
Pursuing **R**eforms through
Integrity **D**evelopment

in the

**DEPARTMENT OF ENVIRONMENT
AND NATURAL RESOURCES (DENR)**

**A project of the Office of the Ombudsman in collaboration with the
Department of Budget and Management, Commission on Audit, Civil Service
Commission, and the Development Academy of the Philippines**

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DENR: Quick glance

Mandate: To be the primary government agency responsible for the conservation, management, development and proper use of the country's environment and natural resources.

Challenge: Healthy balance between socio economic development and environmental protection.

Budget: Php7.1 Billion (17% general admin. & support services; 8% support to operations; 64% operations; and 11% local and foreign funded projects)

Personnel: 22,689

Offices: 16 regional, 80 PENROs, 170 CENROs and 16 regional offices each for EMB and MGB

Sectors: forestry; lands; protected areas, wildlife and coastal zone management; research and development; environment; and the mines sector.

Corruption Resistance Review (CRR)

- **Integrity Development Assessment**
 - ❑ Central Office
 - ❑ Region 4A (CALABARZON)
 - ❑ Region 7 (Cebu City)
 - ❑ Region 13 (Butuan City, CARAGA)
 - **Survey of Employees**
 - 370 respondents, randomly selected
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1. Leadership:

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Strengths:

- DENR Roadmap – mandate, vision, mission, sectoral goals, core functions, strategies, major final outputs and organizational outcomes are clearly articulated and disseminated and reinforced by a 12-point agenda anchored on PGMA's 10-point agenda, MTPDP and MTPIP; High profile enforcement unit - NAECTAF
- Senior leaders take proactive steps to discourage staff from engaging in corrupt practices corruption prevention-values formation were undertaken, e.g. Ehem!Aha!, ethics-public sector accountability trainings, reminders during Flag Ceremonies, staff meetings, etc; Areas vulnerable to corruption were identified; strategies have been formulated; Clearly defined accountabilities and authorities as indicated in the PES (Survey: Moderately positive net agreement – managers encourage employees to be ethical)

Areas for Improvement:

- Senior leaders should be empowered by means of formal training in corruption prevention and detection;
- Job description of senior leaders should specifically contain responsibilities for preventing and detecting corruption;
- Organizational values as drivers of work ethics should be defined and promoted in wider scale for DENR's personnel, especially those occupying high-risk positions

2. Code of Conduct: 1 (90-100%)

Strengths:

- The agency adheres to R.A. 6713 as a general code of conduct and DENR officials and employees are fully aware of RA 6713; Submission of SALN is strictly monitored thru memorandum; (Survey) 94.58% of the employees submit their SALN for 2005; Draft customized code of conduct
- Commitment to good environmental (green) governance is being promoted by DENR among its employees.

Areas for Improvement:

- The agency has to finalize and approve its customized code of conduct. The customized code should contain concrete examples of work situation dilemmas and values-based recommended solutions
 - Also, after the customized code of conduct is issued, the same must be promoted to all employees of the department.
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3. Gifts Policy:

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Strengths:

- Issuance of revised Employees handbook
- Issuance of AO No. 2006-06 (on souvenir items/tokens brought home by DENR foreign grantees/scholars)
- Reminders during flag ceremony and the issuance of a Memorandum Order on the receipt of donations during Christmas

Areas for Improvement:

- Formulation of written guidelines and policies on solicitation and acceptance of gifts, donations and offers of bribe
 - Establishment of DENR Gift Registry
 - Department-wide and external stakeholder promotion of the gifts policy and registry.
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4. HR: Recruitment, Selection and Promotion: 1 (70-80%)

Strengths:

- Accreditation of DENR by the CSC to take final action on appointments; Adoption of CSC approved Merit Selection Plan; Adoption of CSC Qualification Standard; Formulated Qualification Standards for DENR unique positions
- Functional Personnel Selection Board (CO, Bureaus, and Regional Offices) Follows RA 7041 (Publication Law on vacant positions); Documentation of PSB deliberation; Posting of appointments issued; Rank and file employee representative in the PSB

Areas for Improvement:

- Conduct background check of applicants
 - Conduct of formal orientation to PSB members
 - Continuous updating of the DENR Merit Selection Plan
 - Update/upgrade qualification standards for some plantilla positions (Survey: slightly negative net agreement on the promotion process as free from external influence)
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5. Performance Management:

1 (90-100%)

Strengths:

- Defined goals (MFO/GPOA) & commitments / targets
- Established Performance Evaluation and Management System
- DAO 1997-21 (CENR Academy)
- Accomplishments Reports, Performance Evaluation System, incentives / Awards / Recognitions; Proposed Performance Evaluation System which integrates the factor of “Integrity” (Survey: highly positive net that individual performance targets are clear to employees)

Areas for Improvement:

- Conduct of Planning Session; Orientation on Individual Performance Appraisal
- Training on Performance Monitoring, Evaluation and Individual Performance Appraisal (replicate performance evaluation training at PPO; training on the system and the raters); Implementation of Improved / Enhanced Performance Evaluation and Management System, with emphasis on monitoring unproductive / potentially corrupt behavior
- Sustenance of Rewards and Sanctions System;

6. Procurement Management:

1 (70-80%)

Strengths:

- After the CRR, DAO 2007-08 adopted the customized Procurement Manual (4 volumes); SO 2006-992 reconstituted BAC for Funds 101 and 102; SO 2007-88 created separate BAC for foreign assisted projects
- Procurement is in accordance with Annual Procurement Plan (APP); Keeps reports of BAC decisions/minutes of meetings; Use of Manual of Approvals
- Process flowchart for bidding process
- Some BAC members have training on Procurement Law
- Memorandum on the Code of Conduct and Ethical Standards for Procurement and Property Officers and staff of CARAGA

Areas for Improvement:

- Formal training of all BAC members and relevant personnel on RA 9184 and continuing updates. For changes in BAC membership, incoming new members need formal training as well.
 - Strict monitoring of the performance of suppliers/contractors against obligations and timely application of appropriate sanctions and penalties on erring/non-performing suppliers/contractors
 - Installation of a mechanism for the disclosure of potential conflict of interest in all transactions by all BAC members
 - Integrate Code of Conduct in bidding documents
 - Maintain centralized database of prices and suppliers of frequently procured items
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7. Financial Management: 1(90-100%)

Strengths:

- Implementation of eNGAS at CO with parallel testing for Funds 101 and 158, and preparation for downloading at Regional Offices; Accountabilities of officials defined in the Manual of Approvals; Some budget and accounting guidelines/orders are posted on DENR Website/Webmail
- Established control systems e.g. GPOA, MFOs, DENR Road Map, WFP and various internal policies on financial management; Use of flowcharts that serve as guide on the implementation of NGAS; Best Practices of Region 13: Enforcement of accounting and budgeting guidelines i.e. immediate liquidation of cash advances and action on COA Audit Findings

Areas for Improvement:

- Dissemination of budgeting and accounting guidelines and processes
 - IAS to be fully operational
 - Allocation of funds for training programs (Internal Audit training e.g. Risk Based Audit/Corruption Risk Assessment)
 - Strict enforcement of budgeting and accounting laws and regulations
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8. Whistleblowing & Internal Reporting:

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Strengths:

- Despite the lack of specific policy or guideline relevant to whistleblowing, the agency initiates investigation and keep records of reports
- Established alternative mechanism through the creation of a Committee on Personnel Discipline pursuant to Memo Order 23, series of 1994
- Existence of a Resident Ombudsman in the Central Office and designated non-organic Resident Ombudsman in the Regional Offices of Central Visayas and Caraga; (Survey: moderately positive net agreements that employees are encouraged to report corruption and that these reports are investigated)

Areas for Improvement:

- Issuance of a written policy or guidelines in the conduct of internal reporting of information and reports of corruption; Wider dissemination/deployment of the policy to all employees especially in the regions.
- Training of relevant personnel to handle investigation of reports; the agency may need to provide specific guidelines on how whistleblowers will be protected and consider giving incentives to encourage internal reporting
- Sanctions should be imposed to erring employees and officials on reported cases

9. Corruption Risk Management: 1(10%)

Strengths:

- Setting up Internal Audit System (IAS)
- Identification of different kinds of corruption risks on key areas of mgt.
- Include measures/activities to prevent and detect corruption

Areas for Improvement:

- Training of relevant personnel on corruption risk assessment and corruption prevention planning
- Full operationalization of the IAS in obedience to AO No. 15, series of 2006
- Monitoring of identified corruption risks areas so as to prevent and/or minimize incidence of fraud or corruption
- Dissemination of corruption prevention measures to all employees

