

**Annex D
 (CVA Matrices)**

Corruption Vulnerability Analysis Matrix
 Bureau of Customs

Area I: Handling of Cases (Seizure/Forfeiture Procedure)

ACTIVITY	RESPONSIBLE UNIT/PERSON	OBJECTIVE	RISK FACTOR	LIKELIHOOD OF OCCURENCE	SIGNIFICANCE OF IMPACT	CONTROL ACTIVITY MECHANISM	ASSESSMENT OF CONTROL OR SAFEGUARD	AREAS FOR IMPROVEMNT
1. Receiving of derogatory information	District Collector Customs Intelligence and Investigation Service (CIIS) Enforcement Security Service (ESS) BOC Comm	To determine whether an alert order or hold order should be issued	Risk of collusion between the receiver of derogatory information and importers Wide discretion of issuing authorities	High	High	For research		
2. Issuance of alert or hold order	District Collector BOC Comm.	To validate the information leading to the issuance of Warrant of Seizure and Detention (WSD)	Risk of collusion between importers and officials who issue WSD	Medium	High	CMO 4-94		Imposing penalties for the mis-issuance of alert/hold orders

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3. Examination of seized goods	Examiner, ESS Agent, CIIS Agent, Broker, Representative of the Importer, Representative of the industry concerned	To verify the alleged violation of importer	Risk of collusion between customs officers and importer	Low	High	For research		
4. Submission of after-mission report	Examiner ESS Agent CIIS Agent	To document the inspection and examination process and findings	Risk of collusion between customs officers and importer	Low	High	CMO 8-1984		
5. Seizure of imported articles and issuance of Warrant of Seizure and Detention (WSD)	District Collector	To prevent the release of goods Filing or initiation of seizure and forfeiture procedures	Risk of collusion between Collector and importer	Low	High	CMO 8-1984 CMO 9-93	Reactive rather the proactive	Creation of Whistleblowing policy
6. ESS serves the WSD to importer	ESS	To inform the importer/consignee about the seizure of their goods	No risk factor	Risk of Collusion		Section 2303 of TCCP, CMO 9-93		

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7. Storage of seized goods and turn over to Auction and Cargo Disposal Division (ACDD) Examination and appraisal of goods	Auction and Cargo Disposal Division (ACDD)	To secure the goods for auction and disposal	Security of goods (lack of facilities)	High	High	Assigned warehouseman and ESS personnel	WTO Value-Base Transaction "Back end control"	Periodic inventory and proper turnover to new warehouseman and ESS personnel
	Examiner Appraiser	To examine and give value to the goods	Risk of collusion between the examiner and appraiser and importer	High	High	Sec. 2305, TCCP General Guideines, TCCP Vol. 1		More proper facilities Outsource service for the storage of seized and forfeited goods Strengthen PEAG (post Audit Entry Group)
8. Schedule and conduct of hearing	Law Division, Port District	To conduct hearing for seizure/forfeiture procedures To give the importer an avenue to show	Risk of collusion between hearing officer and prosecutor and importer	Medium to High	High	CMO 9-93 CAO 4-95 TCCP Research: Guidelines for the conduct of	No definite period for hearing and submission of draft decision to the Collector	Importer to give cash bond to release the goods while pending hearing Revision of

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		the he did not violate customs laws				hearngs		TCCP regarding imposition of fines
9. Law division submits draft decision to the Collector If the Collector decides adverse to the government; amount involved less than P5M; automatic review by the BOC Commissioner	District Collector	For the collector to render his decision	Risk of collusion between the collector and the importer	Medium to high	High	TCCP For research: Guidelines for rendering decision	No definite period for the collector to render decision	Impose a definite period for the collector to render a decision
If the Collector decides adverse to the government; amount involved P5M or more ; automatic review by the								

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Sec of Finance								
10. Review of the Collector's decision by the BOC Comm.	BOC Comm.	To safeguard the interest of the government	Risk of collusion between the Comm. and importer Document security risk (loss of documents)	Low Low	High High	Legal Service. OCM System of review/appeal (if the Comm decides adverse to the government, automatic review by the DOF Sec. Logbook	Period rendering decision (30 days) not being followed	To follow the 30-day period for rendering decision Establishment of library if files Records keeping and tracking must be more diligent and more systematized

