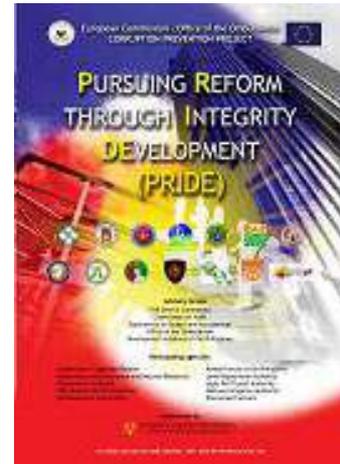




I. Overview of the Project

Integrity Development Review is a process of building and sustaining the agency's ability to prevent corruption from happening. It is about integrating corruption resistance strategies into the various organizational facets of an agency so that factors that tend to contribute to corrupt behavior can be checked and those that discourage corrupt acts or malfeasance are reinforced. As the old adage goes, "an ounce of prevention is better than a pound of cure."

There are various approaches to prevent corruption. One tested formula is that of Klitgaard's minimizing corruption by demonopolizing power, circumscribing discretion and raising accountability. Another is a four-point approach, namely limiting opportunities for corrupt transactions, decreasing the gains, increasing the probability of being caught and raising the magnitude and severity of penalties. In any case, a thorough diagnosis is a logical first step in order to establish activities that are vulnerable to corruption, check availability of control mechanisms that can detect and deter wrongdoings and evaluate the effectiveness of penalty and reward systems.



External parties can do diagnosis objectively. But self-assessment would be ideal especially for reform-oriented agencies. This is the idea behind the Integrity Development Review Project. This aims to support the leadership and management of the Office of the Ombudsman in improving governance in the public sector by providing tools for objective assessment of corruption vulnerability and resistance of agencies. The project is implemented by the Development Academy of the Philippines.

The integrity development framework builds on the Corruption Resistance Review (CRR) approach developed by the Independent Commission Against Corruption of New South Wales and Hong Kong and the Corruption Vulnerability Assessment (CVA) tool adapted by DAP from the USA – Office of Management and Budget. The CRR helps agencies assess their level of corruption resistance and progressively develop and implement corruption prevention measures to meet certain standards of organizational integrity. CVA determines the susceptibility of agency systems to corruption and examines the adequacy of safeguards to forestall wrongdoings.

The IDR process that evolved in this project consists of two stages: Stage 1 involves corruption resistance review via guided self-assessment, indicators research and a survey of employees. Stage 2 demands a detailed corruption vulnerability analysis. The IDR methodology was pilot-tested in three agencies, namely, the Office of the Ombudsman, Department of Education and Civil Service Commission. Under the EC-OMB Corruption Prevention Project, 16 public sector agencies are scheduled to undergo the IDR, five of which will start 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).



II. Overview of the Participating Agency: National Irrigation Administration

A. History¹



The National Irrigation Administration (NIA) is a government-owned and controlled corporation (GOCC), tracing its origin from the Irrigation Division of the now defunct Bureau of Public Works. Congress enacted Republic Act 3601 on 22 June 1963, which created the National Irrigation Administration. By virtue of Presidential Decree (PD) No. 1, dated 23 September 1972 integrated all irrigation activities under NIA.

The passage of RA 3601 “An Act creating the National Irrigation Administration” was prompted by the need to construct more irrigation systems throughout the country to boost production of food crops, both to meet the rising consumption requirements of a rapidly growing population and to strengthen the national economy. The Act granted NIA corporate status, broad powers, functions and objectives, with an initial capitalization of PhP 300M, and increased to P2 billion by PD 552 on September 1974. By virtue of PD 1702 signed 17 July 1980, capitalization was further increased to P10 B.

RA 3601 was implemented by virtue of Executive Order 91 (13 August 1964) and made effective 17 March 1964, through Executive Order No. 98 dated 15 September 1964.

In 1968, the Philippines attained self-sufficiency in rice production.

