

Composition of the Assessment Team

Team Leader

Alan S. Cajés, DAP

Assessors

Eden A. Caluya, DPWH

Ryan S. Cleofas, DAP

Maribel de Vera, COA

Roline M. Ginez-Jabalde, OMB

Rosalinda J. Juria, DPWH

Lea Rosemary V. Liban, DAP

Medmier G. Malig, DPWH

Alejandro R. Realeza, OMB

Joseph Walberto A. Tolentino, PAGC

Giovanni S. Villafuerte, DAP

Jumiyan U. Yusop, DPWH

Agency Counterpart Team

Asec. Raul Asis

Dir. Melvin Navarro

OMB-DAP Project Management Office

AO Cyril E. Ramos

AO Evelyn A. Baliton

VP Magdalena L. Mendoza

Dir. Ador Paulino

Atty. Rafael Hipolito

Dir. Mary Geraldine Naraja

Lea Rosemary V. Liban



Overview of the Project

Integrity Development Review (IDR) is a preventive measure against corruption. It aims to build institutional foundations to prevent corruption before it occurs. It entails a systematic diagnosis of the corruption resistance mechanisms in place in an agency and its vulnerabilities to corruption. The process is undertaken with the use of two major tools: corruption resistance review and corruption vulnerability assessment. A summary of these tools is shown in the table that follows.

Table 1. Summary of Tools used in IDR

Tools/Methodologies	Objective
Tool 1: Corruption Resistance Review (CRR) <ul style="list-style-type: none">Integrity Development AssessmentSurvey of Employees	<ul style="list-style-type: none">Self-assess systems integrity, review relevant policies and proceduresAssess deployment of integrity building measures and generate feedback from employees
Tool 2: Corruption Vulnerability Assessment <ul style="list-style-type: none">Process MappingRisk AssessmentEvaluation of controls and safeguard	<ul style="list-style-type: none">Understand agency proceduresIdentify factors that can induce deceit, malfeasance, or abuse of power or position for private gain.Assess the adequacy of means in addressing risks

The IDR builds on the Corruption Resistance Review (CRR) approach developed by the Independent Commission Against Corruption (ICAC) of New South Wales and the Corruption Vulnerability Assessment (CVA) tool developed by the Development Academy of the Philippines. The CRR helps agencies assess their level of corruption resistance and progressively develop and implement corruption prevention measures to meet certain standards at every level for organizational integrity. Patterned after the vulnerability assessment guidelines of the US Office of Budget and Management, the CVA determines the susceptibility of agency systems to corruption and adequacy of safeguards to forestall wrongdoings. With the support of the World Bank, CVA was pilot-tested in the Department of Budget and Management in 2002.

PURSuing REFORMS THROUGH INTEGRITY DEVELOPMENT (PRIDE)

In its effort to improve governance in the public sector, the leadership of the Department of Budget and Management and the Office of the Ombudsman initiated Integrity Development Review also known as **Pursuing Reforms through Integrity Development (PRIDE)**. The Development Academy of the Philippines, in collaboration with the United States Agency for International Development undertook the review of two agencies: the Office of the Ombudsman and the Department of Education with a view to a wider application of the IDR in other agencies in the future.

The project proceeded in five stages from November 2003 to April 2004. The tools and methodologies discussed above, as well as this handbook, are outputs of the project. Twenty-six assessors were selected, trained and tasked to conduct the IDR in the two pilot agencies.

The IDR, for this second cycle, is intended to assist the Office of the Ombudsman, together with its key partners in the corruption prevention program of the government, namely the Presidential Anti-Graft Commission (PAGC), Civil Service Commission (CSC), Commission on Audit (COA), Department of Budget and Management (DBM) and the Department of Education (DepEd, a pilot IDR line agency) in establishing a culture of professionalism and integrity in government, raising consciousness on corruption prevention, and providing practical corruption prevention tools to improve organizational and systems integrity in public sector agencies. The Development Academy of the Philippines is undertaking the review of selected agencies.



Under the European Commission – Office of the Ombudsman Corruption Prevention Project, sixteen (16) public sector agencies are scheduled to undergo the IDR, five of which started on October 2005. These are the Department of Public Works and Highways (DPWH), Bureau of Internal Revenue (BIR), Bureau of Customs (BOC), Philippine National Police (PNP) and the Land Transportation Office (LTO).

Just like before, the project will proceed in five stages from October 2005 to June 2006: (1) Project Initialization Phase; (2) Development of a Communications and Advocacy Plan; (3) Selection and Training of Assessment Teams; (4) Guided Integrity Development Review of Agencies; and (5) Development of Agency-Specific Action Plans. At least fifty (59) assessors were selected and will be trained to compose the five Assessment Teams who will undertake the field reviews.



Overview of the Participating Agency: Department of Public Works and Highways

The Department of Public Works and Highways (DPWH) is created under Executive Order No. 124 on January 30, 1987. It has five (5) bureaus, six (6) services, 16 regional offices, 24 project management offices, 16 regional equipment services and 118 district engineering offices all over the country. It is the primary engineering and construction arm of the Government of the Republic of the Philippines. It is responsible for the planning, design, construction and maintenance of infrastructures such as roads and bridges, flood control systems, water resource development projects and other public works in accordance with national objectives.

General Information about DPWH

Name of Agency	Department of Public Works and Highways
Head of Agency	Secretary Hermogenes E. Edbane Jr.
Year Established	1987
Legal Basis	Executive Order No. 124
Office Address	Bonifacio Drive, Port Area, Manila (Central Office) Sindalan, City of San Fernando, Pampanga (Regional Office III) Salinas Drive, Lahug, Cebu City (Regional Office VII) R. Magsaysay Avenue, Davao City (Regional Office XI)
Agency Mandate	As the primary engineering and construction arm of the government, the Department of Public Works and Highways (DPWH) is responsible for the planning, design, construction and maintenance of public infrastructures such as national roads and bridges, flood control systems, water resource development projects and other public works in accordance with national objectives.
Statement of Key Functions/ Major Final Outputs	Well-maintained national roads, well-constructed projects, well-planned, effective design and quality assured projects
Agency-specific indicators	Kilometers of roads maintained and constructed; lineal meters of dikes, flood control & bridge maintained and constructed

Under the General Appropriations Act of 2005, the total budget of DPWH is PhP 42,472,572,000 broken down as follows:

Personal Services:	PhP 3,151,663,000
Maintenance and Other Operating Expenses:	600,556,000
Capital Outlays:	38,720,353,000



Perception of Corruption in DPWH

In the Social Weather Station (SWS) Survey of Enterprises on Corruption in 2005, the DPWH obtained negative 66 Net Sincerity (percentage Sincere minus percentage Insincere) score. This is classified as *Very Bad*. It also placed DPWH at the bottom 25 of all the agencies that were individually rated in terms of sincerity in fighting corruption. The 2005 rating is lower than the negative 63 score in 2004, negative 59 score in 2003, and negative 45 score in 2002. Compared to the negative 68 score in 2001, however, the 2005 score is a little higher.

In previous years, the DPWH has been identified as one of the top agencies where corruption is perceived to be prevalent.. According to the Transparent Accountable Governance (TAG) surveys in 1999, the top three forms of corruption in DPWH were “diverting money away from projects (37%), asking for bribes (21%); and no transparency in bidding and overpricing with 11% a piece”¹.

The DPWH accepts that corruption is among the factors that affects its overall performance. It identified the following areas as prone to corruption: procurement of civil works, consultancy services and goods and materials, quality of infrastructure projects, project implementation, and organizational structure². As a response, the DPWH has undertaken certain anti-corruption initiatives in the identified areas that are prone to corruption.

¹ See <http://www.tag.org.ph/survey/swsarchive4/swsarchive4.2.htm> (2 of 2)3/29/2006 10:57:34 AM

² See http://www.dpwh.gov.ph/graft_corruption/program/index.htm (1 of 9)3/29/2006 10:53:55 AM



ASSESSMENT METHODOLOGY AND TOOLS

The PRIDE Assessment Team used a two-stage methodology in implementing the project. Stage One is Corruption Resistance Review (CRR), which has three (3) key tools, namely, Integrity Development Assessment (IDA), Indicators Research and Survey of Employees. Stage Two is Corruption Vulnerability Assessment (CVA), which uses the Site Visit Forms and Risk Assessment Worksheets. The IDA is a guided self-assessment tool used in reviewing an agency's performance in the following dimensions of integrity:

1. Leadership
2. Code of Conduct
3. Gifts and Benefits Policy
4. Human Resource Management
5. Performance Management
6. Procurement Management
7. Financial Management
8. Whistle-blowing, Internal Reporting and Investigation
9. Corruption Risk Management
10. Interface with the External Environment

Each dimension has a five-point scale and each of the scale contains indicators of performance that the agency should satisfy. In case the agency cannot satisfy any or all of the indicators of a particular scale, then the agency could not rate itself in that level. The five-point scale is progressive; hence, the agency could not go to a higher scale if the indicators in the lower scales are not fulfilled.

The technique used in the IDA is Focused Group Discussion (FGD). A facilitator guides the FGD participants in rating the agency in each of the dimensions. The participants' final rating per dimension is either a consensus or a majority rating.

Indicators Research is another tool in CRR. It is used to substantiate the self-assessment findings and to provide leads on the high-risk areas in the agency's operations. Another tool is the Survey – an instrument used in getting an assessment of the agency's efforts in corruption prevention based on the perception of randomly selected employees. The survey aims to detect the deployment of integrity building measures in the agency and generate feedback from employees on experiences in integrity building measures, clarity of guidelines and procedures, particularly those related to corruption, and effectiveness of corruption prevention measures.

In Stage Two, the Assessment Team identified the top three (3) processes that are vulnerable to corruption based on the findings of the CRR. The tools used under CVA are the Site Visit Forms and the Risk Assessment Worksheets. The Site Visit Forms aim to validate the strengths and areas for improvement, identify the issues that need verification, as well as the means of verifying such issues. The use of the Risk Assessment Worksheets involves the preparation of process flows of the identified processes, identifying the activities that are vulnerable to corruption, identifying the corruption risk factors per activity and evaluating their probability of occurrence and significance of impact, identifying the control mechanisms and assessing their effectiveness, and formulating the recommendations to prevent or minimize corruption.



CORRUPTION RESISTANCE REVIEW

Corruption Resistance Review (CRR) involves the use of three (3) tools, namely, Integrity Development Assessment (IDA), Indicators Research and Survey of Employees. The IDA is a guided self-assessment tool for reviewing an agency's performance in ten dimensions of integrity. The Indicators Research is used to substantiate the IDA findings and to provide leads on the high-risk areas in the agency's operations. The third tool, Survey of Government Employees, is used in getting an assessment of the agency's efforts in corruption prevention based on the perception of randomly selected employees. The CRR findings for each of the ten dimensions are presented below.

1. Leadership

The role that leadership plays in promoting integrity in the organization is very important. In a society where institutions need to be strengthened, leadership determines the way an organization deals with the issue of integrity building. This dimension considers the equal importance of what a leader does and with what he or she professes.

Senior leaders and officials are key in setting values and directions, promoting, practicing, and rewarding good governance, using performance management in proactively addressing ethical and accountability requirements. Many times resoluteness of the leadership determines the success of corruption prevention initiatives. Given the wide scope given to them, opportunities for abuse of authority should be carefully monitored. The agency should set clear organizational policies and structure in decision-making and accountability for senior leaders and officials.

Rating	Levels of Achievement
1	<ul style="list-style-type: none"> Senior leaders set organizational values, short and longer-term directions, and performance expectations. Senior leaders/managers articulate the importance for everyone in the organization to be ethical in their behavior and dealing with all stakeholders. Senior leaders/managers have clearly defined authorities and accountabilities.
2	<ul style="list-style-type: none"> Senior leaders/managers deploy organizational values, short and longer-term directions, and performance expectations. Senior leaders/managers take proactive steps to discourage staff from engaging in corrupt practices.
3	<ul style="list-style-type: none"> Senior leaders/managers have specific responsibilities for prevention and detection of corruption. Senior leaders/managers are trained on corruption prevention and detection.
4	<ul style="list-style-type: none"> Practices and performance of senior leaders/managers in preventing and detecting corruption are reviewed/evaluated. Decisions/actions of senior leaders/managers are randomly checked for possible abuse of authority/discretion and conflict of interest. Integrity enhancement/corruption prevention are integrated in management functions (planning, leading, organizing and controlling).
5	<ul style="list-style-type: none"> The agency reviews the effectiveness of senior leadership organization in enhancing integrity of the organization.



Agency Rating

The agency's rating for this dimension is at level two (2). This means that senior leaders or officials have set and mobilized organizational values and performance expectations by laying down the ground rules and standards of service delivery. This is reinforced by management's articulation of ethics in the agency. The table below shows the IDA rating of the FGD participants from the four offices as compared to the rating of the assessment team. The rating of one (1) from the Central Office stems from management admission that controls or policies have been drafted by the agency. But it has to be put in place and supported. Meanwhile both Regions III and VII registered a rating of three (3) because of management's strong leadership and example. However, they lament the strong political intervention that hinders the department in pursuing its mandate to the fullest. Region XI, on the other hand, gave a maximum rating of five (5) due to the full documentation of their efforts under this dimension.

Dimension No. 1 IDA Rating

Dimension	CO	Reg III	Reg VII	Reg XI	Team Rating
Leadership	1	3	3	5	2

Survey of Employees

The Region XI respondents gave highly positive ratings in favor of their managers while the CO, Region III and Region VII respondents indicated moderately positive net ratings for the professionalism of their leaders. However, CO and Region VII respondents indicated slightly moderate agreement to the statement that their managers do not abuse their authority.

Net Ratings for Leadership by Site

Statements	CO	Region III	Region VII	Region XI	Agency Rating
1. Managers in our agency do not abuse their authority.	2.40	1.99	2.21	1.65	2.06
2. Managers in our agency inspire employees to be "professional"	2.16	1.98	2.01	1.59	1.93

When asked about their suggestions on how to improve the leadership's contribution in preventing corruption in the agency, 18.5% said "Leadership by example, role modeling", walking the talk or practicing what one preaches, "strengthen and adopt moral values", and "Leaders and employees should have fear in God". About 12% suggested "Strict compliance to the rules and regulations and standard procedure of both the agency and CSC, e.g. right processing of documents, rules of contract and bidding of contractors.

No political intervention and favoritism figured 10%. Dedication and self-discipline with regard to their function at registered 8.5%. Values orientation, values formation and training on management courses figured at 7.5%. Down the line at 4.75% respectively, the following were suggested: (1) dialogue and open communication line between employee and management, e.g. weekly meeting, forum; (2) set proper guidelines against corruption; (3) warn corrupt employees and leaders, stop and sanction negligent or corrupt ones.

Assessment

The present and the former Secretaries of DPWH have laid down the groundwork for ethical behavior in the Department. For one, sanctions as well as standards were set in responding to clients. Through the



Document Tracking System (DoTS), a specific duration of time is prescribed in executing or fulfilling one's task. The client or contractor transacting with the Department need not follow-up his or her request since the document is electronically queued or pushed through the system. The DoTS automatically prompts or alerts the concerned office if the response time is late. By giving contractors or clients of the agency a code or service number, they will be able to see the progress of their request. Moreover, employees as well as officers who have failed to respond within the prescribed period are given notices directly by the Secretary himself to explain in writing why they were not able to comply. The team has observed that a simple memo from the Secretary regarding these lapses in transaction is enough to send shivers among the employees and officers concerned.

In addition, organizational values are enshrined in the agency's Strategic Plan, which spells out the specific values of Integrity, Excellence and Professionalism. These values will be realized by enjoining the agency to "conduct[ing] business in a transparent, honest and ethical manner. [That] employees practice simple living, and have the moral courage to make tough decisions and [to] do what is right for the nation . . . Employees are competent, ethical and accountable in their areas of expertise, . . . and promotions are based on merit . . . working with each other in an environment of trust, fairness, respect, cooperation and communication".

The same values are translated into organizational culture through an "Organizational Culture Building Program". Through this initiative DPWH is revisiting its "core values and basic beliefs about integrity, openness, and service. [The agency] is reflecting and putting in place processes by which tough ethical dilemmas are openly acknowledged, discussed and decided"³. The Department slogans "*DPWH: Daan sa Kaunlaran, Tulay sa Kinabukasan*" and "*Sa DPWH: Trabaho Ko, Dangal Ko*" support this. The consciousness of the employees towards integrity is also being raised through the reading of inspirational talks during the flag-raising ceremonies in the DPWH Head Office every Monday morning, starting February 2006. Initially, the talks are based on the 16 Good Citizenship Values embodied in the Preamble of the Philippine Constitution. The current Secretary has also issued a memorandum order to see to it that public works are properly accounted for through compulsory inspection of the Quality Assurance Unit, Constructor's Performance Evaluation System (CPES) and the periodic Inspectorate Team.

Accountability is enforced and strengthened by making decision based on agreed norms and procedures (policies and criteria). For example, critical decisions are collectively discerned by the Executive Committee at the Central Office and Management Committee at the Regional level. Appropriate Bureaus also draft the Memo Circulars and Department Orders. Guidelines as well as directives are forged through this process.

In response to Memo Circular No. 35, issued by President Gloria Macapagal-Arroyo, the Department has issued a service guide and workflow chart, which put in writing the tasks and roles of each bureau and office within the Department. This establishes who is responsible for each task of the Department and will enable the public to better interact with DPWH in a more transparent manner.

The agency has a strong policy direction in terms of preventing corruption. However, this is yet to take off and be showcased among the offices. As shown by the survey, those Regions with a strong leader tend to score high in the net ratings for leadership, which may suggest that corruption prevention policies tend to be successful if they have champions on the ground. The huge disparity between the Central Office and Region XI in terms of rating also shows the lack of record keeping or knowledge management. During the FGD, supporting documents are not readily available in the Central Office, while they are always at hand in Region XI. There are also indications that offices within the Department at the Central Office do not talk to each other; hence, unaware of each other's efforts in preventing corruption. Thus, efforts at corruption prevention may not be coordinated in this regard. This also goes to show that turfing may exist. This is in contrast to the regions where communication and coordination is much more easier because of the closeness of the Offices and lesser layers of authority.

³ Lifted from Ruth Purcell-Jones, "Leadership and Accountability: Building An Organizational Culture of Trust", (http://www.tld.org/pages/174_leadership_and_accountability_building_an_organizational_culture_of_trust.cfm)



Underneath the seeming inability of the Department to fully pursue its mandate is its being beholden to politicians. Regions VII and III lament the meddling of politicians in their tasks. This dilutes their authority as well as their ability to enforce the mandate of the agency. A stark example of this is the accountability of the District Engineers to Congressmen and not to DPWH. District Engineers, in order to stay in their positions, have to cater to the whims of their respective legislator or run the risk of losing their post.

Recommendation

There is a need for a strong communication program to lift off from the ground the policy directives on anti-corruption within the agency. The perceived lack of a communication program may have hindered the weaving or interconnection of various programs on anti-corruption. There is also a need to address the influence of politicians to ensure the accountability of the District Engineers to the Department. This will address the seeming helplessness of well meaning District Engineers who want to practice transparency and accountability in conducting the business of the Agency.

2. Code of Conduct

A code of conduct sets out the standards of behavior expected of staff. It defines desirable behavior for all types of work in the agency. The existence of a code of conduct should not be seen as an end in itself. For the code of conduct to become an effective integrity enhancement measure, its form and content must be appropriate and relevant for the agency. The end goal of a Code of Conduct is to define the behavior of officers and employees and should therefore be communicated, promoted and taught to all personnel of the agency and integrated in the various aspects of its operation.

Rating	Levels of Achievement
1	<ul style="list-style-type: none"> The agency has a general code of conduct (RA 6713) Disclosure is promoted by monitoring employees' compliance with annual submission of Statement of Assets and Liabilities and Net Worth (SALN) and Disclosure of Business Interest and Financial Connection.
2	<ul style="list-style-type: none"> The agency has a customized code of conduct includes concrete examples of ethically acceptable/non-acceptable practices and situations of conflicts of interests relevant to the different types of work carried out by the agency. The agency Code of Conduct is actively promoted inside the agency. All employees undergo orientation on the agency's Code of Conduct and other training programs to strengthen commitment to public service.
3	<ul style="list-style-type: none"> The agency Code of Conduct is consistently enforced, with managers having clear tasks of promoting and monitoring compliance. Violations of the Code of Conduct are sanctioned. Rewards are given to employees who consistently exhibit behavior consistent with the agency Code of Conduct.
4	<ul style="list-style-type: none"> The code of conduct has been integrated in key agency systems or mission critical functions. Applicable provisions of the code of conduct are included in contracts with external parties (e.g. suppliers). Employees' record of adherence to or violation of the agency Code of Conduct is used as basis for promotion. Disclosures of employees from SALN are analyzed and appropriate actions are taken.
5	<ul style="list-style-type: none"> The agency code of conduct is regularly reviewed for effectiveness in specifying and promoting the desired behavior of employees and in preventing corruption.



Agency Rating

The Agency merited a rating of one (1) in this dimension by citing R.A. 6713 or the Code of Conduct for government officers and employees. In addition, the agency also mandates all its staff and officers to submit their annual Statement of Assets and Liabilities and Net Worth and Disclosure of Business Interest and Financial Connection more popularly known as SALN. The table below shows the IDA rating of the FGD participants from the four offices as compared to the rating of the assessment team. The rating of one (1) from the Central Office, and Regions III and VII cites the adoption of the Code as well as the faithful submission of the SALN. While in Region XI, which gave the maximum rating of five (5), reasoned that they have adhered to the Code faithfully by means of promoting employees who have exemplified the Code while imposing sanctions on those who violated it. Region XI also insisted that the Code is already imbedded in the contracts where contractors pledge that they don't have any relatives in the Regional Field Office and that they have not given bribes to its officials.

Dimension No. 2 IDA Rating

Dimension	CO	Reg III	Reg VII	Reg XI	Team Rating
Code of Conduct	1	1	1	5	1

Survey of employees

Results of the survey validates the ratings of the IDA as shown in the table below. Region XI recorded the highest percentage that the written code of conduct exists, while CO recorded the lowest. In between are Regions III and VII.

Does your agency have a written code of conduct?
(in %)

	CO	Region III	Region VII	Region XI
Yes	66	70	75	91
No	34	30	25	9

In general, Region XI respondents gave stronger agreement to statements regarding code of conduct compared to the other three sites. No significant difference in responses was recorded for all statements across all sites. In addition, Region XI respondents indicated a highly positive net agreement that their office followed their written code of conduct and adequate orientation about the code was provided. The respondents, however, gave moderately positive agreement when it came to punishment of violators.

In the same vein, Region III respondents indicated highly positive net rating to their agency's compliance to the written code of conduct. CO and Region VII respondents, on the other hand, indicated moderately positive agreement. With regard to adequate orientation, moderately positive agreement was observed in Region III and VII. CO respondents indicated slightly positive agreement.

When it comes to punishment of violators, CO respondents indicated slightly negative net ratings. Region III and VII respondents rated moderately positive agreement and slightly positive agreement, respectively.



Net Rating for Code of Conduct by Site

Statements	CO	Region III	Region VII	Region XI	Agency Total
5. A written code of ethical conduct being followed in our agency	1.89	1.75	1.81	1.58	1.74
6. Adequate orientation on the code of conduct & other corruption prevention measures are provided in our agency.	2.23	2.08	2.10	1.70	2.00
7. Those who violate the code of conduct are punished	2.64	2.17	2.27	1.82	2.18

Assessment

The agency has issued two directives in support of RA 6713 or the Code of Conduct and Ethical Standards for Public Officials and Employees. One of these is Department Memorandum on 11 April 1989 signed by then Secretary Fiorello R. Estuar for dissemination and guidance of all DPWH employees. The other is Department Memorandum dated January 13, 2005 instructing all officials and employees to submit their statement of assets, and liabilities and net worth (SALN), disclosure of business interests and financial connections, and identification of relatives in the government service.

RA 6713 is actively promoted inside the agency through the conduct of training, seminars and orientation. One of which is the "Seminar on Public Accountability and Graft Prevention" for division and section chiefs of the bureaus and services of the Department. Each session is composed of 45 participants. The seminar aims to familiarize division and section chiefs of the bureaus and services of the eight norms, the do's and don'ts of the Code, as well as discuss the strategy on how to fight graft and corruption and inefficiency in government. Another related seminar is on "Office Decorum", which also explains and apply RA 6713 in the lives of DPWH employees.

For its top level executives, the Agency, conducted a seminar on "Public Service Ethics and Accountability" for its U/Secretaries down to Directors III. The seminar (a) discusses ethics and accountability in the public service; (b) defines the nature of public service and their specific obligations as public officials; (c) familiarizes themselves with reforms in the public service; and (d) plan and apply appropriate strategies in difficult situations.

To eradicate corruption at its roots, the DPWH launched its Organizational Culture Building Program last February of 2005 "to assist the Department with organizational cultural and individual behavioral change to ensure institutionalization of the process improvements and reforms". In addition, DPWH is starting in the development of its own customized Code of Conduct. The Agency admits that it's not easy to craft one as it has to get the support of all its employees and officials in the drafting of the Code.

Recommendation

To raise the performance of the agency in this dimension, the agency should consider developing its own Customized Code of Conduct to ensure that ethical standards are integrated in the specific tasks and functions of officials and employees, as well as in key systems and processes. For example, relevant provisions of the Code can be integrated into the recruitment system to ensure that those who are hired are not corrupt. Through this approach, the employees can better understand the Code in relation to their respective tasks; hence, easier for them to know which actions are prohibited or not.

Although informal ways of communicating the Code are important, there is a need to have a formal channel of disseminating the Code regularly to the personnel. The Personnel Division may be given the clear mandate to perform this role. The approach can start at the Central Office where the Personnel Division can



serve as the focal point for information about the Code. The information can then be deployed to the regional and division offices. Through this approach, the employees are expected to have a higher level of knowledge and understanding about the Code; hence, could result in better compliance to the Code's provisions.

To enhance the employees' understanding of the Code, there is a need for purposive and pro-active approaches to make each of the personnel understand the Code. The Personnel Division can do this by disseminating specific examples of prohibited acts that are related to the duties and responsibilities of the employees. The Personnel Division can formally disseminate the Code and examples of prohibited acts by conducting orientation programs to the various offices, especially the regional and division offices. Through this approach, the employees would have second thoughts violating the Code since they are expected to have become fully aware that what they will be doing is clearly prohibited by the Code. Corollary to this, as can be gleaned from the suggestion of employees from the dimension of Leadership, it was suggested that leaders should lead by examples. It is only by walking the talk, can leaders exact obedience from their subordinates.

3. Gifts and Benefits Policy

Gifts and benefits are offered innocently or as bribes. Similarly, the recipient's work may place them in a situation where they could give or receive personal benefits, which might include preferential treatment, promotion or access to information. The acceptance of a gift or benefit can, in some circumstances, create a sense of obligation that may compromise the official/employee's honesty and impartiality. Agencies need to have policies and procedures in place to deal with gifts and benefits, and also need to promote their policies and procedures to their staff/officials and clients.

A step in ensuring that agencies deal effectively with offers of gifts and benefits is to establish a registry of gifts (as is practiced in other countries) and ensure that all staff (and where necessary the community and clients as well) is fully aware of it. The registry should record information on the date, name of the person and/or organization offering the gift, name and position of the intended recipient, type and value of gift, decision taken regarding what should happen to the gift. Gift registry can help enhance transparency and reduce tolerance to abuse.

Rating	Levels of Achievement
1	<ul style="list-style-type: none"> ▪ The agency has a written policy on solicitation and acceptance of gifts and benefits with relevant examples that is consistent with RA 6713. ▪ The agency has written guidelines for donations. ▪ The agency has a written policy on offer of bribes.
2	<ul style="list-style-type: none"> ▪ The gifts and benefits policy is made known to all officials and staff, clients and suppliers of the agency. ▪ The agency has a registry for gifts, donations, and institutional tokens. (The existence of a registry does not mean the waiving of the No Gifts Policy.) ▪ All gifts and benefits received by the agency or through any of its officials and staff are documented in an official register.
3	<ul style="list-style-type: none"> ▪ The policies on acceptance of gifts and benefits and offers of bribe are consistently enforced, with managers having clear tasks of promotion and monitoring compliance. ▪ The gifts and benefits received and documented are disposed of according to procedures defined in the agency policy. ▪ Rewards are given to officials and staff who report offers of bribes. ▪ Sanctions are applied to officials and staffs who fail to comply with the policy on gifts and benefits.



Rating	Levels of Achievement
4	<ul style="list-style-type: none"> The registry of gifts is available for examination by internal and external stakeholders. Bidding documents issued by the agency inform potential suppliers/contractors that gifts and benefits should not be offered to employees. The gifts in register and reported bribes are regularly reviewed and examined vis-à-vis decisions and treatment of agency's stakeholders.
5	<ul style="list-style-type: none"> The agency's policy on solicitation and acceptance of gifts and benefits is regularly reviewed for effectiveness. Results of the review are considered in strengthening the gifts and benefits policy of the agency.

