

Integrity Development Review



National Irrigation Administration

Presentation of IDR Results to the Advisory Group



SOHO Room, 3rd Flr. Astoria Plaza
26 July 2007, 1-5 p.m.

Agency Background



The National Irrigation Administration (NIA) is a government-owned and controlled corporation created by virtue of RA 3601 “An Act Creating the National Irrigation Administration,” amended by PD 552 and PD 1702.

Mandate:

To develop and manage water resources for irrigation and provide necessary services on a sustainable basis consistent with the National Agricultural Development Program.

Integrity Development Review (IDR)

Sites	CRR		CVA
	IDA	Survey	
Central Office	18 participants 30 January '07	120 employees 31 January – 2 February	April 30 & May 2 –4
Region 11	14 participants 5 February '07	65 employees 6 – 9 February	April 23 – 27
Regions 7 & 8	22 participants 5 February '07	50 employees 6 – 9 February	April 23 – 27
Region 3	18 participants 19 February '07	100 employees 20 – 22 February	May 7 - 11

Leadership: 1

Deployment Score: 30-40%

Strengths	Areas for Improvement
<ul style="list-style-type: none">➤ Senior leaders deploy organizational values, short and long term directions and performance expectations e.g. posting of V/M/G in strategic places➤ MC 50 s. 2002 defines the delegation of authority➤ Out of the 200 survey respondents, 151 agreed that NIA managers do not abuse their authority and 164 said they inspire other employees to be professional	<ul style="list-style-type: none">➤ Senior leaders must take proactive steps by setting examples to discourage staff from engaging in corrupt practices➤ Leaders themselves must be adequately trained on corruption prevention and develop policies to implement short-term goals toward this direction

Code of Conduct: 1

Deployment Score: 50-60%

Strengths	Areas for Improvement
<p>➤ The agency monitors annual submission of SALNs as confirmed by 97% of the respondents and 143 agree that NIA complies with RA 6713</p>	<p>➤ 99 out of 335 respondents agree that there is adequate orientation on RA 6713 but there is a need to craft a customized Code of Conduct</p>

Gifts and Benefits Policy: 0

Strengths	Areas for Improvement
	<ul style="list-style-type: none"><li data-bbox="737 521 1818 781">➤ Agency should craft written guidelines / policy on solicitation / gifts with relevant examples that is consistent with RAs 6713 and 3019<li data-bbox="737 894 1860 1089">➤ Survey results show that the agency has NO written policy on solicitation and gifts

Human Resources Management: 2

Deployment Score: 70-80%

Strengths	Areas for Improvement
<p>➤ The agency has a CSC approved MPP/PSB, Position Allocation List and qualifications standards and keeps records of meetings and decisions. 183 respondents agree that the process of recruitment is followed</p>	<p>➤ Conduct background investigation for potential conflicts of interest</p> <p>➤ 127 respondents agreed that a mechanism should be instituted to shield recruitment, placement and promotion of personnel from political intervention</p>

Performance Management: 2

Deployment Score: 50-60%

Strengths	Areas for Improvement
<ul style="list-style-type: none">➤ Regular conduct of performance evaluation through M.O.R.E. (semestral), P.R.A.I.S.E. (annual) and for the officials, the C.E.S.P.E.S. (annual)➤ Regularly prepares reports to assess accomplishments of its targets and goals➤ Regularly publish and makes available its ANNUAL REPORT to the public➤ Performance appraisal and rewards system and Viability Incentives Grant (V.I.G.)➤ 181 respondents agree that outstanding performance is rewarded	<ul style="list-style-type: none">➤ NIA is not consistent in giving sanctions to poor performance and negligence of duty➤ 177 respondents agree that employees are given yearly performance bonus regardless of how they perform

Procurement Management: 1

Deployment Score: 50-60%

Strengths	Areas for Improvement
<ul style="list-style-type: none">➤ NIA generally follows RA 9184 and its IRR-A➤ 102 out of 121 respondents agree that procurement follows the procedure as stipulated in the Procurement Law	<ul style="list-style-type: none">➤ BAC members and other relevant personnel lack training on RA 9184 (regional sites)➤ No centralized database of prices and suppliers of frequently procured items➤ No disclosure of potential conflict of interest of BAC members➤ Strict imposition of appropriate sanctions on erring bidders / contractors / suppliers as well as members of BAC/TWG/Secretariat➤ Field offices should submit procurement reports monthly to the Central Office➤ Field offices should submit the Procurement Project Management Plan to Central Office on time

Financial Management: 1

Deployment Score: 50-60%

Strengths	Areas for Improvement
<ul style="list-style-type: none">➤ NIA is NGAS-compliant➤ Budgeting, accounting and auditing guidelines and processes are defined, approved and disseminated to all concerned units	<ul style="list-style-type: none">➤ There is a need to take proactive steps to make all officials and employees aware of their obligations not to use agency's financial resources for private purposes➤ Some relevant personnel have not undergone training on budgeting, accounting and financial management➤ Strengthen MAD/IAU/ICMU through capability building➤ Strict enforcement of MC 40 s. 2004 on the liquidation of cash advances➤ File appropriate charge/s for non-liquidation of ageing cash advances

