program on *Radyo ng Bayan*, DZRB 738 kHz titled *Ombudsman Ngayon*.



Resource persons from the Office of the Ombudsman discuss various issues in governance in the radio program "Magsumbong sa Ombudsman"

The program airs every Wednesday morning from 10 am to 12 nn anchored by radio broadcaster Tony Salao and 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 in governance. It also features interviews with Ombudsman officials and resource persons from other government 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 Ombudsman official website www.ombudsman.gov.ph. A similar program 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.

Moreover, the Office of the Ombudsman through its Media Bureau regularly and periodically issues press releases both to print and broadcast media for the information of the public. In 2012, a total of 72 press releases were issued and these are accessible at the OMB official website.

Resident Ombudsman Program

As part of the strategy to prevent corruption in government agencies, resident ombudsmen and resident



Support to Operations

ombudsman coordinators have been designated in various agencies nationwide as watchdogs, mobilizers, and advocates of reforms of the bureaucracy.

In 2012, there were 10 resident ombudsmen in 43 national government agencies in the NCR and 445 resident ombudsman coordinators nationwide.

The vigilance of the Office of the Ombudsman in monitoring cash advances resulted in the submission of liquidation reports by all agencies under the resident ombudsman program. The total liquidated cash advances reached PhP132,200,738.02 equivalent to 4.6% of the aggregate of all cash advances, both from overdue and current accounts in these agencies.

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, 28 officials were discovered to have violated the regulation, resulting in the filing of appropriate charges and the refund of the amount collected.

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



Support to Operations

In 2012, the Ombudsman Legislative Liaison Team was reconstituted composed of key officials to conduct the necessary legislative advocacy activities by actively participating in public hearings of various committees of the Senate and House of Representatives, filing of position papers in support of an advocated bill, and manifesting the official position of the office in regard to particular bills in various fora. The team also monitors a number of pending bills in both Senate and House of Representatives on various subject matters. Among them are House and Senate bills seeking to strengthen the institutional capacity of the Ombudsman and amending certain provisions of R.A. 1379.

Other Support 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 need 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.

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 2012, the total number of processed applications for Ombudsman clearance is 50,887.



Support to Operations

Finally, the Office of the Ombudsman as a repository of SALNs of selected groups of public officials and employees pursuant to R.A. 6713 received the submissions of various government agencies. In 2012, the office received hundreds of thousand accomplished forms for the 2011 SALN from various government agencies nationwide.

Management Information

To serve the management information requirements of the Office of the Ombudsman, IT-enabled systems were developed or enhanced in 2012. These systems are part of the approved Information Systems Strategic Plan for 2012-2014.

The Complaint and Case Monitoring System (CCMS) was pilot-implemented beginning August 2012 in some Ombudsman offices. The CCMS is a new system that runs on a centralized environment and provides an integrated online facility for tracking case status. The system also automates the processing, generation, and consolidation of statistical and ad hoc reports based on encoded data. The system uses open-source tools which generated savings of PhP3.2 M for development, PhP1.025 M for software licenses, and PhP2.4 M for annual maintenance support.

Other computerized systems have been developed and implemented in 2012. These systems include the new payroll system for the central office which changed the frequency of payroll processing from twice to once a month, the employee numbering system which was extended to OMB offices in Visayas and Mindanao, the InfoLib system which provides solution to some library services, and the Human Resource Management Information System for the OSP which supports the implementation of a computer-based human resource management.



General Administrative Support

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 reinforce its arsenal for the war against corruption.

Physical Plant

The main 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) are also housed in the same building on the 3rd floor.



The new annex building slowly rises at the back of the old building to accommodate the growing personnel complement.

Construction of the annex building located at the back of the old building started in October 2012 to accommodate the growing personnel complement of the Office. The PhP498.79 million building has 5 floors plus a basement parking and is expected to be completed in 2013.

The Office of the Special Prosecutor (OSP) presently occupies the 5th floor of the Sandiganbayan Building along Commonwealth Avenue, Quezon City. In view of limitation in space, the OSP also occupies a space on the ground floor of the nearby Senate Electoral Tribunal and the 2nd floor of



General Administrative Support

SAADO Building of the Commission on Audit. The Administrative Division of the OSP holds office in the Ombudsman central office.

The Office of the Ombudsman has a satellite office in Region 1 in a donated land at the government center located in Rosales, Pangasinan. Presently, it serves as a training center for its personnel.

The Office of the Deputy Ombudsman for Visayas is located inside the compound of 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 office in Iloilo rents the ground floor of CAP Building on General Luna Street. That in Tacloban City rents the 3rd floor of Yuhoo Building in Marasbaras.

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.

Managing Human Resource

As of December 31, 2012, the total manpower complement of the Office of the Ombudsman is 1,222 including 372 lawyers who do different tasks such as investigation, prosecution, public assistance, corruption prevention, and supervision of staff. There are 73 prosecutors at the Sandiganbayan and a number of prosecutors at the lower courts in NCR, Metro Cebu, Metro Davao, and peripheral areas. The total number of non-lawyer investigators is 159.



General Administrative Support

Functional HR systems have been put in place to properly manage the human resource of the office. The Performance Evaluation System is the basis for all personnel actions such as promotions, transfer, sanctions, etc. The Program on Awards and Incentives for Service Excellence (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 Training and Development Management System systematizes the provision of training for internal clients and rationalize the selection of trainees, the training structure, and support systems. Other functional HR systems are the Grievance Machinery, Merit and Promotion Plan, and Recruitment and Selection System.

Employee Welfare and Services

The welfare of its employees is a foremost concern of the leadership of the Office of the Ombudsman. Shuttle service is provided to employees consisting of 2 buses, 2 coasters, 1 van, and 3 AUVs which ply different routes as far as Imus, Cavite and Malolos, Bulacan for a minimal fare. For their medical and dental needs, the main office has a functional clinic, equipped with medical laboratory and dental facilities, which services 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. For their fitness requirements, a gym equipped with various training equipment is accessible during lunch time and after office hours.

To help the employees in their legal research, the Office of the Ombudsman maintains a central library. As



General Administrative Support

part of its program to update the collections of the library, the OMB Library Services procured 145 volumes of books in addition to 19 complimentary copies of books and reference materials from the Asian Institute of Management, Ateneo School of Government, and several Ombudsman employees. The library also continued to increase its collections of works on governance, anti-corruption management, and public administration in addition to latest editions of legal commentaries. The total collection of books in the library as of December 31, 2012 stands at 8,094 volumes.

To meet the growing need of Ombudsman officials and personnel to share IT resources and access the OMB intranet, legal research materials and computerized systems, the number of computers connected to the network was increased in 2012 from 589 to 713. Ombudsman officials and key personnel are also given access to internet. The number of computers with internet access is 470. The internet connection was also upgraded from 256 + 512 kbps (DSL) to 516 kbps (DSL) + 6 Mbps (leased line) in 2012.

Financial Stewardship

The Office of the Ombudsman observes sound financial management. For fiscal year 2012, the Office of the Ombudsman was given a budget of PhP1,471,405,000 including the appropriations for retirement and life insurance premium of PhP44,497,000.00 under the General Appropriations Act. The total authorized appropriation consisting of the regular agency budget, special purpose fund and continuing appropriation is PhP2,101,989,000 of which a total of PhP1,847,371,000 were obligated in 2012. The total obligation incurred in 2012 disaggregated according to the major final outputs (MFO) and expenditure



General Administrative Support

category are shown in the accompanying tables. 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 accompanying table.