Other mandates that enhanced NIA functions are²:

- a. Presidential Decree 552, Amending Certain Sections of RA 3601, Entitled “An Act Creating the National Irrigation Administration, 22 June 1963.
- b. Presidential Decree 1702, Amending Section 3 of RA 3601 as Amended by PD No. 552, 18 July 1980.
- c. Memorandum Order No. 38, Further Amending Certain Sections of RA No. 3601, 15 September 1986.
- d. Various decrees and issuances relating to NIA’s role in the irrigation/water resources sector, agricultural sector, infrastructure sector, and general application of various national government provisions.³

NIA’s powers and functions as embodied under RA No. 3601 and amended by PD Nos. 552 and 1702 are as follows:

- a. Investigate and study all available and possible water resources in the Philippines, primarily for irrigation purposes; to plan, design, construct and/or improve all types of irrigation projects and appurtenant structures; to operate, maintain and administer all national irrigation systems; the authority to supervise the operation, maintenance and repair, or otherwise, administer temporarily all communal and pump irrigation systems constructed, improved and/or repaired wholly or partially with government funds, and to delegate the partial or full management of national irrigation systems (NIS) to duly organized cooperatives or associations;
- b. Charge and collect from the beneficiaries of the water from all irrigation systems constructed by or under its administration, such fees or administration charges as may be necessary to cover the cost of operation, maintenance, and insurance; and to recover the cost of construction within a reasonable period of time to the extent consistent with government policy; to recover funds or portions thereof

¹ Annual Report, FY 2005, Report to the President, FY 2005, A Comprehensive History of the Irrigation in the Philippines

² www.nia.gov.ph

³ Annex 1: List of pertinent laws and issuances on NIA



expended for the construction and/or rehabilitation of communal irrigation systems which shall accrue to a special fund for irrigation development;

- c. Unpaid irrigation fees or administration charges shall be preferred liens, first upon the land benefited, and then on the crops raised thereon, which liens shall have preference over all other liens except for taxes on the land. Such preferred liens shall not be removed until all fees or administration charges are paid or the property is levied upon and sold by NIA for the satisfaction thereof. Judicial actions for the collection of unpaid irrigation fees or charges, drainage fees or other charges which the NIA is authorized to impose and collect, shall henceforth be governed by the provisions of the Rules of Court of the Philippines;
- d. Construct multi-purpose water resources projects designed primarily for irrigation, and secondarily for hydraulic power development and/or other uses such as flood control, drainage, land reclamation, domestic water supply, roads and highway construction and reforestation, among others. Provided, that the plans, designs and the construction thereof, shall be undertaken in coordination with the agencies concerned;
- e. Investigate, in coordination with the Department of Public Works and Highways (DPWH), areas which are unproductive or less productive due to permanent or occasional submergence; to plan, design and construct drainage facilities and protective works for agricultural purposes to increase or maximize their productive yield; to collect drainage fees from landowners of areas benefited by the drainage facilities and protective works to recover the cost of operation and maintenance as well as a reasonable portion of the cost of the construction thereof, consistent with government policy;
- f. Acquire, by any mode of acquisition, real and personal properties, and all appurtenant rights, easements, concessions and privileges, whether the same are already devoted to private or public use in connection with the development of projects by NIA;

NIA is empowered to exercise the right of eminent domain in the manner provided by law for the institution of expropriation proceedings.

In the prosecution of its projects, the NIA is hereby given the right of way to construct and maintain such works and hydraulic structures over and throughout lands of the public domain, and in those owned by any branch of the government, political subdivision, and instrumentality.

- g. Establish/create such services and facilities and other means of social and economic assistance to the community which might be adversely and directly affected by the construction of NIA projects; and to do all such other things, and to transact such business, as are directly or indirectly necessary, incidental or conducive to the attainment of the above powers and objectives, including the power to establish and maintain subsidiaries; and in general, to exercise all the powers of a corporation under the Corporation Law.