Area II-A: Brokers Accreditation

ACTIVITY	RESPONSIBLE UNIT/PERSON	OBJECTIVE	RISK FACTOR	LIKELIHOOD OF OCCURENCE	SIGNIFICANCE OF IMPACT	CONTROL ACTIVITY MECHANISM	ASSESSMENT OF CONTROL OR SAFEGUARD	AREAS FOR IMPROVEMNT
1. <u>Receiving.</u> Receiving Clerk checks for completeness of documents submitted: Databasing	Receiving Clerk CAS	To check the correctness/ completeness of the supporting documents To create a database of applicants for accreditation	Document integrity Risk Record Management Risk	High	High	Official Record Book (Log book)		
2. <u>Transmit to</u> Head, Operation, CAS for assignment of evaluator/ inspector	Head, Operations, CAS	To assign an Evaluator & Inspector to process the application	Connivance Risk (Head viz Evaluator viz Inspector viz Applicant)	High	High	Official Record Book (Log book)		
3. <u>Evaluation.</u> Evaluate/verify the veracity of documents; subject applicant to Risk Criteria; online verification with other	Assigned Evaluator	1. To evaluate the veracity and genuineness of documents submitted 2. To validate the accuracy of information 3. To verify online	Connivance Risk Application of Criteria not Uniform Risk Document Integrity Risk	High	High	Risk Criteria Guideline? Verification w/ other agencies using Internet (SEC,BIR) Checklist of required		

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concerned agencies		information with concerned agencies				documents Use of signature experts		
4. <u>Inspection.</u> Perform on site verification/ inspection/ background investigation	Assigned Inspector	To conduct physical inspection, background investigation of applicant's existing office/business center	Connivance Risk Report Integrity Risk	High	High	Inspection report under oath; Photographs of office/business location together with owner and employees of the Company		
5. For review; recommend approval/ disapproval to Dep. Executive Officer	Head, Operations, CAS	To recommend to DEO the application for accreditation of Customs Broker	Connivance with Reviewing Officers in the form of bribery Inconsistent application of Rules for Approval/Disapproval	High	High	Log book – record of action taken		
6. Reviews report(s) of Head, Operations;	Deputy Executive Officer, CAS	To review the report of Head Opns, CAS and submit	Connivance with Reviewing Officers in the form of bribery	High	High	Log book – record on action taken		

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makes recommendati on to Executive Director		recommendation s to Executive Director	Inconsistent application of rules for approval					
7. For approval/ disapproval	Atty. Reynaldo Umali, Executive Director, CAS	To approve/ disapprove the application for accreditation of Customs	Inconsistent application of rules on approval Connivance Risk	High	High	Logbook – record of approved/ disapproved application		
8. If application is approved; Encode in the CAS Accreditation System for issuance of the CAS Application No. If application is disapproved; Appeal to Comm. Within 15 days	MISTG BOC Comm.	To encode in the CAS accreditation System the approved application and create a database thereof To inform applicant in writing on the disapproved/ denied application and to make an appeal to the Commissioner w/in 15 days	Database Information Integrity Risk Connivance Risk	High	High	Logbook record – record of Notice of disapproval of the original application		

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9. If decision is favorable; encode in the CAS Accreditation System for issuance of the CAS Application No.	MISTG	To encode in the CAS accreditation System the approved application and create a database thereof	Database Information Integrity Risk	High	High	Official Log book – record of action taken		

Area II-B: Importers' Accreditation

ACTIVITY	RESPONSIBLE UNIT/PERSON	OBJECTIVE	RISK FACTOR	LIKELIHOOD OF OCCURENCE	SIGNIFICANCE OF IMPACT	CONTROL ACTIVITY MECHANISM	ASSESSMENT OF CONTROL OR SAFEGUARD	AREAS FOR IMPROVEMNT
1. <u>Receiving.</u> Receiving Clerk checks for completeness of documents submitted: Databasing	Receiving Clerk CAS	1. To check the completeness and genuineness of documents submitted 2. To create a database of applications	Document integrity Risk Record Management Risk	High	High	Official Logbook Computer records		
2. <u>Transmit to</u> Head, Operation, CAS for assignment of evaluator & inspector	Head, Operations, CAS	To assign an Evaluator & Inspector to process application	Evaluator/ Inspector Connivance Risk (Head viz Evaluator viz Inspector viz Applicant)	High	High	Official Logbook		
3. <u>Evaluation.</u> Evaluate/verify the veracity of documents; subject applicant to Risk Criteria; online verification with other concerned agencies	Assigned Evaluator	To check the accuracy and completeness of documents and information To conduct verification online with other agencies, the applicants record, etc.	Connivance Risk Application of Criteria Risk Documents Integrity Risk	High	High	Risk Criteria Guidelines of Required Documents Verification using the Internet (SEC,BIR) Signature experts		