10. Interface with the External Environment: 2(80%)

Strengths:

- Established an information system thru the existence of websites in the Central and Regional Offices; Creation of the Public Affairs Office (PAO)/Regional Public Affairs Office (RPAO) - public information arm of the agency
- DENR Textcast 5777 – an additional communications platform of the agency
- InfoServ (Information Service) and the DATS (Document Action Tracking System); Reinforces the promotion of transparency in all official transactions of the government involving public interest (DAO 97-24); Adoption of the CSC Pasada Project – Personnel Audit System (Region VII) – transactions acted upon within the period required; Three (3) radio programs of the region: DXKS, DXSM, DXJM (Reg XIII); Designation of personnel as Bilis Aksyon Partners (BAPs) handling feedback/reports received from the public (Reg XIII)

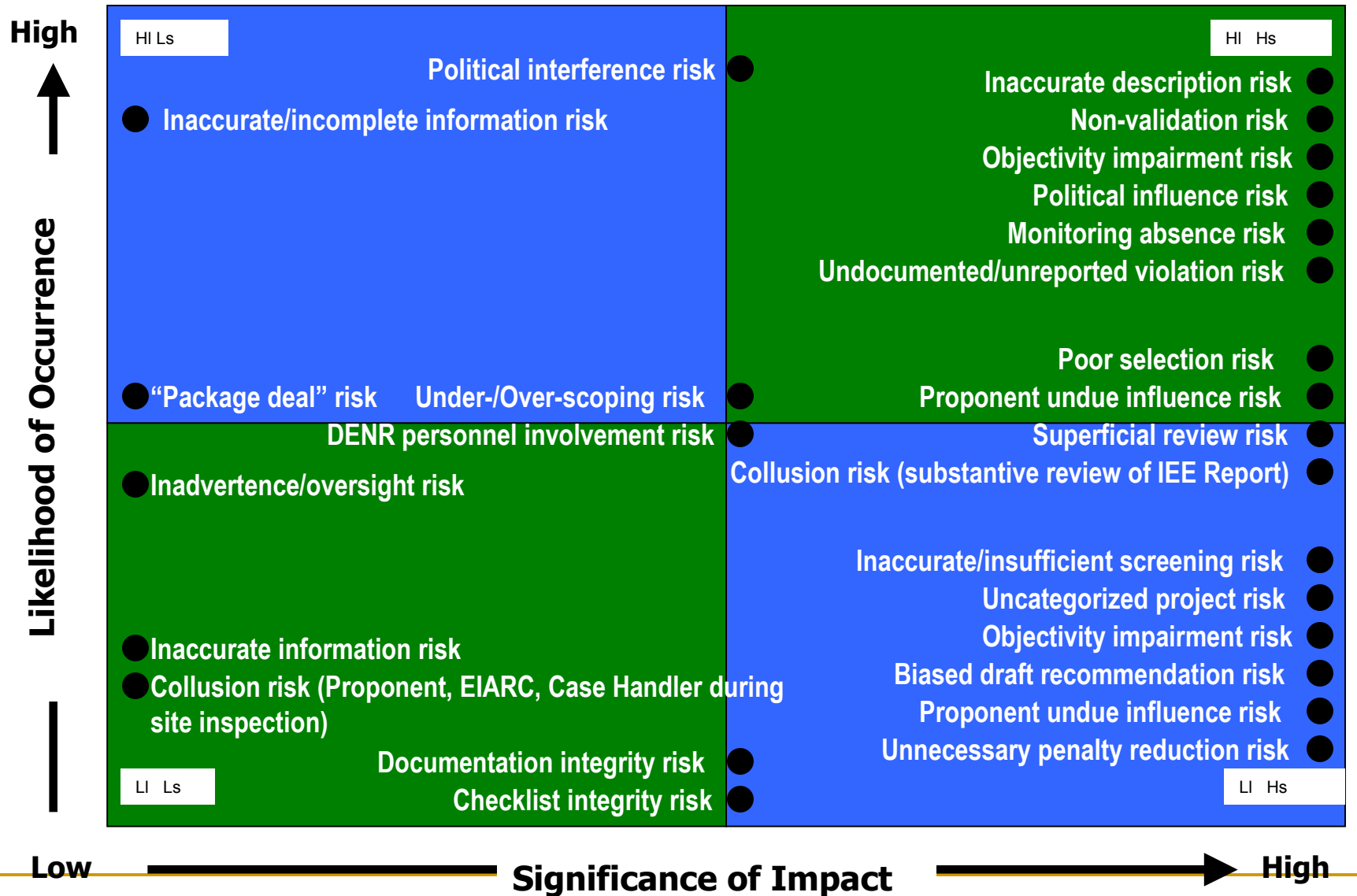
Areas for Improvement:

- Formal training for relevant personnel in handling and resolving complaints
 - Installation of processes/mechanisms on how to go about with the complaints and how to provide feedback
 - Compliance with service standards should be monitored (such as action on client feedback)
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Corruption Vulnerability Assessment (CVA)

SITE	AREAS	DATE OF ASSESSMENT
EMB Central Office, Regions 4A, 7 & 13, LLDA and NRDC	Environmental Compliance Certificate (ECC)	28 May - 22 June 2007
RO VII (Cebu, Bohol)	Foreshore Area Management (FAM)	20-26 May 2007
RO XIII (Butuan City, Agusan del Sur)	Integrated Forest Management Agreement (IFMA)	21-26 May 2007

RISK MAP: Environmental Compliance Certificate



CVA: ECC

- Activity 1: Submission of Project Description for CNC Issuance
- Risks
 - Inaccurate description
 - Non-validation
- Controls
 - Hierarchy of review; DAO 2003-30 and Procedural Manual
- Assessment
 - Insufficient; validation of description/information must be a matter of consistent procedure
- Activity 2: Payment of Processing Fee and Review Fund (EIS, EPRMP, PEPRMP)
- Risks
 - Possible conflict of interest / impairment of objectivity
- Controls
 - DAO 2003-30; Procedural Manual; DAO 2001-09; Work and Financial Plan
- Assessment
 - For regions without fund managers, sufficient but not faithfully observed; strict observance of review fund management

CVA: ECC

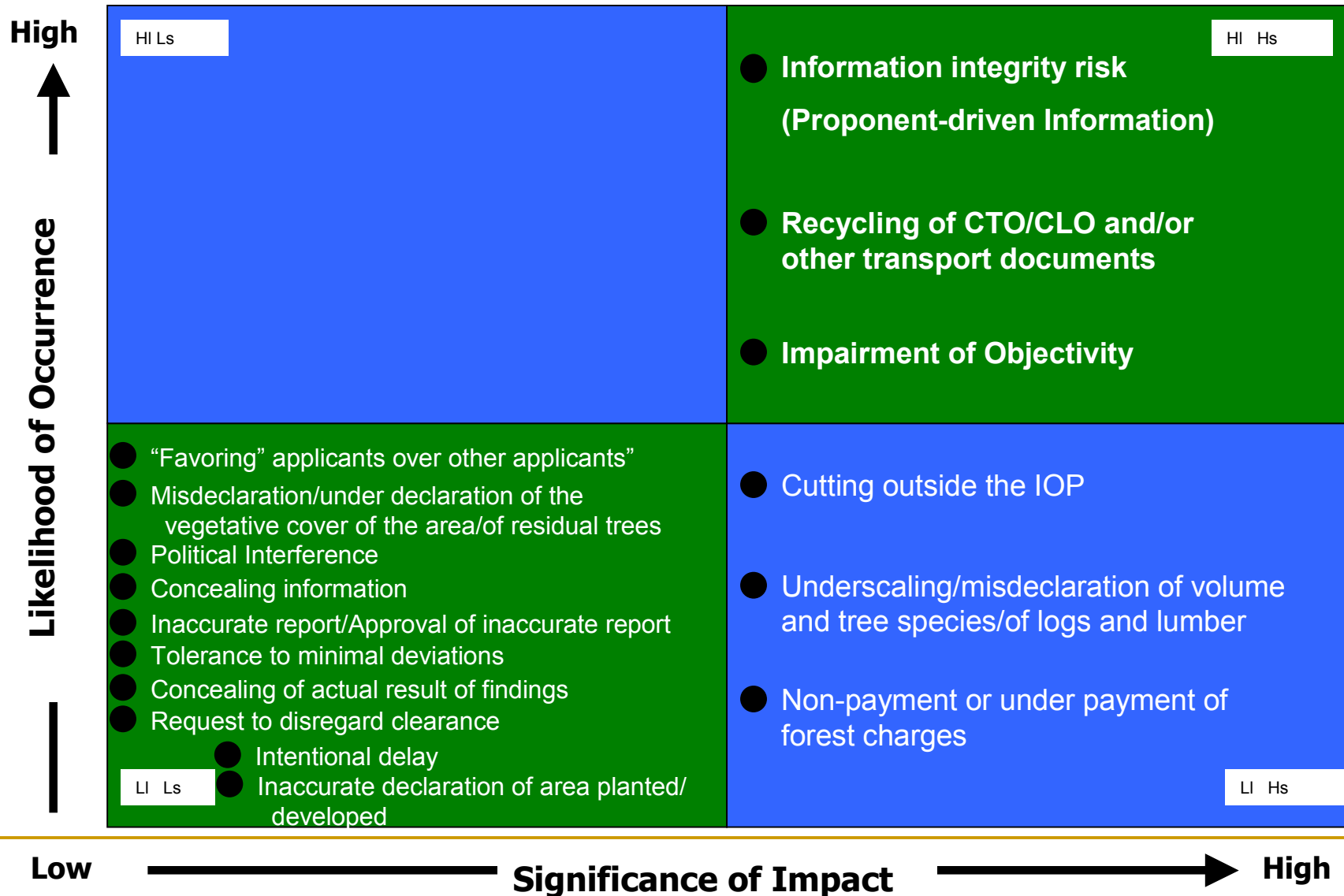
- Activity 3: Conduct of site inspection (for projects covered by IEE)
 - Risks
 - Possible impairment of objectivity
 - Controls
 - DAO 2003-30 and Procedural Manual
 - Assessment
 - Insufficient; need strict enforcement of the guidelines or team approach
 - Activity 4: Monitoring of compliance with ECC conditions/ submission of monitoring report (except if with Multipartite Monitoring Team)
 - Risks
 - Insufficiency of monitoring
 - Controls
 - DAO 2003-30; Procedural Manual; EIA monitoring targets; and Monitoring templates/reports
 - Assessment
 - Sufficient but largely non-operational due to manpower and logistics constraints
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CVA: ECC