Agency Rating

The assessment team gave the agency a rating of zero (0) in this dimension. This means that DPWH has no standard system or process on solicitation/acceptance of gifts and benefits. The table below shows the comparative ratings of the four offices, including the rating of the assessment team. Respondents at the Central Office believed that the Department has no written policy or guidelines on solicitation and acceptance of gifts and benefits, donations and offer of bribes. Hence, the consensus rating for this dimension is zero. The group also failed to identify any possible strength for this dimension. One participant however commented that the Department does not need to have a customized gifts and benefits policy since such policy is already covered under RA 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees) and 3019 (Anti-Graft and Corrupt Practices Act).

In the case of Region III, ten (10) of the 28 participants in the assessment gave a rating of 1, seventeen (17) gave a rating of 0 and the remaining one (1) participant rated 2. After reviewing the levels of achievement during the FGD, they easily arrived at a consensus rating of zero for this dimension.

In the case of Region VII, twenty two (22) officials from this Region participated in the IDA; two (2) of them gave a rating of 3, twelve (12) gave a rating of 1 and the remaining eight (8) gave a rating of 0. However, participants who gave ratings of 1 and 3 changed their rating to zero after reviewing all the levels of achievement. They were convinced that the agency has no written policy or any related issuances on gifts and benefits.

Participants from Region XI on the other hand, gave a unanimous score of 1 and a deployment of 50-60% for this dimension. They claimed that the agency has a written policy on receiving gifts and benefits and that this policy is made known to clients and suppliers and other stakeholders of the agency. Also, bidding documents are issued by the agency informing potential suppliers/contractors that gifts and benefits should not be offered to employees. They presented documents (e.g. Compilation of Laws on Graft and Corruption, Contractor's Affidavit that they have not given any money or gift, nor made promises of anything to any persons, employees, or officers of the DPWH relative to their project with the Department, and a sample contract of civil work where the stipulation of no money or gift has been promised to secure the said contract) to support their rating.

Dimension No. 3 IDA Rating

Dimension	CO	Reg III	Reg VII	Reg XI	Team Rating
Gifts and Benefits Policy	0	0	0	1	0



Survey of Employees

Surprisingly, the survey of employees seems to belie the assertion of Region XI of a level one (1) rating. The survey showed that it garnered the lowest, in contrast to the other offices which claimed zero (0) or non-existence of a gifts and benefits policy. Respondents from the CO, Regions III and VII registered nearly half saying that they do have a written gifts and benefits policy.

Written Gifts and Benefits Policy (in %)

	Response	CO	Region III	Region VII	Region XI
9. Does your agency have a written gifts and benefits policy?	YES	46	49	47	29
	NO	54	51	53	71

However, Region XI made a dramatic turn-around, when it comes to employee awareness of the policy on solicitation and of receiving of gifts. It registered a highly positive rating while CO and Region III indicated a slightly positive agreement on the awareness of both employees and the transacting public on the agency's policy on gifts and benefits. Region VII on the other hand cited moderately positive agreement to the employee's awareness.

Net Ratings for Gifts and Benefits by Site

Statements	CO	Region III	Region VII	Region XI	Agency Total
10. The employees in our agency are made aware of the policy on solicitation and receiving gifts.	2.40	2.22	2.16	1.67	2.16
11. The transacting public and suppliers know the policy of our agency on gifts and benefits	2.32	2.24	2.37	2.15	2.29

Assessment

The agency has no gifts and benefits policy. However, there are controls in place concerning the said subject. Some of which are the following:

- One of the many grounds for disciplinary action against DPWH employees is improper or unauthorized solicitation of contributions from subordinate employees (DPWH Employee Handbook, 1981);
- The provision of RA No. 6713 on solicitation or acceptance of gifts is being adopted in the Department;
- As part of the simple Christmas celebration in the Department, Memorandum dated 08 November 2004 was issued, prohibiting solicitation for major prizes such as T.V. set and other appliances for the raffles to employees. However, gifts in the form of grocery items for low-ranking employees may be allowed on a voluntary basis;
- Stipulation in the contract of civil work warranting that the contractor has not given nor promised to give any money or gift to any DPWH employee to secure the contract; and
- Department Order No. 04, Series of 2006 re: *Additional Guidelines in the Conduct of Field Inspections, Audits and/or Assessments in response to the complaints that special treatment are being provided by concerned Implementing Offices to the Project Inspectors, Audit or Rating Teams and Quality Assurance Units (QAUs) during the course of their field undertakings.* Item no. 3 of the



guidelines states that “All officials/heads and key personnel of the Implementing Offices, Consultants, Contractors or their authorized representatives are strictly not allowed to give special treatment, in any form, to any team member. Monetary contribution from contractors to finance the team expenses is strictly prohibited.” The internal Affairs Office of the Department and Heads of offices concerned are tasked to monitor the enforcement of the guidelines.

Recommendation

Although the contractors are discouraged in giving bribes to the agency through the contracts they sign, in the absence of a written rule on gifts and benefits, employees might be inclined to accept gifts. Hence, there is a need to fast track the crafting of the Agency’s “Code of Conduct” with clearly articulated provisions on gifts and benefits.

4. Human Resource Management: Recruitment, Selection, and Promotion of Personnel

The recruitment process provides the agency an opportunity to screen incoming employees for likelihood of corrupt behavior and conflicts of interest. The agency should be wary of nepotism or favoritism and ensure merit-based procedures in recruitment and promotion of personnel. It is highly desirable that upon entry, relevant interventions for new recruits include orientation on the Code of Conduct and work standards and training on corruption prevention and risk management. The promotion system can provide opportunity for sanctioning corrupt behavior and rewarding people who comply with the agency’s integrity measures.

Rating	Levels of Achievement
1	<ul style="list-style-type: none"> ▪ The agency has a written guideline for recruitment, selection, and promotion of personnel (e.g. Merit Selection/Promotion Plan following CSC guidelines). ▪ The agency has a Personnel Selection Board with rank and file career employee representative. ▪ The agency has complete set of job descriptions and qualification standards for all positions.
2	<ul style="list-style-type: none"> ▪ Guidelines for recruitment, selection, and promotion are disseminated to all employees. ▪ PSB members undergo orientation and workshop on the selection and promotion process, CSC policies on appointments, ethical considerations in making decisions on recruitment and promotion.
3	<ul style="list-style-type: none"> ▪ The policies/guidelines on recruitment, selection, and promotion are consistently enforced. ▪ The agency employs measures to prevent entry of corrupt employees (e.g. potential conflicts of interest are considered, background investigation conducted). ▪ The agency keeps records of meetings and decisions of PSB. ▪ Personnel appointments are issued based on the provisions of the agency Merit Selection Plan.
4	<ul style="list-style-type: none"> ▪ Basis of decisions on promotions and movements (deployment) of personnel that deviate from the recommendations of the Personnel Selection Board are documented. ▪ The agency conducts random checks of the process and decisions of the Personnel Selection Board. ▪ The agency has a post employment policy for resigning/retiring personnel. ▪ Blacklisting of erring personnel is practiced.
5	<ul style="list-style-type: none"> ▪ The outcomes of personnel recruitment, selection and promotion are regularly reviewed. ▪ The agency’s Merit Selection/Promotion Plan is regularly reviewed for effectiveness in enhancing integrity and preventing corruption. ▪ Results of the review are used in enhancing the integrity of personnel recruitment, selection and promotion processes.

Agency Rating



The team gave a rating of two (2), as shown in the table below. This means the agency has a written guideline for recruitment, selection, and promotion that follow the CSC rules. The agency also has a set of job descriptions and qualification standards for all positions. Employees are also informed regarding guidelines for recruitment, selection, and promotion. The agency also has a functioning personnel selection/promotion/review board (PSB). HRD personnel and members of the said board are trained on ethical considerations in making the right choices on recruitment and promotions.

The Central Office gave a rating of two (2) citing that the Agency has satisfied the requirements of Levels 1, 2 and most of Level 3 except the provision on “The agency employs measures to prevent entry of corrupt employees (e.g. potential conflicts of interest are considered, background investigation conducted)”. Also, there is evidence of various bodies to enforce the rules and guidelines for numbers 1-3 of the scale. In addition, there has been an informal training in the form of orientation and workshop for PSB members.

Region III also gave a rating of two (2) citing that the PSB is functioning and that examinations on specialties are conducted for example in Planning and Design while MANCOM reviews personality traits and potentials. Political recommendations are also evaluated if within the norms of the Merit Selection Plan and are not entertained all the time. Outside applicants are likewise considered. The presence of complaints is acknowledged and conflicts arise because of the different interpretations of laws.

In Region VII, out of 22 raters, four gave a rating of 5 while seven gave a rating of 1. After the explanation that the ratings are cumulative, meaning that the group cannot advance to the next level without complying with the requirements of the lower level, the respondents arrived at a consensus rating of 3 with 50% to 60% deployment..

In Region XI, the raters settled for a consensus rating of five (5) with 90-100% deployment while validation showed a rating of two (2) with 80% to 90% deployment. The bases for the said rating are the following: (1) the Region was commended for proper implementation of CS policies during the conduct of the CSC Comprehensive Management Assessment (CPMA) for Accreditation Area on Personnel Mechanisms; (2) records of meetings of PSB decisions are made transparent by distributing its decisions through resolutions for all to see and examine, and (3) PSB decisions on promotions are based on rankings.

Dimension No. 4 IDA Rating

Dimension	CO	Reg III	Reg VII	Reg XI	Team Rating
Human Resource Management	2	2	3	5	2

Description of the Human Resources Development

Recruitment and promotion at DPWH is based on the provisions of the agency’s Merit Selection Plan and the System of Ranking Positions approved by the Civil Service Commission. The Merit Selection Plan follows the provisions of Section 32, Book V of Administrative Code of 1987 (Executive Order No. 292), CSC Memorandum Circular No. 3, 5, 1979 as amended by CSC MC No. 189, 1988 and CSC MC No. 8, 5, 1999 and CSC MC No. 03, 5, 2001

The agency has a placement committee in the office where a vacancy occurs. The committee rates the candidates according to the Personality and Potential criteria. The agency’s CSB members, including alternate representatives for first, second and third level positions, also undergo orientation and workshop on the selection/promotion process and CSC policies on appointments. All candidates for appointment to first and second level positions are screened by the CSB while candidates for appointment to third level positions shall be screened by the MANCOM Secretariat.



The selection line-up shall reflect the comparative competence and qualification of candidates on the basis of the following criteria:

	Maximum points	Weights
A. Performance	100	40%
B. Education and Training	100	25%
C. Experience and Outstanding Accomplishments	100	25%
D. Potential and Personality	100	10%

For grievances, a qualified next-in-rank employee may present the grievance with the agency grievance machinery for possible violations of the provisions of the Merit Selection Plan. The Grievance Committee deliberate en banc and prepare a resolution on the matter and furnish a copy to all concerned.

Survey of Employees

The survey seems to confirm the findings of the IDA. Region XI respondents again were observed to indicate stronger agreement compared to the other sites on recruitment and promotions. Reflecting the overall rating of two (2) in the IDA, there is, in general, a positive agreement with respect to the use of a set of criteria for recruitment and promotion. CO respondents indicated slightly positive agreement. Region III indicated moderately positive agreements. Likewise, Region VII respondents exhibited moderately positive agreement.

With regard to the absence of external influences, again, only Region XI respondents indicated a moderately positive agreement. In contrast, CO and Region III showed the opposite, indicating slightly negative agreement with no significant differences in responses. Region VII respondents indicated moderately negative agreement.

Net Ratings for Human Resource Development

Statements	CO	Region III	Region VII	Region XI	Agency Total
13. The process for recruitment and promotions in our agency follows a set of criteria	2.39	2.15	2.14	1.65	2.08
14. The process of recruitment and promotions in our agency is free from external influences.	2.71	2.74	2.89	2.00	2.59

When asked about their suggestions on how to improve the process of recruitment and promotion, more than a third said that evaluation of employees should be impartial. Political intervention and the “palakasan” or “padrino” system should not be entertained. Less than half said that promotion should be based on set criteria, qualification of the candidate and on merit. While 11% is suggesting that seniority and length of service should also be considered in the promotion process. Finally, 6.5% seem to reiterate the need for test or examination in the screening of applicants.

Assessment

The Department strictly implements the Merit Selection Plan that contains guidelines on recruitment and promotion down to the District level. Through the Merit Selection Plan, the agency has enunciated its policy of strict adherence to the principles of merit, competence, fitness and equality. The Merit Selection Plan serves as a means to level the field of opportunities for those who are qualified to join the agency.



The Merit Selection Plan adopts and builds on the requirements of CSC in the recruitment and promotion of government personnel. Posting of vacancies and setting up of the Personnel Selection Board (PSB) are done at all levels. The PSB screens and ranks applicants for the first and second level positions and submit its recommendations to the appointing authority, who is expected to exercise sound discretion in selecting the best and most qualified candidate. To minimize conflicts of interest in recruiting, selecting and promoting employees, representation from the rank and file is prescribed. It is also noted that the PSB acts on promotions of employees. There is no separate body that undertakes functions related to promotions.

The Merit Selection Plan also specifies the bases in determining the comparative performance and qualifications of candidates. These criteria include performance, education and training, experience and outstanding accomplishment, psychosocial attributes and personality traits, and potential.

Recommendations

An agency is defined by the quality of employees it hires. To ensure that only those who are fit and qualified are accepted, rules regarding their acceptance and selection should be well defined. At DPWH this seems to be the case. Thus, there is a need to distribute guidelines on human resource management to all employees so that they may know what are the qualifications needed for them to be promoted or not promoted. It will also empower and enable them to study further should they want to advance in their career. It will also level the playing field since everyone is holding an information that everybody else knows. It will also make accountable and objective the process of promotion and recruitment since every one knows what criteria are used. Lastly, it will somehow make promotions and recruitment predictable since candidates can know beforehand whether they will stand a chance in the peering eyes and scrutiny of the PSB.

There is a need to continue the trainings and seminars that were stopped at the moment due to the issuance of AO 103. Human resource development hinges on these learning modes, hence, they must be continued and supported.

There is a need for measurable indicators for new employees who will be hired, e.g. corrupt tendencies from would-be hirees and possible conflict of interest that goes beyond the submission of SALN. This way, only the best and the brightest can enter the agency. This will ensure that excellence will be the order of the day since only the crème de la crème has entered its halls.

There is a need to formalize and document the training of PSB. As of now, PSB members learn on the job. Learning by doing is how PSB members are honed and how their skills are sharpened. While there is no harm in this mode of training the PSB members, the skills acquired in this way tend to be exclusive and experiential. It has to be defined, documented and analyzed so that future PSB members can study and learn from them.

External influences figured prominently in the survey of employees. This is evident in CO and Region III and more pronounced in Region VII. This is a cause for alarm for the agency since this might cause disillusionment among the staff and among the officers. This is also the complaint in the Regions, especially among the District Engineers who are at the mercy of their respective Congressmen. One way to resolve this is to open to the rest of the candidates the results of the evaluation made by the PSB. The same should be done to prospective applicants who did not meet the criteria in case they have doubts regarding the process or the result of the evaluation. This way, doubts about the selection process can be thrown into the light and PSB members will apply more caution in their judgments since any of their decisions may be reviewed and appealed to the higher authority.

5. Performance Management

A key aspect governing the relationship of the managers and employees of an agency is the divergence of individual interests with that of the organization. An effective way to align individual and organizational



interests is to clarify the agency's vision, mission and goals, as well as set individual targets based on the agency's goals.

Performance management ensures that agency goals are met since regular monitoring can increase the likelihood of spotting unproductive activities of employees. Efficient and effective units or agencies do not only save time and resources, but they are more resistant to corruption. Performance management can also address possible negligence at duty. A performance management system that sets incentives for honest behavior and disincentives for unethical behavior contributes to building resistance to corruption.

Rating	Levels of Achievement
1	<ul style="list-style-type: none"> ▪ The agency has set organization goals, targets and performance indicators. ▪ Performance targets and work plans at the unit and individual levels are based on these goals.
2	<ul style="list-style-type: none"> ▪ The agency has a performance management and evaluation system in place. ▪ Managers and supervisors are trained on performance evaluation and management. ▪ The basis of performance monitoring and evaluation are made known to all employees.
3	<ul style="list-style-type: none"> ▪ The agency regularly prepares reports (e.g. annual report, agency performance report) to assess accomplishment of its goals and targets. ▪ The agency regularly evaluates individual performance. Individuals are made to report on their accomplishments vis-à-vis goals and targets. ▪ The agency consistently rewards good performance and sanctions poor performance and negligence of duty.
4	<ul style="list-style-type: none"> ▪ The agency links staff performance ratings with the attainment of their unit's targets and level of performance. ▪ Levels of agency/individual performance are analyzed to relate with corruption incidence in the agency. ▪ Agency annual reports made available to the public to account for what the agency has accomplished vis-à-vis its targets and disclose what it plans for the future.
5	<ul style="list-style-type: none"> ▪ The agency regularly reviews the effectiveness of its performance management system in enhancing integrity and preventing corruption. ▪ Results are used to improve the agency's performance evaluation and management system.

Agency rating

The assessment team gave the agency a rating level of two (2) in this dimension. This means that the agency has set organization goals, targets and performance indicators. Likewise, performance targets and work plans at the unit and individual levels are based on these goals. The agency has a performance management and evaluation system in place. Managers and supervisors themselves are trained on performance evaluation and management. And the basis of this evaluation is made known to all employees.

The agency has set organization goals which are as follows:

- Goal 1: Improve the public's access to activities, goods, and services through the preservation, improvement, and expansion of the national road network in a cost-effective and environment-friendly manner, and enhance its operation, safety, efficiency and intermodal connections.
- Goal 2: Protect and enhance the communities and the environment through flood control and mitigation measures and the provision of other infrastructure facilities.



Goal 3: Improve the public's satisfaction of DPWH through organizational reforms and culture change, living up to the Values Statement, and effective delivery of quality goods and services

Targets and performance indicators are laid down in the set of "Major Final Outputs (MFOs)" as prescribed by the Department of Budget and Management's (DBM's) Performance Based Budgeting. These MFOs as agreed with DBM are in the (1) formulation and development of guidelines standards, systems and procedures for the survey and design of public works and highways as well as that for infrastructure facilities; (2) coordination and integration of survey, investigation and design of public works and highways projects; and (3) review and evaluation of construction programs, estimates, tender documents and contracts for public works and highways.

The agency has a performance management and evaluation system in place. This is also circulated among the staff through the issuance of Department Memorandum Circular No. 118, s. of 1999, and corollary to Department Order No. 224, s. of 1999 on "Creation of the DPWH Performance Evaluation Committee – Central Office (PERC-CO)." Managers and supervisors are also trained in performance evaluation and management through refresher courses/trainings.

The agency also satisfies some of the provisions of level 3, like the publication of annual reports to assess accomplishments of its goals and targets. The agency also regularly evaluates individual performance as well as make individuals report on their accomplishments vis-à-vis goals and targets. However, it does not consistently rewards good performance as well as sanctions poor performance and negligence of duty due to lack of funds. Hence, it cannot merit a rating of level 3.

Majority of the participants at the Central Office gave a rating of two (2), while a nominal number gave ratings of three (3) and one (1). The group arrived at a consensus rating of two (2). Examples of agency strength in this dimension were raised – use of S-Curve, financial assessment, etc. Indicators research also suggests the presence of the Strategic Plan and performance evaluation system.

Region III agreed on a rating of 1 since "ethical behaviors and practices are not yet considered in the performance evaluation". These were the reasons given to justify the rating: a) preparation and submission of MORE including the quadrants are complied; b) all guidelines and procedures were disseminated up to the lower levels but sometimes irrelevant to some personnel like their KANAN workers who are not interested or do not understand the relevance of the said performance rating, and c) the agency has individual performance targets as to work schedules of every field workers, which are monitored for compliance.

Based on the analysis of existing documents, Region III has a performance management and evaluation in place. They failed to obtain a rating of 2 because of the absence of a formal training on the said evaluation system. Although some of the new managers and supervisors were not formally trained on the MORE Performance Appraisal System, they were given a copy of the procedures on how to use the said system. Employees were also briefed on the use of the system by their immediate supervisors.

Commitments are based and lifted from the agency goals and targets, which were distributed and discussed to the personnel. Individual performances are monitored weekly and ratings are based on the performance of their commitment as evidenced on their weekly and overall output.

All divisions prepare monthly accomplishment reports. Annual reports are prepared and submitted to the Central Office and other offices. There are instances wherein mid-year accomplishment reports are requested for submission.

The agency can be credited a rating of 2 because of the "learning by doing" processes they are adopting in performance management as evidenced by the number of years the system was applied.



In Region VII, the participants arrived at a group rating of three (3) due to the presence of vision and mission statements, annual reports (2003) and agency performance indicators, Performance Appraisal Report, Management by Objective Results Evaluation (M.O.R.E.), Performance Outputs Report, issuances concerning Performance evaluation, e.g. Department Memo Circular No. 87 s. of 1989, Performance Evaluation and Review Committee (PERC) Resolution No. 1 s. of 2000, Department Memo Circular No. 73 s. of 2000, Department Order No. 238 s. of 1999, and Office Order No. 03 s. of 2003.

In Region XI, the group gave themselves a rating of five (5). They reasoned that the agency targets are met with quality result, the agency is consistently adjudged as number one in quality control and in project implementation, and the agency requires employees to submit their daily performance outputs and evaluates the same.

Dimension No. 5 IDA Rating

Dimension	CO	Reg III	Reg VII	Reg XI	Team Rating
Performance Management	2	1	3	5	2

Survey of Employees

The result somewhat validates the ratings of the region. Region XI rated the highest in three areas, namely, that performance targets are clear to the staff, that employees are regularly appraised or informed of their performance, and that employees are satisfied with their job. It rated moderately positive in the giving of rewards to performing staff, and that employees are given performance bonus whether they perform or not.

Region VII gave a rating of three (3) and scored high in two areas, namely, laying down of performance targets to the staff and job satisfaction of employees. It rated moderately high in the giving of performance bonus regardless of staff have performed or not. However, with regard to rewards given to the staff if they perform, Region VII respondents are undecided or split in their response.

The CO rated level two (2) during the IDA in this dimension and scored high in two areas, namely, performance targets are clear to the staff, and job satisfaction of the employees. However, it rated slightly in agreement in three areas, namely, outstanding performance is rewarded, employees are regularly given feedback regarding their performance, and employees are given yearly performance bonus regardless of their performance.

Assessment

The DPWH has a well-developed performance management system to reward excellent work and punish those who sleep on the job. However, implementation of the system has budget implications, thus, implementation has been on an ad-hoc basis, e.g. performance evaluation is done if the person is due for promotion or there is a moratorium on promotion like in the Rationalization Program, as such Directors have to be promoted before the deadline of the Rationalization Program comes.

The setting of the Agency's targets is basically bottoms up, that is, management gives policy directives and then the Units respond to these directives. The Unit targets are consolidated at the Bureau or Directorate level. Evaluations of these targets are implicit since they have come from the Unit themselves. But since rewards are contingent on the availability of funds, it is presumed that some outstanding performance may have been overlooked or is parked until funds are available to reward good performance.

Another implication for the lack of funds for rewards is that the evaluation may not be taken seriously. This may be the reason why the Central Office said during the IDA FGD that "Supervisors are lenient in rating



their subordinates”, the assessment made to employees are ‘manufactured, Supervisors do not know how to rate employees”, and that “there are no targets set because the employees are doing nothing”. This is a big concern for the Agency, since its funds and some of its appointments are highly politicized. If the Agency cannot reward those who have done excellent work, they may be tempted to seek rewards somewhere else.

Recommendation

There is a need to put more strength on the agency’s performance management system by infusing it with the right and required sets of incentives. If fund is not forthcoming because government has no money to put in it, other forms of rewards may come in handy for the time being. Employees who have served beyond the call of duty can be recognized by the Department through announcements in the flag ceremony, press releases, etc. Recognition of outstanding performance will set the pace or drive home the point that good behavior is the order of the day. It will also set the example for others to follow.

6. Procurement Management: Planning, Bidding, Selection, Delivery and Inspection

The procurement system covers the process of purchasing goods and services. A poorly managed procurement system opens risks of corruption and wastage of resources due to poor quality of goods and overpricing. Risk factors include conflicts of interest, bribery, extortion by public officials, non-compliance with procedures, and lack of information on standard prices. For this reason, the Code requires procurements officers and members of the Bids and Awards Committee (BAC) to disclose conflicts of interest and prevents them from receiving gifts and benefits from suppliers.

Rating	Levels of Achievement
1	<ul style="list-style-type: none"> ▪ The agency has adopted the new procurement management system (RA 9184). ▪ The agency has an Annual Procurement Plan. ▪ Third party observers are invited to witness procurement process (e.g. bidding evaluation, delivery, and inspection of goods).
2	<ul style="list-style-type: none"> ▪ The agency has written procedures on different modes of procurement, and checkpoints for receiving and inspection of goods and services procured. ▪ Members of the BAC and other relevant personnel are trained on the new procurement law, and the different modes and processes of procurement. ▪ BAC members are made to disclose potential conflict of interest in all transactions. ▪ The agency has a centralized database of prices and suppliers of frequently procured items.
3	<ul style="list-style-type: none"> ▪ BAC decisions and processes are well planned and documented. ▪ The agency strictly monitors performance of suppliers and contractors against obligations e.g. adherence to budget, price, time factors and quality standards. ▪ Sanctions/penalties are applied for non-performing suppliers.
4	<ul style="list-style-type: none"> ▪ Blacklisting of suppliers/contractors is practiced and shared to other government agencies ▪ Agency estimates are reviewed to reflect current/best market prices from Government e-Procurement Service. Controls are instituted to ensure that specifications are not skewed or tailor-fitted to favor specific bidders. ▪ Code of conduct integrated in bidding documents. ▪ BAC decisions and other procurement decisions and outcomes are audited.
5	<ul style="list-style-type: none"> ▪ The agency plans its procurement based on its pattern of purchasing and consumption ▪ The agency regularly evaluates the effectiveness of its procurement management system in enhancing integrity and preventing corruption. ▪ Results are used to strengthen the agency’s procurement management system.



Description of the Procurement Management System at DPWH

The central office and the regional/district offices of the Department of Public Works and Highways have adopted the new procurement management system or RA 9184. The Bids and Awards Committee is actively functioning and well represented. There are three (3) BACs at the Central Office grouped according to goods, civil works and consultancy, while at the regions only goods and civil works.

The Department maintains a centralized database of prices, suppliers and contractors. The most commonly used modes of procurement are Local Competitive Bidding and Negotiations for goods and civil works, while International Competitive Bidding for consultancy.

The Agency has created a website where opportunities for public tender of civil works, supplies and consultancy are posted. To guide prospective bidders or suppliers, registration procedures are uploaded in the website. It is complemented by a bid bulletin, updating bidders regarding the process of the tender as well as the bidding and awards procedures. On the other hand, the Agency's Intranet houses a centralized database of prices and suppliers of frequently procured items.

The Department will also be using⁴ two softwares, the "Trns*port Contract Preparation System" (CPS) and "Trns*port software", to streamline and automate the generation of standardized bidding and contract documents used in civil works procurement activities. These two software supports the preparation of bidding and contract documents used with both the National Competitive Bid (NCB) and International Competitive Bid (ICB) procurement methods for civil works contracts.

The bidding and contract documents generated via the "Trns*port CPS Utility" are compliant with IRR-A of RA 9184 (Government Procurement Reform Act) and adhere to requirements to requirements for format and content of documents provided by the various sources that provide the funding for foreign assisted projects (FAPs). The documents generated with the "Trns*port CPS Utility" are fully integrated with the DPWH Procurement Manual (DPM), which provides instructions and guidelines for activities and related documents used with locally funded GOP projects as well as sample forms that have been approved by the Government Procurement Policy Board (GPPB).

The "Trns*port software" is used to access data provided from other DPWH systems [e.g. Civil Works Registry (CWR)], which in turn is stored in the "Trns*port database". These data are then used when bidding and contract documents are generated via the "Trns*port CPS Utility", therefore effectively eliminating the need for manual or redundant data entry for much of the civil works contract data required in documents. For example, the eligible contractor data in CWR will be provided to the "Trns*port" via an interface program and will then be used by "Trns*port CPS Utility" when generating some documents with the "Trns*port CPS Utility". . .

In addition to generating the bidding and contract documents for civil works projects, the "Trns*port CPS Utility" supports the generation of the information provided for advertising upcoming civil works projects and the generation of Bid Bulletins.

Initially, the "Trns*port CPS Utility" was implemented in the Central Office, PMOs, and Regions and in the Districts. The current stand-alone CPS was updated by MIS based on this standardization of bidding and contract documents. Implementation of the "Trns*port CPS Utility" at the abovementioned offices, along with the associated procedures and training was completed last December 2005.

An anti-corruption alliance with People's Action and Response Against Corruption or PARAC through signed Memorandum of Understanding was forged by Secretary Ebdane on his first day of office at DPWH.

⁴ The target date set for the implementation of these procurement softwares is on January-February 2007.



PARAC composed of 41 organizations, joins the rosters of NGOs volunteering to ensure graft free transaction in the agency by acting as observers in the bidding process for public works projects.