Internal Reporting and Investigation: 0

Strengths	Areas for Improvement
<ul style="list-style-type: none">➤ NIA has a Committee on Discipline (COD) that receives reports and resolves cases of corruption or unethical behavior	<ul style="list-style-type: none">➤ Formulate an internal policy on internal reporting and investigation➤ Consider giving incentives and protection rather than “penalize” reporters➤ Capability building for personnel involved in the handling and investigation of corruption

Corruption Risk Management: 0

Strengths	Areas for Improvement
<ul style="list-style-type: none">➤ NIA recognizes the role of internal audit in the prevention and detection of fraud and corruption➤ 153 out of 257 respondents agree that the agency implements measures to identify potential fraud and corruption	<ul style="list-style-type: none">➤ NIA should include a policy on Corruption Risk Management to be integrated with the functions of the Internal Audit➤ NIA has not identified its high-risk operations and functions prior to the IDR➤ 143 out of 270 respondents disagree that it is difficult to corrupt the current system of operations of NIA

Managing Interface with The External Environment : 2

Deployment Score: 70-80%

Strengths	Areas for Improvement
<ul style="list-style-type: none"><li data-bbox="197 597 995 867">➤ NIA has an interactive website where the public can access its services, policies and procedures <a data-bbox="289 894 779 984" href="http://www.nia.gov.ph">www.nia.gov.ph<li data-bbox="197 1019 926 1279">➤ The Institutional Development Officer provides the feedback mechanism	<ul style="list-style-type: none"><li data-bbox="1037 597 1919 932">➤ 34% of survey respondents say that there is inadequate / poor water supply, illegal water tapping and water distribution<li data-bbox="1037 1045 1898 1247">➤ Relevant personnel to attend training on handling and resolving complaints

SUMMARY OF IDA SCORES

DIMENSION	CENTRAL OFC	REGION 11	REGION 7&8	REGION 3	FINAL TEAM RATING / DEPLOYMENT SCORE
1. LEADERSHIP	1 VR: 1	1 VR: 1	1 VR: 1	1 VR: 1	1 30-40%
2. CODE OF CONDUCT	1 VR: 1	1 VR: 1	1 VR: 1	1 VR: 1	1 50-60%
3. GIFTS AND BENEFITS	0	0	0	0	0
4. HUMAN RESOURCE MGT.	3 VR: 2	2 VR: 2	2 VR: 2	2 VR: 2	2 70-80%
5. PERFORMANCE MANAGEMENT	2 VR: 2	4 VR: 2	2 VR: 2	1 VR: 1	2 50-60%
6. PROCUREMENT MANAGEMENT	1 VR: 1	1 VR: 1	1 VR: 1	1 VR: 1	1 50-60%
7. FINANCIAL MANAGEMENT	2 VR: 1	1 VR: 1	2 VR: 2	1 VR: 1	1 50-60%
8. INTERNAL REPORTING & INVESTIGATION	0	0	0	0	0
9. CORRUPTION RISK MGT.	0	1 VR: 0	0	1 VR: 0	0
10. INTERFACE W/ EXTERNAL ENVIRONMENT	1 VR: 1	2 VR: 2	0 VR: 1	2 VR: 2	2 70-80%

	CVA Areas/ Factors in Selection	Sites and Schedule
1	Project Implementation – Large budget allocation for capital outlay averaging P6 billion annually.	Site 1: Davao del Sur/Davao del Norte PIO Site 2: Tanauan, Leyte PIO Site 3: Casecan MIPP/AMRIS
2	Procurement (Civil Works) – Large budget for construction of irrigation systems: foreign loans/grants and externally funded projects	Site 1: Region 11 Site 2: Region 7& 8 Site 3: Region 3
3	Irrigation Service Fees (Billing, Collection and Remittance) – Mission-critical: ISF constitutes 50% of NIA's total income. Collection efficiency rate in FY 2006 is 54%.	Site 1: LALIK RIS Davao del Norte Site 2: Mainit/Pongso RIS, Leyte Site 3: AMRIS, Bulacan PIMO

CVA Area 1: Project Implementation

RISK FACTORS:

- While there is FAMIS and MIP, non-compliance with technical specifications during the preparation of estimates and program of works were manifested from interviews with process owners and document reviews. It is recommended that FAMIS be updated to suit present conditions.
- Document security risk: no specific secured area for safekeeping of detailed estimates and the information may be advantageous to a prospective contractor
- Over/under estimation of works and costs: according to process owners interviewed, the FAMIS was last updated in 1981 and prices there do not conform to current market prices

RECOMMENDATIONS:

- Update the FAMIS to suit present conditions
- Develop an e-database for POW preparation with security measures defining access levels per type of authority

CVA Area 2: Procurement (Civil Works)