Total Obligations Incurred in 2012

| Major Final Output | Obligations in Thousand Pesos | Percentage |
|-----------------------------|-------------------------------|------------|
| Investigation | 241,167 | 18% |
| Administrative Adjudication | 190,955 | 15% |
| Preliminary Investigation | 317,483 | 24% |
| Prosecution | 275,942 | 21% |
| Public Assistance | 122,183 | 9% |
| Corruption Prevention | 176,251 | 13% |
| TOTAL | 1,323,980 | 100% |

Broadening Alliances

The Office of the Ombudsman has established and maintains 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 is composed of the heads of

| Expenditure Category | Obligations in Thousand Pesos | Percentage |
|------------------------------------------|-------------------------------|------------|
| Personal Services | 1,136,775 | 62% |
| Maintenance and Other Operating Expenses | 185,886 | 10% |
| Property, Plant, and Equipment | 524,710 | 28% |
| TOTAL | 1,847,371 | 100% |

Utilization Rate

| Period | Ratio of Obligations to Allotment | Ratio of Disbursements to Obligations |
|---------------------|-----------------------------------|---------------------------------------|
| Current Year (2012) | 89.98% | 94.71% |
| Prior Year/ s | 83.42% | 17.48% |
| Total | 87.89% | 72.83% |



General Administrative Support



Participants from the member agencies listen to the resource person during the IAAGCC 2nd Cross Training for the Regional Auditors, Investigators, Prosecutors and Adjudicators held in Roxas City on 21-23 November 2012.

the following agencies: Office of the Ombudsman, Commission on Audit, Civil Service Commission, National Bureau of Investigation, Department of Justice, Office of the Deputy Executive Secretary for Legal Affairs, Department of Finance and the Department of Budget and Management.

A Memorandum of Understanding together with the Guidelines of Cooperation revitalizing the IAAGCC was signed by all the heads in June 2012.

Philippines Development Forum. The Office of the Ombudsman is an institutional chair of the Sub-Working Group on Anti-Corruption under the Philippine Development Forum (PDF). The Forum is the primary mechanism of the government for facilitating substantive policy

dialogue among stakeholders on the country's development agenda. It also serves as a process for developing consensus and generating commitments among different stakeholders toward critical actionable items of the Government's reform agenda.



Ombudsman Conchita Carpio Morales, Chairperson of the Philippines Development Forum's Sub-Working Group on Anti-Corruption (SWGAC), presides in a meeting attended by representatives of government agencies, development partners and civil society organizations.



General Administrative Support

Other Government Agencies as Anti-Corruption Partners. In 2012, the Office of the Ombudsman entered into various Memorandums of Agreement or Understanding with the following government agencies:

1. *Department of Justice* for the delineation of the respective jurisdictions of both agencies in the preliminary investigation and inquest proceedings of complaints filed against public officials and employees;
2. *Commission on Audit* for the mutual cooperation between both agencies in the investigation and prosecution of specific priority cases and for sharing of resources in connection therewith;
3. *National Police Commission and Philippine National Police* for the delineation of the exercise of disciplinary authority over members of the PNP and cooperation in the service of OMB summonses, orders and other processes;
4. *Philippine Broadcasting Service-Bureau of Broadcasting Services* for the airing of the radio program “Ombudsman Ngayon” and anti-corruption plugs over DZRB;
5. *Land Bank of the Philippines* for the establishment of bank extension office at the OMB premises complete with banking facilities and services;
6. *Department of Public Works and Highways* for the provision of support and technical assistance in the construction of the Ombudsman Annex Building.



General Administrative Support

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 and Transparency Working Group; and 5) International Association of Anti-Corruption Authorities.

In 2012, the Office of the Ombudsman forged a Memorandum of Understanding with the Anti-Corruption and Civil Rights Commission of the Republic of Korea for the following areas of cooperation: knowledge sharing; opening of a complaints window for the overseas nationals of the other country; conduct of joint investigations and research; capacity building; and other areas as may be jointly decided upon.



Ombudsman Morales join hands with the delegates of the Asia-Pacific Economic Cooperation (APEC) Anti-Corruption Code of Conduct for Business Forum held in Manila on September 20-21, 2012.

The Office of the Ombudsman also entered into a Memorandum of Agreement with the World Bank Group in 2012 for sharing of relevant information for detection and prevention of fraud and corruption and undertaking of joint activities for the same purpose.



Financial Statements

OFFICE OF THE OMBUDSMAN
Consolidated Detailed Balance Sheet
 As of December 31, 2012
 (With Comparative Figures for CY 2011)

| | Notes | 2012 | 2011 |
|-----------------------------------------------|-------|-----------------------|----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash | | | |
| Cash-Collecting Officers | P | 0.20 | P 413.35 |
| Cash-Disbursing Officers | 5.1 | 8,027.10 | - |
| Petty Cash Fund | 5.2 | 81,658.13 | 207,541.24 |
| Payroll Fund | | - | - |
| Cash-National Treasury, MDS | 5.3 | 5,616,514.11 | 1,931,090.71 |
| Cash in Bank- Local Currency, Current Account | 5.4 | 84,780,088.20 | 28,831,565.65 |
| Cash in Bank- Local Currency, Savings Account | 5.5 | 459,565.82 | 457,727.02 |
| Total Cash | | 90,945,853.56 | 31,428,337.97 |
| Receivables | | | |
| Due from Officers and Employees | | 31,252.73 | 24,493.86 |
| Due from NGAs | 6.1 | 236,104.15 | 308,884.63 |
| Due from Central Office | 6.2 | 2,535,030.87 | 533,428.51 |
| Due from Regional Offices | 6.3 | 739,022.55 | 533,603.32 |
| Due from Other Funds | 6.4 | 1,027,156.25 | 1,012,514.54 |
| Receivables - Disallowances/Charges | 6.5 | 94,350.82 | 94,889.52 |
| Advances to Officers and Employees | 6.6 | 564,269.31 | 1,494,421.91 |
| Other Receivables | 6.7 | 34,021.06 | 267,737.86 |
| Total Receivables | | 5,261,207.74 | 4,269,974.15 |
| Inventories | | | |
| Office Supplies Inventory | | 10,137,515.15 | 10,915,272.59 |
| Accountable Forms Inventory | | 171,550.00 | 149,260.00 |
| Drugs and Medicine Inventory | | 225,356.70 | 125,044.36 |
| Other Supplies Inventory | | 1,153,292.62 | 1,342,807.09 |
| Total Inventories | | 11,687,714.47 | 12,532,384.04 |
| Prepayments | | | |
| Prepaid Rent | | - | 39,000.00 |
| Prepaid Insurance | 7.1 | 1,574,251.99 | 1,283,251.03 |
| Prepaid Interest | 7.2 | 2,376,234.00 | 1,851,099.14 |
| Advances to Contractors | 7.3 | 74,818,333.33 | 0.00 |
| Other Prepaid Expenses | 7.4 | 427,027.87 | 425,288.59 |
| Total Prepayments | | 79,195,847.19 | 3,598,638.76 |
| Other Current Assets | | | |
| Guaranty Deposits | 8 | 856,139.00 | 810,165.83 |
| Total Current Assets | | 187,946,761.96 | 52,639,500.75 |