■ Recommendations

- ❑ Strict observance of DAO 2003-30 and Procedural Manual on fund management
 - ❑ Customized Code of Conduct for Case Handlers
 - ❑ Team approach for site inspection for projects covered by IEE
 - ❑ Representation with DBM on Contractual employment status of Case Handlers to address quick turnover
 - ❑ Increase number of personnel for monitoring
 - ❑ Cascade monitoring protocols / templates to stakeholders
 - ❑ Updating of the Procedural Manual as far as coverable industries/ projects are concerned
 - ❑ Deployment of the EIS system and updates to erase ECC misconceptions
 - ❑ For projects covered by IEE, formulation of comprehensive report templates for all possible types of projects
 - ❑ Unyielding stance against political influence or interference through strict enforcement of the EIA Law and issued guidelines
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RISK MAP: Integrated Forest Management Agreement



CVA: IFMA

- Activity 1: Tree Marking for the Logging Plan/ Operations
 - Risks
 - Information integrity risk (Proponent-driven information in FSMS/LCMS encoding)
 - Controls
 - DAO 96-04
 - Memorandum Order No. 96-06
 - Assessment
 - Inadequate (absence of guidelines on FSMS)
 - Recommendations
 - Institutionalization of FSMS with the issuance of the implementing guidelines
 - CENRO designate a DENR regular employee responsible for encoding and assign a dedicated computer for the said activity
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CVA: IFMA

- Activity 2: Transport of logs and lumber from sawmill to market/log pond as well as checking of transport documents
 - Risks
 - Recycling of CTO/CLO and/or other transport documents
 - Controls
 - DAO 94-07; DAO 94-06;Memorandum Order No. 94-09; Composite team (checkpoints)
 - Assessment
 - Adequate but not strictly enforced
 - Recommendations
 - Strengthening of the NAECTAF that handles the intelligence and surveillance operations of illegal logging, mining and other illegal environmental and natural resources related activities
 - Strengthen mobile checkpoints that will conduct spot/random checking of the transportation of forest products
 - Strict enforcement of the Revised Forestry Code in the imposition of penalties
 - Plan to implement the computerized system for CTO/CLO issuance and monitoring must be pursued
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CVA: IFMA