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4. <u>Inspection.</u> Perform on site verification/ inspection/ background investigation	Assigned Inspector	To conduct physical background investigation of the applicants/ importers profile business location	Connivance Risk Report Integrity Risk	High	High	Inspection report under oath Photos of office/business location, owner - personnel		
5. For review; recommend approval/ disapproval to Dep. Executive Officer	Head, Operations, CAS	recommend for approval/ disapproval to the DEO the importer's application for accreditation	Connivance with Reviewing Officer Inconsistent application of rules	High	High	Official logbook – record of action taken by Head, Operations		
6. Reviews report(s) of Head, Operations; makes recommendati on to Executive Director	Dep. Executive Officer, CAS	To report the result of evaluations and inspection and make recommendation s to EO	Connivance with Reviewing Officer Inconsistent application of rules	High	High	Official Log book – record on action taken by Executive Officer		
7. For approval/ disapproval	Atty. Reynaldo Umali, Executive Director, CAS	To approve/ disapprove the application	Connivance Risk Inconsistent application of rules	High	High	Official Logbook Record on action taken		
8. If application	MISTG	To encode in the	Database	High	High	Logbook –		

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is approved; Encode in the CAS Accreditation System for issuance of the CAS Application No.		Connivance Risk CAS Accreditation Systems, the approved application and create a database therefor	Information Integrity Risk			record on Action taken		

Area III: Auction of Forfeited Goods

ACTIVITY	RESPONSIBLE UNIT/PERSON	OBJECTIVE	RISK FACTOR	LIKELIHOOD OF OCCURENCE	SIGNIFICANCE OF IMPACT	CONTROL ACTIVITY MECHANISM	ASSESSMENT OF CONTROL OR SAFEGUARD	AREAS FOR IMPROVEMNT
Pre-Auction Activities 1. Initiation. The Law Division of the port concerned issues a Certificate of Finality on the Decree of Abandonment or the Decision of Forfeiture	Law Division-Port District	To raise revenue from seized/abandoned shipments To specifically identify cargoes which can be legally auctions	-Pilfered -Loss of the article's value -Destruction from all elements while in storage -Loss of revenue Intentional delay of decision	High	High	Strict monitoring by ACDD personnel Logbook on assignment of cases	Within ten (10) days after finality of decision, the shipments should be auctions	Manner of disposing the shipments for auction should be within the port Collector to decide Policy guidelines for time frame of hearing and decision of cases.
2. Inventory of the subject goods. After the Law Division issues the appropriate document, the ACDD requests the Asian Terminal Inc. (ATI) to transfer the container from	ACDD, Examiner/Appraiser; Storekeeper of the warehouse; ESS representative; representative of the owner of the cargo; Apprehending official representative, Deputy Officer for	To determine the total number and actual value of goods To secure shipments	Pilferage Loss Inaccurate inventory Collusion	High	High	Inventory report Warehouse secured by customs personnel Comparison with entry documents	Needs improvement	Warehouse personnel should be reminded of the importance of doing their job well in the over-all operations of the BOC Inventory report should

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ATI container yard to an ACDD Security Warehouse. An assigned Examiner/Appraiser conducts the stripping and inventory of the subject goods to be auctioned	Collection or District Collector							be computerized with direct link between the Chief, ACDD and the Warehouse personnel Designation of responsible and accountable officer
3. Appraisal of the subject goods. The inventory is the basis on which the Examiner/Appraiser bases the appraisal of the articles to be auctioned. CMO 18-2003 provides the formula by which the Appraiser	Examiner/Appraiser (subject to approval of the district Collector and Commissioner	To set a system to determine the methods to be used in the appraisal of the goods to be auctiones To arrive at the correct value of the shipments To attract bidders	Over or under pricing or failure to determine the most accurate/appropriate value of goods	High	High	VRIS Canvass outside will make it more time efficient	ACDD should have list of prices of same/similar articles sold in the markets May not exactly accurate in determining the true value of the goods to be auctioned	Assessment of seized/abandoned goods should be the sole responsibility of the ACDD appraisers to determine Set a better system of price determination incorporating factors for depreciation

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computes for the floor price of the articles for auction.								and possible damage of goods
4. Review of Documents. After the appraisal, the Notice of Sale covering the different sale lots and other required documents	ACDD Chief, the Deputy Collector for Operations, District Collector	To ensure that all documentary requirements are complied with in accordance to existing rules and regulations	Document security Documents integrity Delay Inaccurate report Delay due to loss of trust and confidence on down line Too many approving authority High declaration value is lost due to delayed decision	High	High	Logbook/ Folders	Ok	Set time frame for review of documents and rendering of decisions Approval should be in the District Collector level
4.1 Submission to the Officer of Commissioner. After the district	BOC Comm.	To determine if the all documents are complaint to pertinent rules and regulations	Delay cause deterioration of goods and loss of revenue for the government	High	High	Received copy of the documents by the Office of the Commissioner	Ok	Auction should be within the Port to decide. Need not be cleared with OCOM