Financial Statements

| | Notes | 2012 | 2011 |
|-------------------------------------------------|-------|---------------------------|---------------------------|
| Investments | | | |
| Investments in Stocks | 9 | 258,190.00 | 258,190.00 |
| Property, Plant and Equipment | | | |
| Land | 10.1 | 245,580,000.00 | 245,580,000.00 |
| Office Buildings | | 738,975,688.98 | 790,638,777.23 |
| Other Structures | | 1,788,581.50 | 1,788,581.50 |
| Office Equipment | | 28,360,415.31 | 27,791,798.19 |
| Furniture and Fixtures | | 32,128,614.04 | 30,339,644.84 |
| IT Equipment and Software | | 115,383,678.17 | 107,475,652.70 |
| Library Books | | 7,643,458.76 | 7,263,020.66 |
| Communication Equipment | | 8,399,467.34 | 4,477,058.96 |
| Medical, Dental and Laboratory Equipment | | 1,918,585.00 | 1,914,025.00 |
| Sports Equipment | | 285,261.00 | 285,261.00 |
| Other Machinery and Equipment | | 440,089.14 | 441,058.14 |
| Motor Vehicles | | 73,488,755.66 | 71,472,755.66 |
| Other Property, Plant and Equipment | | 12,820,063.95 | 12,347,078.07 |
| Construction in Progress - Agency Assets | 10.3 | 19,628,791.28 | 14,942,378.90 |
| Arts, Archeological Specimen and Other Exhibits | | 9,818.82 | 9,818.82 |
| Total Property, Plant and Equipment | | 1,286,851,268.95 | 1,316,766,909.67 |
| Less: Accumulated Depreciation | | 409,354,410.52 | 338,592,066.19 |
| Property, Plant and Equipment - Net | | 877,496,858.43 | 978,174,843.48 |
| Other Assets | | | |
| Other Assets | | 6,735,168.38 | 9,706,597.00 |
| Total Other Assets | | 6,735,168.38 | 9,706,597.00 |
| TOTAL ASSETS | | P 1,072,436,978.77 | P 1,040,779,131.23 |

LIABILITIES AND EQUITY

LIABILITIES

Current Liabilities

| | | | |
|----------------------------------------|------|-----------------|-----------------|
| Accounts Payable | 11.1 | P 13,477,146.51 | P 16,542,090.56 |
| Due to Officers and Employees | 11.2 | 1,895,003.10 | 1,252,519.02 |
| Due to National Treasury | 11.3 | 52,974,240.62 | 98,153.31 |
| Due to BIR | 11.4 | 22,166,227.66 | 8,604,416.34 |
| Due to GSS | | 3,484,691.50 | 6,046,956.75 |
| Due to PAG-IBIG | | 840,454.97 | 874,876.22 |
| Due to PHILHEALTH | | 299,651.57 | 369,476.93 |
| Due to Other NGAs | 11.5 | 3,811,249.20 | 4,553,555.38 |
| Due to Other GOCCs | 11.6 | 5,604,317.87 | 2,221.20 |
| Due to Regional Offices | 11.7 | 2,298,952.30 | - |
| Due to Other Funds | | 1,683,728.17 | 1,540,881.78 |
| Performance/Bidders/Bail Bonds Payable | | 989,469.63 | 959,591.57 |
| Tax Refunds Payable | | 283,570.89 | 401,118.11 |
| Other Payables | 11.8 | 12,066,136.76 | 8,022,279.31 |
| Total Current Liabilities | | 121,874,840.75 | 49,268,136.48 |



Financial Statements

| | Notes | 2012 | 2011 |
|----------------------------------------------|-------|---------------------------|---------------------------|
| Long-Term Liabilities | | | |
| Loans Payable, Domestic | 11.9 | 52,788,641.05 | 46,753,200.00 |
| Deferred Credits | | | |
| Other Deferred Credits | | 71,800.00 | 49,300.00 |
| Total Liabilities | | 174,735,281.80 | 96,070,636.48 |
| Equity | | | |
| Government Equity, Beginning January 1 | | 944,708,494.75 | 884,538,919.85 |
| Retained Operating Surplus: | | | |
| Current Operations | | 34,355,829.99 | 22,600,453.80 |
| Prior Years' Adjustments | 14 | (81,362,627.77) | 37,569,121.10 |
| Total Retained Operating Surplus | | (47,006,797.78) | 60,169,574.90 |
| Government Equity, Ending December 31 | | 897,701,696.97 | 944,708,494.75 |
| TOTAL LIABILITIES AND EQUITY | | P 1,072,436,978.77 | P 1,040,779,131.23 |

See Accompanying Notes to Financial Statements



Financial Statements

OFFICE OF THE OMBUDSMAN
Consolidated Detailed Statement of Income and Expenses
For the Year Ended December 31, 2012
(With Comparative Figures for CY2011)

| | Notes | 2012 | 2011 |
|-------------------------------------------------|-------|-------------------------|-------------------------|
| INCOME | | | |
| <i>Subsidy Income</i> | | | |
| Subsidy Income from National Government | 12 | ₱ 1,476,684,717.62 | ₱ 1,245,377,999.36 |
| Less: Subsidy to Regional Offices | | (491,142,552.87) | (377,812,212.74) |
| Subsidy to Other Funds | | (102,498.25) | (1,219,299.21) |
| Reversion of Unused Cash Allocation | | (39,255,563.16) | (20,670.00) |
| <i>Subsidy Income - Net</i> | | 946,184,103.34 | 866,325,817.41 |
| Subsidy from Other National Government Agencies | | - | 7,211,585.00 |
| Subsidy from Central Office | | 491,060,496.67 | 380,068,327.76 |
| Subsidy from Regional Office | | 82,056.20 | 0.00 |
| Subsidy from Other Funds | | 300,231.00 | 0.00 |
| <i>Total Subsidy Income</i> | | 1,437,626,887.21 | 1,253,605,730.17 |
| <i>Other Income</i> | | | |
| Income from Grants and Donations | | 0.00 | 9,768,046.04 |
| Interest Income | | 31,180.45 | 10,730.83 |
| Miscellaneous Income | | 34,551.88 | 1,951.00 |
| Other Fines and Penalties | | 27,189.10 | 2,693.75 |
| Gain/Loss on Sale of Disposed Assets | | 0.00 | 0.00 |
| <i>Total Other Income</i> | | 92,921.43 | 9,783,421.62 |
| Total Income | | 1,437,719,808.64 | 1,263,389,151.79 |
| LESS: EXPENSES | | | |
| <i>Personal Services</i> | | | |
| Salaries and Wages - Regular | 13.1 | 715,903,839.37 | 725,149,938.59 |
| Personnel Economic Relief Allowance | 13.2 | 34,466,319.97 | 27,996,608.82 |
| Representation Allowance (RA) | | 36,479,966.38 | 37,059,902.48 |
| Transportation Allowance (TA) | | 35,367,541.57 | 36,990,843.21 |
| Clothing/Uniform Allowance | 13.3 | - | 4,540,000.00 |
| Productivity Incentive Allowance | | 2,398,000.00 | 2,256,000.00 |
| Other Bonuses and Allowances | 13.4 | 37,397,523.15 | 32,748,750.00 |
| Honoraria | | 357,633.47 | 202,399.30 |
| Hazard Pay | | 259,897.00 | 271,622.25 |
| Longevity Pay | | 85,000.00 | 105,000.00 |
| Overtime and Night Pay | | 3,824,168.77 | 3,475,196.64 |
| Cash Gift | | 6,756,750.00 | 6,922,075.50 |
| Year End Bonus | 13.5 | 53,993,840.83 | 43,807,846.75 |
| Life and Retirement Insurance Contributions | 13.6 | 61,343,977.46 | 48,713,047.36 |
| PAG-IBIG Contributions | | 1,426,390.06 | 1,333,212.87 |
| PHILHEALTH Contributions | 13.7 | 4,332,305.50 | 3,775,613.48 |
| EDC Contributions | | 1,488,040.33 | 1,345,782.99 |
| Pensions Benefits - Civilian | 13.8 | 15,731,478.00 | 12,205,134.27 |
| Retirement Benefits - Civilian | 13.9 | 5,491,141.54 | 10,544,022.35 |
| Terminal Leave Benefits | | 8,438,605.78 | 9,305,394.39 |
| Other Personnel Benefits | 13.10 | 166,381,137.89 | 24,786,158.30 |
| <i>Total Personal Services</i> | | <i>1,191,923,557.07</i> | <i>1,033,534,549.55</i> |