For greater transparency, the Department continues to work with Civil Society Organizations (CSOs), such as the Volunteer Against Crime and Corruption (VACC), Filipino Greatness, Bisyon 2020 and PCA/NACAP authorizing them as observers of the DPWH bidding process. Procurement Watch came into the picture to monitor the bidding and contracting activities. While G-Watch partnered with DPWH through a MOA last October 18, 2005 to monitor the implementation of the School Building Projects.

The Agency also conducted an orientation course for its Supply Officers or Designated Supply Officers and other employees who are involved in the procurement of goods, civil work projects and consulting services from the Central Office, Regional, District, and Sub-District Engineering Offices on RA 9184 or the Government Procurement Reform Act. The objectives of the course covers appreciation of the importance of RA 9184 in the government efforts to minimize if not eradicate graft, corruption and inefficiency in its procurement process; expound on the alternative modes of procurement; and explain and implement properly the implementing rules and regulations of RA 9184 on the Procurement of Infrastructure Projects and Consulting Services.

BAC decisions and processes are documented in a form of resolutions and contracts prepared for each transactions awarded. For the monitoring of contractors, the agency has a group of accredited CPEs (Constructors Performance Evaluators) and QAUs (Quality Assurance Units) who conduct the assessment and rating of DPWH projects on a quarterly basis. Aside from these inspectors, field engineers are deployed for each project to supervise the project implementation. Based on the assessments of the inspectors, sanctions/penalties are issued to constructors and they are required to remove, replace or reconstruct substandard works.

Blacklisting of suppliers/contractors is also being practiced in the agency and these are shared/forwarded to the Philippine Domestic Construction Board for inclusion in the CIAP Consolidated Government Level and Industry Level Blacklisted Constructors. Department Order No. 152, Series of 1997 was issued by the then DPWH Secretary Gregorio R. Vigilar, regarding Guidelines on Price Monitoring on Construction Materials, Civil Work Items and Highway Maintenance Activities. Actual survey on prevailing market prices of construction materials in infrastructure projects are conducted on a quarterly basis, originating from the district level to the regional and forwarded to the Central Price Monitoring Committee of the Central Office. Code of conduct on giving gift and money is likewise part of the conditions of the contract and affidavit of contractors attached in the progress billing.

Agency Rating

The agency merited a rating of one (1) due to the presence of a customized procurement management system, an electronic procurement system to be rolled out in January-February of 2007, an Annual Procurement Plan, and existing partnership with civil society organizations in the monitoring and inspection of school buildings (G-Watch). The ratings in the Central Office are very low compared to that of the Regional sites. But in the consensus rating, Central Office and Region III agreed to a rating of 1 while Region VII and XI still maintained the rating of 4 and 5, respectively.

The process owner for civil works in the CO commented that the agency has no Annual Procurement Plan since the implementing offices (region and district) submit the APP only after the project has already been awarded. The Director from Region III explained that this is so because the Congressmen are the ones identifying the projects. Although the agency has Infrastructure Program for the year, the Congressmen still have the final say in identifying the lists of projects to be implemented.



The process owner for the consultancy services said that the agency has no registry of consultants, as well as standard criteria for project costs and blacklisting of consultants. Consultants are sanctioned individually but not the firms.

The respondents of Region III questioned bullet 3 of rating 2 (BAC members are made to disclose potential conflict of interest in all transactions). They said that it is against the law because it is not required by RA 9184 aside from its being redundant to what is required to the bidders.

Dimension No. 6 IDA Rating

Dimension	CO	Reg III	Reg VII	Reg XI	Team Rating
Procurement Management	1	1	4	5	1

Survey

Results of the survey seem to suggest the accuracy of the IDA findings. Region XI responses in procurement management showed highly positive ratings for all factors. For CO, Region III and Region VII, moderately positive agreements were cited. However, CO responses indicated slightly positive ratings with regards to the impartiality of the BAC decisions.

Statements	CO	Region III	Region VII	Region XI	Agency Total
22. Procurement in our agency follows the procedures as stipulated under the Procurement Law (R.A. 9184).	2.07	1.89	2.00	1.52	1.86
23. BAC decisions are impartial.	2.49	2.05	2.25	1.77	2.13
24. Non-performing suppliers are blacklisted.	2.11	1.95	2.01	1.65	1.92
25. Relevant personnel are well-trained on the entire procurement process – from bidding to inspection/utilization	2.27	2.23	2.08	1.71	2.07

When asked about their suggestions on how to improve the procurement process, a third of the respondents replied: strictly follow RA 9184 in the procurement of goods and services. About 12% suggests the checking of the quality of the item and monitoring of the usage of these items and 6.75% suggested the “conduct of training on moral values and seminars or regular orientation on updates of the RA 9184 and the whole procurement process. Almost the same number suggested to assign a person who can be trusted in the bidding process and inspection. About 5% suggested the need for transparent bidding process, updating of the database based on the performance of the contractors, consultants, and suppliers, eradication of the “padrino” or “palakasan”, and that external pressures, e.g. political intervention, should not be entertained. About 3% suggested the need to shorten or streamline the procurement process, lessen red tape, decentralize the procurement, fast track processing of documents, fix the system, and just in time (JIT) delivery.

Assessment

It is interesting to note that DPWH has satisfied the requirements of Levels 1, 3 and most of 4, except the last requirement. However, a single requirement in Level 2 is holding it back from moving to Level 4. This is the requirement stating that “BAC members are made to discuss potential conflict of interest in all transactions.” There has been a misunderstanding of this provision. Region XI thought that “disclosure of the contractors of absence of conflict of interest” was enough to satisfy this requirement.



Sanctions to erring contractors are also hard to come by. A Bureau Director admits that implementation of the three (3) strike system is not enforced. This system punishes bidders or would-be contractors who have continuously or for three (3) consecutive instances, submitted an incomplete or invalid tender. Contractors, though they are recognized or accredited by the database of the Department (Civil Works Registry), continue to connive and collude with each other. This happens when a contractor buys out the other bidders. The other bidders in turn, submit incomplete bids so that they may be disqualified. The remaining bidder automatically wins. A look at the bidding report of some of the projects revealed that the price differences among the bidders is very small, which may suggest collusion.

Recommendation

There is a need to enforce the three (3) strike system to level the playing field and enforce competition among contractors. More than the issuance of policy directives, what is needed is more political will in punishing contractors who continuously make a mockery of the procurement process.

One way to enforce transparency in the bidding process is to upload in the Internet the results of the various tenders. This way, the public may know what transpired during the bidding and may give their comments, advice, or knowledge of who these bidders are.

7. Financial Management: Budgeting, Accounting, and Cash Handling

Any financial transaction is generally vulnerable to corruption. Issuing and receiving payments represent a significant temptation for opportunistic and potentially corrupt individuals especially if the transaction is in cash. While cash taking might represent only low value in terms of individual transactions and be only a small proportion of an organization's budget, they can represent quite considerable amounts of money annually. Even under a situation when funding is inadequate, profligate use of finances can happen due to loose controls, arbitrary setting of budgets and misallocation.⁵

Rating	Levels of Achievement
1	<ul style="list-style-type: none"> ▪ The agency adopts the prescribed government budgeting and accounting guidelines such as the New Government Accounting System (NGAS), DBM Budget Guidelines. ▪ The agency has established control systems to ensure that its financial resources are protected. ▪ Financial accountabilities are defined.
2	<ul style="list-style-type: none"> ▪ Budgeting and accounting guidelines are disseminated to all concerned units. ▪ The agency takes proactive steps to make all employees are aware of their obligations not to use agency's resources for private purposes. ▪ Management and relevant personnel are trained on budgeting, accounting, and financial management.
3	<ul style="list-style-type: none"> ▪ The agency strictly/consistently enforces budgeting and accounting policies and guidelines (e.g. immediate liquidation of cash advances, etc) ▪ The agency regularly prepares financial reports, containing actual expenditures vs. budget and explanation for variance, statement of income vs. target collection and explanation for variance, etc. ▪ The agency provides full audit trail for major financial transactions. Random audits are carried out, with reports and recommendations for action provided to management. ▪ Reconciliations are regularly conducted. Appropriate follow up action are taken on any findings as maybe necessary.



Rating	Levels of Achievement
4	<ul style="list-style-type: none"> Computer systems have been integrated and provided with security (access codes) to ensure that fraud and other financial risks are managed and minimized. COA audit findings are immediately acted upon by management. The agency's financial reports are published/made available for public inspection. COA audit findings are made available to the public.
5	<ul style="list-style-type: none"> Financial controls/systems are regularly reviewed to ensure effectiveness in preventing fraud. Results of review are used to strengthen the agency's financial management system.

Description of the DPWH Financial Management System

Financial Management is in between the entire process of public works construction. It basically involves the payment of contractors with its attendant controls. The process starts with the request for payment of the contractor or billing of work done or accomplished. This request comes in the form of a disbursement voucher or DV for short. Request for payment or DV is accompanied by the following supporting documents:

- 1) Affidavit of materials on hand or on site, inspected by the DPWH Project Engineer, checked or audited by COA Auditor
- 2) Certificate of quality test as verified by the Resident Materials Engineer
- 3) detailed quantity calculation (for bridges and structures, asphalt paving materials) of materials used are checked if they conform with the Standard Specifications and Special Provisions of the Contract
- 4) Statement of time elapsed (duration) and work accomplished (done)
- 5) Performance Security and all risk insurance (CARI) are valid (current) and premiums are fully paid
- 6) Contractor's Affidavit listing the (i) Monthly certificate of payment; (ii) declaration of no-bribes given to DPWH; (iii) full payment of all workers/laborers, subcontractors, suppliers, among others
- 7) Certification of clearance for labor and materials payment (laborers as well as suppliers are fully paid)
- 8) Certificate of clearance for equipment rentals and/or lease.

These supporting documents are meant to ensure that the contractors has accomplished the building of any public works on time and that s/he has satisfied the requirements of the contract based on quality and quantity.

The Project Management Office (PMO) where the public works or project is lodge acts as the implementing or sponsoring office. The PMO directly works and is the direct link of the DPWH with the contractor. The PMO supervises the work of the contractor and is assumed by the DPWH as the most knowledgeable about the capacity and capability of the contractor in undergoing the project or public works. Hence, the PMO is made responsible in checking or verifying the veracity of the documents submitted by the contractor. If everything is in order, the request for payment is forwarded to the Accounting Division for review as to correctness of calculation. If the documents submitted are incomplete it will be returned to the contractor for completion.

Within three (3) working days of receipt, the Chief Accountant shall then review and certify that the supporting documents are complete and proper, and determines if cash is available, or will be made available thru the issuance of ADA/NCA6 by DBM. The Chief Accountant shall always note the date of the certification on the appropriate document. All claims shall be processed in the order that they were received.

⁶ NCA is a cash authority issued by DBM to agencies to cover their cash requirements (AFP Comptroller Letter Number 99-01 dated 22 March 1999).



If the Chief Accountant's review finds any deficiency with the disbursement voucher . . . , it is to be immediately returned to [PMO] for correction and re-submission, stating the reason for the return⁷.

Having satisfied all the documentation requirements, the Disbursement Voucher (DV) is then forwarded to the approving officials. These approving officials are the following: the Director of CFMS, Bureau or Service Director, A/Secretary, U/Secretary, and/or Secretary. Each of these reviews and approves the DV within three (3) working days of receipt. If the Approving Authority review finds any deficiency with the DV, it is immediately returned to the implementing office for correction and re-submission, stating the reason for the return⁸.

The approved DV is returned to Accounting Office for inclusion in the List of Due and Demandable Accounts Payable (LDDAP). The LDDAP is a list of accounts payable of DPWH which must be submitted to DBM every day until the 25th of the month.⁹ DBM in turn issue a Notice of Cash Allocation (NCA) to DPWH to cover payments to contractors listed under LDDAP. CFMS then posts the said NCA at the DPWH website for viewing of contractors. DPWH then, thru its accredited/designated banks (government servicing bank or GSB credits¹⁰ directly the funds sourced from ANCAI to the account of the contractor.

After this process, the Accounting Division prepares a report of all ADA or direct payments issued or made to contractors. The same is submitted to COA for review and audit.

Agency Rating

The team gave a rating of level two (2) with 60 to 70% deployment. This means that the agency follows the government prescribed budgeting and accounting guidelines. These guidelines are circulated to all concerned units. The agency also has controls in place. Financial accountabilities are defined. The employees are made aware of their obligations not to use agency's resources for private use. And management and relevant personnel are trained on budgeting, accounting, and financial management.

The participants of the Focus Group Discussion (FGD) from the Central Office, Region III and Region VII gave themselves a rating of 2. However, Region XI gave the highest rating of 5. In terms of deployment, Regions III and VII gave a 70% to 80% deployment, while Region XI and the Central Office gave the maximum level of deployment of 90-100%. Summary of the results are shown below:

Dimension No. 7 IDA Rating

Dimension	CO	Reg III	Reg VII	Reg XI	Team Rating
Financial Management	2	2	2	5	2

In support of the consensus ratings, the respective FGD participants reasoned that DPWH is already implementing the national government accounting system (NGAS). Apart from this, there are established controls in place, budgeting and accounting guidelines are disseminated, e.g. through the conduct of trainings and seminars on a regular basis. There are also efforts to strengthen the financial management system of the agency, by incorporating the findings of audit report or addressing deficiencies.

Survey

Results of the survey confirms what the IDA reveals. Region XI scored high in all categories, except the question on the reporting mechanism regarding irregularities in financial transactions. Region III comes in

⁷ Lifted from Department Order No. 1 series of 2003, issued on January 2, 2003, p. 2.

⁸ Ibid.

⁹ Per DBM CL 2005-2, Memo dated May 10, 2006.

¹⁰ This is also called advice to debit account (ADA).



second, rating moderately high in all categories. Region VII comes in third, rating moderately high in management checks agency spending and financial records and audit reports are accessible while rating slightly in agreement on reporting mechanism of irregularities in financial transactions. Last, is the CO, which rated moderately in agreement on management checks agency spending while rating slightly in agreement regarding the accessibility of the agency's financial records and audit reports, and reporting mechanism regarding irregularities in financial transactions.

Assessment

Some of the indicators found in the higher levels of achievement already exist in the agency. These are in the following areas:

1. **Physical Resource Management.** The DPWH is undertaking improvements in this area. The scope of this project includes inventory, acquisition, assignment, repair and maintenance, disposal and security of the Department's physical resources, which include DPWH Facilities (Buildings and Land), Office Equipment and Furniture (including computer equipment), Heavy and Floating Equipment, Vehicles and Materials and Supplies. Roads and Bridges, as well as Road Right of Way, are being handled separately due to the unique requirements of these assets.

2. **Management Evaluation of Internal Controls – Financial Management (2003)**

As part of the Department's efforts for financial management reforms, the Department undertook an initial effort to evaluate the effectiveness of financial management internal controls in 2003. Since the Department recognizes that strong internal controls are fundamental to meeting the mandate and mission of the Agency, it undertook for the first time, in recent years, this activity. Eighty six (86) processes were reviewed.

Documentation of existing financial management internal controls, assessment of the risks with current internal control system, evaluation of the effectiveness of the internal controls, and recommendation on strengthening weak controls were made.

The major functions in financial management which are Budget, Accounting, Cash and Assets make up the Comptrollership and Financial Management (CFMS); the CFMS was then reorganized and staffing assignments were modified effective January 2004.

3. **Financial Internal Control Improvements.** The DPWH has made major strides to improve internal controls in the financial management process. A major focus is on resolving outstanding suspensions and disallowances, and establishing detailed procedures and accountability to ensure these are minimized in the future. Additionally, Department Orders have been prepared to improve the recoupment of advance payments to contractors, the processing of contractor claims, and engineering supervision and administrative overhead. Analysis is currently underway on strengthening the financial practices of accounts payable.
4. **Contractor's Progress Payments.** The Contractor Billing Guidelines have been fully implemented. Further improvements are underway with the implementation of enhancements to the Contract/Project Management and Monitoring processes and the implementation of AASHTO software. Discussions are also underway with the Office of the President to connect to this DPWH system to assist in monitoring of projects.

However, despite the agency's efforts to make more accountable its accounting system, COA Annual Audit Reports (AAR) for CYs 2002, 2003 and 2004 (Note: 2005 AAR has not yet been submitted) showed otherwise:



1. The remaining balances in the Cash Accounts may not be accurate due to (i) improper write-off of account balance; (ii) the book and bank balances do not match; (iii) interest income and trusts receipts and questionable credit adjustments are not recorded, and other absences in the recording/reporting of transactions and in the keeping of records.
2. Cash Advances granted to officers and employees and other government agencies remained unreported and unliquidated.
3. The Inventory accounts may not be correct due to, among others, (i) purchases and issuances are not listed; (ii) no annual physical inventory was undertaken; and (iii) physical inventory reports do not match with accounting records.
5. The agency failed to recover the advances made to various contractors. The correctness of these Advances is also doubtful due to unreliable/incorrect recording in the books and incomplete submission of supporting documents
6. Property, Plant and Equipment (PPE) are not properly recorded due to failure to drop from the books completed and/or turned over infrastructure projects and the disposal of obsolete/unserviceable properties, inclusion in the Construction in Progress accounts of expenses that are not project related various accounting errors and omissions, among others.
7. The recording of Accounts Payable is doubtful due to, among others, the unsubstantiated/undocumented payables and the improper charging of current expenditures.
8. Late and incomplete submission of contracts and their supporting documents to COA.

However, a closer look at the summary of unliquidated cash advances as of June 30, 2005 reveals that most of these unliquidated cash advances were incurred way back in 1975. The same is true with regard to advance payment to contractors. The bulk of it also came from current and on-going projects (1 to 5 years). But still then, there remains P80 million more that is still left unaccounted for advance payments made 5 to 10 years ago.

The still unaccounted for advance payment to contractors totaling to P831,003,383 suggests that a lot of performance bonds submitted by contractors in undertaking their projects may be invalid or fraudulent. Hence, the need to check their validity from time to time.

Recommendation

In order to fast track the pace of the reforms, resources must be in place to put the entire DPWH into eNGAS. The District Engineering Offices must especially be connected to eNGAS so that monitoring is easier. This should also be complemented by the Document Tracking System (DoTS) which is still found wanting in the District Engineering Offices. The faster processing of payments may lead to better fund utilization and to better check and balances since every step of the payment system is accounted for. Also, there is a need to separate the Budget Office from CFMS, to place a control in the budget allocation of public works projects. There is some suspicion that projects or payments to public works that have no budget allocation may have unwittingly escaped the financial management system.

8. Whistleblowing, Internal Reporting and Investigation

Whistleblowing should be encouraged in every agency, as it is one of the fastest ways of detecting corruption though admittedly it is one of the most difficult things officials and staff can do. Many times reporting has led to harassment of the whistleblower, or worse, complete reversal of the case where the



whistleblower becomes the offender. Incentives and protection are therefore necessary to encourage employees to report corrupt behavior or practices. Protected disclosures and easy procedures for internal reporting and a good witness protection scheme should be established within the agencies.

Rating	Levels of Achievement
1	<ul style="list-style-type: none"> The agency has a written policy or guideline on internal reporting and investigation of information and reports of corruption or unethical behavior. The policy or guideline specifies what constitutes corrupt and unethical behaviors, the procedures and responsibilities for reporting. Roles and responsibilities of staff involved in investigation are clearly defined.
2	<ul style="list-style-type: none"> The agency disseminates the policy on internal reporting and investigation to all employees. Employees are trained on how to report corruption. Relevant personnel receive training in the handling and investigating reports of corruption.
3	<ul style="list-style-type: none"> The agency initiates investigations of reported corruption and tracks complaints/cases until final action is taken. The agency keeps full and complete record of all reports. The agency protects employees who report corrupt behavior/suspensions of corruption. The agency protects the rights of suspected individuals when investigating reports of corruption.
4	<ul style="list-style-type: none"> The agency regularly monitors progress and outcomes of every investigation. The agency imposes appropriate sanctions to erring employees and officials (includes those who submit malicious reports). The agency reviews and analyzes reports and statistics on incidence of corruption to identify patterns, which could indicate weaknesses of the system.
5	<ul style="list-style-type: none"> The agency regularly assesses the effectiveness of the internal reporting and investigation system in enhancing integrity and preventing corruption. Results of the review are used to strengthen management systems and enhance internal reporting and investigation processes.

Agency Rating

For the Central Office, Region III and Region VII, a consensus rating of zero (0) was reached without much argument. The IDA representatives of the said offices readily recognized the fact that there exist no written guidelines on whistleblowing. Region XI came up with a consensus rating of four (4). Upon validation, however, no written guideline was presented to the assessors. Below are the IDA self assessment ratings for the Central Office and the three participating regional offices:

Dimension No. 8 IDA Rating

Dimension	CO	Reg III	Reg VII	Reg XI	Team Rating
Whistleblowing, Internal Reporting and Investigation	0	0	0	4	0

After the completion of the Integrity Development Assessment (IDA), it became apparent that all offices covered (Central, Region III, Region VII and Region XI) have some sort of system in place on how to go about investigation of complaints. What are lacking though are clear guidelines on how to report corruption and how to go about the investigation of complaints.



Survey of Employees

Results of the survey seem to confirm what management knew all along during the IDA. Only Region XI rated satisfactorily. It rated moderately in agreement in all categories of whistle blowing, internal reporting and investigation. The rest of the Regions rated slightly in agreement, except for Region III which rated moderately in agreement regarding the question "Reports of corrupt behavior are investigated."

Statements	CO	Region III	Region VII	Region XI	Agency Total
30. Employees are encouraged to report corrupt and unethical behavior/	2.43	2.28	2.42	1.91	2.25
31. Guidelines for reporting corruption and unethical behavior are clear.	2.45	2.35	2.29	1.96	2.26
32. Reports of corrupt behavior are investigated.	2.28	2.14	2.30	1.85	2.13
33. Employees who report corrupt behavior are protected.	2.65	2.46	2.56	2.01	2.40

It is gratifying to note that a majority of the respondents indicated that they would report a corrupt and unethical behavior as shown in the table below.

If you ever witness a corrupt and unethical behavior (again), will you report it?
(in %)

	CO	Region III	Region VII	Region XI
Yes	83	87	77	81
No	17	13	23	19

However, slightly negative rating was recorded among the respondents except in Region III and Region XI. Again, among the Regions, Region XI indicated slightly positive net rating, which may suggest that the current corruption reporting mechanism may not be enough and needs strengthening.

Statement	CO	Region III	Region VII	Region XI	Agency Rating
73. How satisfied are you with reporting mechanisms for corruption in your agency?	2.60	2.49	2.54	2.18	2.45

When asked about their suggestions on how to improve the system on internal reporting of corrupt and unethical behavior, more than a fifth said that "Report should be signed by the complainant, Entertain anonymous letters and investigate even unsigned reports", assure confidentiality of the report, set-up a reporting mechanism, e.g. complaint desk/office, suggestion box, text messaging, hotline, writing, and through the media. More than 10% said that employees should be protected when they report unethical behavior. They should be free from prosecution. Rewards should also be provided to those who report corrupt practices. Lastly, encourage more whistle blowers. About 10% said that swift resolution of cases should be pursued as well as swift punishment, mete the right punishment, and follow due process in investigation and reporting of corrupt practices.

About 5% said that top management should have clear rules on internal reporting of corrupt and unethical behavior, provide information on how to report cases of corruption including an orientation program for the smallest unit in the Department regarding reporting, and train employees on how to report unethical acts. About 3% mentioned the need to conduct a seminar among employees regarding unethical behavior,



corruption, as well as to inform the employees about R.A. 6713. About 2% mentioned the need for "Leadership by example", that "Leaders should be honest and loyal to their work", and "Create a committee composed of rank and file who will report corrupt and unethical behavior in the agency".

Assessment

At the Central Office, there is a unit called the Complaints and Action Center, which was just recently replaced by the Internal Affairs Office (IAO) through Department Order 84 Series of 2005.

A system of reporting graft and corrupt practices has been initiated in the form of Text 2920. Through this system, anonymous complaints are received and acted upon. Upon receipt of complaints through the Txt 2920 system, the appropriate office within the Agency is notified. The concerned office then forms a team, which is then tasked to look into the complaint.

Txt 2920 is a good initiative in improving internal reporting. However, clear guidelines are lacking on how to fully harness this system. For example, there is a lack of guidelines on the amount of information necessary for a complainant to include in his texted complaint for the agency to initiate an investigation. The question also remains on whether the agency can act on anonymous complaints. Also, the fact that the complaints received are referred to the office being complained of raises some questions. Perhaps it would be better if a separate office within the agency takes cognizance of all complaints (similar to the Internal Affairs Board of the Office of the Ombudsman) to avoid any questions or doubts in the results of investigations.

It was mentioned by one of the FGD participants during the IDA that although no procedure exists, the agency has always exercised caution in the handling of cases. The participant also mentioned that sanctions such as preventive suspensions are imposed on erring officials. Another participant also raised the fact that an ad hoc Internal Affairs Office was created in order to handle the investigation of complaints. However, he said that investigators have no formal training on how to handle complaints. Aside from the lack of training, a problem arises from the lack of manpower to complement the needs of the Internal Affairs Office. Another participant mentioned that potential whistleblowers become apprehensive because those who have reported acts of graft and corruption are allegedly transferred to Regional Offices.

Based on the above discussion, the following strengths are noteworthy:

- A system in the form of Txt 2920 has been initiated in order to receive complaints
- A unit, albeit ad hoc in nature (Internal Affairs Office), was created to act on complaints.

At the Region III Office, there is a lack of a clear set of guidelines on how to report and investigate possible cases of graft and corruption. There is, however, a Legal Staff which receives and acts on all complaints.

At the Regional VII Office, no written guidelines exist on how employees are to go about reporting graft and corrupt practices that they may have witnessed. What exists is the Legal Department, which takes care of all grievances raised by personnel, regardless of the nature of the complaints. Such absence of any written guidelines on how to report acts of graft and corruption, and the lack of the assurance of protection for would be whistle blowers, leads to apprehension on the part of personnel to report graft and corrupt practices, which they witness.

Most of the cases brought up by the head of the Regional Office Legal Department (Region VII) pertained to cases that were not related to graft and corruption. The Regional Office Legal Department takes cognizance of cases with the sanction of suspension for thirty (30) days and below, while those with stiffer sanctions (more than 30 days suspension) are referred to the central office.

Region XI initiates the investigation of reported corruption and tracks complaints/cases until final action is taken. The Administrative Division cited several cases to illustrate investigations it has conducted. However,



as in the Central Office and in Region VII, no written guidelines exist on how employees are to go about reporting any graft and corrupt practices that they may have witnessed. Region XI, however, was the only participating office that was able to produce documents to show that some of its personnel were able to attend a seminar on whistleblowing in September of 2004.

Recommendation

There is a need to codify and disseminate the operation of Internal Affairs Office (IAO) in terms of procedures and guidelines. This way, complainants would be educated on how to go about their grievances. Likewise, a clear and strong guidelines on whistle blowing will also act as a deterrent for individuals who are contemplating to commit improper acts. A strong policy on internal reporting of bad behavior will also send a strong signal to the public that the agency is committed and has the political will to enforce integrity as well as accountability among its ranks and punish erring employees and officials of the Department.

In the same vein, an established and concrete reporting mechanism should be supported by systems of rewards and punishment. A specific set of sanctions as well as rewards should be given to those who toe the line of integrity and punishment to those who make a mockery of the rule of law.

9. Corruption Risk Management

Although not widely practiced, corruption risk management is the first step required for a systematic response to corruption vulnerabilities. Risk assessment is an important management tool in detection and prevention of corruption. Risk assessment provides a systematic scrutiny of an organization's operations, systems, and performance that can lead to identification of risks and opportunities for corruption. There is a tendency for an agency to be reactive in its assessment. Assessments are not enough, the agency should be proactive and device a plan for managing risks. Fraud and other forms of corruption may be avoided if the agency regularly undertakes an implementable corruption risk management plan. In this plan, the agency can identify its high-risk functions, source the risks identified, and outline steps in controlling them.

Rating	Levels of Achievement
1	<ul style="list-style-type: none"> ▪ The agency recognizes the role of internal audit in the prevention and detection of fraud and corruption. ▪ The agency has identified its high-risk operations and functions.
2	<ul style="list-style-type: none"> ▪ The agency proactively undertakes assessment of corruption risk areas. ▪ Relevant personnel are trained on corruption risk assessment and corruption prevention planning. ▪ Results of risk assessment are reported to management. Corruption and fraud risks identified are made known to employees.
3	<ul style="list-style-type: none"> ▪ The agency develops and implements a corruption risk management/corruption prevention plan to address identified risks. ▪ Time and resources are allocated, and managers are given clear tasks of implementing and monitoring the corruption risk management plan. ▪ Employees are encouraged and rewarded for identifying responses to corruption risks.
4	<ul style="list-style-type: none"> ▪ The agency's corruption prevention plan is supported/integrated in the corporate plan and other management plans. ▪ Corruption prevention focus is incorporated in management functions, policies, systems and procedures of the agency.
5	<ul style="list-style-type: none"> ▪ The agency's approach on corruption risk management is regularly reviewed for effectiveness in detecting and preventing corruption. ▪ Results of evaluation are used to enhance integrity measures/corruption prevention strategies of the agency.