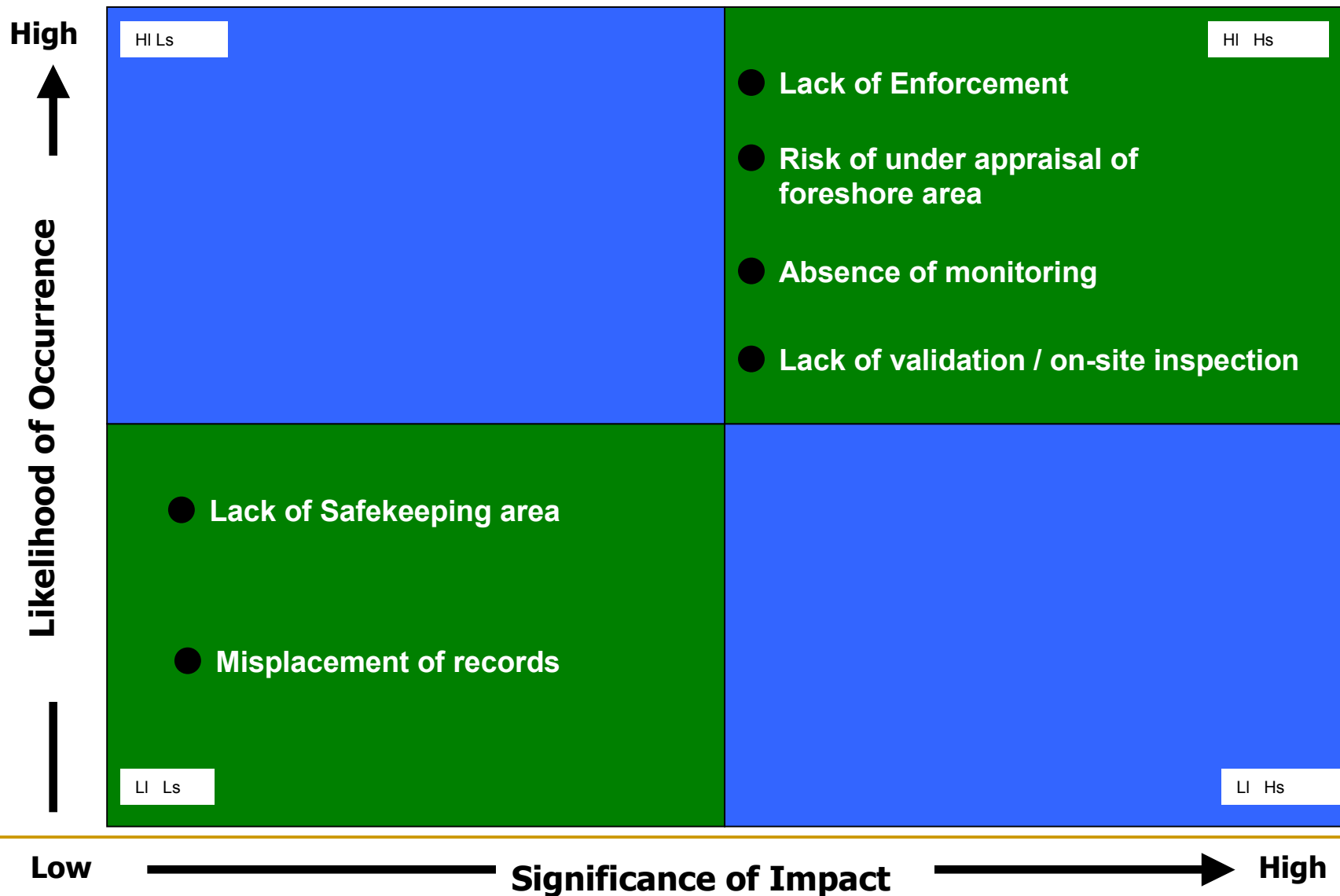
- Activity 3: Activities for CDMP, IOP Approval and Implementation
 - Risks
 - Impairment of Objectivity
 - Controls
 - DAO 99-53; DAO 91-08; PD 705; NIPAS Law
 - Assessment
 - Inadequate (due to dependence on proponents in augmenting needed resources)
 - Recommendations
 - Agency make representation with DBM with regard to the augmentation of budget particularly for the logistical needs for the conduct of aforesaid activities
 - Use the “team approach” for the activities where the objectivity of the agency personnel working alone may be impaired due to the influence/generosity of the proponent
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CVA: IFMA