Financial Statements

| | Notes | 2012 | 2011 |
|--------------------------------------------------------------------|-------|---------------|---------------|
| Maintenance and Other Operating Expenses | | 8,081,795.89 | 10,403,375.95 |
| Traveling Expenses - Local | | 4,367,114.57 | 3,227,720.31 |
| Traveling Expenses - Foreign | 13.11 | 2,471,765.16 | 4,021,401.34 |
| Training Expenses | | 29,000.00 | 363,136.00 |
| Scholarship Expenses | | 12,714,655.44 | 13,813,375.53 |
| Office Supplies Expenses | | 238,050.00 | 100,355.00 |
| Accountable Forms Expenses | | 389,413.09 | 753,542.11 |
| Drugs and Medicines Expenses | | 538,236.20 | 826,566.90 |
| Medical, Dental and Laboratory Supplies Expenses | | 4,781,405.57 | 4,577,259.24 |
| Gasoline, Oil and Lubricants Expenses | | 0.00 | 650.00 |
| Textbooks and Instructional Materials Expenses | | 1,494,552.59 | 1,917,905.92 |
| Other Supplies Expenses | | 4,173,965.08 | 2,802,390.00 |
| Water Expenses | | 34,795,164.36 | 28,270,738.75 |
| Electricity Expenses | 13.12 | 813,066.21 | 700,868.24 |
| Postage and Deliveries | | 4,461,931.72 | 5,258,003.98 |
| Telephone Expenses - Landline | | 2,596,660.51 | 2,653,046.01 |
| Telephone Expenses - Mobile | | 1,014,485.92 | 857,795.19 |
| Internet Expenses | | 19,010.48 | 9,420.00 |
| Cable, Satellite, Telegraph and Radio Expenses | | - | 6,000.00 |
| Membership Dues and Contributions to Organizations | | 187,651.60 | 798,065.30 |
| Advertising Expenses | | 294,694.27 | 957,684.01 |
| Printing and Binding Expenses | | 7,501,714.20 | 8,063,637.05 |
| Rent Expenses | | 1,709,252.29 | 2,195,174.18 |
| Representation Expenses | | 37,282.00 | 540,665.00 |
| Transportation Expenses | | 1,331,964.86 | 1,225,422.11 |
| Subscriptions Expenses | | 162,837.95 | 358,912.73 |
| Auditing Services | | 5,355,000.00 | 3,539,096.00 |
| Consultancy Services | 13.13 | 4,480.00 | 62,500.02 |
| Environment/ Sanitary Services | | 10,207,369.48 | 9,818,493.81 |
| General Services | 13.14 | 9,970,720.05 | 7,860,308.60 |
| Janitorial Services | 13.15 | 24,467,132.32 | 25,911,787.54 |
| Security Services | | 20,400.00 | 27,050.00 |
| Other Professional Services | | 0.00 | 29,925.00 |
| Repairs and Maintenance - Land Improvements | | 865,645.00 | 832,688.02 |
| Repairs and Maintenance - Office Buildings | | 128,210.00 | 252,164.95 |
| Repairs and Maintenance - Office Equipment | | 54,891.10 | 75,004.75 |
| Repairs and Maintenance - Furniture and Fixtures | | 92,230.75 | 154,916.00 |
| Repairs and Maintenance - IT Equipment and Software | | 20,000.00 | 3,700.00 |
| Repairs and Maintenance - Communication Equipment | | 2,650.00 | 1,500.00 |
| Repairs and Maintenance - Medical, Dental and Laboratory Equipment | | - | 1,351.60 |
| Repairs and Maintenance - Other Machinery & Equipment | | 2,866,653.36 | 2,472,189.19 |
| Repairs and Maintenance - Motor Vehicles | 13.16 | 43,360.77 | 7,970.00 |
| Repairs & Maintenance - Other Property, Plant & Equipment | | 200,000.00 | 0.00 |



Financial Statements

| | Notes | 2012 | 2011 |
|------------------------------------------------------|----------|----------------------|------------------------|
| Donations | 13.17 | 25,000.00 | 0.00 |
| Confidential Expenses | | 25,000.00 | 0.00 |
| Intelligence Expenses | | 3,348,633.69 | 3,804,848.07 |
| Extraordinary Expenses | | 4,092,209.09 | 4,918,490.32 |
| Miscellaneous Expenses | | 115,461.11 | 101,517.66 |
| Taxes, Duties and Licenses | | 1,007,555.93 | 1,135,860.22 |
| Fidelity Bond Premiums | | 2,285,409.70 | 3,107,883.97 |
| Insurance Expenses | | 19,228,842.94 | 16,891,944.00 |
| Depredation - Office Buildings | 13.18 | 53,657.44 | 53,657.69 |
| Depredation - Other Structures | | 1,492,660.83 | 1,346,879.14 |
| Depredation - Office Equipment | | 1,880,001.66 | 1,847,221.43 |
| Depredation - Furniture and Fixtures | | 9,661,101.06 | 9,673,231.19 |
| Depredation - IT Equipment | | 255,779.80 | 265,108.28 |
| Depredation - Library Books | | 552,961.54 | 320,361.35 |
| Depredation - Communication Equipment | 13.19 | 172,501.68 | 166,697.28 |
| Depredation - Medical, Dental & Laboratory Equipment | | 25,524.96 | 25,673.52 |
| Depredation - Sports Equipment | | 18,132.55 | 20,697.50 |
| Depredation - Other Machineryes and Equipment | | 6,588,617.09 | 6,129,232.90 |
| Depredation - Motor Vehicles | | 755,493.68 | 794,737.06 |
| Depredation - Other Property, Plant and Equipment | | 42,534.09 | 14,748.52 |
| Tax Refunds | | 2,310,328.81 | 2,534,905.82 |
| Other Maintenance and Operating Expenses | | 202,444,052.44 | 198,909,463.25 |
| Total MOOE | | | |
| Financial Expenses | | 18,580.00 | 16,750.00 |
| Bank Charges | | 0.00 | 0.00 |
| Documentary Stamps Expenses | | 8,979,801.14 | 8,329,946.19 |
| Interest Expenses | 13.20 | 0.00 | 0.00 |
| Other Financial Charges | | 8,998,381.14 | 8,346,696.19 |
| Total Financial Expenses | | | |
| | | 1,403,365,990.65 | 1,240,790,708.99 |
| Total Expenses | | | |
| | P | 34,353,817.99 | P 22,598,442.80 |
| EXCESS OF INCOME OVER EXPENSES | | | |