Agency Rating

The agency merited a rating level of two (2) since the Department had taken proactive steps in managing identified risks. It has drafted an agency Integrity Development Action Plan (IDAP) in partnership with the Presidential Anti-Graft Commission (PAGC). Likewise, it has also drafted an agency Corruption Prevention Plan (CPP) in tandem with the Transparency and Accountability Network (TAN). It is also signed a memorandum of agreement (MOA) with PAGC in undertaking a “Lifestyle Check” of its high-ranking officials. The MOA stipulates that DPWH catch a “big fish” every quarter.

The Central Office and Region 7 gave a rating of level one (1) for this dimension, recognizing the role of Internal Audit in the prevention and detection of fraud and corruption, and the Agency having identified its high-risk operations and functions.

Regions III and XI, gave a rating of 0 and 5, respectively. Region III gave a rating of zero (0) because they claim that RIAs do not conduct audit on their own but with the IAS Team. Region XI on the other hand, gave a perfect score of five (5). It was justified that the Regional Office has identified survey, estimate, bidding, implementation and collection as areas prone to corruption.

The Regional Internal Audit Staff (RIAS) in Region III gave a rating of zero but IAS records showed that the RIAs submitted audit reports in seven (7) District Offices in the Region for CY 2005; thus, indicators under Level 1 are met. Region XI, just like the Central Office met some but not all the indicators required in the higher levels. A summary of the results of the IDA is presented below.

Dimension No. 9 IDA Rating

Dimension	CO	Reg III	Reg VII	Reg XI	Team Rating
Corruption Risk Management	1	0	1	5	2

Survey of Employees

The survey somewhat confirms the results of the IDA. Though Region XI rated itself moderately high, the rest of the Regions including CO showed otherwise. Region XI scored moderately in agreement regarding all categories. The rest of the Regions as well as the CO gave a dismal showing. They rated either slightly in agreement and percentage of undecided is substantial or slightly negative net agreement and percentage undecided is substantial.

Among the regions, Region VII garnered a rating of slightly negative (-) net agreement and percentage of undecided is substantial in the following areas: (1) “It is difficult to corrupt our current system of operations; (2) “Employees in our agency are trained to prevent fraud; (3) “Our agency is successful in fighting corruption”.

Region III gave some bright spots among Region VII and CO. It posted slightly positive net agreement but with substantial percentage of undecided in all categories of this dimension. The respondents in this region agree a little bit on the agency’s ability to implement measures in identifying potential fraud and corruption. Only some agree that the system of operations is difficult to corrupt. Employees also get a little, in the way of training to prevent fraud. And only a few believe the agency is successful in fighting corruption.

The result of the survey at the CO tends to cancel out each other. A few believe the agency implements measures to identify potential fraud and corruption. While a few do not believe it is difficult to corrupt our current system of operations. A few believe employees in our agency are trained to prevent fraud. Yet a few do not believe the agency is successful in fighting corruption.



Net Ratings for Corruption Risk Management

Statements	CO	Region III	Region VII	Region XI	Agency Total
35. Our agency implements measures to identify potential fraud and corruption.	2.45	2.23	2.30	1.88	2.20
36. It is difficult to corrupt our current system of operations.	2.56	2.34	2.64	2.09	2.40
37. Employees in our agency are trained to prevent fraud.	2.48	2.33	2.59	2.02	2.35
38. Our agency is successful in fighting corruption.	2.78	2.44	2.79	2.10	2.51

Assessment

DPWH has drafted its own Integrity Development Action Plan in compliance with the directive from PACG. The agency has also drafted its Anti-Corruption Plan a result of a series of focus group discussions with the Transparency and Accountability Network (TAN) in partnership with the Presidential Anti-Graft Commission (PAGC), Office of the Ombudsman (OMB), and Presidential Committee on Effective Governance through the TAG project. The agency has also implemented a lot of measures to plug the hole in its most vulnerable operations. For example, it has evaluated the effectiveness of financial management internal controls in 2003. In the process, eighty six (86) procedures were reviewed. As a result the Comptrollership and Financial Management (CFMS) was reorganized and staffing assignments were modified effective January 2004. In addition, detailed procedures and accountability is being established to ensure that outstanding suspensions and disallowances are minimized in the future. Corollary to this, Department Orders have been prepared to improve the recoupment of advance payments to contractors, the processing of contractor claims, and engineering supervision and administrative overhead. Analysis is currently underway on strengthening the financial practices of accounts payable.

At the same time, the agency started a document tracking system that enables the department to trace the movement of important documents, enabling monitors to pinpoint the cause of delay. An executive information system also monitors the performance of different regional offices and alerts officials if there are problematic projects. The agency also established a Civil Works Registry, which posts all bids in a computer system and automates pre-bid qualification, thus preventing human tampering.

While tightening internal controls, the department beefed up transparency by enlisting the help of business groups, nongovernmental organizations, local governments and other agencies in monitoring the implementation of projects. Quality Assurance Units (QAU) in the Central Office and Regional Offices were also created for the enhancement of quality work, standards and specifications of materials. The engineers in these units are all accredited Project Engineers/Inspectors of the Department in order to ensure that only competent engineers will be assigned to DPWH projects – this is being done thru the Bureau of Research & Standards.

Actions / corrections undertaken with corresponding pictures taken before, during and after the corrections on defects/deficiencies noted by the Team are also required from the concerned contractor or field/implementing office.

Constructor's Performance Evaluators (CPEs), accredited by CIAP were also created to conduct evaluation on the performance of constructors using NEDA-Approved CPES Guidelines.

In CY 2005, the Secretary had approved preventive suspension for 90 days of 8 personnel for grave misconduct (3 – tried for administrative offense and awaiting decision); dismissal from the service of a



Supply Officer; reprimand with stern warning for seven (7) officials and a BAC Chairman from the District Offices.

However, corruption risk assessment and corruption risk management is still something new to the agency. Hence, it is not yet integrated in the overall workings of DPWH. Efforts at corruption risk assessment and risk management has taken the semblance of compliance rather than of embracing it and including it in the agency's systems and processes. If corruption risk management and risk assessment continue to go on this way, sudden change in management or sudden change in the agency priorities might derail these efforts of the Department.

Finally, the IAS is undermanned and under funded. It takes five years just to complete the full auditing of the Regions. This is a cause for alarm since fraud or misdeeds may have already taken place or the time elapsed is long enough that the culprit may have escaped or have already patched the misdeed.

Recommendations

Although, there are controls in place to prevent corruption at DPWH, there are gaps that needs to be filled to make the agency's strategy to fight corruption a one seamless whole. Efforts should be coordinated and made part of the other measures. For example, although there are existing controls, there is no covenant or code of conduct that the employees can live by. In the same vein, there is no gifts and benefits policy to make concrete and inform the public that a DPWH employee will not accept bribes in any form. There are also no concrete rules or procedures that employees can resort to in reporting erring employees and officers of the Department. This should be addressed, so that the agency's anti-corruption prevention efforts can be strengthened and given more teeth.

The agency need to concentrate auditing in the most vulnerable area and in the most vulnerable Region. Selective and purposive auditing should be done to maximize the use of limited resources, as well as concentrate the agency's efforts on the vulnerable areas of the agency's processes and system. Risk assessment and risk audit should also be complemented by proper training.

The team also gathered that RIAS personnel are doing pre-audit functions as ordered by the Regional Director. RIAS should be made answerable directly to the Secretary and not made under the administrative supervision of the Regional Director so that can focus its attention to the conduct of internal audits. Hence, the need to strengthen the Internal Audit Service (IAS) as well as the Regional Internal Audit Staff (RIAS)¹¹.

The agency also needs to undertake the following:

- Develop and implement a Structured Corruption Risk Management / Corruption Prevention Plan (CRM/CPP);
- Identify a Unit as a lead to implement the CRM /CPP, monitor and review its effectiveness in detecting/preventing corruption, and
- Conduct trainings on Detailed Risk Assessment (identifying, measuring, prioritizing risks; ways to manage or mitigate risk along with consequences; etc.)

¹¹ The PAGC thru the SGV is carrying out the "Strengthening of Internal Audit Units for Effective Procurement Monitoring and Enforcement" Project to improve the delivery of services in government agencies. At the DPWH, Phase 2 - Quality Assessment of the IAS by the SGV Quality Assurance Team had just been concluded; awaiting schedule for the presentation of results to Management. Phase 3 - Enhancement Current State: this will include the following: develop Quality Assurance Program; present and agree on IA methodology and framework; prepare a generic Internal Audit Manual (IAM); Conduct training and pilot test, and Customize the IAM



10. Interface with the External Environment

Corruption incidences within an agency normally involve an external party. Agencies should effectively manage their external environment to contain corruption. Management of external environment includes promoting the agency-established process of doing business, clarifying condition of engagements, and responding to the needs of the clients.

Rating	Levels of Achievement
1	<ul style="list-style-type: none"> ▪ The agency has established an information system to inform the public of its services, policies, rules and procedures. ▪ The agency has a policy on disclosure of information to the public.
2	<ul style="list-style-type: none"> ▪ The agency proactively disseminates information on its services, policies, systems and procedures to the transacting public. Procedures for frontline transactions (that includes standard processing time, fees, persons responsible, specification of the transacting area, etc) are posted in public areas. ▪ The agency employs systems to avoid long queues and prevent “facilitators” of transactions. ▪ Employees are given training on how to interact with clients/stakeholders in appropriate and ethical manner.
3	<ul style="list-style-type: none"> ▪ The agency has mechanism to check that the published rules, procedures, and standards are being met (e.g. client complaints/feedback mechanisms) ▪ Relevant personnel are given training on how to handle and resolve complaints. ▪ Managers monitor compliance with service standards.
4	<ul style="list-style-type: none"> ▪ The agency has full and complete record of complaints and feedback from clients, and how these were resolved. ▪ Complaints and feedback from clients are analyzed to identify possible incidence of corruption. ▪ Records of releases of information are examined.
5	<ul style="list-style-type: none"> ▪ The agency regularly reviews its system of managing interface with external environment for effectiveness in preventing corruption. ▪ Results of evaluation are used to strengthen policies/systems on disclosure of information/dealing with external parties.

Agency Systems and Processes

The agency’s website includes the “Doing Business” section, which has registration procedures and forms, bidding and award procedures, advertisements, bid bulletins and bidding schedules and results of projects implemented. It also includes a list of due and demandable claims which shows the “first in/first out” priorities for payment of claims by contractors for completed works.

Contractor and Consultancy Billing Guidelines have been issued to assist in streamlining the processing of billings for delivered works. The number of referring and approving officials has been cut down by one half, and the time for processing the billing has been reduced from 17 to 7 working days.

DPWH has come up with its own service guide and workflow chart, detailing the functions of each Bureau, Unit, Service of the Department. In addition, every construction work is laden with billboards detailing the specifications of the work.

The Agency regularly conducts Capability Building training for all its officials and rank and file employees in the region. This course is a follow-up to the Anti-Graft and Corruption Seminar attended by all DPWH officials and employees region-wide. The course aims to improve their skills and attitudes in dealing with other people. This is complemented by a “Seminar on Office Decorum”. The seminar covers the application of the Code of Conduct & Ethical Standards for Government Officials and Employees or R.A. 6713,



especially its 8 norms of conduct. It also includes a topic on “Demonstrating better relationships with clientele and the public, superiors, peers and/or subordinates.”

The Feedback page of the website is the centerpiece of the Department’s thrust of reaching out to the public and encouraging interaction with its stakeholders. The Feedback allows the public to directly send messages to various offices of the Department. The messages received are complaints, queries, request for assistance, opinions, suggestions, recommendations, etc., and can be acted upon expeditiously because of the website.

From the onset, the Feedback has received voluminous messages from concerned citizens from all walks of life, from different areas of the country and even in areas outside the country. These messages have been promptly responded with the appropriate actions taken by the Department. Some of the message senders have shown great appreciation of the Department’s quick and accommodating responses, by sending commendations and acknowledgement through the website.

Likewise, the Feedback is complemented by Media Monitoring Activities, wherein articles about DPWH on local newspapers that have the widest circulation and local TV broadcasts are monitored. If the article or news is about complaints, public relations officer (PRO) are required to answer them within 24 hours. This way, damage control is done at the outset.

Agency Rating

The agency merited a rating of two (2) because of an established information system to inform the public of its services, policies, rules and procedures (website and flowchart posted in each offices). The agency also proactively disseminates information on its services, policies, systems and procedures to the transacting public through its service standards and flow charts. Procedures for frontline transactions (that includes standard processing time, fees, persons responsible, specification of the transacting area, etc) are posted in public areas. The agency also employs systems to avoid long queues and prevent “facilitators” of transactions, through its website, contractors or creditors, can check whether their disbursement vouchers are already listed. Employees are given training on how to interact with clients/stakeholders in appropriate and ethical manner by orienting them on the provisions of R.A.

The Central Office gave a consensus rating of one (1). There was one participant who gave a rating of five (5). The participant cited the presence of a website, as mandated by Department Order No. 129; the functioning Document Tracking System (DoTS), as mandated by Department Order No. 158, 159 & 160; the use of DPWH SMS TXT 2920, as mandated by Department Memorandum dated 3/15/05. However, one of the participants gave a rating of zero (0), saying that there was no “policy on disclosure of information to the public”. It was “not clearly spelled . . . it should be defined”. One also mentioned that the website is not updated. In lieu of the system enumerated above, the group agreed to a consensus rating of one (1).

Region III arrived at a consensus rating of four (4) with a deployment of 70% to 80%. The participants reasoned that there is a monthly monitoring of text message/E-mail with the date received indicated, actions taken as well as recommendations; monthly media monitoring report with issues resolved and action taken; and the presence of the website, however the effectiveness of this media is limited because not all clients/stakeholders have access to the Internet or computers.

Region VII arrived at a consensus rating of 3. However, not all the requirements were satisfied to justify a rating of 3. One participant said that the agency website is the means by which they inform the public of their services, policies and procedures. However, the same reason as in Region 3 was given, due to the limited access of clients to the Internet.

As regards the policy on disclosure of information, the participant provided the team with D.O. 09, series of 2006. The said DO pertains to the management of data. It defines accountability for data management



activities throughout the Department. It was also observed that documents for procedures are properly forwarded to the regional office. However, no system is employed by the Agency “to avoid long queues and prevent ‘facilitators’ of transactions”.

Region XI arrived at a consensus rating of 5 because of the robustness of their system in interacting with the public. For example, there is a multi-sector group¹² that takes care of monitoring of public works accomplishments in the region. This ensures that construction work is done properly and with quality. Also, the Region has a service guide and workflow chart, illustrating the various functions as well as workflow process of the different units, from the Office of the Regional Director to the Comptrollership and Financial Management Division. And managers check whether this process or service standards are being followed by staff.

There is also a public feedback mechanism in the form of DPWH TXT 2920, feedback e- mail mechanism via website, and media monitoring activities. The Region has records of all complaints and feedback from clients & how these were resolved. However, these are not found in the central records. These are kept records of the divisions, sections, units concerned. The PIOs are trained to handle complaints, particularly in the Media Monitoring Reporting. Normally finding solutions to these complaints are handled by the concerned parties in the office. The facilitation and coordination functions of the PIO in resolving complaints depend upon the style of the office.

However, upon validation of the evidences presented, the Region can only go as far as Level 4, because of the lack of review of the Public Information Office.

The summary of the IDA rating is shown in the table below.

Dimension No. 10 IDA Rating

Dimension	CO	Reg III	Reg VII	Reg XI	Team Rating
Interface with the External Environment	1	4	3	5	2

Survey of Employees

Results of the survey seem to confirm the result of the IDA. Region XI consistently garnered high ratings in all categories while Regions III and VII garnered moderately high ratings consistent with their IDA ratings of four (4) and three (3) respectively. The Central Office, on the other hand, rated slightly high in the consistency of written procedures and policies with what is practiced, actions are taken with regards complaints and feedback of clients, and employee complaints and feedback are acted upon. The clarity of operations was rated moderately high. Again, this is consistent with CO's low rating of one (1) in the IDA.

Statements	CO	Region III	Region VII	Region XI	Agency Total
39. Overall, operations in our agency are clear and easily understood.	2.17	1.98	1.91	1.71	1.94
40. Actual practices in our agency are consistent with written procedures and	2.29	2.07	2.03	1.72	2.02

¹² The presence of IMAG, a problem-solving organization composed of local government officials, DPWH personnel, contractors, consultants, as well as representatives from the media, non-government organizations, and the business sector. It holds regular monthly meetings during the project implementation period to monitor progress and resolve problems affecting bidding/tendering, actual construction and post-construction activities. To promote transparency and public awareness, representatives of the community are invited to attend and participate at these meetings



policies.					
41. Complaints and feedback of clients are acted upon in our agency.	2.34	1.89	1.97	1.66	1.95
42. Complaints and feedback of employees are acted upon here in our agency.	2.39	2.06	2.17	1.64	2.05

Recommendation

The Department has a robust system for interacting with the public with regards its anti-corruption reform efforts. However, since there was no “policy on disclosure of information to the public”. Public access to information remains a one-way street or one sided. The agency tends to relay information to the public as it see it fit. But an invitation to the public to scrutinize its operation, systems and procedures is still in the drawing boards. Nevertheless, the agency is engaging some civil society organizations to step in this role, e.g. G-Watch for school buildings, CCAGG for public works inspection.

One window for the public to interact with DPWH is through text messaging. However, the intent of this system is to find fault. Hence, there is a sense of unease in the Department towards this public engagement. This has to be enhance to include also public gratitude for a job well done. Seen this way, insiders in the Department would think of this public discourse as more engaging and more constructive. Hence, suggestions would be taken more seriously or given much thought. As one participant would have it policy on disclosure must be “defined”.

Region VII admits that there is no system from the agency “to avoid long queues and prevent ‘facilitators’ of transactions”. This is understandable since operations at the regional level are face-to-face. Also, smaller transactions at the regional and district offices necessitates face-to-face transactions since the contractor and the staff live in the vicinity. This is in contrast to the operations at the CO where large transactions cannot be done face-to-face due to the large amount of money involved. Hence, the use of the Internet to process payments is apt in this level.

In addition, the problem of whistleblowing also spill over in this dimension. Since there is no clear cut rules and guidelines in reporting, there is a possibility that complaints may become displaced or disregarded. A look at the complaints reveal that complainants do not leave their address, so that their complaints can be verified. Some have fictitious names or addresses. This gives the Internal Affairs Office (IAO) a headache because, sometimes, the complaints are too broad or too general. It is hard to know the “hows and the whys” of the complaint. Clear cut guidelines must also be issued to the public on how they should report and that they should be more specific so that IAO can pinpoint exactly where, how, why, and who had been complained about. This way, investigation as well as prosecution of these suspected erring employees and officers can be done easily.

Finally, there is a missing link in all these efforts of the Department to disclose information to the public. There are no score-card on how the agency has fared with regard to the resolution of public complaints. There is no feedback to the public on how their grievances was redressed. Creating a score card with regard to the agency’s efforts on how these complaints were resolved will go a long way in encouraging the public to report incidents of misbehavior by DPWH staff and officers. The score card will create an incentive to the public to be more proactive and more vigilant, knowing fully well that at the end of the day, they will be given feedback regarding their queries. And that their grievances will find closure as well as resolution.



SURVEY RESULTS

1.0 RESPONDENT PROFILE

1.1 Gender

There were slightly more male respondents (57%) from the Department of Public Works and Highways.

Table 1.1 Gender Distribution by Site

	CO	Region III	Region VII	Region XI	AGENCY TOTALS
FEMALE	41.00%	33.00%	50.00%	48.00%	43.00%
MALE	59.00%	67.00%	50.00%	52.00%	57.00%

1.2 Education

Respondents of the survey were highly educated across all 4 sites. Almost two-thirds of the respondents have at least a college degree (61.00%), with 22.25% of the employees with post-graduate degrees (MA/MS or PhD).

Table 1.2 Educational Attainment Distribution by Site

Educational Attainment	CO	REGION III	Region VII	Region XI	AGENCY TOTALS
Elementary	1.00%	0.00%	3.00%	4.00%	2.00%
High School	9.00%	14.00%	10.00%	12.00%	11.25%
Vocational	10.00%	2.00%	1.00%	1.00%	3.50%
College	52.00%	60.00%	65.00%	67.00%	61.00%
MA/MS	25.00%	21.00%	17.00%	15.00%	19.50%
Ph.D.	3.00%	3.00%	4.00%	1.00%	2.75%

1.3 Work Profile

Most of the respondents occupy non-supervisory positions (75.75% of total). Regional respondents were all permanent employees whereas the Central Office has a mix of work status. Seventy percent (70%) were permanent, 8% temporary, and 22% contractual employees. Twenty-two percent (22.00%) are involved in Operations, 38.75% in Administrative support and 39.25% in Technical support.

In terms of scope of work, 55% of respondents from DPWH-Central Office cover national scope, 33% central and the rest in regional and provincial activities. Regional respondents were mostly involved in both regional and provincial activities.

Nearly fifty-seven percent (56.75%) of the respondents have been in active service at the DPWH for more than 20 years. 30.75% have been employed in DPWH between 10-20 years.

Table 1.3 presents the number of respondents distributed by work description and by site.



Table 1.3 Work Profile Distribution by Description and by Site

Description of Work		Number of Respondents				Agency Total (%)
		CO	REGION III	Region VII	Region XI	
POSITION	Supervisory	32	23	19	23	24.25%
	Non-Supervisory	68	77	81	77	75.75%
STATUS	Permanent	70	100	100	100	92.50%
	Temporary	8	0	0	0	2.00%
	Contractual	22	0	0	0	5.50%
NATURE	Operations	25	18	22	23	22.00%
	Support-Admin	37	44	37	37	38.75%
	Support-Technical	38	38	41	40	39.25%
SCOPE	National	55	5	6	2	17.00%
	Central	33	1	2	2	9.50%
	Regional	9	38	69	62	44.50%
	Provincial	2	53	7	28	22.50%
	Municipal	0	0	12	4	4.00%
	Barangay	1	3	4	2	2.50%
YEARS	0-1 yr	1	0	0	1	0.50%
	2-4 yrs	12	0	10	1	5.75%
	5-9 yrs	2	6	6	11	6.25%
	10-20 yrs	31	39	25	28	30.75%
	>20 yrs	54	55	59	59	56.75%

2.0 SURVEY RESULTS

Using a 4-pt weighted scale system, net ratings were computed for statements in each of the 12 domains of the study. The weighted rating is computed using the following formula:

Response Scale	Weight	Frequency	Scale x Frequency
Strongly Agree	1	A	1 x A
Agree	2	B	2 x B
Disagree	3	C	3 x C
Strongly Disagree	4	D	4 x D

$$\text{NET RATING} = [(1 \times A) + (2 \times B) + (3 \times C) + (4 \times D)] / \text{Total no. of respondents}$$

To interpret net ratings, the following guideline can be used:

1.00 - 1.79	Highly positive net agreement
1.80 - 2.21	Moderately positive net agreement
2.20 - 2.49	Slightly positive net agreement and % undecided is substantial
2.50	Split opinion
2.51 – 2.80	Slightly negative net agreement and % undecided is substantial
2.81 – 3.20	Moderately negative net agreement
3.21 – 4.00	Highly negative net agreement.



A positive net agreement occurs if the net rating is less than or equal to 2.0 and a negative net agreement is reached if the net rating is greater than 2.0. The lower the net rating, the positive net agreement to the statement increases. Conversely, the higher the net rating, the negative net agreement to the statement increases.

A. LEADERSHIP

Region XI respondents signified highly positive ratings in favor of their managers. CO, Region III and Region VII respondents indicated moderately positive net ratings for the professionalism of their leaders. However, CO and Region VII respondents indicated slightly moderate agreement to the statement that their managers do not abuse their authority.

No significant differences in responses were observed among the respondents except for those in Region XI for Statement No. 1 and CO for Statement No. 2. Stronger agreement from among respondents with central scope in CO and regional scope in Region XI was observed.

Table 2.1 Net Ratings for Leadership by Site

STATEMENTS	CO	REGION III	Region VII	Region XI	AGENCY RATING
1. Managers in our agency do not abuse their authority. (<i>Hindi umaabuso sa kapangyarihan ang mga namumuno o manager ng aming ahensiya.</i>)	2.40	1.99	2.21	1.65	2.06
2. Managers in our agency inspire employees to be "professional" (<i>Ako ay nai-inspire ng mga namumuno o manager ng aming ahensiya upang maging propesyonal sa aking trabaho.</i>)	2.16	1.98	2.01	1.59	1.93

Table 2.2 One-way ANOVA analysis by Site for Question 1

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.307	0.181	0.997	0.121	0.289
REGION III	0.913		0.800	0.753	0.300
Region VII	0.114		0.902	0.778	0.511
Region XI	0.313		0.560	0.018	0.133

Table 2.3 One-way ANOVA analysis by Site for Question 2

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.262	0.842	0.589	0.014	0.840
REGION III	0.799		0.744	0.723	0.201
Region VII	0.188		0.864	0.203	0.981
Region XI	0.285		0.072	0.093	0.229



Suggestions to improve the leadership's contribution in preventing corruption in your agency include:

- Be a good leader/ Leader must be a role model, with integrity and moral values/Leadership by example/Leaders and employees should have fear in God / Strengthen moral values/ adapt moral values/Leaders should be kind and understanding/ supportive/ fully give self in what he does 18.50%
- No political intervention/ Avoid political backers/ Stop politicking, bata-bata system/ avoid nepotism/No external interference 10.00%
- Dedication to work/ Be a real public servant/ self-discipline/ live up to oath as a government employee/honesty/ kind and understanding/Be fair to client/ Perform in accordance with their function considering the time frame/be rational/Live simple life/Respect for co-employee 8.50%
- Conduct seminars for values formation/ more seminars and retreats for all employee and managers/training on professionalism for the top management/ conduct reorientation on office policies/values orientation for the management team/ Training on management courses 7.50%
- Follow the rules and regulations adopted by the agency/ follow the standard procedure set by the Civil Service/ Stick to policy/ follow rule of contract and bidding of contractors /follow the right processing of documents/ strictly compliance on rules and regulations 12.25%
- Dialog between employee and management/ meeting w/ subordinates every now and then/ open communication between the leaders and rank employees so that they will be inspired/ have a weekly meeting to have no holds barred interaction/ management to have contact with employees (e.g. open forum) 4.75%
- Set rules and regulation/ set guidelines regarding the implementation of project/ set proper guidelines to employee to avoid wrongdoing/create a law the will stop corruption/set policy to stop corruption 4.75%
- Warn those corrupt employee and leaders/ stop corruption to improve image of government/ Sanction those who are found negligent of their duty/punish corrupt ones 4.75%

B. CODE OF CONDUCT

Majority of the respondents cited that the agency has a written code of conduct. Region XI recorded the highest percentage (91%) and CO recorded the lowest (66%). Between 70%-75% of the respondents in Region III and IV replied that they were aware that their agency has a written code of conduct.

Table 2.4 Does your agency have a written code of conduct?

	CO	REGION III	Region VII	Region XI
YES	66.00%	70.00%	75.00%	91.00%
NO	34.00%	30.00%	25.00%	9.00%

In general, Region XI respondents gave stronger agreement to statements regarding code of conduct compared to the other three sites. No significant differences in responses were recorded for all statements across all sites.



Region XI respondents indicated a highly positive net agreement that their office followed their written code of conduct and adequate orientation was provided. Respondents however gave moderately positive agreement when it came to punishment of violator.

Region III respondents indicated highly positive net rating to their agency's compliance to the written code of conduct. CO and Region VII respondents on the other hand indicated moderately positive agreement. Moderately positive agreement was observed in Region III and VII with regards to adequate orientation. CO respondents indicated slightly positive agreement.

With regards to punishment of violators, CO respondents indicated slightly negative net ratings. Region III and VII respondents rated moderately positive agreement and slightly positive agreement, respectively.

Table 2.5 Net Rating for Code of Conduct by Site

STATEMENTS	CO	REGION III	Region VII	Region XI	AGENCY TOTAL
5. A written code of ethical conduct being followed in our agency. (<i>May sariling nakasulat na panuntunan ng wastong asal o gawi na sinusunod dito sa aming ahensiya.</i>)	1.89	1.75	1.81	1.58	1.74
6. Adequate orientation on the code of conduct and other corruption prevention measures are provided in our agency. (<i>May sapat na pagsasanay na ibinibigay sa amin tungkol sa code of conduct at iba pang paraan upang mapigilan ang katiwalain dito sa aming ahensiya.</i>)	2.23	2.08	2.10	1.70	2.00
7. Those who violate the code of conduct are punished. (<i>Napaparusahan ang mga lumalabag sa mga panuntunan ng wastong asal o gawi.</i>)	2.64	2.17	2.27	1.82	2.18

Table 2.6 One-way ANOVA analysis by Site for Question 5

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.638	0.814	0.388	0.790	0.595
REGION III	0.523		0.562	0.988	0.360
Region VII	0.089		0.623	0.879	0.887
Region XI	0.325		0.932	0.474	0.858

Table 2.7 One-way ANOVA analysis by Site for Question 6

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.500	0.674	0.460	0.395	0.890
REGION III	0.375		0.986	0.868	0.643
Region VII	0.407		0.306	0.468	0.541
Region XI	0.881		0.909	0.742	0.095



Table 2.8 One-way ANOVA analysis by Site for Question 7

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.265	0.711	0.691	0.919	0.561
REGION III	0.870		0.763	0.726	0.896
Region VII	0.951		0.643	0.637	0.251
Region XI	0.478		0.523	0.421	0.754

C. GIFTS AND BENEFITS

Majority of the respondents submitted their SALN for 2004. However, 16% from Central Office, 4% from Region III, 5% from Region VII and 6% from Regions XI failed to submit their SALN for 2004.