The Local Government Code (LGC) of 1991(RA 7160) ushered the devolution of basic services and facilities which means the transfer of power and authority from the national government to local government units to enable them to perform specific functions and responsibilities. Under the LGC, infrastructure facilities funded out of municipal funds like communal irrigation, small water impounding projects and other similar projects.

RA 8435 otherwise known as Agriculture and Fisheries Modernization Act (AFMA) further defined the role of NIA in agricultural development as follows:

- a. Preservation and rehabilitation of watersheds to support the irrigation systems in coordination with other agencies, particularly the Department of Environment and Natural Resources (DENR);



- b. Research and Development - in the development of effective, appropriate and efficient irrigation and water management technologies;
- c. For NIS
 - Planning, design, development, rehabilitation and improvement
 - Operation and maintenance of major irrigation structures including head works and main canals
 - Gradual turnover of operation and maintenance of secondary canals and on-farm facilities to Irrigators Associations (IAs).
- d. Provision of technical assistance to local government units to complement the devolution of the planning, design, and management of communal irrigation systems;
- e. Formulation and development of a plan for the promotion of a private sector-led development of minor irrigation systems;
- f. Encouraging the construction of irrigation facilities through other viable schemes like Build-Operate-Transfer (BOT), Build-Transfer (BT) and other schemes that will fast track the development of irrigation systems
- g. Review of irrigation service fee rates and recommendation of reasonable rates

B. NIA Vision and Mission

Mandate: To contribute to the country program on rice self-sufficiency and alleviation of poverty through irrigation Development. Its mission is to develop and manage water resources for irrigation and provide necessary services on a sustainable basis consistent with the agricultural development program of the government.

Vision: NIA as a development-oriented government agency envisions a dynamic, functional, and efficient Agency working as partner for the provision of irrigation services.

Nationwide existence of efficient irrigation system:

- That are environmentally sound and socially acceptable
- Located in strategic agricultural areas
- Capably managed by viable and dynamic Irrigators' Association
- Profitably producing good quality rice and diversified crops
- Progressively improving the welfare of the farm, families, the rural communities
- Sustainably supporting the Food Production Program of the Government

NIA as a government-owned and controlled corporation:

- Transformed into a financially independent organization
- With its employees enjoying compensation and benefits comparable with other service-oriented government corporations
- Attaining back its prominence as a leader in irrigation management in the Asian Region
- Attaining excellence as a well-managed government corporation

Mission: The development and management of water resources for irrigation and provision of necessary services on a sustainable basis consistent with the agricultural development program of the government.



The objectives of the agency pursuant to RA 3601 are:

- To develop and rehabilitate irrigation systems in support of the national food production program
- To provide adequate level of irrigation service on a sustainable basis in partnership with the farmers
- To provide technical assistance to institutions in the development of water resources for irrigation
- To support economic and social growth in the rural areas through irrigation development and management
- To improve and sustain the operation of the Agency as a corporation and service-oriented agency

C. Farmers' Participation in Irrigation Development in the Philippines

NIA's need for the formation of strong and viable farmers' association in communal systems made way for the signing of Presidential Decree No. 552 relative to farmers' participation in irrigation development in the Philippines. With this decree, NIA signed a Memorandum of Agreement with the Farm Systems Development Corporation (FSDC) to undertake the organization of irrigators' associations, while NIA for the technical aspect (engineering and construction), to implement a pilot project funded by the Ford Foundation. Two pilot areas were identified, serving 600 hectares and 1,600 hectares in Laur, Nueva Ecija. Farmer's participation in planning and construction included the following: survey, obtaining rights-of-way, acquisition of water permit and construction of physical facilities.



Fig. 1. NIA and IA officials working for a common goal. Source: www.nia.gov.ph

Benchmarking on the success of the 1976 Laur, Nueva Ecija project, NIA formed the Communal Irrigation Committee in 1979, to assist in improving communal irrigation program based on farmers' participation approach.