Financial Statements

OFFICE OF THE OMBUDSMAN
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2012
(With Comparative Figures for CY2011)

| | Note | 2012 | 2011 |
|------------------------------------------------------------------|------|-------------------------|-------------------------|
| Cash Flow from Operating Activities: | | | |
| <i>Cash Inflows</i> | | | |
| Receipt of Notice of Cash Allocation | 12 P | 1,345,072,334.00 | P 1,172,776,161.00 |
| Receipt of Subsidy from Central Office | | 449,505,254.48 | 379,803,241.91 |
| Receipt of Fund from Regional Office | | 899,151.99 | 713,552.20 |
| Receipt of Cash Dividends from Welfare Fund | | 777,605.11 | 775,480.77 |
| Fund Transferred from CFAO Account | | - | 5,656,106.50 |
| Fund Transferred from Payroll Fund Account | | 101,590.64 | 83,679.55 |
| Cancellation of Lost/Stale Check (issued during the year) | | 233,230.13 | 483,723.41 |
| Collection of Other Income | | 489,534.25 | 35,539.25 |
| Refund of Cash Advance | | 360,538.87 | 346,758.98 |
| Receipt of Erroneous Deposit | | 2,230.00 | 1,923.00 |
| Receivable from Other Funds | | 368,362.78 | 662,400.00 |
| Collection of Performance/Bidders/Bail Bonds | | 738,817.06 | 1,138,477.03 |
| Collection of Bidding Fees/Bidding Documents | | 489,508.12 | 2,750,540.00 |
| Collection of Overpayment of Personal Services Deducted Unbilled | | 276,311.72 | 244,730.20 |
| Interest earned for the Year | | 117,705.68 | 64,984.76 |
| Miscellaneous Income | | 58,085.72 | 33,102.67 |
| Restoration of Cash Due to Unreleased Checks at Year-End | | 5,641,628.86 | 1,931,060.71 |
| Collection of Intra-Agency Receivables | | 1,690.75 | 127,834.55 |
| Deposit of collections with AGDB | | 52,524,095.94 | - |
| Deposit of Funding Check for Regular Operating Requirements | | 20,000.00 | - |
| Receipts of cash as Responsible Party | | 1,291,020.26 | - |
| Establishment of Petty Cash Fund | | 4,900.00 | - |
| Refund of Guarantee Deposits | | 6,285.28 | - |
| Total Cash Inflows | | 1,853,880,271.64 | 1,567,629,326.49 |
| <i>Less: Cash Outflows</i> | | | |
| Cash Payment of Personal Expenses | | 540,208,694.02 | 550,894,848.17 |
| Cash Payment of Operating Expenses | | 368,763,585.48 | 301,493,918.48 |
| Cash Payment of Payables | | 26,073,009.82 | 16,797,649.55 |
| Cash Purchase of Inventories | | 4,515,214.53 | 8,327,549.12 |
| Granting of Cash Advance / Petty Cash Fund | | 54,309,000.75 | 53,422,853.00 |
| Remittance to GS 9/HDMF/Philhealth/NHMF& Other Payables | | 248,736,204.15 | 189,179,500.82 |
| Remittance of Interest to the National Treasury | | 147,685.76 | 36,799.77 |
| Payment to Other Funds | | 545,872.50 | 992,626.50 |
| Release of Funds to Regional Offices | | 430,104,217.48 | 380,106,274.27 |
| Cash Advances Granted to NGAs | | 1,011,301.97 | 361,752.78 |
| Payment for First/Final Progress Billing of Contractor | | 4,360,957.08 | 7,639,972.08 |
| Payment for Mobilization Fee to Contractors | | 74,818,333.33 | - |
| Payment of Consultancy fee chargeable to the Project | | - | 303,856.19 |



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| | 2012 | 2011 |
|-----------------------------------------------------------------------------|-------------------------|-------------------------|
| Payment of Bank Charges | 4,200.00 | 4,200.00 |
| Reversion of Unused Notice of Cash Allocation | 39,255,553.16 | 20,670.00 |
| Reversing entry for prior year's unreleased checks | 1,934,238.24 | 651,332.53 |
| Cash Payment of Dividends from Welfare Fund | 777,805.11 | 775,480.77 |
| Cash Payments of Other Payables | 72,552.98 | 7,405,555.98 |
| Payment of Intra-Agency Payable | 262,155.20 | 244,730.20 |
| Remittance of Other NGAs/GOCs Payables | 62,252.88 | 154,823.15 |
| Refund of Performance/Bidder's/ Bail Bonds Payable | 672,079.15 | 1,534,364.10 |
| Total Cash Outflows | 1,781,655,133.59 | 1,530,369,797.46 |
| Cash Provided by Operating Activities | 77,225,138.05 | 37,239,529.03 |
| Cash Flow from Investing Activities | | |
| <i>Less: Cash Outflows:</i> | | |
| Granting of Cash Advance / Petty Cash Fund | - | 1,585.00 |
| Cash Purchase of Property, Plant and Equipment | 9,915,422.46 | 13,847,826.30 |
| Total Cash Outflows | 9,915,422.46 | 13,849,411.30 |
| Cash Provided by Investing Activities | (9,915,422.46) | (13,849,411.30) |
| Cash Flow from Financing Activities | | |
| <i>Less: Cash Outflows:</i> | | |
| Payment of Long-Term Liabilities | 7,792,200.00 | 10,588,848.73 |
| Cash Provided by Financing Activities | (7,792,200.00) | (10,588,848.73) |
| Total Cash Provided by Operating, Investing and Financing Activities | 59,517,515.59 | 12,821,269.00 |
| Add: Cash Balance, Beginning January 1 | 31,428,337.97 | 18,607,068.97 |
| Cash Balance, Ending December 31 | P 90,945,853.56 | P 31,428,337.97 |



Financial Statements

Office of the Ombudsman – Consolidated NOTES TO FINANCIAL STATEMENTS December 31, 2012

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.