With regards to the knowledge of the agency's written gifts and benefits policy, less than half of the respondents in CO, Region III and VII indicated that their agency did not have a written gifts and benefits policy. In Region XI, only 29% of the respondents said YES, their agency had a written gifts and benefits policy.

Table 2.9 Collection of SALN and Written Gifts and Benefits Policy

	Response	CO	REGION III	Region VII	Region XI
8. Did your HRD collect your Statement of Assets and Liabilities and Net Worth (SALN) for 2004?	YES	84.00%	96.00%	95.00%	94.00%
	NO	16.00%	4.00%	5.00%	6.00%
9. Does your agency have a written gifts and benefits policy?	YES	46.00%	49.00%	47.00%	29.00%
	NO	54.00%	51.00%	53.00%	71.00%

Net ratings for Gifts and Benefits in CO and Region III indicate a slightly positive agreement on the awareness of both employees and the transacting public on the agency's policy on gifts and benefits. Region VII respondents cited moderately positive agreement to the employee's awareness. Region XI respondents gave highly positive rating to employee's awareness and moderately positive ratings for the transacting public's awareness.

Significant difference in responses was only observed among Region VII respondents. Non-supervisory personnel in Region VII were more likely to disagree that the transacting public was aware of the agency's policy.



Table 2.10 Net Ratings for Gifts and Benefits by Site

STATEMENTS	CO	REGION III	Region VII	Region XI	AGENCY TOTAL
10. The employees in our agency are made aware of the policy on solicitation and receiving of gifts. (<i>Ang panuntunan sa wastong asal o gawi ukol sa paghingi o pagtanggap ng mga regalo at benepisyo ay alam ng mga empleyado sa aming ahensiyang.</i>)	2.40	2.22	2.16	1.67	2.16
11. The transacting public and suppliers know the policy of our agency on gifts and benefits. (<i>Pinapaalam ang panuntunan sa wastong asal o gawi ukol sa pagtanggap ng mga regalo at benepisyo sa mga kliyente at suppliers ng aming ahensiya.</i>)	2.32	2.24	2.37	2.15	2.29

Table 2.11 One-way ANOVA analysis by Site for Question 10

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.724	0.517	0.401	0.742	0.525
REGION III	0.339		0.731	0.875	0.740
Region VII	0.141		0.624	0.152	0.723
Region XI	0.443		0.263	0.271	0.838

Table 2.12 One-way ANOVA analysis by Site for Question 11

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.934	0.338	0.560	0.934	0.715
REGION III	0.934	0.338	0.560	0.934	0.715
Region VII	0.004		0.615	0.646	0.757
Region XI	0.023		0.270	0.483	0.760

Question 12. How much do you think is an acceptable personal gift to you?

When asked how much they think is an acceptable personal gift, sixty-eight percent (68.25%) responded that no cash gift is necessary for them to render their duties as a government servant. However, when asked for an amount, about twenty-two percent (21.50%) answered with amounts in extreme ranges. Small amounts ranged between P20-P500, mid-range of P1,000-5,000, and high range of P10,000-20,000. The remaining ten percent (10.25%) of the respondents cited that they would accept tokens in the form of food and non-cash gifts that their clients would willingly give them in appreciation of their service.

D. HUMAN RESOURCES DEVELOPMENT

Net ratings on recruitment and promotions varied among the agency sites with significant differences in responses. Region XI respondents again were observed to indicate stronger agreement than the other



sites. In general, positive agreement was cited with respect to the use of a set of criteria for recruitment and promotion. CO respondents indicated slightly positive agreement. Region III indicated moderately positive agreement wherein respondents with 10-20 years of service more likely to disagree. Region VII respondents also indicated moderately positive agreement and that non-supervisory personnel were more likely to disagree. Region XI respondents indicated highly positive agreement especially among those involved in regional scope.

With regards to the absence of external influences, only Region XI respondents indicated a moderately positive agreement. CO and Region III respondents indicated slightly negative agreement with no significant differences in responses. Region VII respondents indicated moderately negative agreement particularly from among their non-supervisory personnel.

Table 2.13 Net Ratings for Human Resource Development

STATEMENTS	CO	REGION III	Region VII	Region XI	AGENCY TOTAL
13. The process for recruitment and promotions in our agency follows a set of criteria. (<i>Ang proseso sa pag-recruit at pag-promote dito sa aming ahensiya ay alinsunod sa mga tinalagang batayan.</i>)	2.39	2.15	2.14	1.65	2.08
14. The process of recruitment and promotions in our agency is free from external influences. (<i>Walang nakiki-alam sa proseso ng pag-recruit at pag-promote dito sa aming ahensiya.</i>)	2.71	2.74	2.89	2.00	2.59

Table 2.14 One-way ANOVA analysis by Site for Question 13

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.872	0.403	0.741	0.345	0.650
REGION III	0.618		0.419	0.690	0.003
Region VII	0.022		0.165	0.553	0.254
Region XI	0.259		0.587	0.010	0.573

Table 2.15 One-way ANOVA analysis by Site for Question 14

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.153	0.722	0.999	0.099	0.083
REGION III	0.844		0.289	0.427	0.144
Region VII	0.021		0.808	0.368	0.075
Region XI	0.869		0.901	0.282	0.498



Question 15: What can you suggest to improve the process of recruitment and promotion in your agency?

Suggestions to improve the process of recruitment and promotion include the following:

- No “palakasan” system/ Avoid political intervention and influence/ avoid “padrino”/ remove “bata- bata” system/ avoid backer system/ Management not to interfere in the evaluation/ No external intervention or influence/be impartial in the evaluation 38.25%
- Screen carefully the employee to be promoted to improve the agency/ the employee to be promoted has the qualification and experience/ based on educational attainment and capability/ thru credentials, personality/ based on performance of work/ qualification standards/thru knowledge of the job and performance/ should be based on the performance appraisal report (PAR) /hire the best person capable for the position in the agency/ screen contenders based on qualification/ based on merits system/ there should be a review on the educational qualification and skills of the candidates 25.00%
- Follow rule and regulations regarding promotion and recruitment/ should be in accordance with the criteria of CSC/follow the evaluation system/ follow the rating system/ be strict in following the proper procedure 20.00%
- Consider seniority in the promotion system, length of service 11.00%
- There must be examination among the applicants in order that the promotion are efficient / to give validation test/ conduct examination/ give examination written/conduct a panel interview/Set criteria/ Clear criteria to avoid inconsistent evaluation/ Proper evaluation of the papers/ improve the recruitment process/ further review by the CSC/ Regional office for 2nd review for promotion/ Revise the CSC circular on promotion. 6.50%

E. PERFORMANCE MANAGEMENT

Highly positive ratings were recorded with regards to clarity of individual performance targets and job satisfaction. Slightly positive net ratings were recorded with regards to rewards, performance feedback and yearly performance bonuses.

Significant differences were observed in the sites on various job profile characteristics. Significant differences in responses were observed in the following:

- CO respondents involved in national scope and supervisory personnel in Region VII showed stronger agreement with regards to the clarity of their performance targets.
- Region III respondents with at least 10 years of service were more likely to disagree that outstanding performance is rewarded as compared to their younger counterparts.
- From among CO respondents, those involved in Central scope were more likely to disagree than those involved in national scope with regards to regular employee feedback.
- Job satisfaction is higher from among permanent CO respondents but lower from among those who have served Region XI for more than 20 years.



Table 2.16 Net Ratings for Performance Management by Site

STATEMENTS	CO	REGION III	Region VII	Region XI	AGENCY TOTAL
16. My performance targets are clear to me. (<i>Malinaw sa akin ang performance targets ko.</i>)	1.61	1.58	1.65	1.43	1.57
17. Outstanding performance is rewarded in our agency. (<i>Ginagantimpalaan sa aming ahensya ang mga taong may bukod tanging pagganap sa kanyang tungkulin.</i>)	2.27	2.24	2.58	1.93	2.25
18. The employees in our agency are regularly provided feedback regarding their performance. (<i>Ang mga empleyado sa aming ahensiya ay regular na sinasabihan o nabibigyan ng komentaryo o puna ukol sa pagganap ng kanilang tungkulin.</i>)	2.22	2.07	2.28	1.72	2.07
19. The employees of our agency are given the yearly performance bonus regardless of how they performed. (<i>Ang mga empleyado sa ahensiya naming ay binibigyan ng performance bonus paano man nila ginampan ang kanilang tungkulin.</i>)	2.25	2.28	2.17	1.87	2.14
20. I am satisfied with my job. (<i>Ako ay nasisiyahan sa aking trabaho.</i>)	1.84	1.67	1.75	1.47	1.68

Table 2.17 One-way ANOVA analysis by Site for Question 16

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.723	0.316	0.592	0.005	0.582
REGION III	0.430		0.788	0.564	0.508
Region VII	0.049		0.724	0.615	0.770
Region XI	0.335		0.627	0.157	0.534

Table 2.18 One-way ANOVA analysis by Site for Question 17

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.633	0.780	0.852	0.773	0.853
REGION III	0.772		0.322	0.904	0.043
Region VII	0.181		0.797	0.862	0.248
Region XI	0.446		0.539	0.141	0.919



Table 2.19 One-way ANOVA analysis by Site for Question 18

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.433	0.382	0.982	0.022	0.981
REGION III	0.957		0.556	0.387	0.168
Region VII	0.391		0.232	0.448	0.589
Region XI	0.934		0.158	0.792	0.692

Table 2.20 One-way ANOVA analysis by Site for Question 19

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.576	0.620	0.397	0.566	0.368
REGION III	0.444		0.108	0.131	0.682
Region VII	0.777		0.725	0.232	0.829
Region XI	0.316		0.617	0.911	0.512

Table 2.21 One-way ANOVA analysis by Site for Question 20

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.893	0.010	0.063	0.768	0.202
REGION III	0.892		0.168	0.857	0.195
Region VII	0.266		0.561	0.754	0.638
Region XI	0.935		0.343	0.112	0.019

Setting of personal performance targets is practiced in more than half of the respondents in the survey as can be seen in Table 2.22 below. Between 53% to 75% have had their superiors set their performance targets for 2005.

Table 2.22 Do you have a personal performance target set by your superior for 2005?

	CO	REGION III	Region VII	Region XI
YES	53.00%	62.00%	64.00%	75.00%
NO	47.00%	38.00%	36.00%	25.00%

F. PROCUREMENT MANAGEMENT

Region XI responses in procurement management showed highly positive ratings for all factors. For CO, Region III and Region VII, moderately positive agreements were cited. However, CO responses indicated slightly positive ratings with regards to the impartiality of the BAC decisions.

No significant differences in responses were observed except for Statement No. 1. In Region VII, non-supervisory personnel were more likely to disagree that the procurement process in the agency follows the procurement law.



Table 2.23 Net Ratings for Procurement Management

STATEMENTS	CO	REGION III	Region VII	Region XI	AGENCY TOTAL
22. Procurement in our agency follows the procedures as stipulated under the Procurement Law (RA 9184). <i>(Dito sa aming ahensiya, ang pagbili o procurement ay sang-ayon sa Procurement Act or RA9184).</i>	2.07	1.89	2.00	1.52	1.86
23. BAC decisions are impartial. <i>(Walang kinikilingan ang BAC sa kanilang mga desisyon.)</i>	2.49	2.05	2.25	1.77	2.13
24. Non-performing suppliers are blacklisted. <i>(Ang mga umaabuso at di matinong suppliers ay iniaalis sa talaan ng maaring magkaroon ng transaksyon muli.)</i>	2.11	1.95	2.01	1.65	1.92
25. Relevant personnel are well trained on the entire procurement process – from bidding to inspection/utilization. <i>(May sapat na pagsasanay na ibinibigay sa mga kinaaukulang empleyado ukol sa pagbili, inspeksyon, at wastong paggamit ng mga binili.)</i>	2.27	2.23	2.08	1.71	2.07

Table 2.24 One-way ANOVA analysis by Site for Question 22

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.417	0.850	0.115	0.378	0.626
REGION III	0.094		0.325	0.548	0.275
Region VII	0.006		0.671	0.387	0.703
Region XI	0.172		0.558	0.875	0.829

Table 2.25 One-way ANOVA analysis by Site for Question 23

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.841	0.802	0.830	0.294	0.257
REGION III	0.429		0.685	0.612	0.147
Region VII	0.080		0.172	0.360	0.962
Region XI	0.117		0.522	0.329	0.603

Table 2.26 One-way ANOVA analysis by Site for Question 24

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.535	0.965	0.554	0.240	0.375
REGION III	0.294		0.347	0.200	0.893
Region VII	0.197		0.227	0.552	0.769
Region XI	0.155		0.209	0.539	0.915



Table 2.27 One-way ANOVA analysis by Site for Question 25

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.589	0.618	0.854	0.153	0.145
REGION III	0.319		0.196	0.740	0.278
Region VII	0.949		0.548	0.326	0.658
Region XI	0.061		0.254	0.927	0.778

26. What can you say to improve the procurement process?

Suggestions to improve the procurement process include:

- Strictly follow RA 9184/follow the correct process/incorporate 9184 in the TOR for foreign projects/follow guidelines 29.50%
- Check the quality of the items/should be within specifications/set standard and good qualities of materials
 - Closely monitor the use of supplies/strict checking and inspection of procured materials/Close supervision of authorities 12.75%
- Conduct training on moral values/seminars/regular orientation e.g. updates on RA 9184, procurement process 6.75%
- Assign person with integrity, honest/well-trained in the bidding process and inspection 6.50%
- Transparent bidding, process 4.75%
- Database should be updated based on the performance of suppliers, contractors and consultant/list of reliable suppliers/prequalify legitimate suppliers/select good suppliers 4.75%
- No political intervention/No palakasan/No padrino/prevent external pressures 4.50%
- Shorten the procurement process/lessen red tape/decentralized procurement/fast track processing of documents/streamline the process/fix the system/JIT delivery 3.75%

G. WHISTLEBLOWING, INTERNAL REPORTING AND INVESTIGATION

In general, slight to moderately positive net ratings were observed with regards to whistle blowing, internal reporting and investigation among three sites. Region XI differed in that the respondents indicated moderate to highly positive agreement. Responses from CO resulted in lower ratings than those from the regional offices. Slightly negative agreement was observed in CO and Region VI respondents with regards to protection of employees who report corrupt behavior.

Significant differences in responses were observed in only four concerns as follows:

- Stronger agreement is found among administrative support as compared to operations in Region III with regards to management scrutiny of agency spending.
- In Region XI, disagreements to the accessibility of financial statements and audit reports were from non-supervisory personnel.
- Among CO respondents, negative agreements to knowledge of whom and where to report irregularities and that employees were encouraged to report corrupt and unethical behavior came mainly from those involved in national scope of work. Differences in responses in Region XI were attributed to those involved in regional and/or provincial scope of work.



- Slightly positive responses were recorded with respect to clear guidelines for reporting corruption and unethical behavior. Significant difference was obtained among CO respondents wherein non-supervisory personnel were more likely to disagree.
- Non-supervisory personnel among Region VII employees were more likely to disagree that reports of corrupt behavior are investigated.
- Negative agreement with respect to protection of employees who report corrupt behavior were attributed to non-supervisory personnel or from those who have been in the agency with at least 10 years of service.

Table 2.28. Net Ratings for Whistle blowing, Internal Reporting and Investigation

STATEMENTS	CO	REGION III	Region VII	Region XI	AGENCY TOTAL
27. The management scrutinizes our agency spending. (<i>Binubusisi ng aming pamunuan ang gastusin sa aming ahensya.</i>)	1.99	1.91	2.11	1.69	1.92
28. Financial statements and audit reports of our agency are accessible. (<i>Madaling makakuha ng mga financial statements at audit reports dito sa aming ahensya.</i>)	2.33	1.94	1.98	1.73	1.98
29. Employees know who and where to report irregularities in financial transactions. (<i>Alam ng mga kawani kung saan isusumbong ang mga katiwalian sa financial transactions.</i>)	2.22	1.99	2.23	1.80	2.05
30. Employees are encouraged to report corrupt and unethical behavior. (<i>Ang mga empleyado ay hinihikayat na isumbong ang mga katiwalian at maling asal sa aming ahensiya.</i>)	2.43	2.28	2.42	1.91	2.25
31. Guidelines for reporting corruption and unethical behavior are clear. (<i>Malinaw ang mga gabay ukol sapagsusumbong ng mga katiwalian at maling asal sa aming ahensiya.</i>)	2.45	2.35	2.29	1.96	2.26
32. Reports of corrupt behavior are investigated. (<i>Ang mga sumbong ukol sa katiwalian o maling asal ay ini-imbestigahan.</i>)	2.28	2.14	2.30	1.85	2.13
33. Employees who report corrupt behavior are protected. (<i>Ang mga kawaning nagsusumbong ng katiwalian ay binibigyan ng proteksyon.</i>)	2.65	2.46	2.56	2.01	2.40



Table 2.29 One-way ANOVA analysis by Site for Question 27

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.390	0.114	0.973	0.501	0.416
REGION III	0.539		0.041	0.834	0.747
Region VII	0.198		0.303	0.563	0.408
Region XI	0.370		0.273	0.378	0.953

Table 2.30 One-way ANOVA analysis by Site for Question 28

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.780	0.507	0.772	0.406	0.589
REGION III	0.329		0.517	0.720	0.612
Region VII	0.145		0.354	0.969	0.601
Region XI	0.042		0.636	0.513	0.951

Table 2.31 One-way ANOVA analysis by Site for Question 29

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.591	0.961	0.278	0.041	0.453
REGION III	0.630		0.466	0.453	0.827
Region VII	0.241		0.384	0.905	0.255
Region XI	0.205		0.077	0.291	0.834

Table 2.32 One-way ANOVA analysis by Site for Question 30

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.531	0.827	0.603	0.036	0.495
REGION III	0.596		0.787	0.803	0.233
Region VII	0.481		0.808	0.575	0.574
Region XI	0.891		0.683	0.037	0.418

Table 2.33 One-way ANOVA analysis by Site for Question 31

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.050	0.325	0.762	0.169	0.172
REGION III	0.706		0.687	0.976	0.074
Region VII	0.403		0.522	0.893	0.255
Region XI	0.608		0.322	0.223	0.732

Table 2.34 One-way ANOVA analysis by Site for Question 32

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.466	0.999	0.685	0.087	0.302
REGION III	0.887		0.445	0.891	0.231
Region VII	0.016		0.700	0.968	0.272
Region XI	0.079		0.717	0.644	0.802



Table 2.35 One-way ANOVA analysis by Site for Question 33

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.030	0.269	0.206	0.256	0.019
REGION III	0.842		0.399	0.247	0.283
Region VII	0.915		0.311	0.571	0.053
Region XI	0.024		0.987	0.683	0.080

34. What can you suggest to improve the system on internal reporting of corrupt and unethical behavior in your agency?

Suggestions to improve the system on internal reporting of corrupt and unethical behavior were:

- Report corruption through text, through the help of media, by means of writing/hotline/ publish cellphone number of omdudsman, PACG, CSC, COA /setup a complaint desk/create a complaint office/put suggestion box/ reporting of corrupt personnel should be confidential/Entertain anonymous letters and investigate even the unsigned reports/Report should be signed by complainant 22.50%
- Protect the employee who reported anomalies and corruption, ensure job security and protect whistle-blower / the individual who reported corruption must be protected also from harassment/ Whistleblower should be exempted from prosecution/ Provide a reward system to employees reporting corrupt practice/ encourage more whistle blower 11.00%
- Immediate action on reported cases of corruption/ Those found guilty should be punished/ Clearly explain reported wrongdoing to avoid being committed again/ Follow existing rules and procedures in investigating and reporting/ Implement law/ implement the proper punishment 10.00%
- Monitor suspected corrupt employees in the agency/ Be aware and scrutinize every transaction/Monitor those doing corrupt acts/Monthly auditing in all offices by internal audit officer 9.25%
- Top management should have transparent policy on internal reporting of corrupt and unethical behavior/ Provide information on how to report cases of corruption/ Train employee on how to report unethical acts/ provide orientation program of the small unit in the department regarding reporting 5.25%
- Conduct seminar among employees regarding unethical behavior, corruption/inform employee about RA6713/ Dissemination of guidelines to regular or ordinary employee 3.00%
- Set guidelines regarding improper behavior, corruption/ Create certain policy, procedure 2.25%
- Leadership by example/ Leaders should be honest and loyal to their work 2.00%
- Create a committee compose of rank and file who will report corrupt and unethical behavior in the agency/ there should be a regular investigation agency in the field offices/ Create a committee to investigate anomalies and corruption practices in this dept./form an investigation committee 1.75%
- No answer/ no suggestion/ no comment/asked to skip the question/No idea 21.50%



H. CORRUPTION RISK MANAGEMENT

Slightly positive agreement was recorded across all sites regarding the agency's implementation of measures to identify potential fraud and corruption. Slightly negative responses were obtained from CO and Region VII concerning the integrity of their current system to prevent corruption. Region III, though recorded slightly positive agreement. No significant differences in responses were observed in both these factors.

With respect to employee training to prevent fraud, CO and Region III resulted in slightly positive agreement whereas in Region VII, a slightly negative agreement. No significant differences in responses were observed.

Moderately negative agreements were recorded among CO and Region VII respondents with regards to the success of the agency in fighting corruption. Region III responses resulted in a slightly positive agreement. Significant difference among CO respondents indicated that negative responses were mainly attributed among those involved in either national or central scope of work.

In contrast to the above, Region XI responses were moderately positive for all factors. Significant difference in response was only observed with regards to employee training to prevent fraud. Negative agreement was cited mostly from those involved in regional and provincial scope of work.

Table 2.36 Net Ratings for Corruption Risk Management

STATEMENTS	CO	REGION III	Region VII	Region XI	AGENCY TOTAL
35. Our agency implements measures to identify potential fraud and corruption. <i>(Nagsasagawa ng mga paraan ang aming ahensiya upang malaman kung saan may posibilidad magkaroon ng pandaraya at katiwalian.)</i>	2.45	2.23	2.30	1.88	2.20
36. It is difficult to corrupt our current system of operations. <i>(May angkop na mga pananggalang upang mapigilan ang katiwalian o pangungurakot dito sa aming ahensiya.)</i>	2.56	2.34	2.64	2.09	2.40
37. Employees in our agency are trained to prevent fraud. <i>(Ang mga empleyado sa aming ahensiya ay binibigyan ng pagsasanay sa pag-pigil ng katiwalian o anuman posibilidad ng pangungurakot.)</i>	2.48	2.33	2.59	2.02	2.35
38. Our agency is successful in fighting corruption. <i>(Ang aming ahensiya ay matagumpay sa pagsugpo sa katiwalian.)</i>	2.78	2.44	2.79	2.10	2.51



Table 2.37 One-way ANOVA analysis by Site for Question 35

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.817	0.682	0.800	0.157	0.405
REGION III	0.529		0.550	0.237	0.954
Region VII	0.250		0.788	0.784	0.804
Region XI	0.760		0.713	0.094	0.424

Table 2.38 One-way ANOVA analysis by Site for Question 36

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.475	0.624	0.823	0.188	0.175
REGION III	0.873		0.788	0.369	0.177
Region VII	0.446		0.756	0.685	0.479
Region XI	0.820		0.568	0.300	0.385

Table 2.39 One-way ANOVA analysis by Site for Question 37

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.406	0.502	0.997	0.139	0.482
REGION III	0.780		0.800	0.577	0.031
Region VII	0.635		0.521	0.452	0.314
Region XI	0.538		0.256	0.008	0.215

Table 2.40 One-way ANOVA analysis by Site for Question 38

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.650	0.261	0.253	0.046	0.752
REGION III	0.257		0.710	0.964	0.913
Region VII	0.260		0.730	0.160	0.854
Region XI	0.932		0.329	0.860	0.299

I. INTERFACE WITH THE EXTERNAL ENVIRONMENT

CO responses resulted in slightly positive agreements to factors affecting the interface of the agency with the external environment despite is moderately positive agreement that the agency's operations were clear and easily understood. Significant differences in their responses were recorded with respect to their nature and scope of work. Negative agreements were more likely found among those involved in either administrative support or from those involved in national scope of work.

Region III and VII responses resulted in moderately positive agreements with significant difference only among Region III respondents in Statement No. 1. Disagreement on the clarity and ease of understanding of agency operations were more likely from non-supervisory personnel.

Consistent with previous results in other domains, Region XI responses were highly positive agreements to all factors. Significant differences were observed with respect to action on employee complaints and feedback. Region XI employees involved in administrative or technical support showed stronger agreement than those involved in operations.



Table 2.41 Net Ratings for Interface with the External Environment

STATEMENTS	CO	REGION III	Region VII	Region XI	AGENCY TOTAL
39. Overall, operations in our agency are clear and easily understood. <i>(Sa pangkalahatan, madaling maunawaan at malinaw ang pagpapatakbo dito sa aming ahensiya.)</i>	2.17	1.98	1.91	1.71	1.94
40. Actual practices in our agency are consistent with written procedures and policies. <i>(Naaayon sa mga nakatalang proseso at patakaran ang mga gawain sa ahensiya namin.)</i>	2.29	2.07	2.03	1.72	2.02
41. Complaints and feedback of clients are acted upon in our agency. <i>(Ang mga daing, puna at komentaryo ng mga kliyente ay tinutugunan ng aming ahensiya.)</i>	2.34	1.89	1.97	1.66	1.95
42. Complaints and feedback of employees are acted upon here in our agency. <i>(Ang mga reklamo at komentaryo ng mga empleyado ay ina-aksyonan ng aming ahensiya.)</i>	2.39	2.06	2.17	1.64	2.05

Table 2.42 One-way ANOVA analysis by Site for Question 39

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.527	0.248	0.266	0.004	0.645
REGION III	0.033		0.910	0.782	0.130
Region VII	0.177		0.734	0.632	0.366
Region XI	0.984		0.133	0.498	0.381

Table 2.43 One-way ANOVA analysis by Site for Question 40

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.785	0.298	0.050	0.052	0.631
REGION III	0.505		0.705	0.989	0.142
Region VII	0.137		0.814	0.642	0.183
Region XI	0.948		0.121	0.758	0.664

Table 2.44 One-way ANOVA analysis by Site for Question 41

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.899	0.177	0.152	0.019	0.956
REGION III	0.479		0.401	0.240	0.084
Region VII	0.188		0.854	0.511	0.564
Region XI	0.822		0.434	0.064	0.615



Table 2.45 One-way ANOVA analysis by Site for Question 42

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.887	0.580	0.201	0.051	0.527
REGION III	0.830		0.338	0.582	0.099
Region VII	0.346		0.529	0.846	0.310
Region XI	0.972		0.014	0.111	0.682

Question 43: What are the common complaints of your agency's clients?

More than fifty percent of the total respondents indicated that the most common complaint of their clients were associated with the delayed payments or release of funds to contractors (20.25%), unfinished projects (16.75%), and slow processing of papers and documents due to system inefficiencies (15.25%). There is also perceived negligence of duties among DPWH employees (6.50%) and corruption (6%). Other complaints cited included low price given to contractors (3.75%), project irregularities (3.75%) and unresolved complaints (3%).

Table 2.46 Common Complaints of Clients

COMMON COMPLAINTS	Percent of Responses (%)
• Delayed payment to contractors and suppliers/ slow release of funds/ very slow processing of claims by contractors	20.25%
• Unfinished projects/ unfinished service like construction of roads/Suspended projects/ Need to repair damaged roads, bridges, streets, buildings, traffic sign, right of ways, drainage, right of way issues e.g payments given, flooding	16.75%
• Slow processing of papers of contractors and documents regarding supplies/ delayed processing of documents/misplaced documents/ More signatories required/ several initials before the final signing/more agencies to go through for requests/ More supporting documents required / Ever changing system/ Some policies are not followed / No clear guidelines	15.25%
• Hard-headed employees/ Employees come in late for work but leave office ahead of dismissal time/ Employees not in their respective positions during work hours/behavior and action of personnel	6.50%
• Corrupt officials and employees	6.00%
• Low price given to contractors by the agency	3.75%
• Ghost projects, irregularities in bidding (e.g. school buildings, bridges, etc)/ Delayed project implementation/Error in the program of work, plan of work	3.75%
• Unresolved complaints	3.00%



Question 44: What can you suggest to improve the services of your agency?