Composition and responsibilities of the committee included:

- Institute of Philippine Culture, Ateneo de Manila: research on indigenous Philippine irrigation and farmers training on data-gathering, Socio-Tech profile writing process for communal irrigation projects;
- Asian Institute of Management: course on Management of Rural Development. Engineers were given orientation on planning and construction policies and procedures that promote farmers' participation;
- IRR: irrigation research for improvement of training methodology and materials for irrigation system management and crop production. Engineers were trained on farm-level facilities design and paddy elevation mapping for improving water management.

Additional members were: Ford Foundation, FSDC, UP-Los Baños Economic Development Foundation and the Central Luzon State University⁴.

To date, farmers keep track of labor counterpart, payment of fees, expenses; water distribution rules and implement decisions made by the Irrigators Association.

Unique features of NIA as a government-owned & controlled corporation:

- Primary Source of Income (50%) is generated from the Irrigation Service Fee. To boost collection of back accounts, the Compromise Agreement Program (CAP) was implemented offering payments of ISF back accounts without penalties and surcharges.
- Irrigators Associations providing the 30% equity/amortization in the operations and maintenance of irrigation systems; and
- Regions 7 and 8 are merged into one regional unit, with the regional seat situated in Tacloban City.

⁴ Comprehensive History of Irrigation in the Philippines



D. Organizational Structure

NIA is composed of a Central Office, 13 Regional Irrigation Offices, two (2) Integrated Irrigation Systems, 72 Provincial Irrigation Offices, 116 Irrigation Systems Offices, 9 Project Management Offices.

Composition of the Board of Directors:

Chairman	-	Secretary of Agriculture
Vice-Chairman		NIA Administrator (also Chief Executive Officer)
Members		Director-General, NEDA
		Secretary, DPWH
		President, NAPOCOR
		(1) Presidential Appointee, of good standing and upon recommendation by any national rice & corn organization (for a term of 4 years)

Central Office



Fig. 2. NIA Central Office at Edsa, Q.C.

The Administrator is NIA's chief executive officer. He is supported by four assistant administrators, each in-charge of the following sectors: project development and implementation (PDI); systems operation and equipment management (SOEM); finance and management (FM), and administrative services (AS). The position of deputy administrator was created and incorporated in the NIA charter in 1986.

There are 12 departments and two staffs that provide technical, financial and administrative support services to field operations. The central office issues guidelines and policies and exercises control over field operations through monitoring, review and evaluation.

NIA has a total manpower complement of 9,186, classified as follows: 5,661- monthly/daily charged against COB and 3,525-project-based personnel.

Field Offices

NIA continuously streamlines its operations. Decentralization is achieved through delegation of various authorities to field offices.

1. There are 13 Regional Irrigation Offices (RIO) each headed by a Regional Irrigation Manager (RIM). These implement the plans, programs and policies of the Agency in the field. The RIOs oversee the provincial irrigation offices and irrigation systems offices. They also implement locally funded national irrigation projects.
2. The two Integrated Irrigation Systems headed by the Operations Managers operate and maintain the two reservoir systems-Upper Pampanga and Magat.
3. The 72 Provincial Irrigation Offices (PIO) are headed by Provincial Irrigation Officers. These are responsible for the identification, survey, planning and implementation of communal irrigation projects (CIP), organization and training of Irrigators Association and provision of services to communal systems. The PIOs also assist private individuals or groups of farmers desiring to put up their own irrigation systems.
4. The 114 Irrigation System Offices (ISO), headed by Irrigation Superintendents, are responsible for the operation and maintenance (O&M) of national irrigation systems.



The nine (9) Project Management Offices (PMO), headed by Project Managers, implement foreign-assisted, national and communal irrigation projects. The project manager reports directly to the administrator, through the assistant administrators for PDI and SOEM and the RIM. Locally-funded projects are implemented by the RIO through a team headed by a Project Engineer or the Provincial Irrigation Officer.