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 to 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 *Cash Disbursing Officer* in OMB Mindanao represents cash advance for expenses incurred by BAC and the balance of expenses incurred during 2012 Christmas party which were refunded in January 2013. This account will be reclassified and closed to account *Advances to Officers and Employees* in CY2013.
- 5.2 The account *Petty Cash Fund* represents petty cash fund granted to Special Disbursing Officers.

| OMB Office | PCF Custodian | Purpose | Amount |
|--------------------|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Central Office | Willy O. Misa | Day-to-date operations of Motorpool Section, OSD | 35,000.00 |
| Luzon | Coleen B. Palapus | BAC expenses during meetings | 4,900.00 |
| Mindanao | Aileen Rose Tiangco | Emergency purchases of office supplies, transportation expenses | 1,754.48 |
| Regional Office 10 | M.a. Gemma Teresa Gavine | Emergency purchases of office supplies, transportation expenses | 10,003.65 |
| OSP | Mariano B. Sotto | Emergency purchases of office supplies, reference materials, IT supplies, emergency repairs of service vehicle, office facilities, office equipment, IT equipment; and transportation expenses | 10,000.00 |
| | Severo A. Sotto | Transportation and traveling expenses incurred by Process Servers, Drivers, Messengers, Liaison Officers and other OSP personnel, as well as photocopying expenses for copies of documents from other offices | 20,000.00 |
| Total | | | 81,658.13 |

- 5.3 The account *Cash-National Treasury, MDS* represents restoration of cash equivalent to the unreleased checks in OMB Central Office in compliance with COA Circular Letter No. 2002-001 dated December 16, 2002.
- 5.4 The *Cash in Bank-Local Currency, CA* represents deposits maintained with Authorized Government Depository Banks (AGDBs) for the following:

| OMB Office | Bank Account | Authority to maintain | Amount |
|----------------|---------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|---------------|
| Central Office | LBP North Ave. Branch-ATM Payroll Account | MOA, ATM Payroll Facility and ATM Installation dated January 8, 2004 | 206,186.44 |
| | LBP North Ave. Branch-Bidders Account | DOF, DEM & COA Joint Resolution No. 005-2 dated June 2005 | 3,869,855.87 |
| | LBP North Ave. Branch-OMB Trust Account (For Carlos Garcia Account) | Sandiganbayan Resolutions dated November 23, 2010 and December 7, 2010 for Criminal Case Nos. 28107 and SB-09-CRM 0194 | 52,921,689.30 |



Financial Statements

| | | | |
|-----------------------|--------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| | LEP North Ave. Branch- IAAGOC | Office Memorandum dated July 6, 2004 | 3,142,407.61 |
| | LEP North Ave. Branch- UNDP 2012 | Project Terms of Reference | 688,425.45 |
| | LEP North Ave. Branch- UNDP | Mother Term of Reference for Public Administration Reforms | 33,583.49 |
| | Prior years | | -1,826.74 |
| Luzon | LEP North Ave. Branch Office of the Deputy Ombudsman for Luzon | | 4,400,165.91 |
| Regional Office 4 | LEP North Ave. Branch Office of the Deputy Ombudsman for Luzon RO4 | | 583,778.19 |
| Visayas | LEP Cebu Capitol Branch- Office of the Deputy Ombudsman for Visayas Cebu General Fund | | 875,716.88 |
| Regional Office 6 | LEP Cebu Capitol Branch- Office of the Deputy Ombudsman for Visayas RO6 Iloilo General Fund | | 1,918,399.21 |
| Regional Office 8 | LEP Cebu Capitol Branch- Office of the Deputy Ombudsman for Visayas RO8 Tacloban General Fund | | 213,779.90 |
| Mindanao | Philippine Veterans Bank Davao Monteverde Branch- Office of the Ombudsman Mindanao | | 3,487,610.03 |
| Regional Office 10 | Philippine Veterans Bank Davao Monteverde Branch- Office of the Ombudsman Mindanao RO X | | 4,272,573.80 |
| MOLEO | LEP North Ave. Branch Office of the Deputy Ombudsman for the Military | | 3,471,726.67 |
| OSP | LEP COA Branch Office of the Special Prosecutor- Regular | Pursuant to the creation of Administrative Division of the Office of the Special Prosecutor and letter of request dated January 20, 2004 | 4,696,036.19 |
| Total | | | 84,780,088.20 |

5.5 The Cash in Bank – Local Currency, SA represents deposit maintained by OMB Mindanao with Postal Saving collections of certification fees and photocopying services.



Financial Statements

6. Receivable

- 6.1 The account *Due from National Government Agencies* represents overpayment to the Procurement Service (PS) for undelivered items.

| OMB Office | Amount |
|-------------------|------------|
| Central Office | 230,483.42 |
| Luzon | .33 |
| Regional Office 4 | 1.40 |
| MOLEO | 5,618.50 |
| OSP | .50 |
| Total | 236,104.15 |

- 6.2 The account *Due from Central Office* are presented below:

| OMB Office | Amount |
|--------------------|--------------|
| Luzon | 16,037.63 |
| Visayas | 1,341,321.66 |
| Regional Office 6 | 83,258.98 |
| Regional Office 8 | 134,586.65 |
| Mindanao | 474,935.69 |
| Regional Office 10 | 33,395.46 |
| MOLEO | 461,494.80 |
| Total | 2,535,030.87 |

- 6.3 The account *Due from Regional Offices' Staff Bureaus* represents unliquidated internal operating budget (I.O.B.) granted to Area/Sectoral Offices before decentralization in the OMB Central Office.

| OMB Office | Amount |
|----------------|------------|
| Central Office | 123,691.90 |
| Visayas | 2,230.00 |
| ROS | 613,100.65 |
| Total | 739,022.55 |

- 6.4 The account *Due from Other Funds* pertains to the funds transfer to OMB Luzon CFAG account intended for the purchase of equipment.

- 6.5 The account *Disallowances/Charges* consists of amounts due from suppliers and employees resulting from audit disallowances which have become final and executory.

| OMB Office | Amount |
|----------------|-----------|
| Central Office | 28,754.37 |
| Visayas | 12,850.65 |
| Mindanao | 52,745.80 |
| Total | 94,350.82 |

In the Mindanao sector, this account pertains to former employees of OMB Mindanao who have yet to refund their obligations to the Office. Collection letters are prepared to remind them of their obligations. Also, a letter in April 2006 requesting for the relief of accountability of two deceased employees has not been acted as of December 31, 2012.



Financial Statements

6.6 The account *Advances to Officers and Employees* consist of the following:

| OMB Office | Purpose | Current | | | Prior Years |
|----------------|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | | Less than 30 days | 31-90 days | 91-365 days | More than 2 years |
| Central Office | Travel | | | | 39,537.80 |
| | Confidential and intelligence fund | | 112,198.00 | 250,000.00 | 150,000.00 |
| | Special Purpose | 10,577.30 | | | |
| Mindanao | Travel | | 676.21 | | |
| RO10 | | | 1,280.00 | | |
| Total | | 10,577.30 | 114,154.21 | 250,000.00 | 189,537.80 |

6.7 The account *Other Receivables* pertains to the following:

| OMB Office | Particulars | Amount |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Central Office | Malaysian Anti-Corruption Academy (MACA) for the traveling expenses | 17,852.04 |
| Visayas | Two lost units of Sony Cassette Recorded @ P1,990.00; and Receivable from Ms. Falcon, Cashier, in the amount of P2,400.00 for inadvertently issuing a check without cancelling the previously issued check. Said check was issued in September 26, 2008 and was later negotiated on December 12, 2008 by the payee. | 4,390.00 |
| OSP | Over-payment on salaries and allowances of separated employees | 11,779.02 |
| Total | | 34,021.06 |

7. Prepayments

7.1 Prepaid Insurance

This account pertains to the unexpired portion of prepayment to Government Security Insurance Service (GSIS) for the Insurance of Building and Equipment of the Office.