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<p>Collector signs the folder, the folder is forwarded to the BOC Commissioner for final review and approval.</p> <p>For sale lots with a value of P50 million and above, final review and approval by the Sec. of Finance</p>	Sec. of Finance	To review and render decision on approval of auction						<p>The DC should peg the auction value</p> <p>Setup guideline and time frame in rendering Decisions</p>
4.2 Publication of the notice of Sale. Once reviewed and approved by the Office of the Commissioner or the Sec of Finance, the folder is returned to the	ACDD	<p>To comply with the law</p> <p>To attract bidders</p> <p>To be transparent</p> <p>To generate public awareness and knowledge</p>	Misinformation	High	High	Actual notice of auction reviewed by chief, ACDD and District Collector	Ok	<p>Clearance with OCOM/DOF cause further delay in the conduct of auction</p> <p>Notice of publication can be also be disseminated through radio</p>

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ACDD for the publication of the Notice of Salw		that a Public Auction id going to be conducted to generate larger number of bidders participation						and television.
5. Official Information Dissemination. During the publication period, notices shall be sent to the different offices or representatives of the COA, Customs Enforcement and Security Service, Customs Intelligence and Investigation Service, Cash division, etc. (10 days of continuous	ACDD	To ensure that all personnel required by law to participate in the auction to be present at the time and place required of them	Misinformation Not heeded	High	High	Receiv ed copy of notice of auctio n Registration of bidders on day of auction	Ok	Continuous monitoring and reminders to concerned officials.

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publication)								
6. Viewing or Inspection. Items to be auctioned can be inspected one day before the scheduled auction	ACDD	To allow bidders to actually see and assess the value of the goods to be auctioned	Collusion	High	High		Needs Improvement	Security cameras should be installed in warehouses and CY-CFS
<i>Auction Activities</i> 1. Only qualified bidders are allowed to register, paying the sum of P2,000 as registration fee and is non-refundable, plus a P20,000 cash bond which is refundable to the bidder after auction	Auction Committee Representatives from the Office of the Commissioner, Port Operations Services, ESS, CIIS, COA and Cashier as observers	To ensure that the bidders are of reputable character and are financially capable in participating in the bidding process	Documents integrity	High	High	Registrati on of bidders Presence of experts from agencies concerned in the auction of regulated articles	Needs improvement	Strict implementation of the rules and regulations of the procedure in auction sale by the ACDD Provide petty cash for expenses if possible

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2. Sealed bid system is used to ensure competitive bidding.	same -	To ensure the integrity of the bidding process	Collusion	High	High	Sealed bid per lot drop boxes	Ok	
3. All bid tenders shall be read by the auctioneer and recorded according to sale lot number. The highest bid wins except when clustering occurs.	- same -	To show transparency of the bidding process and value of bids tendered by the bidders	Collusion among bidders not to bid too high	High	High		Ok	
3.1 Clustering occurs when at least two of the sealed bids submitted in an auction fall within 10% of the highest bid and these are above the floor	same -	To ensure wider participation of bidders and greater revenue for BOC	Collusion	High	High			

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price.								
3.2 Those in the cluster shall immediately go to an open bidding. The new floor price would be determined by adding 3% to the highest bid.	- same -	- same -	Collusion	High	High	Open bidding New floor prices		
3.3 In the open bidding, the highest offer shall be declared as the winning bid provided that the winning bid is at least 3% more than the new floor price; otherwise the winning bid during the sealed bidding shall be declared the	same -							

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winner.								
4. The declared winner is required to pay immediately 50% of the winning bid price. The remaining 50% balance shall be paid within the next business day. (within 48 hrs.)	- same -	To ensure payment of goods	Failure of winning bidder to pay the complete amount of bid within the required time frame	Low	Low			
5. Upon full payment of the winning bid, the ACDD issues a Notice of Award to the winning bidder and a gate pass with notices to the COA, ESS and the CIIS for the release of the auction goods.	ACDD	To ensure that the goods are released to the duly declared winning bidder		Low	High			

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<p>First Failed Bidding</p> <p>A failed bidding is declared by the Auction Committee</p>	Auction Committee	To conduct continuous bidding of goods	To effect the sale of goods	Collusion	High	High		Install control mechanism
<p>Second Failed Bidding</p> <p>When a second bidding fails, the sale lot shall be subjected to a reappraisal and may be disposed of, subject to the approval of the Commissioner of Customs.</p>	BOC Committee	To conduct continuous bidding of goods	Collusion	High	High		Needs improvement	Set policy and guidelines to ensure that goods subject for auction shall truly give financial returns to the BOC