Suggestions to improve the services of the agency were:

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| • Love the job/ honest work/ work diligently/ be public servant/ dedication to work/ come to work on time/ be punctual/proper discipline/ Improve proficiency or professionalism | 20.25% |
| • Enough resources for the implementation of projects to improve service/enough funds/ have sufficient funds/ early release of funds from DBM/ Implement projects only with available funds/ check the funds before approving the projects | 12.00% |
| • No “padrino” system, “utang na loob”, “palakasan”/ avoid too much politics | 8.00% |
| • Follow rules and regulations of the agency/ follow the policy/ follow CSC rules and regulations (e.g. Mamamayan muna, Bago mamaya na)/ follow the code of conduct/ Strict compliance w/ dept. policies/ Strict implementation of department’s circulars | 7.75% |
| • Enhancement of government function/ improve the systems/cut red tape/ Fast tract of papers/fast track processing of documents/ Lessen signatories on documents for faster processing and approval/ lessen the required document/simplify the procedures | 7.50% |
| • Train all the person in-charge of processing of claims/ orientation of employee/ orient about administrative rules/ sufficient education to employees by conducting seminars/ educate some of our personnel by attending seminars/ train about moral values/ morality of employees must be strengthened/ increase computer trainings | 6.75% |
| • Upgrade computer system for faster delivery of service/ centralized network (nationwide)/ Electronic system of receiving claims to avoid personal follow-up/ Upgrade supplies, equipment and facilities/ provide good facilities and additional vehicles for projects to immediately address concerns | 5.25% |
| • Act immediately on complaints | 5.00% |
| • Create a division to receive all complaints/ provide personnel who will receive and take care of the complaints of our clients/ there should be officer of the day to address clients with complaints | 2.50% |
| • No comment/ no idea/ refuse to answer | 11.50% |

J. ORGANIZATIONAL CULTURE

CO respondents indicated slightly positive agreement with respect to consultation regarding policies that affect them and the open lines of communication. Respondents that were involved in national scope were observed to be more likely to disagree than those involved with central scope. A split opinion was however obtained with respect to employee participation in the decision-making process.

For the regional offices, respondents indicated moderately positive ratings for consultation and open lines of communication but slightly positive agreement with the employee participation in decision-making. Region XI however showed highly positive agreement to open lines of communication.



Table 2.46 Net Ratings for Organizational Culture

STATEMENTS	CO	REGION III	Region VII	Region XI	AGENCY TOTAL
45. Employees are consulted on policies that concern them. (<i>Ang mga empleyado ay kinukunsulta sa mga patakarang may kinalaman sa kanila.</i>)	2.22	2.11	2.09	1.82	2.06
46. Employees are involved in making decisions. (<i>Ang mga empleyado ay kasali sa mga pagdedesisyon.</i>)	2.50	2.34	2.44	2.01	2.32
47. Lines of communication are open. (<i>Bukas ang mga linya ng komunikasyon.</i>)	2.22	1.95	2.16	1.74	2.02

Table 2.47 One-way ANOVA analysis by Site for Question 45

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.606	0.550	0.433	0.007	0.917
REGION III	0.604		0.877	0.606	0.058
Region VII	0.284		0.798	0.411	0.776
Region XI	0.631		0.800	0.435	0.302

Table 2.48 One-way ANOVA analysis by Site for Question 46

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.799	0.658	0.236	0.079	0.920
REGION III	0.735		0.537	0.745	0.713
Region VII	0.206		0.290	0.628	0.351
Region XI	0.328		0.380	0.521	0.108

Table 2.49 One-way ANOVA analysis by Site for Question 47

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.709	0.460	0.222	0.022	0.965
REGION III	0.901		0.584	0.589	0.722
Region VII	0.429		0.955	0.693	0.737
Region XI	0.426		0.692	0.075	0.272



Question 48: What can you suggest to improve the responsibility of your employees?

Suggestions to improve the responsibility of employees were:

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| • There should be discipline, honesty and sincerity to the job and service/dedication to work/public office is a public trust/ Come to work early and lessen absenteeism | 29.50% |
| • Increase salary and benefits/ allowances/ overtime pay/ well compensated/ bonuses/ | 13.50% |
| • Be strict about work/ monitor employee work and call attention to lapses and remind and orient of responsibilities and duties/ Spot check on their subordinates to ensure they are performing their work/ Daily output of employees as basis of performance check/ performance output at least monthly, as submitted to supervisor | 11.00% |
| • Facilitate and conduct seminars (e.g. related to their work, on moral values)/ Continuous education to employees | 10.75% |
| • Open communication with subordinates/ open regarding suggestions/ have monthly dialogues/ regular meeting concerning the improvement of office management/ constant communication with the higher-up/ conduct open forum for employees to voice out problems/ | 8.75% |
| • Cooperation between employees and officials/ bonding with the superior, chief and lower rank to eliminate factions/ help each other and be united/ employee participation in decision-making/ Trust the employees/ management must have trust & confidence with their employees | 8.25% |
| • Identify the good performance of everyone by giving them rewards and awards/ appreciation of good work/ acknowledge good performance thru promotion/ give them a plaque of appreciation | 7.75% |
| • Leadership must lead by example in order that the employees will be inspired in performing their work well | 7.25% |
| • Treat each employee with respect, regardless of rank/avoid embarrassing employee | 5.50% |
| • Follow all rules and regulations of the agency/ follow policies and guidelines/ follow CSC rules and regulations RA6713 | 4.00% |
| • Work must be distributed to all employees/Assign specific work to each employee and give targets for each area of responsibility/improve the responsibility of each employee | 2.25% |
| • More penalties or heavier penalties in case of infraction or violation/ warning habitually late/ absentee employees | 1.50% |

K. TYPES OF CORRUPTION

Net ratings for types of corruption were obtained using a 3-point weighted scale. Weights of 1, 2, and 3 correspond to responses Low, Medium and High, respectively. The computation for net rating is the same as the 4-pt scale used to obtain agreement to statements in the survey. Interpretation of the net ratings however are directly proportional to the scale. A weighted rating above 2.0 means a High rating and a rating below 2.0 means a Low rating. In this section, it is more desirable to have a low rating since it will denote less likelihood of occurrence of the type of corruption in the agency.



Most of the types of corruption listed were rated with low likelihood, However, the following types of corruption were rated with moderate likelihood of occurrence across all sites:

- Negligence of duty
- Nepotism/Favoritism
- Accepting Bribes

In CO however, other types of corruption that showed high likelihood included collusion with BAC members, overpricing of bids, and collusion with suppliers.

Table 2.50 Net Ratings for Types of Corruption

Type of Corruption	CO	REGION III	Region VII	Region XI	AGENCY TOTAL
48. Negligence of duty (<i>Pagpapabaya sa tungkulin</i>)	2.21	1.66	1.94	1.83	1.91
49. Falsification of documents (<i>Pamemeke ng mga dokumento</i>)	1.60	1.25	1.31	1.32	1.39
50. Illegal use of public funds or property (<i>Illegal na paggamit ng pera o anumang pag-aari ng gobyerno</i>)	1.87	1.49	1.46	1.41	1.59
51. Unauthorized collection of funds (<i>Walang pahintulot na pangongolekta ng pera</i>)	1.60	1.46	1.30	1.38	1.45
52. Nepotism/Favoritism (<i>Nepotismo o Pagkakaroon ng mga paborito</i>)	2.24	1.94	2.08	1.78	2.03
53. Disclosure of confidential information (<i>Pagbibigay ng mga lihim na impormasyon</i>)	1.80	1.48	1.59	1.27	1.56
54. Collusion with BAC members (<i>Pakikipagsabwatan sa mga miyembro ng BAC</i>)	2.21	1.65	1.92	1.53	1.86
55. Overpricing of bids (<i>Pagdagdag sa presyo ng mga bids</i>)	2.21	1.52	1.75	1.53	1.79
56. Collusion with suppliers (<i>Pakikipagsabwatan sa mga supplier upang itaas ang presyo at kumita ng iligal</i>)	2.16	1.64	1.82	1.63	1.83
57. Forgery or fraud (<i>Pamemeke ng pirma at pandaraya</i>)	1.61	1.37	1.39	1.16	1.40
58. Theft of public resources (<i>Pagnanakaw ng anumang pag-aaring pampubliko</i>)	1.72	1.45	1.41	1.36	1.51
59. Accepting bribes (<i>Pagtanggap ng mga suhol</i>)	2.11	1.73	1.85	1.55	1.84
60. Abuse of discretion/power (<i>Pag-abuso ng kapangyarihan sa pagpapasya</i>)	1.89	1.59	1.70	1.39	1.66
61. Corruption of Filipino values e.g. pakikisama, hiya, etc (<i>Paglalapastangan ng pagpapahalagang Filipino</i>)	1.67	1.55	1.63	1.52	1.59



What can you suggest to prevent corruption? (*Ano po ang maimumungkahi ninyo upang maiwasan ang katiwalian?*)

- Perform honest and diligent work, duties and functions/self discipline/Be content with what you have/Be righteous/ Do not accept bribe, gifts/Avoid wrongdoings/ Be professional/Dedication to work 25.00%
- Increase salary, benefits/compensate work done 14.75%
- Strictly follow guidelines and criteria, process/adhere to prevailing rules and regulations/strict compliance to code of conduct/implementation of the system and procedures being provided/adhere to basic CS law/full implementation of graft and corruption laws/strictly follow program of work 7.00%
- Punish those corrupt personnel/File case against corrupt employee/penalty on proven corrupt activities/More penalties on violations/Enforcement of sanctions on erring employees/Remove corrupt personnel 6.75%
- Inculcate moral values to all/Training and seminar on moral values/Proper orientation of employees/values management/develop personal integrity program for employees/spiritual upliftment 6.75%
- Transparency on actions, process and documents/Provide guidelines on transparency/publish all transactions 6.25%
- No "bata-bata" system/No favoritism/Avoid political intervention/No "palakasan", "padrino"/No external influence/No nepotism/No vested interest/Avoid "utang na loob" 5.50%
- Leadership by example/Leaders should be role model/higher authorities should be strong 5.00%
- Strict monitoring of the bidding process/check carefully the process/Everybody should be vigilant/Proper monitoring of individual functions and employees/Scrutinize documents/More check and balance/clear policy in accountabilities and responsibilities/strong internal audit system/audit projects 3.75%
- Leaders, employees should be God-fearing/Follow the will of God 3.00%
- Report cases of wrongdoings, corruption practices (e.g. to higher authority) 2.50%
- Reiterate policies on corruption of the agency/Let the employees know the possible punishment on corruption/Massive information drive (e.g. sanctions on corruption)/Conduct seminar, trainings on corruption/Constantly disseminate to all employees office policy/update training on corruption risk management/ publication of all penalties on particular offenses 2.50%
- Simplify the process (e.g. processing of papers)/improve the system/limit the no. of signatories/eliminate red tape/ There should be process or system regarding work/establish written policy and procedures 1.75%



L. ATTITUDES REGARDING CORRUPTION REPORTING

Only 7%-12% of the respondents have experienced reporting a corrupt and unethical behavior. Percentage reporting rate is shown in Table 2.51. The no. of cases reported per site and the year it was reported are outlined in Table 2.52.

Table 2. Have you experienced reporting a corrupt or unethical behavior that you have witnessed?

	CO	REGION III	Region VII	Region XI
NO	91.00%	93.00%	90.00%	88.00%
YES	9.00%	7.00%	10.00%	12.00%

Table 2. No. of Cases Reported by Respondents by Site

Year Reported	Number of cases reported			
	CO	REGION III	Region VII	Region XI
1980	1		1	
1994		1	2	
1997	1	1	1	
2000	1		1	
2003	2		3	
2004		2	1	

Resolution time of these reported cases varied depending on the nature of the complaint. Most of the complaints were resolved only after one to two months. A few cases took between 1 to 2. It is important to note, however, that more than half of the reported cases above (or 55%) remain unresolved.

Respondents from CO, Region III and VII who have had the experience of reporting a corrupt or unethical behavior cited dissatisfaction in the agency's reporting and investigation mechanism. In contrast, Region XI respondents indicated moderately positive agreements. CO respondents cited slightly negative agreement to the agency's reporting mechanism and highly negative agreement to its investigation mechanism. Region III respondents cited highly negative agreement to both reporting and investigation mechanisms of their agency. Region VII respondents indicated highly negative agreement to the agency's reporting mechanism and moderately negative rating to its investigation mechanism. No significant differences in responses were observed.

Table 2.53 Net Ratings for Corruption Reporting by Site

STATEMENTS	CO	REGION III	Region VII	Region XI	AGENCY RATING
68. How satisfied or dissatisfied were you with your agency's reporting mechanism?	2.78	3.50	3.50	2.00	2.78
69. How satisfied or dissatisfied were you with your agency's investigation mechanism?	3.22	3.50	3.00	2.08	2.81



Table 2.54 One-way ANOVA analysis by Site for Question 68

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.250	0.433	0.236	0.914	0.659
REGION III	0.678		0.432	0.665	0.355
Region VII	0.314		0.761	0.199	0.444
Region XI	0.534		0.521	0.129	0.165

Table 2.55 One-way ANOVA analysis by Site for Question 69

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.286	0.235	0.373	0.133	0.170
REGION III	0.374		0.716	0.716	0.541
Region VII	0.323		0.996	0.569	0.980
Region XI	0.238		0.111	0.519	0.208

It is gratifying to note that a majority of the respondents indicated that they would report a corrupt and unethical behavior as shown in the table of responses by site in below. However, slightly negative rating was recorded among the respondents except in Region XI with regards to their satisfaction with the current reporting mechanisms for corruption in the agency. Region XI indicated slightly positive net rating. No significant differences were recorded among the respondents.

Table 2.56 If you ever witness a corrupt and unethical behavior (again), will you report it?

	CO	REGION III	Region VII	Region XI
YES	83.00%	87.00%	77.00%	81.00%
NO	17.00%	13.00%	23.00%	19.00%

Respondents who indicated unwillingness to report unethical behavior cited the following reasons:

- For fear of being implicated/don't want to be involve/"mapag-initan" 33.90%
- Feels that there is no protection 20.34%
- It is very difficult to prove/difficult to substantiate allegations/no solid evidence 13.56%
- It is a useless act/not acted upon/nothing will happen 11.86%
- Don't want to lose job 10.17%
- Could affect a lot of people/don't want to hurt anybody/don't want to incur the ire of people 5.08%
- Process is difficult 1.69%
- Not assured of a positive answer 1.69%



Table 2.57 Net Ratings for Corruption Reporting by Site

STATEMENTS	CO	REGION III	Region VII	Region XI	AGENCY RATING
73. How satisfied are you with reporting mechanisms for corruption in your agency?	2.60	2.49	2.54	2.18	2.45

Table 2.58 One-way ANOVA analysis by Site for Question 73

	F-values of Significant Factors				
	Position	Status	Nature	Scope	Years of Service
CO	0.238	0.602	0.633	0.397	0.524
REGION III	0.801		0.724	0.780	0.248
Region VII	0.551		0.140	0.779	0.275
Region XI	0.476		0.759	0.919	0.744



CORRUPTION VULNERABILITY ASSESSMENT

Corruption Vulnerability Assessment (CVA) is the second phase of the Integrity Development Review (IDR) project. The CVA is a tool designed to identify the agency's vulnerabilities to corruption. This stage of the IDR entails the examination of the agency's general control environment, an assessment of existing corruption risks in the agency's operations, and a scrutiny of the adequacy of existing safeguards, if any.

Based on the review of the results of the Integrity Development Assessment (IDA), the first phase of the IDR, it was agreed upon by the assessment team that the following areas present the highest vulnerability to corruption in the Department of Public Works and Highways (DPWH):

- Procurement
- Project Implementation
- Financial Management

These areas were analyzed by the assessment team in the following DPWH sites: Central Office (CO), Regional Office (RO) No. III & its two (2) District Engineering Offices (DEOs): Pampanga 1st DEO and Zambales 1st DEO, and RO No. XI & its Davao del Norte DEO.

CVA Area No. 1: PROCUREMENT

Procurement in all government offices is guided by Republic Act (RA) No. 9184, otherwise known as the Government Procurement Reform Act, and its Implementing Rules and Regulations (IRR-A). Procurement is defined by RA 9184 as ***“the acquisition of Goods, Consulting Services, and the contracting for Infrastructure Projects by the Procuring Entity...”***

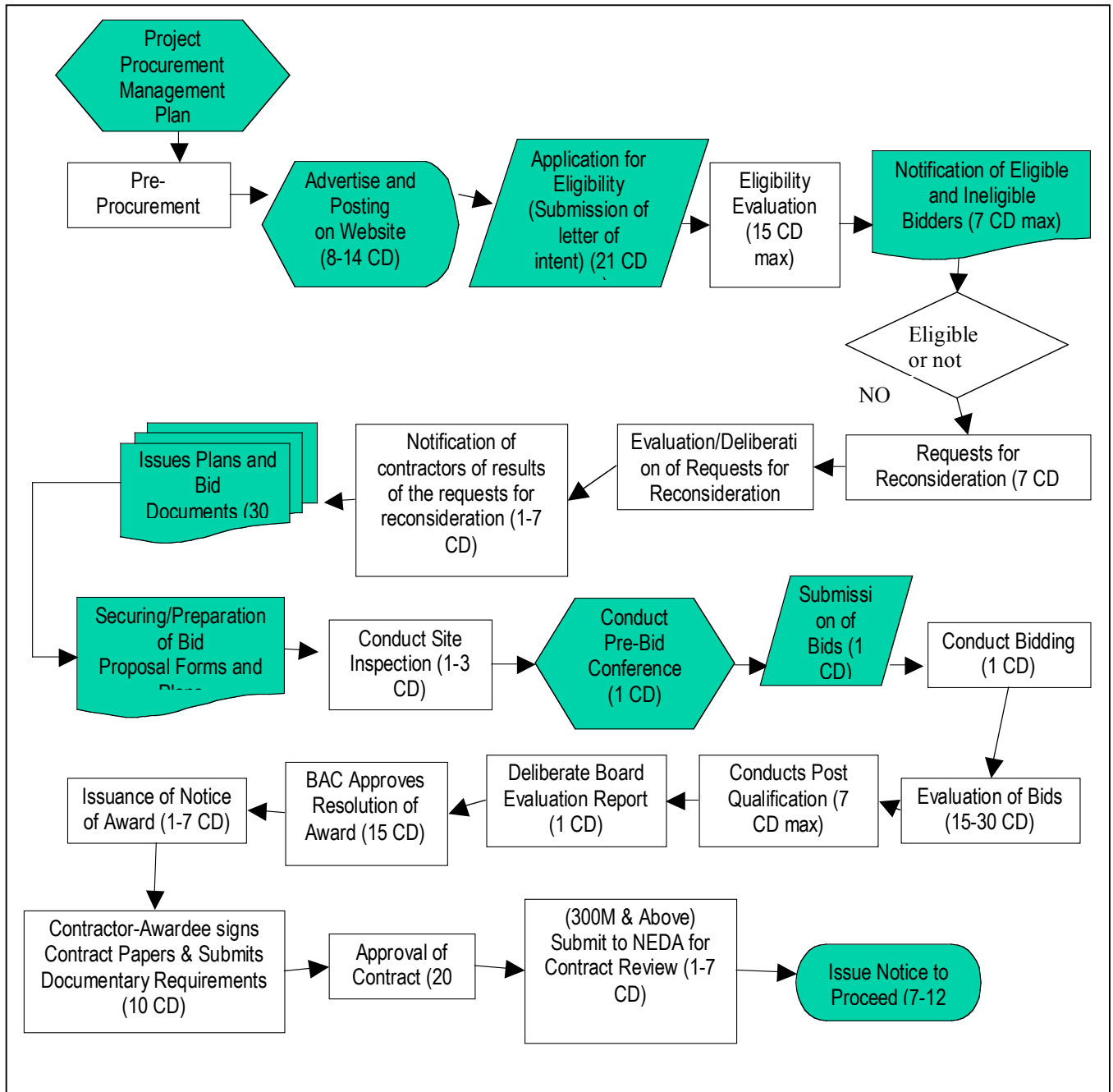
Section 3 of RA 9184 likewise prescribes that the procurement of the national government, its departments, bureaus, offices and agencies, including state universities and colleges, government - owned and/or-controlled corporations, government financial institutions and local government units, shall, in all cases, be governed by these principles:

- (a) Transparency in the procurement process and in the implementation of procurement contracts through wide dissemination of bid opportunities and participation of pertinent non-government organizations.
- (b) Competitiveness by extending equal opportunity to enable private contracting parties who are eligible and qualified to participate in public bidding.
- (c) Streamlined procurement process that will uniformly apply to all government procurement. The procurement process shall be simple and made adaptable to advances in modern technology in order to ensure an effective and efficient method.
- (d) System of accountability where both the public officials directly or indirectly involved in the procurement process as well as in the implementation of procurement contracts and the private parties that deal with government are, when warranted by circumstances, investigated and held liable for their actions relative thereto.
- (e) Public monitoring of the procurement process and the implementation of awarded contracts with the end in view of guaranteeing that these contracts are awarded pursuant to the provisions of this Act and this and its implementing rules and regulations, and that all these contracts are performed strictly according to specifications.



Procurement in the DPWH is classified into three (3) areas, namely: *goods, consulting services and civil works*. Procurement process for purposes of this CVA shall focus on contracting of locally funded projects. Such was agreed upon by the assessing team due to the fact that foreign funded projects are governed by rules set by specific lending institution.

Process Flow With Time Frames For Each Procedure



Approve Project Procurement Management Plan (PPMP)

There should be a PPMP for each individual project, which in turn should be included in the Annual Procurement Plan (APP). The PPMP shall include: a) type of contract to be employed; b) the extent/size of contract scopes/packages; c) the procurement methods to be adopted; and indicating if the procurement



tasks are to be outsourced as provided in Section 53(e) of this IRR-A; d) the time schedule for each procurement activity; and e) the estimated budget for the general component of the contract e.g., civil works, goods and consultancy services.

The preparation and updating of the PPMPs shall be the responsibility of the respective Project Management Offices (PMOs) or end-user units of the procuring entities. The consolidation of these PPMPs into an APP shall be lodged with the Bids and Awards Committee (BAC) Secretariat of the procuring entity.

Conducts Pre-Procurement Conference

The pre-procurement conference shall be attended by the BAC, the Secretariat, the unit or officials, including consultants hired by the procuring entity who prepared the technical plans, technical specifications, TORs, bidding documents and the draft advertisement, as the case maybe for each procurement, as well as those who separately reviewed these documents prior to final approval.

Advertisement/Posting

The Invitation to Apply for Eligibility and to Bid (IAEB) shall be:

- Advertised at least twice within a maximum period of fourteen (14) calendar days, with a minimum period of six (6) calendar days between publications, in a newspaper of general nationwide circulation, which has been regularly published for at least two (2) years before the date of issue of the advertisement, subject to Section 21 of the IRR-A of RA 9184;
- Posted continuously in the website of the procuring entity concerned, if available, the website of the procuring entity's service provider, and the Government Electronic Procurement System (G-EPS) during the maximum period of fourteen (14) calendar days stated above;
- Posted at any conspicuous place reserved for this purpose in the premises of the procuring entity concerned, as certified by the head of the Bids and Awards Committee (BAC) Secretariat of the procuring entity during the maximum period of fourteen (14) calendar days stated above.

Expression of Interest/Application for Eligibility

For the procurement of infrastructure projects and consulting services, the interested party shall submit a written Letter of Interest (LOI) together with its application for eligibility, which must be received by the BAC not later than seven (7) calendar days after the last day of the period for advertising and/or posting of the Invitation to Apply for Eligibility And to Bid provided in Section 21.2 of this IRR-A.

Eligibility Evaluation

The eligibility of each prospective bidder shall be determined by examining each bidder's eligibility requirements or statements against a checklist of requirements, using non-discretionary "pass/fail" criteria as stated in the IAEB, and shall be determined as either "eligible" or "ineligible". If a prospective bidder submits the specific eligibility document required, he shall be rated "passed" for that particular requirement. In this regard, failure to submit a requirement or an incomplete or patently insufficient submission shall be considered "failed" for the particular eligibility requirement concerned. If a prospective bidder is rated "passed" for all eligibility requirements, he shall be considered eligible to participate in the bidding, and the BAC shall mark the set of Eligibility Documents of the prospective bidder concerned as "eligible". If a prospective bidder is rated "failed" in any of the eligibility requirements, he shall be considered ineligible to participate in the bidding, and the BAC shall mark the set of Eligibility Documents of the prospective bidder



concerned as “ineligible”. In either case, the BAC chairperson or his duly designated authority shall counter sign the markings.

Notifies Eligible and Ineligible Bidders

The BAC shall inform an eligible prospective bidder that it has been found eligible to participate in the bidding. On the other hand, the BAC shall inform an ineligible prospective bidder that it has been found ineligible to participate in the bidding, and the grounds for ineligibility.

Request for Reconsideration

Those found ineligible have seven (7) calendar days upon written notice, or if present at the time of opening of eligibility requirements, upon verbal notification within which to file a request for reconsideration with the BAC. Provided, however, that the BAC shall decide on the request for consideration within seven (7) calendar days from receipt thereof.

Issues Plans and Bid Documents

The bidding documents shall be prepared by the procuring entity following the standard forms and manuals prescribed by the GPPB. The Bidding Documents shall include the following:

- Approved Budget for the Contract;
- Instruction to bidders, including criteria for eligibility, bid evaluation and post-qualification, as well as the date, time and place of the pre-bid conference (where applicable), submission of bids and opening of bids;
- Terms of Reference;
- Eligibility Requirements;
- Plans and Technical Specifications;
- Form of Bid, Price Form, and List of Goods or Bills of Quantities;
- Delivery Time or Completion Schedule;
- Form and Amount of Bid Security;
- Form and Amount of Performance Security and Warranty; and
- Form of Contract, and General and Special Conditions of Contract.

The procuring entity may require additional documents or specifications necessary to complete the information required for the bidders to prepare and submit their respective bids.

Conduct Site Inspection

The BAC shall require an affidavit of such site inspection from eligible bidder.

Conduct of Pre-Bid Conference

The Bidder or his official is invited by the procuring entity to a pre-bid conference, the venue, time, and date of which shall be indicated in the Bid Data Sheet. Non-attendance at the Pre-Bid Conference shall not be a ground for disqualification of a Bidder. The Pre-Bid conference shall be held at least twelve (12) calendar days before the deadline for the submission and receipt of Bids. However, attendance of the Bidders shall not be mandatory. The Pre-Bid conference shall discuss among other things the technical and financial components of the contract to be bid. The minutes of the Pre-Bid Conference shall be recorded and made available to all participants not later than three (3) calendar days after the pre-bid conference.



Submission/Opening of Bids

Bids must be received by the BAC of the procuring entity at the address on or before the date and time indicated in the Bid Document.

The BAC of the procuring entity shall open the bid envelopes in the presence of bidders' representatives who choose to attend, at the time on the date, and the place specified in the BDS. Bidders' representatives who are present shall sign a register evidencing their attendance.

Evaluates Bids

The procuring entity will evaluate and compare, in detail, only the bids that are rated "passed" for both Technical and Financial Proposals.

In evaluating the Bids to get the Lowest Calculate Bid, the procuring entity shall undertake the following:

- The detailed evaluation of the financial component of the bids to establish the correct calculated prices of the bids; and
- The ranking of the total bid prices as so calculated from the lowest to highest. The bid with the lowest price shall be identified as the lowest calculated bid.

Conducts Post Qualification

The procuring entity shall conduct post qualification to determine whether the bidder that is evaluated to have the lowest calculated bid complies with and is responsive to all requirements and conditions for eligibility and of the bidding for the contract. The determination shall use non-discretionary "pass/fail" criteria and be based upon examination, verification and validation of the documentary evidence of the bidder's eligibility/qualifications submitted by the bidder. If the said bidder passes the post-qualification, his bid shall be declared as the lowest calculated and responsive bid (LCRB).

Notice of Award

The procuring entity shall issue a written notice of Award/Letter of Acceptance to the bidder with the LCRB prior to the expiration of the bid validity period, by registered mail, by hand or by facsimile. This notice of award /letter of acceptance shall state the proposed contract price equivalent to the LCRB, together with the documentary requirements for the contract.

CVA Findings

The assessment team examined all of the processes in the area of procurement of civil works for locally funded projects and five (5) of these processes were found to be vulnerable to corruption. These 5 processes are the focus of the discussion.

1. Preparation of the Project Procurement Management Plan (PPMP)

This is the first procurement process and was found to be prone to corruption specifically the preparation of the approved budget for the contract (ABC). The responsible office/unit for the preparation of ABC varies from office to office. In the Central Office (CO) for example, the implementing office (IO) or its consultant (if any) prepares the ABC, which in turn forwards it to the Bureau of Construction (BOC) for review as to unit cost. In the regional/district offices on the other hand, the BAC-TWG prepares the ABC based on the program of work (POW) submitted by the Planning and Design Division/Section (PDD/PDS) except for one Regional Office (RO) where the IO prepares the ABC and then reviewed by an Estimating Committee



composed of Division Chiefs from Planning & Design, Maintenance, Construction and Materials & Quality Control Divisions.

During interviews with various parties involved in the preparation/review of the ABC, it was learned that the unit price of construction materials and civil work items being used were based on historical data, prevailing market price or the price monitoring index submitted quarterly by the District Engineering Offices (DEOs) and Regional Offices (ROs) to the Central Price Monitoring Committee in the CO (D.O. No. 152, series of 1997). However, when the assessment team requested for a copy of the unit price references, which they used for specific projects, most offices failed to produce the document. Also, records of the Central Price Monitoring Committee showed that there are DPWH offices that do not comply with D.O. 152, series of 1997, since CY 2004. It was also learned that some ROs/DEOs who submitted their updated price monitoring report do not follow the prescribed format, thereby making their report practically useless.

