



## Executive Summary

The Light Rail Transit Authority (LRTA) is a wholly-owned government corporation created on July 12, 1980 pursuant to Executive Order (EO) No. 603, as amended by EO No. 830 dated September 1982, and EO No. 210 dated July 1987. The Agency is primarily responsible for the construction, operation, maintenance and/or lease of light rail transit systems in the Philippines in order to provide reliable, efficient, dependable, and environment-friendly mass rail services to residents of Metro Manila. LRTA currently operates and manages two rail transit lines: LRT Line 1 or Metrorail which commenced operations in December 1984 and LRT Line 2 or Megatren which commenced operations in 2003.

The Integrity Development Review of the LRTA revealed strengths and weaknesses of the various systems covered by the ten assessment dimensions, namely, Leadership, Code of Conduct, Gifts and Benefits Policy, Human Resource Management, Procurement Management, Financial Management, Performance Management, Whistle blowing, Internal Reporting and Investigation, Corruption Risk Management, and Interface with External Environment.

Strengths in the system features and control environment were identified in the performance management and financial management systems, such as the creation of an Administrative Fact Finding Committee and its implementation of a Table of Administrative Offenses with its corresponding sanctions and penalties for erring personnel; the implementation and monitoring of the corporate strategic plan and business plan backed by management improvement studies; and the establishment of the Automated Fare Collection System that links the many of the processes of several units: central clearing house, station operations, engineering, treasury and accounting for transparency and efficiency in the revenue lines. These practices have translated into record-high revenue and ridership in LRTA's history.

There are also weaknesses and vulnerabilities that should be addressed in the control environment of various systems to prevent and detect corruption. Corruption risks identified include collusion, bribery, theft, pilferage, abuse of discretion or authority, dishonesty and fraud. The identified gaps can be addressed by a combination of strategies, namely capability building, organization development, policy development and deployment on HR and operations, and legal strategies on the issue of real property taxes.

Capability development strategies aims to increase awareness or enhance knowledge, skills and attitudes of managers and rank-and-file employees on corruption prevention and detection, particularly on their roles and responsibilities as civil servants and responsible citizens. These involve the implementation of training, orientation or learning sessions on corruption prevention programs of the national government and LRTA, on procurement laws and processes, and on organizational policies and procedures.

Organization development strategies aim to fill the gaps in the leadership, human resource management, and performance management systems of LRTA to make them robust against corruption vulnerabilities. These include approval of the corporate restructuring plan, regularization of key management and technical positions critical to operations and support, institutionalization of quality management systems, institutionalization of internal audit office, revision of the functional structure and delineation of responsibilities among process owners of warehouse management, asset management and land management, improvement of work facilities and environment, and establishment of ICT-enabled systems in finance, accounting, inventory, etc. These strategies need management support in terms of provision of financial and human resources.

Development and deployment of policies on HR and operations seek to fill the gaps in procedures and workflows brought about by changes in the environment such as new government laws and guidelines. This strategy involves the review of operational policies against the manual of policies and procedures and practices, the



review of human resource strategies, the study of HR business process outsourcing to address HR requirements for station operations, the formulation and efficient deployment of new policies.

Below are specific recommendations proposed to help the LRTA reach the next or higher level of integrity development.

1. Ensure the integrity of the Agency's leadership system by enhancing the capabilities of all LRTA managers on corruption prevention and detection.
2. Establish a Customized Code of Conduct for LRTA.
3. Establish a Gifts and Benefits Policy in LRTA.
4. Establish a customized Code of Conduct for the LRTA Bids and Awards Committee.
5. Expand/upgrade policy on internal investigation to cover whistle blowing.
6. Pursue the regularization of critical management and technical positions and approval of corporate restructuring plan to support strict enforcement of accountabilities.
7. Institutionalize the Internal Audit Office for Corruption Risk Management and pursue regularization of its Internal Audit Office personnel.
8. Revisit and clarify functional structures and responsibilities to enhance integrity of warehouse management, procurement management, and land management systems.
9. Ensure strict implementation of established workflows and internal controls through updating of manual of procedures.
10. Ensure strict implementation of merit selection plan and guidelines to regular and contractual or interim personnel.
11. Expand the use of honesty and integrity as performance management criteria for all types of employees.
12. Enhance management of human resources system through application of ICT enabled systems or adoption of alternative modes of staffing for stations operations.
13. Enhance the efficiency, quality and integrity of management systems.
14. Improve station facilities specially comfort rooms for passengers and work environment for personnel.
15. Rationalize preparation of policies, guidelines and procedures for clarity, consistency and uniformity.
16. Pursue proactive information and education on policies and implementing guidelines on corruption prevention and detection.
17. Engage the mass riding public in reporting corruption and the employee association for anti-corruption information and education campaign initiatives.
18. Explore legal and other alternative strategies to seek relief from the burgeoning real estate tax dues of the LRTA with local government units to resolve land titling concerns.



The future of LRTA, both as strong corporation and as a responsive, results-oriented public sector agency, is very positive. With strong leadership support and commitment to the implementation of the IDR recommendations, there is no reason for LRTA to fail in fulfilling its mission and meeting the challenge of setting good examples and practices for public sector agencies in the fight against corruption.