7.2 Prepaid Interest

This account pertains to the unexpired portion of prepayment to NATIONAL HOUSING AUTHORITY for the 5th annual amortization of the RP Lot# R. P. No. 3-B4-B-1-B-3-B-2 A (North Triangle, Q.C.; TCT# N-291453) as permanent site for OMB Annex Building. Adjustment to take up the expired portion was recorded per JEV-2012-03-001310.



Financial Statements

7.3 Advances to Contractors

On November 22, 2012, mobilization fee of P74,818,333.33 or the equivalent fifteen percent (15%) of the total contract price was paid to Joint Venture Filipinas (Prefab, Bldg.) Systems, Inc. and F. F. Cruz & Co. Inc. for the construction of the five storey annex building of the Office of the Ombudsman.

7.4 Other Prepaid Expenses

This account consists of subscription of license software and magazine, newspapers, official gazette in the Central Office and the deposit maintained at the gasoline supplier of OMB MOLEO.

| OMB Office | Amount |
|----------------|-------------------|
| Central Office | 390,288.59 |
| RO8 | 1,739.28 |
| MOLEO | 35,000.00 |
| Total | 427,027.87 |

8. Guaranty Deposits

This account consists of gasoline and electric deposits as follows:

| OMB Office | Amount |
|----------------|-------------------|
| Central Office | 495,000.00 |
| Luzon | 51,000.00 |
| RO6 | 179,802.00 |
| RO8 | 93,537.00 |
| MOLEO | 16,800.00 |
| OSP | 20,000.00 |
| Total | 856,139.00 |

9. Investments in Stocks

This account in OMB Central Office consists of:

| Particulars | Amount |
|--------------|-------------------|
| MERALCO | 244,190.00 |
| PLDT | 14,000.00 |
| Total | 258,190.00 |

10. Property, Plant and Equipment

- 10.1 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.



Financial Statements

10.2 Details of Accumulated Depreciation are as follows

| Account Description | Acquisition Cost | Accumulated Depreciation | Net Book Value |
|------------------------------------------|-------------------------|--------------------------|-----------------------|
| Office Buildings | 738,975,688.98 | 235,092,649.18 | 503,883,039.80 |
| Other Structures | 1,788,581.50 | 420,316.65 | 1,368,264.85 |
| Office Equipment | 28,360,415.31 | 20,996,126.20 | 7,364,289.11 |
| Furniture & Fixtures | 32,128,614.04 | 18,309,087.71 | 13,819,526.33 |
| IT Equipment and Software | 115,383,678.17 | 80,327,556.82 | 35,056,121.35 |
| Library Books | 7,643,458.76 | 4,754,172.08 | 2,889,286.68 |
| Communication Equipment | 8,399,467.34 | 2,436,010.64 | 5,963,456.70 |
| Medical, Dental and Laboratory Equipment | 1,918,585.00 | 480,282.15 | 1,438,302.85 |
| Sports Equipment | 285,261.00 | 73,531.49 | 211,729.51 |
| Other Machineries & Equipment | 440,089.14 | 338,102.03 | 101,987.11 |
| Motor Vehicles | 73,488,755.66 | 37,672,029.47 | 35,816,726.19 |
| Other Property, Plant and Equipment | 12,820,063.95 | 8,454,546.10 | 4,365,517.85 |
| Total | 1,021,632,658.85 | 409,354,410.52 | 612,278,248.33 |

10.3 Construction in Progress

On September 7, 2010, an agreement was made and executed by and between the Office of the Ombudsman and the Department of Public Works and Highways (DPWH) wherein the OMB sought the assistance of the DPWH in the construction, management and supervision of the establishment of a two-storey multi-purpose building with roof deck at Camay East, Rosales, Pangasinan.

On December 20, 2010, an amended contract agreement was made by and between DPWH, Pangasinan 3rd District Engineering Office, Tumana, Rosales, Pangasinan as the authorized representative of the OMB and Performance Builders & Developers Corporation.

The Office of the Ombudsman, thru its representative, the DPWH, contracted Performance Builders & Developers Corp. for the construction of the building for Seventeen Million Three Hundred Sixty Three Thousand Two Hundred Ten & 66/100 Pesos (P17,363,210.66).

As of December 31, 2012, the construction of the building was entirely completed awaiting final acceptance by the Office.

Also included in the Construction in Progress account is the constructed sewage treatment plant project in the OMB Central Office and the cost of soil investigation for the OMB Complex.



Financial Statements

11. Other Assets

The decrease was due to adjustment made for disposed/donated unserviceable properties.

12. Liabilities

12.1 Accounts Payable

This account consists of payables to various suppliers of the agency for goods delivered and services rendered job orders personnel, janitors and security agency personnel. Also included is the setup of payable equivalent to the unreleased checks in OMB Central Office in compliance with COA Circular Letter No. 2002-001 dated December 16, 2002. This account consists of:

| Particulars | Amount |
|----------------|----------------------|
| Central Office | 8,883,504.84 |
| Luzon | 1,915,594.41 |
| Visayas- Cebu | 722,886.00 |
| VisayasRO 6 | 372,455.97 |
| VisayasRO 8 | 260,300.22 |
| Mindanao | 452,761.58 |
| Mindanao RO10 | 75,564.96 |
| MOLEO | 60,341.58 |
| OSP | 733,736.95 |
| Total | 13,477,146.51 |

12.2 Due to Officers and Employees

This account consists of unpaid salaries, step increment, overtime services, and reimbursement of expenses incurred, as follows:

| Particulars | Amount |
|----------------|---------------------|
| Central Office | 648,356.82 |
| Luzon | 67,668.24 |
| Luzon ROIV | 9,731.12 |
| Visayas | 738,754.99 |
| VisayasRO 8 | 12,017.81 |
| Mindanao | 381,700.06 |
| MOLEO | 5,370.51 |
| OSP | 31,403.55 |
| Total | 1,895,003.10 |

12.3 Due to National Treasury

This account consists of:

| Particulars | Amount |
|--------------------------------------------------------------------------|----------------------|
| Gain from sale of agency properties | 5,484.38 |
| Interest earned | 440,004.60 |
| Remittances from concerned depository banks of Carlos F. Garcia accounts | 52,524,085.94 |
| Penalty for late delivery | 4,665.70 |
| Total | 52,974,240.62 |



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The gain from sale agency assets pertains to the Sony Cassette Recorder and double point Sheaffer brand Deskpen charged as accountability of the late OCB Director. Adjustment was made in the books per JEV No. 2013-01-000892 dated January 31, 2013. Interest earned from Trust Accounts maintained in the Land Bank of The Philippines were remitted on March 1, 2013 except for the Trust Account of Carlos Gardia Cases. Remittance for the penalty of late delivery by the suppliers were no longer accepted by the Bureau of the Treasury hence an adjustment in the books of accounts per JEV No. 2013-01-000914 dated January 31, 2013.