The assessing team believes that the absence of references such as the updated unit price of construction materials and civil work items opens several doors to corrupt practices that may result to over budgeting/overpricing of the project. Estimates based on historical data may either be bloated or underestimated. Using a possibly bloated historical data as a basis for the cost estimates may results to a more bloated estimate. The unit price used in the ABC can easily be manipulated or bloated for unscrupulous reasons.

Strict implementation and monitoring of D.O. No. 152, series of 1997 (Guidelines on Price Monitoring on Construction Materials, Civil Work Items and Highway Maintenance Activities), D.O. No. 57, series of 2002 (Preparation of Approved Budget for the Contract) and the new DPWH Procurement Manual which was approved by GPPB per DMC 48, series of 2006 will help in addressing the said issue.

The American Association of State Highway and Transportation Officials (AASHTO) Trns*port software particularly the Cost Estimation System (CES) module, which will be used by the Department next year, will greatly help minimize if not totally eradicate corruption in the preparation of ABC. Better estimates that is based on geographical area will be made possible through the Trns*port CES paving the way for budget allocations closer to actual construction costs. The DPWH teams are closely working with the AASHTO consultants in configuring/customizing the said software to suit to the DPWH requirements. The target operational acceptance of the software by the Department is scheduled on January – February 2007.

It is also recommended that all references used in the preparation of ABC be made available for inspection by interested parties.

2. Application for Eligibility / Expression of Interest

Pursuant to D.O. No. 27, series of 2001, prospective bidders who are DPWH registered contractors, in response to the invitation (IAEB) for a particular contract, may submit their written Letter of Intent (LOI) either to the Central BAC or the BAC of the procuring entity (Regional/District) for processing. Unregistered contractors with the DPWH may submit their LOI simultaneously with their application for registration to the BAC.

Among the risks factors that were identified in this process are: political intervention, collusion among contractors, connivance between contractors and BAC representatives, submission of LOI by contractors' unauthorized representatives and borrowing of the Contractors Registration Certificate (CRC). These are factors that may limit the number of participating contractors so as to give a very good chance to the so called "chosen or favored" contractor (of certain congressman), which defies the purpose of competitive bidding. The team was also informed that some contractors who are not interested with the project but just after the "sahod" from the favored contractor will advise the BAC concerned not to include them in the processing of eligibility. All these are happening in the district levels.



Some of the control mechanisms that are in place in all offices of the Department are: LOIs should be signed by the person authorized in the contractor's License issued by the PCAB. It should also be submitted by the authorized liaison officer as specified in the Contractor's Information (CI). Presentation of the original CRC is another control. The BAC concerned checks all the mentioned items before receiving the contractors' LOIs. However, sometimes these controls were not strictly followed by the BAC concerned.

3. Eligibility Evaluation, Including Notification Of Eligible And Ineligible Bidders

In this part of the procurement process, prospective bidders submit eligibility requirements or statements to the BAC. As prescribed by RA 9184, the eligibility envelopes of prospective bidders for the procurement of infrastructure projects are to be submitted on or before the deadline specified in the IAEB, and shall be opened before the date of the pre-bid conference and bid opening to determine eligibility of prospective bidders, who shall then be allowed to acquire or purchase the relevant bidding documents from the procuring entity.

The determination of the eligibility of prospective bidders is done on the basis of Legal, Technical, and Financial documents. At the CO, eligibility evaluation is done through a computerized verification system known as the Civil Works Registry (CWR). The CWR is a database of the contractor's legal, technical and financial information and being managed by the BAC-TWG. Such a system may be considered as a control mechanism to lessen the likelihood of the incidence of corruption as this allows for very minimal human intervention. The letters of eligibility/ineligibility are automatically generated by the same software upon completion of the eligibility screening process. Such letters are then sent to appropriate ROs/DEOs for release to the contractors.

The risk herein lies in the fact that while most DEOs send documents to the CO for the computerized eligibility screening process, some DEOs still resort to manual screening because they are allowed to do so (per D.O. No. 144, series of 2001). Such practice increases the risk of abuse of discretion. In such cases, the so-called "favored" contractors may be given unwarranted advantages by allowing their participation without being able to comply with all eligibility requirements.

Another risk identified in this part of the bidding process is the fact that some DEOs do not send letters of eligibility/ineligibility to the contractors. Instead, they wait for the contractors to pick up the letters without bothering to inform them that such letters are ready to be picked up. Such practice leads to the risk of contractors not being able to file motions for reconsideration on time (if they are declared ineligible) or meet the deadline for issuance of bid documents (if they are declared eligible). Again, this practice may be used to the advantage of the "favored" contractors by giving them "lead time" over the other contractors.

As mentioned earlier, the use of the computerized CWR does away with a lot of human intervention, thus providing less opportunity for corruption. The mandatory use of the CWR down to all the District Engineering Offices ought to limit the incidence of abuse of discretion to a bare minimum.

4. Bid Evaluation

During the bid evaluation, it is the BAC-TWG which will evaluate and compare, in detail only the Bids that are rated "passed" for both Technical and Financial Proposals. The purpose of Bid Evaluation is to determine the Lowest Calculated Bid (LCB). In evaluating the bids to get the LCB, the BAC-TWG shall undertake the following: The detailed evaluation of the financial component of the bids, to establish the correct calculated prices of the bids; and the ranking of the total bid prices as so calculated from the lowest to highest. The bid with the lowest price shall be identified as the LCB.

After determining the ranking of the total calculated bids from the lowest to the highest, the BAC-TWG will then prepare an Abstract of Bids as Calculated, and submitted to the BAC for their consideration and approval.



Also, after the conduct of Bid Evaluation, the BAC-TWG will prepare Bid Evaluation Report and later on to be submitted to the BAC for their consideration and approval.

This particular stage is one of the most important stages in the bidding process. This is very crucial as the bids submitted will now be evaluated to determine the lowest calculated bid. Because of its nature, it is subject to all kinds of vulnerabilities.

The BAC-TWG evaluates the technical and financial components of the bids and prepares the Abstract of Bids to be submitted to the BAC for its consideration and signature. Likewise, it is the BAC-TWG which prepares the Bid Evaluation Report to be submitted to the BAC for their consideration and approval.

To insure that the favored contractor will come out as the one who tendered the lowest calculated bid, collusion is resorted to in some cases. Collusion may exist between or among the officials and employees of the procuring entity assigned as members of the BAC-TWG, BAC-Secretariat or the BAC itself. Collusion may also occur between any members of BAC-TWG, BAC-Secretariat or BAC and any of the bidders. Lastly, collusion may also be present between or among the bidders themselves or between the bidders and a third party (such as politicians). This is openly acknowledged by the officials and employees in the interviews conducted. But it is also admitted that this is one of the perennial problems of government procurement which was not sufficiently addressed with the passage of the new procurement law.

There are control measures presented by the RA 9184 but these are reactive rather than proactive. What we need are preventive controls to lessen the occurrence of collusion between or among the parties involved in the bidding process. The answer to this problem is full implementation of government's internet-based electronic procurement system. This will restrict the interaction between and among the parties involved in the bidding process. In so doing, the plotting of secret cooperation between or among them to undermine the result of the bidding would be eliminated.

More strict implementation of IRR-A of RA 9184 on confidentiality of the bid evaluation process. The IRR-A prohibits members of the BAC, including its staff and personnel, as well as its Secretariat and TWG, from making or accepting any kind of communication with any bidder regarding the evaluation of their bids until the issuance of the Notice of Award, unless otherwise allowed in this IRR-A. The entire evaluation process shall be completed in not more than fifteen (15) days for the procurement of goods and infrastructure projects from the deadline for receipt of proposals.

Third, the agency will work for effective civil society representation in BAC. In connection with this, we recommend for the amendment of IRR-A Sec. 13.13 which provides:

“Observers will be informed at least two days before the stages of procurement to which observers shall be invited; pre-bid conferences; opening of bids; post-qualification; and contract award; and special meeting of the BAC. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing” (underscoring supplied).

To further enhance the transparency of the bidding process, the presence of observers in all stages of BAC proceedings shall now be required and their absence will nullify the proceedings.



5. Post Qualification of the Lowest Bid

The procuring entity shall conduct post qualification to determine whether the bidder that is evaluated to have the lowest calculated bid complies with and is responsive to all requirements and conditions for eligibility and of the bidding for the contract. The determination shall use non-discretionary “pass/fail” criteria and be based upon examination, verification and validation of the documentary evidence of the bidder’s eligibility/qualifications. If the said bidder passes the post-qualification, his bid shall be declared as the lowest calculated and responsive bid (LCRB).

During post qualification of the bidder with the lowest calculated bid, the BAC-TWG will verify, validate and ascertain all the statements made and documents submitted by the bidder with the lowest calculated bid (LCB). They will ascertain the bidder’s compliance with the legal, financial and technical requirements of the bid.

After conducting the post qualification, BAC-TWG will prepare a Post Qualification Report together with the BAC-Secretariat and submit it to BAC Chairman. The BAC will review the report and declare the bidder with lowest calculated bid as “post qualified” and its bid as the lowest calculated responsive bid.

This is the procedure being followed by the BAC at the CO and in some ROs. However, this is not the case in some ROs and in the DEOs. Post qualification is being done by accomplishing the Post Qualification Evaluation Report (PQER) form only. For each item, if the finding is favorable, they marked it “complying” in the said form. If adverse, they marked it “failed”. In addition to this, the BAC-TWG is supposed to indicate the reasons why the bidder failed in a particular item, however this is not being done in the abovementioned offices. Once the form is accomplished and all the findings are favorable, then bidder with Lowest Calculated Bid will be declared as post qualified subject to the review of the BAC. This consists as their post qualification evaluation report; they do not bother to prepare a narrative post qualification report for the consideration of the BAC.

The risk here lies with the way by which members of BAC- TWG, BAC- Secretariat and the BAC conduct post qualification. BAC-TWG’s work is to check, to verify, to confirm, to validate and to ascertain whether the statements made and documents submitted by the bidder with the LCB are true. Genuineness and authenticity of every document submitted must be verified. The Special Action Committee (SAC) was constituted in every Regional/District/City Engineering Office (to verify all performance Bonds, LCs and Surety Bonds issued by local banks, insurance/surety companies being submitted by the contractors). All the statements and representations made by the bidder with the LCB must be ascertained and validated. Post qualification should be done with good faith and honest motive with the end in view of ascertaining the bidder’s compliance with the legal, financial and technical requirements of the bid. Once the bidder with the lowest calculated bid is found to have complied with all the abovementioned requirements, then a successful implementation of the project would be the end result.

In order to achieve the efficient conduct of the post qualification, there is a need for the strict implementation of the DPWH Procurement Manual for Locally-Funded Projects; Professionalize members of BAC-TWG, BAC-Secretariat and BAC; Capacity building for BAC people through trainings, seminars and lectures; and strengthen their moral fiber through the conduct of moral transformation seminars.

Recommendations

Based on the foregoing discussion, it can readily be seen that several problems plague the integrity of the procurement process at the DPWH. The loopholes identified in this report have resulted in the opening of several opportunities for corrupt practices. The problems identified range from the inadequacy of existing policies or the lack thereof, to the negative effects of political intervention. This is not to say that the DPWH management has done nothing to counter these weaknesses in the procurement process. DPWH



management has issued several issuances in the hope of clogging the loopholes in the procurement process, among them are the following:

- D.O. No. 43, Series of 1989 (Creation of a Special Action Committee (SAC) in every Regional/District/City Engineering Office)
- D.O. No. 152, Series of 1997 (Guidelines on Price Monitoring on Construction Materials, Civil Works Items and Highway Maintenance Activities)
- D.O. No. 27, Series of 2001 (Applying for Eligibility Processing On Civil Works Projects)
- D.O. No. 144, Series of 2001 (Amending Department Order No. 2, Series of 2001 Re: Guidelines in the Eligibility Processing of Contractors for Civil Works Projects)
- D.O. No. 57, Series of 2002 (Preparation of Approved Budget for the Contract)
- D.O. No. 90, Series of 2002 (Bookbinding and Paging of Prequalification and Bid Documents)
- D.O. No. 209, Series of 2004 (Guidelines in the Submission of Procurement Reports)
- D.O. No. 210, Series of 2004 (Guidelines in Advertisement/Posting of Locally Funded Civil Works Contracts)
- D.O. No. 241, Series of 2004 (Additional Requirement in the Procurement of Infrastructure Projects costing P2M to P5M)
- 9. D.M.C. No. 48, Series of 2006 (Approving the DPWH Procurement Manuals for Use By The DPWH and All Its Attached Bureaus and Agencies In All Its Locally- Funded Projects)

In addition to these issuances, the DPWH has also come up with the computerized Civil Works Registry to lessen discretion in the verification/screening of the eligibility of prospective bidders. Blacklisting/suspension of contractors is also being practiced in the Department. The AASHTO Trns*port software (CES, LAS, PES & Expedite modules) for cost estimation and procurement management is also planned to be operational by the first quarter of 2007. The DPWH Procurement Manual (DPM) has been in circulation since July 2006.

The abovementioned safeguards instituted by the DPWH appear to be adequate measures with which to lessen the opportunities for corruption in the procurement process. The problem is, no matter how adequate the Department's policies are, such would prove futile without proper and strict implementation.

The assessing team recommends that actions be taken to ensure that such measures are not put to waste. The strict implementation of the Department issuances, together with the IRR-A of RA 9184 is necessary to improve the integrity of the procurement process. The three strike policy as well as the blacklisting and suspension of contractors must be strictly implemented by the Office. Proper monitoring and the imposition of penalties on those who violate existing policies must also be observed. It would also be prudent that certain people or units be held accountable to ensure the implementation of these policies. It is also recommended that the computerization of the Civil Works Registry must be implemented in all levels from the Central Office down to the District Engineering Offices.

Aside from the strict implementation of existing policies, the assessing team also puts forward several amendments/additions to existing policies most notably to the Implementing Rules and Regulations of RA 9184, among the following: IRR-A Sec. 13.13 provides: *"Observers will be informed at least two days before the stages of procurement to which observers shall be invited; pre-bid conferences; opening of bids; post-qualification; and contract award; and special meeting of the BAC. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing"* (underscoring ours)

To further enhance the transparency of the bidding process, the presence of observers in all stages of BAC proceedings shall now be required and their absence will nullify the BAC proceedings.



We also recommend for the full implementation of the Government Electronic Procurement System (G-EPS).

It was mentioned earlier that there are plans of using the AASHTO Trns*port software (CES, LAS, PES & Expedite modules) to strengthen the civil works cost estimation and procurement management. The fast tracking of it and strict implementation of the new DPWH Procurement Manual are greatly encouraged, as these would strengthen existing measures instituted to reduce the risk of corruption in the procurement process.

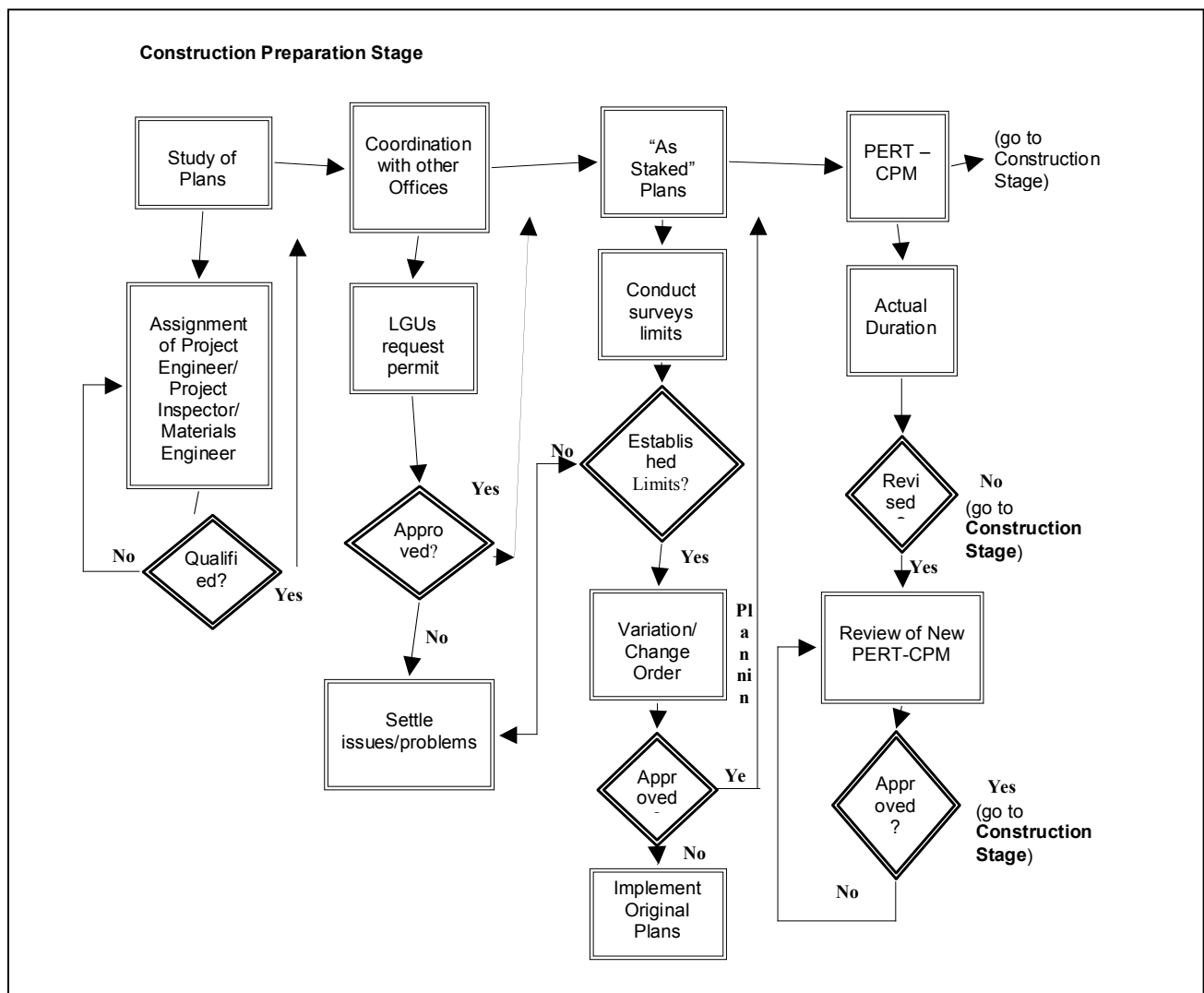
The biggest problem besieging the procurement process appears to be the amount of political intervention present in almost all stages of the procurement process. Congressmen, from whose CDF comes most of the funding for DPWH projects, impose their will on various officials of the DPWH to ensure that their “favored” contractors collar juicy contracts. If the DPWH officials (notably at the DEO level) fail to accede to the whims of these unscrupulous politicians, they risk losing their posts or getting re-assigned to far-flung offices. The solution to this would be more political will on the part of higher ranking DPWH officials so as not to give in to requests that certain DPWH Officials at the lower levels be removed, replaced or reassigned without reasonable grounds.



CVA Area No. 2: PROJECT IMPLEMENTATION

Project Implementation is composed the following activities, namely, study of plans, coordination with other offices, “As-Staked Plans” preparation, PERT-CPM, construction stage, quality control, accomplishment report, “As-Built” plans preparation and inspection/acceptance. The whole process is shown in the tables below. Project implementation starts when the contractor receives the Notice to Proceed (NTP). The contractor is given ten (10) days upon receipt of the NTP to begin construction work. Given the go-signal, the contractor then, mobilizes equipment and sets up project office.

Hand in hand with the issuance of the NTP, the Chief of division who will implement the project recommends to the Regional Director, the Field Engineers (FE) to be assigned to supervise the implementation of the project.





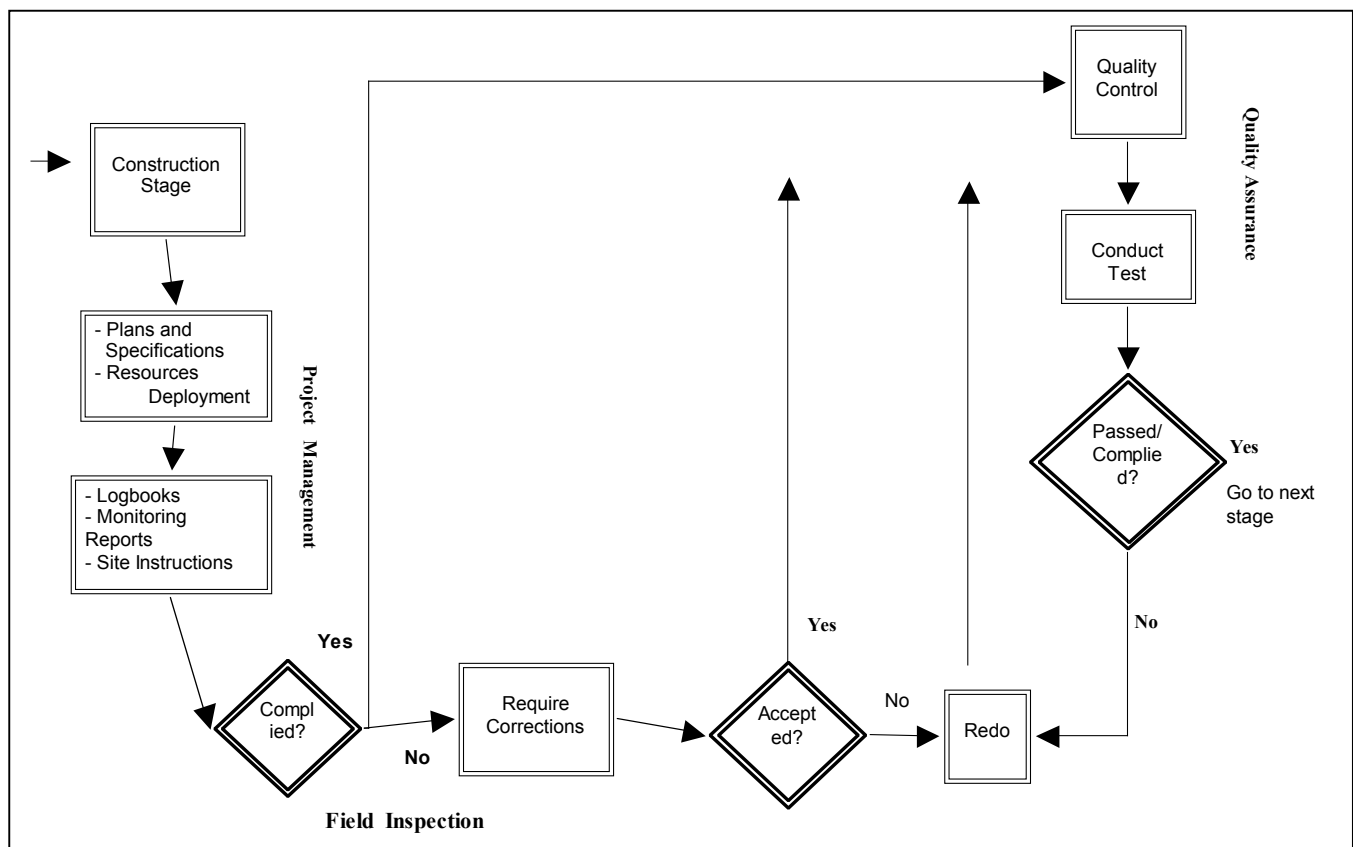
Coordination with the local authorities follows to inform them about the project, to maintain uninterrupted work and to tap its help in resolving problems that may arise during the implementation of the project.

Before the actual work begins, the contractor conducts a mandatory survey that produces the As-Staked Plan (ASP). ASP is a survey of the present conditions of the project site. It aims to establish the limits of the project and determine any latent difference or change in the condition of the project from the time it was originally surveyed up to the time of its actual implementation. The contractor conducts this survey and plan preparation under the supervision of the FE to be approved by the Implementing Office (IO).

In order to keep track and monitor the accomplishments during construction and determine the actual duration of activities and to know whether the contractor is on schedule or not, project monitoring is done through the use of the PERT/CPM. This is prepared by the contractor to be submitted to the FE and to the IO.

Construction activities may start after the project limits have already been defined and all other pre-construction requirements are completed. Real work starts here, this is the part where the plans and specifications are being implemented. It is also at this stage that will determine the outcome of the project.

There are two fundamental reasons for Variation Orders (VO), which can be a change or extra work order. A change order is due to the effect of the as-staked plan and extra work order is due to unforeseen reasons that were only discovered during the progress of the work.

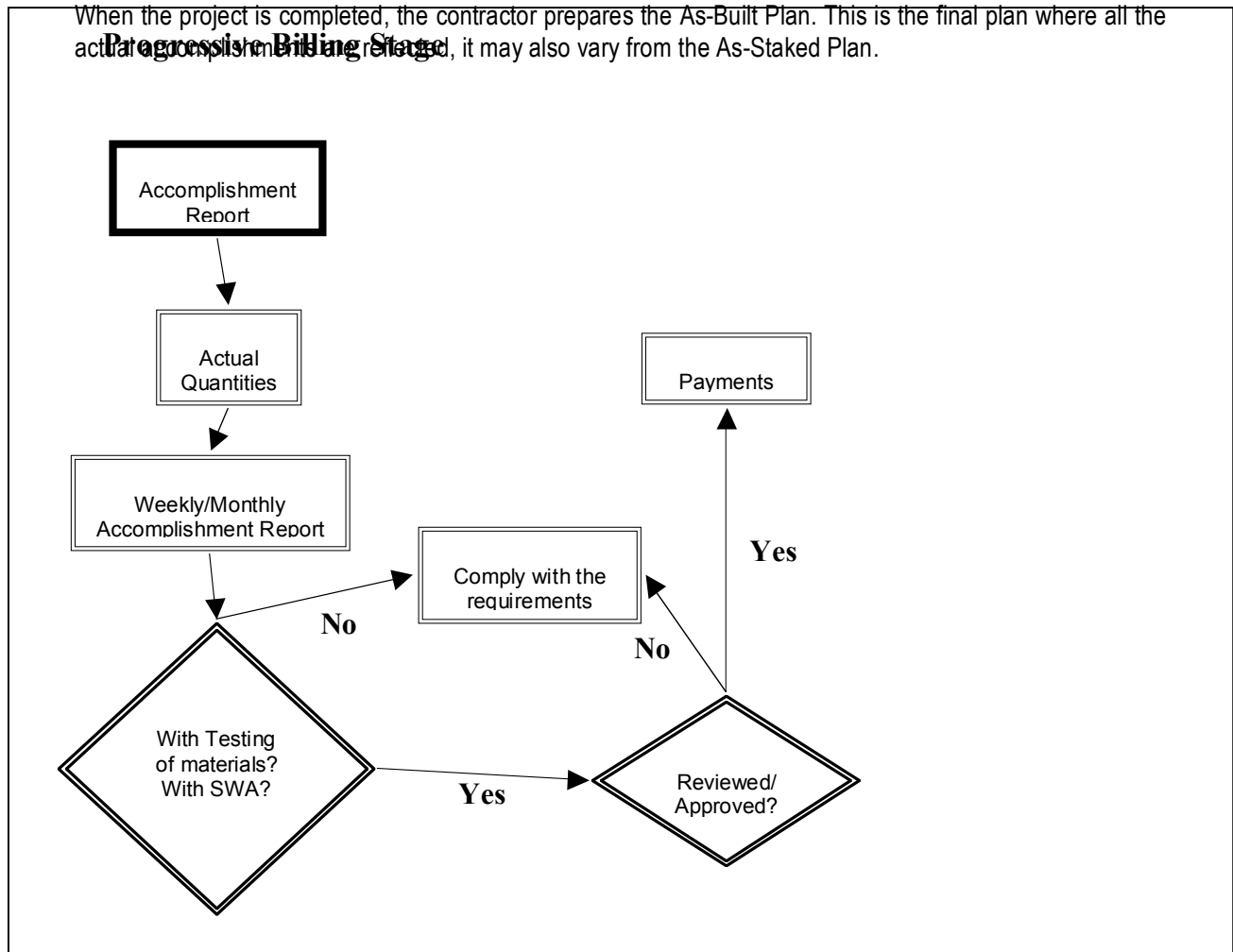




In the course of the construction works, quality control implementation goes hand in hand with it. It is the policy of the agency that all quality control works are to be done by the contractor and quality assurance shall be the responsibility of the government. It is at this stage where the good quality of the project is determined and achieved through the concerted efforts of the FE and the contractor.