RISK FACTORS

- Process owners interviewed reveal that there were some instances when prospective bidders used the license/certificate of another contractor to participate in bidding and there are no control mechanisms adopted by the agency to plug the risks involved
- During eligibility checking of bidders, it was observed that the central office and the regional offices do not strictly follow the procedure in conducting eligibility check as provided under RA 9184.
- Abuse of discretion which the TWG and BAC may employ in the evaluation of eligibility documents
- Unjustifiable delay in the opening of bids and accommodation of late bids
- Granting of motion for postponement to submit bids even w/o reasonable grounds to favor bidders
- Published date for the opening of bids is changed without prior notice
- Bid modification is done even after the deadline for the submission & receipts of bids
- Bidding procedures not strictly followed
- Collusion may be resorted among the bidders; between the bidders and BAC to favor one bidder
- Abuse of discretion in the conduct of Post-Qualification

CVA Area 2: Procurement (Civil Works)

RECOMMENDATIONS:

- **There should be an electronic Civil Works Registry to lessen the incidence of corruption and limit human intervention**
- **LOIs should be signed by the authorized person in the contractor's license and submitted by the authorized liaison officer**
- **A photocopy of the contractor's PCAB license and registration certificate must be attached to the LOI w/ the original PCAB license and registration certificate for verification purposes**
- **Work for effective civil society/professional organizations representation in the BAC**
- **Post-qualification be conducted strictly in accordance with the procedures and timelines set forth in RA 9184**
- **Policy giving sanction for not inviting observer and a resolution justifying disqualification of the LCB**

CVA Area 2: Procurement (Civil Works)

RECOMMENDATIONS:

- **Introduce amendment to RA 9184 as to the presence of observers in all stages of BAC proceedings which shall now be required and their absence will nullify the proceedings**
- **Strictly implement the provisions of RA 9184 on blacklisting of erring contractors / suppliers**
- **Develop a customized procurement manual**
- **Establish a sustained training program to develop the capability of BAC, TWG and Secretariat and the procurement units in NIA Central Office and in all the regional offices.**
- **A policy must also be crafted requiring BAC , TWG and Secretariat to disclose potential conflict of interest in all transactions.**

CVA Area 3: ISF Billing, Collection and Remittance

RISK FACTORS :

- In documents reviewed, it was noted that the water master has monopoly of functions on: Water allocation, preparation of LIPA, certification of exemption, distribution of ISF bills & ISF collection
- In interviews conducted, some process owners stated that Back Accounts are excluded in the preparation of current BSAs thereby overall collectibles cannot be fully accounted/determined
- It was also observed that entries in Irrigation Fee Register (IFR) are done manually and in some instances, there are erroneous posting of bills
- Mis-declaration of LIPA due to collusion
- Inadequate validation on the reported LIPA
- Overstatement of declared areas for exemption
- Unverified certification of crop failure
- Non-remittance/delayed remittance of ISF Collection from bill collectors/ deputized collectors

CVA Area 3: ISF Billing, Collection and Remittance

RECOMMENDATIONS:

- To facilitate the verification and cross-checking of the ISF Billing and Collection and master list, it is recommended that the IFR should be computerized and that NIA maintain an updated computerized database of LIPA
- ICMU/IAU/MAD to validate areas not irrigated /planted
- Provide sanctions on understatement of program area
- Maintain an updated computerized database of LIPA
- Provide sanctions on understatement of LIPA
- Confirmation of ISF receivables should be a regular undertaking of the internal audit (ICMU/IAU/MAD)

CVA Area 3: ISF Billing, Collection and Remittance

RECOMMENDATIONS:

- **ICMU/IAU/MAD to check and verify requests for exemptions and exemptions granted for ISF**
- **Establish MOA with LGU agriculture officer regarding Policy on Exemption for ISF**
- **Provision of sanctions on deliberate failure to serve Bills and Statements of Accounts**
- **Establish a “bayad center” in strategic areas to encourage and facilitate payment of ISF**
- **Regular reconciliation of accounts receivable and remittances by ISO/RIO/CO**
- **Posting of good and delinquent payers**



OVER-ALL RECOMMENDATIONS

Conduct action planning workshop to establish NIA Corruption Prevention Plan and training of relevant personnel

Prepare and implement the NIA Corruption Prevention Plan with corresponding funding support from the National Government

Establish NIA E-systems for:

- a. ISF Billing and Collection**
- b. Project Implementation, and**
- c. Procurement Management**

OVER-ALL RECOMMENDATIONS

- Senior NIA officials to undergo training on Corruption Prevention, Detection, Investigation and Reporting in order to develop short-term goals and proactive steps toward this direction
- Craft a customized Code of Conduct to reflect ethically acceptable/non-acceptable practices and situations of conflicts of interest relevant to the types of work carried out by NIA
- Issue a “no-gifts” policy and disseminated to the public
- Strict imposition of appropriate sanctions and filing of civil/administrative charges to erring bidders/contractors/suppliers as well as members of BAC/TWG/Secretariat
- Attendance of relevant personnel in capability-enhancing program for handling investigation and resolving corruption cases
- Integrate Corruption Risk Management with the functions of Internal Audit



National Irrigation Administration

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**Maraming
Salamat!**