12.4 Due to BIR

This account consists of taxes withheld from the employees and various suppliers and remitted to the Bureau of Internal Revenue (BIR) in January 2013, as follows:

| Particulars | Amount |
|----------------|----------------------|
| Central Office | 12,837,508.74 |
| Luzon | 3,532,527.68 |
| RO4 | 166,066.88 |
| Mindanao | 707,010.30 |
| RO10 | 37,320.79 |
| MOLEO | 625,218.19 |
| OSP | 4,260,555.08 |
| Total | 22,166,227.66 |

12.5 Due to Other NGAs

This account consists of the Inter-Agency Anti-Graft Coordinating Council (IAAGOC) in OMB Central Office and National Home Mortgage Finance Corporation in Mindanao:

| Particulars | Amount |
|----------------------------------------------|---------------------|
| Inter-Agency Anti-Graft Coordinating Council | 3,152,240.89 |
| Prior years | 653,768.17 |
| National Home Mortgage Finance Corp. | 5,240.14 |
| Total | 3,811,249.20 |

The account of prior years is for reconciliation as forwarding balance in converting the balance from manual to electronic NGAS in the Central Office.

12.6 Due to Other GOCCs

This account in OMB Central Office consists of:

| Particulars | Amount |
|--------------------------------------|---------------------|
| Government Service Insurance System | 5,434,408.63 |
| Home Development Mutual Fund | 167,112.50 |
| National Home Mortgage Finance Corp. | 1,321.74 |
| Philippine Health Insurance Corp. | 1,475.00 |
| Total | 5,604,317.87 |

The above amount is the reversion of cash on unreleased checks as of December 31, 2012.



Financial Statements

12.7 Due to Regional Offices/Staff/Bureaus

This account pertains to the setup of payable to area/sectoral offices with Sub Allotment Advice as of December 31, 2012 in the OMB Central Office.

| Particulars | Amount |
|---------------------|---------------------|
| OMB-Visayas | 1,339,126.35 |
| OMB-Mindanao | 441,540.23 |
| OMB-Mindanao (RO10) | 66,790.92 |
| OMB-MOLEO | 451,494.80 |
| Total | 2,298,952.30 |

12.8 Other Payables

This account consists in the OMB Central Office, Mindanao, RO10, MOLEO and OSP of the following:

| Particulars | Amount |
|--------------------------------|----------------------|
| OMB-UNDP | 96,700.00 |
| OMB-UNDP 2012 | 685,964.70 |
| OMB-EMWF | 4,060,366.69 |
| OMB-Multi Purpose Cooperative | 1,184,355.04 |
| OMB Employees Association | 8,840.00 |
| Bidding fees/bidding documents | 3,216,114.12 |
| Others | 2,801,550.07 |
| Prior years | 12,246.14 |
| Total | 12,066,136.76 |

The account of prior years is for reconciliation as forwarding balance in converting the balance from manual to electronic NGAS in OMB Central Office.

12.9 Loans Payable-Domestic

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 P86,580,000.00 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: P52,788,641.05 as of December 31, 2012. This amount is the corrected present value of loan as indicated in the amortization schedule provided by the National Housing Authority.

13. Subsidy Income from National Government

| | 2012 | 2011 |
|----------------------------------------------------|-------------------------|-------------------------|
| NCA received from DBM for operational requirements | 1,345,072,334.00 | 1,172,776,161.00 |
| Add: Tax remittance issued to BIR | 131,612,383.62 | 72,601,838.36 |
| Sub-total | 1,476,684,717.62 | 1,245,377,999.36 |
| Less: Reversion of NCA | 39,255,563.16 | 20,670.00 |
| Total | 1,437,429,154.46 | 1,245,357,329.36 |



Financial Statements

14. Expenses

- 14.1 Salaries and Wages-Regular Pay - The material decrease was due to the increase in salary of OMB Personnel per NBC 540 and the reclassification of account used.
- 14.2 Personnel Economic Relief Allowance - The material increase was due to the reclassification of account.
- 14.3 Clothing/Uniform Allowance - No payment was made yet due to non-delivery of uniform contracted to supplier.
- 14.4 Other Bonuses and Allowances - The material increase was due to the reclassification of account.
- 14.5 Year-end Bonus - The material increase was due to the increase in salary of OMB Personnel per NBC 540.
- 14.6 Life and Retirement Insurance Contributions - The material increase was due to the increase in salary of OMB Personnel per NBC 540.
- 14.7 Philhealth Contributions - The material increase was due to the increase in salary of OMB Personnel per NBC 540.
- 14.8 Pensions Benefits – Civilian - The material increase was due to the increase in salary of OMB Personnel per NBC 540.
- 14.9 Retirement Benefits – Civilian - This pertains to the retirement benefits paid to two personnel of OMB-CO.
- 14.10 Other Personnel Benefits - The material increase was due to the release of Emergency Economic Assistance I and II, Basic Comprehensive Medical Check-up Benefit, Year-end Assistance, Cash Gift given during Christmas and Productivity Enhancement Incentive.
- 14.11 Traveling Expenses-Foreign - The material increase was due to the increase in number of OMB personnel sent abroad to attend international conferences and trainings.
- 14.12 Electricity - The material increase was due to the set up of payables at year-end for services already provided and billed but not yet paid.
- 14.13 Consultancy - The material increase was due to additional consultants contracted by the Office.
- 14.14 General Services - The material increase was due to the set up of payables at year-end for services already provided and billed but not yet paid.
- 14.15 Janitorial Services - The material increase was due to the set up of payables at year-end for services already provided and billed but not yet paid.
- 14.16 Repairs and Maintenance-Motor Vehicles - The increase was due to various repairs and maintenance undergone by various OMB vehicles.
- 14.17 Donations - This account pertains to the cash donation to the Philippine National Red Cross for typhoon victims.
- 14.18 Depreciation-Office Buildings - The material increase was due to the reclassification of account recorded in other funds.
- 14.19 Depreciation-Communication Equipment - The increase was attributed to the purchase of IP PABX system for the Office of the Ombudsman.
- 14.20 Interest Expense - The increase was due to the correction made in recording the present value of loan as indicated in the amortization schedule provided by the National Housing Authority.

15. Prior Years Adjustments

This account consists of:

| Particulars | Amount |
|-----------------------------------------------------------------------------------------------------------|------------------|
| Payment for unrecorded expenses of prior years – PS | 61,208,616.52 |
| Payment for unrecorded expenses of prior years – MOOE | 29,069,848.37 |
| Cash settlement of disallowances of prior years | 143,493.96 |
| Closing of Petty Cash Fund | 150,000.00 |
| Write-off of various PPE due to transfers and destruction | 15,891.43 |
| Other adjustment of prior years' transactions, which result in decrease of the Retained Operating Surplus | 147,068,086.54 |
| Other adjustment of prior years' transactions, which result in increase of the Retained Operating Surplus | - 156,293,309.05 |
| Total | 81,362,627.77 |

16. Receipt of Notice of Cash Allocation (NCA)

Notice of Cash Allocation received from Department of Budget and Management amounting to P1,345,072,33400 includes the amortization due on the land acquired from National Housing Authority.