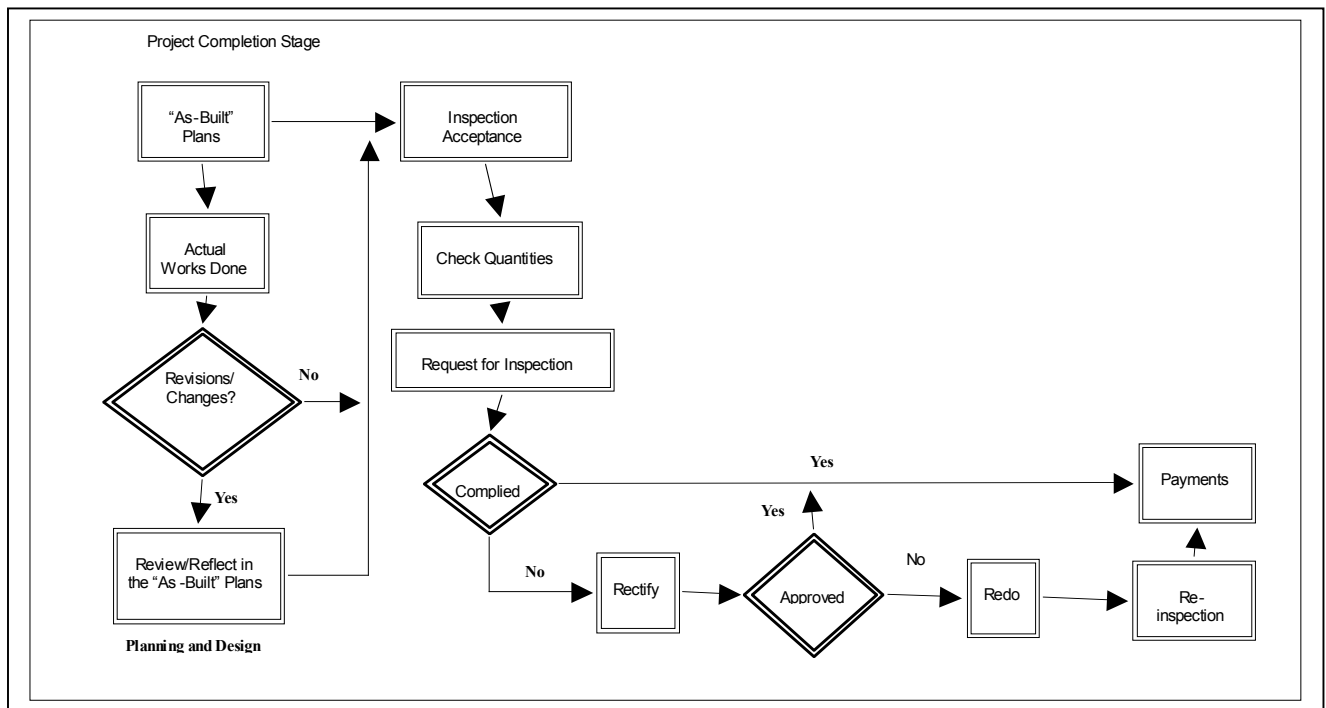
As the work progresses the contractor accomplishes certain items of work that entitles him for payment either for partial or final billing. The contractor formally request for payment on his actual accomplishments to the Implementing Office.

When the project is completed, the contractor prepares the As-Built Plan. This is the final plan where all the actual accomplishments are reflected. If the project is not completed, it may also vary from the As-Staked Plan.



The as-built plan just like the as-staked plan is prepared by the contractor, supervised by the FE and to be approved by the IO. The contractor conducts this survey and plan preparation to come up with the final quantification.

After all works are completed, punch listing is done to check the quality and quantity of the items involved in the project. This is being done by the contractor, the QAU and the Inspectors as per D.O. 101, S2005.



Discussed below are the opportunities for corruption for each of the vulnerable steps.

Collusion between the field engineer, politicians and the contractor

The selection of the Field Engineer (FE) is critical to the satisfactory completion of the project because it is these FE who are directly in control of the day to day supervision of all activities in the project. However, in some cases the yardstick is favoritism and outside intervention through politicians and contractors. The risk factor for any irregularity is very high in this situation due to familiarity and possible collusion among them.

To address this, the agency formulated and issued D.O. 73, S. 1998 – Accreditation of Field Engineers. This accreditation system requires engineers to undergo comprehensive training in all areas of project supervision and implementation. Together with the trainings and experiences, the engineers are rated using a set of parameters. Based on these ratings, the FE are then categorized and these shall determine the position and the limit of project that a FE shall supervise. Regular meetings and monitoring of projects by the Division Chiefs were encouraged. These are sufficient safeguard in order to address problems and other issues that may arise, however, the field of specialization of the FE should also be considered.

Bribery to local authorities to facilitate implementation of projects

Although the risk factor of collusion between the local authorities and the contractor is low, it can still be a cause for delay in the implementation of the project. Local government authorities can just whimsically come up or cite out of the blue local legislation that can stall the project.

In order to control the situation, D.O. 79 was issued. This is insufficient in such a way that the potential of the LGU to help speed up project implementation is not taken advantage of. A memorandum of agreement can be formulated to use the influence of LGUs among its areas of jurisdiction to settle problems in areas of right-of-way, relocation of utilities, resettlement of affected residents, environment and other issues that may involve its constituents.



Manipulation of the As-Staked Plan

The risk for any irregularity at this stage of project implementation is very high because it is the as-staked plan that will serve as the basis of revisions in the project, if any. Collusion between the contractor and the FE at this stage to increase the quantities and unknowingly approved by the IO shall cause undue increase in the cost of the project that is disadvantageous to the government. In order to avoid this, the IO through its Planning and Design arms, should thoroughly check the as-staked plan prior to its approval. A time limit should also be set for the submission and approval of the as-staked plan. The longer the time for the as-staked plan to be submitted and approved, the more susceptible it is to manipulation.

Manipulation of the PERT-CPM

Though it may seem that there is nothing in this part of project implementation that can be tainted by irregularity, sad to say that this is not spared. A by-product of this PERT/CPM is the schedule of deployment of resources. This is the basic parameter, which can tell of the project slippage, whether it is advance (positive) or delayed (negative). By not reflecting the actual slippage if it is negative, it will look as if the project is on schedule on paper, and it will not be liable to pay liquidated damages due to delay in the completion of the project. Another advantage to be gained by the contractor if its project is always declared as positive is, it can participate in any bidding process, while a negative slippage may bar him from participating in other biddings for any government project.

The mechanism to control any irregularity in this part of project implementation is insufficient. A project monitoring task force whose job is recommended to randomly check or assess actual project accomplishment and the use of Project Management Software.

Manipulation of Construction Control Factors

The occurrence of risk at this stage is high because it is here where dimensions, quantities, proportions and all other construction control factors can be deliberately manipulated to benefit the contractor or it may be just through sheer incompetence. To check this, FE who are qualified based on D.O. No. 73, coupled with a reputation for integrity should be assigned. It is also in this part of project implementation where delays are more likely to happen due to lack of resources in manpower, materials and equipment. To address this, D.O. 73 as mentioned earlier was issued. Guidelines for construction and quality control measures were formulated like the minimum testing requirements, sanctions for FE and other tools to improve work such as the work request, pouring request, site instructions and the conduct of regular coordination meetings.

While it can be said that these are already sufficient measures, the problem boils down to the attitude of the FE, if they have the ability and integrity enough to strictly implement it. To address this attitude problem, seminars/trainings on re-orientation and values formation for FE, all personnel who are involved in project monitoring and inspection such as the QAU, the CPES and all other inspecting bodies of the agency should be provided.

Undue accommodation of Variation Orders

While the VO is a necessity in project implementation, its use has been abused that is why it is always tainted with suspicion because almost all VO are for an increase in quantity. It is at this stage where most irregularities are converted to become regular transactions. This makes it a high risk factor with the bloating of quantities and worse, introduction of items of work not incorporated into the project. This can be done through the orchestrated manipulation among the IO, FE and the contractor.

Although the control mechanism to check are in place, it is still insufficient. Strict verification on the requested VO should be done and a sanction mechanism should be formulated for those involved in POW and plan preparations, similar to sanctions given to FE.



When Quality Control is compromised

Although this is common knowledge, quality control implementation is not spared from irregularities because of the notion that “quality cost money”. This makes it as a high risk in terms of irregularity which can produce a poor and sub-standard quality of project. This can be done by doing short cuts and non performance and compliance of tests to be performed as stated in the Quality Control Program (QCP).

To cure this malady, several DO's were issued such as D.O. 203, S 2003, Minimum Testing Requirements, Materials Quality Control Documents, Accreditation of Contractors' and Consultants' Materials Engineer (D.O. 184, S. 1999), Accreditation of Asphalt/Concrete Batch Plants (D.O. 253, S 2003) and Private Laboratories (D.O. 26, S. 1989), QAU/CPES Project assessment, among others.

While the above and some others are already sufficient to check this malady, it should be further reinforced with the Accreditation of Quality Assurance engineers and the Laboratory Technicians, regular validation by the QAU/CPES project assessment team, values formation of the inspectors and validation teams, provision of laboratory testing equipment and ISO Certificate of contractors to achieve QA Systems.

Bloating of Accomplishments

The risk is very high at this point because this is the where the “beef” is, of whatever manipulation that were previously agreed upon. It is at this point where, what was agreed upon will bear “fruit”. Accomplishments of items of work are bloated, overstated, defective works and “ghost” items of works are billed by the contractor in cahoots with the FE. Again, control mechanisms are in place to check this wrong doing through inspection/validation of the items of work being requested for payment either by a duly constituted Inspectorate Team or through the QAU. D.O. 134, S 2004 was issued to stop payment of any defective work and several reports like the CQCA, Test Reports, Inspection Reports, Project and Quality Control logbooks were required to support the request for payment.

The measures instituted to control the irregularities in the billing system were already sufficient but validations are still needed to further check any wrong doing.

Corruption of the As-Built Plan

The risk for any irregularity at this stage of project implementation is very high because it is the as-built plan that is again the basis for any final revision in the project. Any manipulation between the contractor and the FE at this stage to further increase the final quantities may be done if left unchecked. To prevent this, the IO through its Planning and Design arms, should thoroughly check the as-built plan prior to its approval. Similar to the as-staked plan, a time limit should also be set for the submission and approval of this plan. The longer the time for this plan to be submitted and approved, the more susceptible it is to manipulation.

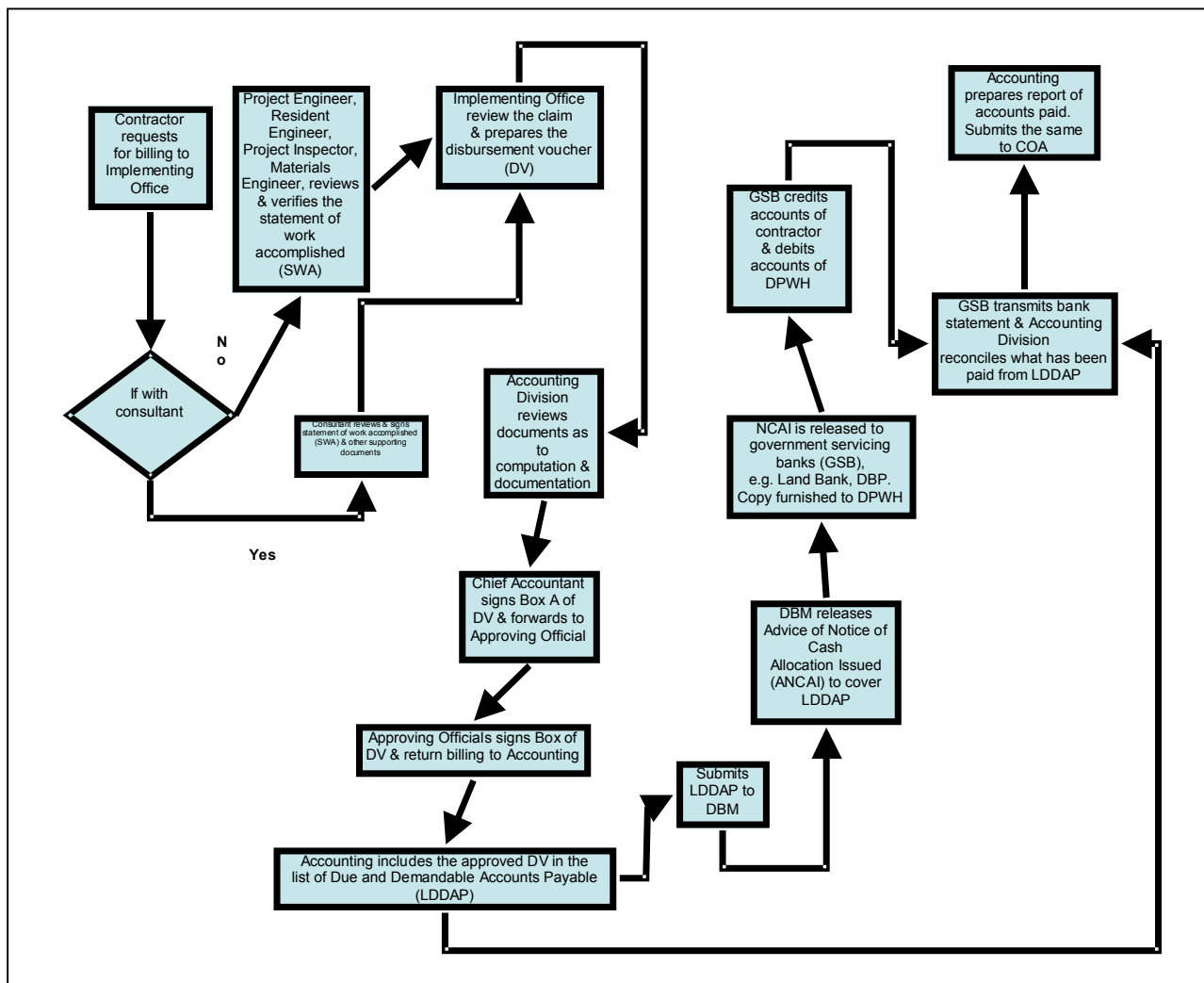
Collusion of Contractors and Inspectorate Team in Inspection/Acceptance

The risk for any irregularity at this point is high because for monetary considerations, inspectors can turn a blind eye on any defect/deficiency, as well as from any deviation from the plan and specification noted by them and allow it to be paid. To check this, the QAU report is further validated during a final inspection by duly constituted Inspectorate Team. However, this control mechanism is still insufficient. In addition to this, periodic validation within the warranty period should be done through a validation team and possibly monitoring of the community as end-users of the projects.



CVA Area No. 3: FINANCIAL MANAGEMENT (PAYMENT TO CONTRACTORS)

For purposes of this study, the team focused on the area of financial management, which deals on the payment to contractors of locally funded infrastructure projects. It is linked to the vital activities in infrastructure, thus, forming a cycle, which begins with procurement and comes before, during and after project implementation. It bears emphasizing that DPWH is mandated to undertake the planning, implementation and maintenance of major infrastructure projects. It is apparent, however, that DPWH implements infrastructure projects proposed by politicians and funded through Countrywide Development Fund (CDF). For FY 2006, 16% of the budget comes from the CDF of (certain?) senators and party-list representatives.



The financial aspect of infrastructure involves two phases, both undertaken by the **Comptrollership and Financial Management Services (CFFMS)**: **first, the certification of availability of funds and second, payment to contractors.**

The **FIRST PHASE** begins with the request of the Implementing Office for the Budget Division/Section to issue an Obligation Slip (OS). An Obligation refers to a commitment by a government agency arising from an act of a duly authorized official which binds the government to the immediate or eventual payment of a sum of money. Thus, by issuing an OS, the agency has ensured that it has funds to pay for the obligation. It is only after the OS is issued that a Certificate of Availability of Funds (CAF) may be given. The parties (



DPWH and the Contractor) can not proceed to perfecting the contract unless a CAF is first issued by the Budget Officer, otherwise the contract shall be null and void.

The issuance of OS is open to risks of intentional delay and collusion and/or political intervention. Intentional delay is, however, negated by the Document Tracking System (DoTS), prescribed in D.O. No. 244 series of 2004 and D.O. No. 1, series of 2003 to track status of all contract related documents, including billing of contractors. Both these issuances set the time limit in the processing of transactions.

There can be collusion and/or political intervention when the OS is processed even without a proposed contract. This will result to making funds available for what could be a sham, inexistent transaction or what is commonly referred to as “ghost project”. The agency controls this risk by requiring the submission of the proposed contract. It has to be a copy of the proposed contract because the issuance of OS is requested precisely as a prerequisite to the perfection of the contract.

The one-time issuance of OS as a requirement for the validity of the contract removes the occurrence of the above risks in the processing of progress billings.

The SECOND PHASE consists of the following activities:

- Request for Billing by the Contractor
- Review of Billing, Summary and Supporting Documents
- Preparation of Disbursement Voucher (DV)
- Approval of DV
- Inclusion of the approved DV in the List of Due and Demandable Accounts Payable (LDDAP)
- Approval of LLDAP
- Release of Notice of Cash Allocation (NCA) to cover LLDAP

From the time the contractor submits the request for billing to the DoTS Center, all transactions are recorded with the DoTS, hence, the status of the request can be easily verified from the center. DoTs is a control mechanism against the risk of intentional delay. It has not, however, eliminated the personal follow-ups by contractors. If supplemented by a strictly implemented written policy against personal follow-ups, DoTS should be sufficient to prevent the risk of contractors entering into questionable deals with DPWH insiders to fast track their billing. And in accord with rules and laws dealing with graft and corruption, there should be sanctions for violation of the policy. DoTS, standing alone, are not sufficient to bar the risk of collusion and political intervention or both.

The contractor submits the request for billing in order to: 1) request the release of the 15% advance payment; 2) claim payment of work accomplished (for the 1st progress and intermediate progress billings); and claim for final payment.

RA 9184 allows the granting of the 15% advance payment. **The allowance of this practice could result in unrecouped advance payments in the event that the project is abandoned by the contractor or is terminated. This could be further aggravated by the non-authenticity of the letter of credit or surety bond of the contractor.**

Anent the billings per accomplishment, the risk that the accomplishment is bloated could result to overpayment in cases of termination. Also, by paying the claim of the contractor on the basis of a bloated accomplishment, the agency, in effect, grants an advance payment contrary to Section 88 of PD 1445 (State Audit Code of the Philippines), which prohibits advance payment on government contracts. To contradict these risks, certain measures have been made in place such as the creation of Inspection/Monitoring Teams, the existence of QAU, CPES and Audit Teams. Further, an unnumbered DPWH Memorandum dated January 19, 2004 imposes administrative sanctions on erring officials and employees involved in the



processing of documents and implementation of projects. These measures are in place but there is still a need to strengthen their implementation.

The request for billing is submitted by the contractor, together with the Summary of Work Accomplishment embodied in a DPWH standard form. The risk that the contractor will bloat the accomplishment is negated by the existence of a DPWH consultant and Project Inspector (PI), Project Engineer (PE) and Project Manager (PM) who review the billing. It is initially given to the consultant, if the DPWH hired one for the project, who will review the billing which includes the examination of the documents as to its completeness, accuracy and verification that the materials included in the claim have been tested by the Materials Engineer. Thereafter, the billing will be reviewed by the PI, PE and PM. **Collusion and/or political intervention come into play if the Consultant, PI, PE and PM agreed to the bloating of the accomplishment.** Once the SWA is signed by the PI, PE and PM, it will be forwarded to the Implementing Office for review and preparation of the Disbursement Voucher. Upon receipt, the Implementing Office will have the request for billing recorded in the DoTS. It will be assigned to the evaluators for review as to completeness of the supporting documents, accuracy of the computation, among others. There is a possibility that the bloated accomplishment may not be discovered since the documents submitted for review have been fixed to reflect the accomplishment being claimed. The creation of an Inspectorate Team to validate the billing is supposed to be an effective control against bloated claim. But regardless of the result of the inspection, political intervention may still come into play, thus, vulnerability to corruption is still open.

While the transaction is still subject to monitoring and/or inspection by the QAU and COA, it must be borne in mind that there are defects that are not seen from the surface. And while destructive testing offers a solution in certain cases, the question on who will shoulder the expense is an issue that has remained unresolved to this time. Destructive testing is not included in the estimate and/or project cost. It is also possible that by the time such inspection or audit is conducted, the bloated accomplishment has already been truly effected.

If the billing is in order both in form and substance, the Implementing Office will prepare the Disbursement Voucher, which will then be forwarded to the Accounting Division/Section for processing. The processes involved herein and the recording thereof are prescribed under the New Government Accounting System (NGAS), which is further strengthened by the Electronic NGAS (E-NGAS). In the accounting section, the billing shall be reviewed as to the completeness of the supporting documents and computation, among others. The risk of collusion and/or political intervention already present at the outset can influence the approval of the DV. **Thus, there is always the tendency that the claim can be processed under these two circumstances: insufficient supporting documents and bloated accomplishment.**

Once the DV is approved, it will be included in the List of Due and Demandable Accounts Payable to be forwarded to the Department of Budget and Management (DBM) for allocation and payment. In the same form is the Advice to Debit Account (ADA) addressed to the Modified Disbursing System – Government Servicing Bank (MDS-GSB) of the agency. Under this scheme, the DBM, upon receipt of the LDDAP, issues a Notice of Cash Allocation (NCA) to the GSB together with the list of creditors and the amount to be paid. In response, the GSB, which is authorized by DPWH through the ADA, debits the account of the agency and credit the account of the creditors named in the list. **The possibility that a fictitious claim can be included in the LDDAP and be accordingly paid is negated by the practice of the Accounting Division/Section to attach the approved DV to the LDDAP.** This practice was made official under an unnumbered DPWH Memorandum dated May 10, 2006. The risk of overpayment is countered by the current Cash Release Program (CRP) of the DBM. The direct payment scheme which was provided for under DBM Circular Letter No. 2004- 3 dated January 26, 2004 and which was further modified by DBM Circular Letter No. 2005- 2 dated January 28, 2005, eliminated the risk of contractors colluding with agency insiders to fast track the processing of the check.



RECOMMENDATIONS

The PRIDE Assessment Team has presented the recommendations to further strengthen the agency's anti-corruption initiatives as part of the discussion of the CRR and CVA findings. In this part of the report, the key recommendations, which will have overall agency impact in integrity development and enhancement, are presented. Included in the discussion are findings from relevant literature as seen fit.

There is a consensus in the literature on corruption about the need to pursue four basic strategies for reforms to address corruption in the public sector. The strategies are prevention, enforcement, public awareness and institution building. These are somewhat similar to the strategies identified in the DPWH Integrity Development Action Plan, namely, prevention, education, deterrence, and partnership.

Presented below are the key recommendations, which are clustered into four areas, namely, prevention, enforcement, public awareness and institution building.

Prevention

In addition to the current agency approaches that include (1) strengthening the internal control capacity through the development or updating various systems and procedures manuals, (2) fast-tracking of e-NGAS and e-procurement for goods, services, and civil works projects, and (3) institutionalization of the multi-stakeholder personnel performance evaluation system, DPWH can undertake the following:

- Ensure the Integrity of Agency's Leadership System. The senior leaders of the agency, including the District Engineers, shall be the champions of the anti-corruption efforts in all levels of the organization. This implies that their commitment to anti-corruption initiatives are documented and clearly articulated to the rank and file and that the criteria of selecting, appointing and deploying them include their ability to enhance the integrity of the agency.
- Disseminate a Customized Code of Conduct to all Stakeholders. The agency shall finalize its own Code of Conduct for Officials and Employees. The Code shall include clear provisions as to what gifts, benefits and tokens shall not be accepted by agency officials, employees and offices. The Code shall be communicated and explained well to all officials and employees, including the stakeholders who deal with the agency, such as the members of Congress, contractors, local government units, etc. The responsible unit that will ensure the widest dissemination of the Code shall be the Personnel Division.

The Code shall include the procedures to determine a breach of the Code of Conduct. Sanctions for breaches of the Code shall also be identified and may include termination of employment, suspension of employment, reduction in classification, re-assignment of duties, reduction in salaries, fines and reprimand.

Enforcement

In addition to current approaches of the agency that include the (1) strengthening of the Internal Audit Service (IAS), (2) making the superiors accountable for the corrupt activities of subordinates, (3) inclusion of Income Tax Returns (ITRs) in the submission of Statement of Assets, Liabilities and



Network (SALNs), and (4) implementing the administrative disciplinary machinery and publication of results, the DPWH can undertake the following:

- Include Personal Integrity in Performance Management. The agency shall use performance management as a tool to terminate the employment of poorly-performing officials and employees, and as a tool to reward the good performance of officials and employees by making the performance incentive bonus (PIB) and other financial incentives **performance-based**.
- Dissemination of Clear Guidelines for Internal and External Reporting and Investigation. The agency shall formulate and ensure the widest dissemination of clear procedures on how DPWH officials and employees, as well as interested persons or groups, could report corruption, how the agency will ensure the protection of the whistleblowers, and how the agency will conduct the investigation.
- Blacklisting of Erring Contractors and Firms. The agency shall continue blacklisting of erring individual contractors, blacklist erring firms, and disseminate to other agencies the blacklisted contractors and firms.

Public Awareness

In addition to the current approaches of the agency that include the (1) preparation of agency-specific code of ethical standards and (2) providing ethics training, spiritual formation, and moral recovery program for DPWH officials and employees, (3) linking of existing database of complementary agencies and sharing of information, (4) enlisting or enhancement of the private sector and civil society participation in various areas of governance, and (5) institutionalization of stakeholders' participation in agency activities, the DPWH could undertake the following:

- Engage the LGUs and Communities in Monitoring the Performance of the Agency. The agency shall conduct anti-corruption awareness programs for local government units (LGUs) and communities so that the stakeholders are aware as to what areas of the agency are vulnerable to corruption, can identify ways by which they can report corruption, and can actively participate in monitoring activities to ensure that programs and projects at the local levels are not tainted with corruption.
- Engage other Stakeholders in Preventing Corruption in the Agency. The agency shall take proactive steps in communicating to the contractors, project beneficiaries and other government officials who deal with the agency its anti-corruption initiatives, prohibited acts when dealing with the DPWH officials and employees, as well as actions to take in case the stakeholders have information on incidence of corruption in the agency.
- Engage the Employees Association in Preventing Corruption in the Agency. The agency shall take concrete steps to enlist the support of the employees association in curbing or preventing corruption within the Department. The employees association can undertake information, education and communication campaigns to raise the awareness of the employees on anti-corruption. It can also undertake self-regulation by taking disciplinary actions against members who are engaged in corrupt activities.



Institution Building

According to the World Bank, the disbursement of “congressional (pork barrel) funds, accounting for 19-30% of DPWH’s budget and for more than maintenance expenditures on all local roads, is widely regarded as inefficient. Further manifestations of poor resource utilization are inefficient maintenance practices, and low labor productivity at DPWH. There is one employee for every 1.3 km of national roads in the Philippines compared with about one employee for every 10 km in Indonesia.”¹³

The PRIDE Assessment Team is aware that the involvement of lawmakers in DPWH programs and projects has a positive side because the approach ensures that the needs of the localities and communities are properly responded by the government. The Team, however, is also aware that the lawmakers influence the identification of programs and projects, spending of pork barrel funds, appointment of some officials of the agency, such as the District Engineers, and the release of payments to contractors.

In the short term, the agency can respond to this problem through a sustained exercise of political will by the senior leaders of the agency. For instance, the agency can refuse unreasonable requests by lawmakers to hire or replace some agency officials, like the District Engineers, by adopting a protocol in dealing with the lawmakers. The protocol shall serve as the agency’s standard modus operandi, which the agency officials and employees, as well as the lawmakers and their staff can refer to when making transactions.

Another possible approach in addressing the undue political intervention of lawmakers is by proactively getting their support in eradicating corruption in the agency. This may require a high-level agreement among the Secretary of the DPWH, the Senate President and Speaker of the House of Representatives¹⁴. This approach, however, needs to be supported by parallel approaches, such as engaging other government agencies, LGUs, communities, non-governmental organizations, contractors’ associations and other stakeholders in monitoring those programs and projects that are implemented with the support of congressional funds.

In the medium- to the long-term, efforts may be undertaken to restructure the agency by reviewing its mandate and transferring those functions that the private sector can perform to the private agents. This approach follows Robert Klitgaard’s “Strategies against Corruption.” Klitgaard argued that those who implement public works are not necessarily from government. He said that “if services can be contracted out to competitive markets and performance can be carefully assessed (including by citizens), then efficiency will be enhanced and corruption will be reduced. As with all

¹³ World Bank. *Meeting Infrastructure Challenges*. 2005. p. 140

¹⁴ See “Corruption and the Management of Public Works in Italy” written by Miriam Golden and Lucio Picci on August 28, 2005. The authors concluded that “when corruption is widespread and persistent, it is likely to involve elected public officials as well as bureaucratic officials. The hundreds of national legislators accused of involvement in malfeasance by the judiciary in the early 1990s were the same men who, working with their local counterparts, effectively conspired to make bid-rigging common in Italian public construction.” They also suggested that when “combinations of laws and institutions permit an entire political elite to become more interested in rent-seeking than in protecting the public good, the wholesale replacement of that elite may well be necessary to break deep-seated patterns of corruption.” Anti-corruption efforts may therefore require the “the creation of a political elite that has a vested interest in ensuring meritocratic observance of regulations and legislation governing public service, public construction, and public procurement, as suggested by Samuel Kernell and Michael P. McDonald’s research on the eradication of patronage in the U.S. postal system (Kernell and McDonald 1999). Designing the institutional incentives that give a substantial fraction of the political elite a vested interest in honesty should be a priority for future research.



levels of government, one of the most important anti-corruption measures can be the outsourcing of tasks and functions to private agents”¹⁵.

¹⁵ See <http://www.clad.org.ve/klitg3.html> last viewed on 24 August 2006 at 10:33 PM.