- Other Recommendations

- Formulation and implementation of a customized Code of Conduct with concrete examples of dilemma and solution
 - Conduct of a values formation seminar or training related to Integrity Development
 - Rotation of Timber Management personnel
 - Imposition of penalties for violators must be done with the strict enforcement of the Revised Forestry Code
 - Allotment in the Maintenance and Other Operating Expenses (MOOE) to conduct monitoring activities for IFMAs particularly on the proponents' compliance with the IOP
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RISK MAP: Foreshore Areas Management



CVA: FAM

- Activity 1: Conduct of Inventory and Land Survey
 - Risks
 - Erroneous inventory and survey
 - Overlapping of areas on Survey Plans
 - Delay in the approval of Survey Plans
 - Control
 - Sec. 5 of DAO 2004-24 Sec. 5 of DAO 2004-24
 - Assessment
 - Not fully implemented due to lack of funds
 - Recommendations
 - Implement Computer-Based Foreshore Areas Management Information System (FAMIS) to include Survey Plans Inventory and Executive Information
 - Upgrading of facilities, e.g. GPS, computers, etc.
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CVA: FAM

- Activity 2: Process Application for Permit of Occupancy and Use
 - Risks
 - ❑ Lack of enforcement
 - ❑ Lack of validation / on-site inspection
 - Controls
 - ❑ DANR Lands Admin Order 08-3-36 (series of 1936), DAO 2005-12
 - Assessment: Adequate but not fully implemented
 - Activity 3: Process Application for Lease
 - Risks
 - ❑ Lack of enforcement
 - ❑ Lack of validation / on-site inspection
 - Controls
 - ❑ CA 141, DAO 2004-24, DAO 98-20, DAO 2005-12, LGC No.58
 - Assessment: Adequate but poorly implemented
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CVA: FAM

- Recommendations
 - Full implementation of DAO No. 2005-12
 - Strict enforcement of laws/policies and issuances
 - Implement Computer-Based Foreshore Areas Management Information System (FAMIS) to include Permit and Lease Applications, Billing and Collection, and Executive Information
 - Impose higher occupancy fees depending on the utilization of the foreshore land
 - Activity 4: Monitor Conditions of Permit / Lease Agreement
 - Risks
 - Absence of monitoring (in the collection of rentals/fees, conduct of re-appraisals, introduction of improvements, encumbrance/transfer/subletting of rights, etc.)
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CVA: FAM

- Controls

- CA 141, DAO 2004-24, DANR Lands Admin Order 08-3-36, DAO 98-20, DAO 2005-12, LGC No. 57, LGC No. 81

- Assessment: Inadequate (no monitoring procedures)

- Recommendations

- Full implementation of DAO No. 2005-12
 - Implement Computer-Based FAMIS to include Inspection and Monitoring, and Executive Information
 - Institute pro-active Collection, Inspection and other Monitoring programs
 - Conduct re-appraisal on existing FLAs (no appraisal for 10yrs or more and/or with improvements) and impose penalty or surcharge/interest
 - Conduct capability-building programs for CENRO / FAMU
(e.g. disposition of foreshore areas, appraisal, inspection/ monitoring)
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Summary

- The Philippine Environmental Impact Statement (EIS) System is one of the advanced environmental management system in the region. However, in order to protect its integrity, close coordination with LGUs should be made to make ECC a pre-requisite of LGU license/permit issuance to development projects
 - Monitoring is the heart of the EIS system, hence capacity building in terms of additional monitors, as well as cascading monitoring templates to communities and orientation on how to use them deserves preferential attention.
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Summary

- The very rich interface of timber management personnel with IFMA holders makes the working arrangement highly vulnerable to inappropriate conduct. This is also true with EMB case handlers. Positive values-driven customized code of conduct, with concrete examples of work situation dilemmas and solutions is an urgent need to ensure forest and environmental management integrity.
 - The 80% foreshore survey failure and serious lack of FLA monitoring pose a very serious threat both to coastal resource environment and revenue generation. Also, a decisive and definitive approach to address LGU resistance is necessary to ensure the smooth management of foreshore areas and thus, realize the desired level of revenue generation/collection.
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Summary

- Sustained leadership and management of external stakeholders dimensions as well as a large number of the work force satisfied with their job are potent drivers to institute internal policy/systems reforms, counter negative public perception and ensure mandate delivery integrity. Frequent changes in leadership may be counterproductive.
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Thank you...