Fig. 3. NIA Organizational Chart

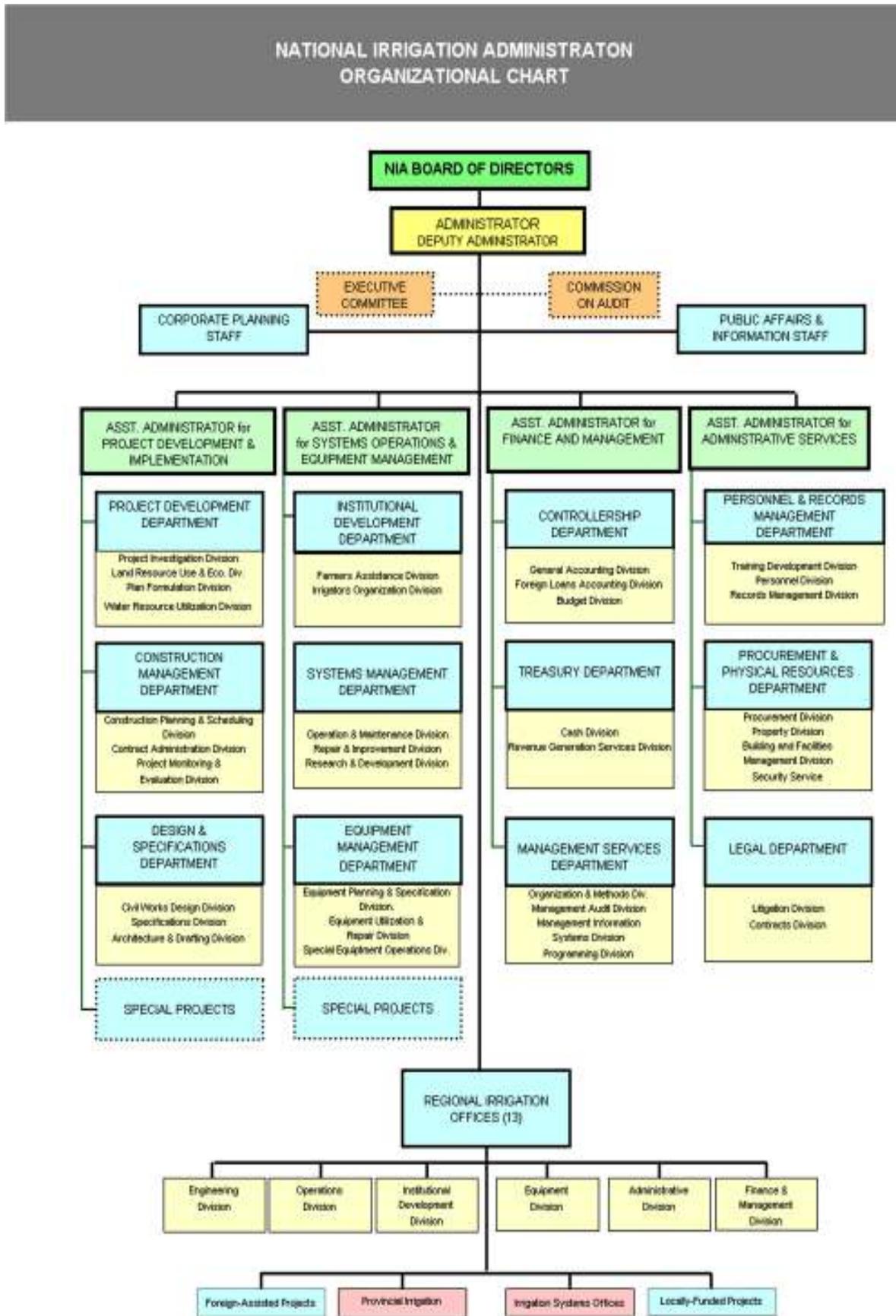
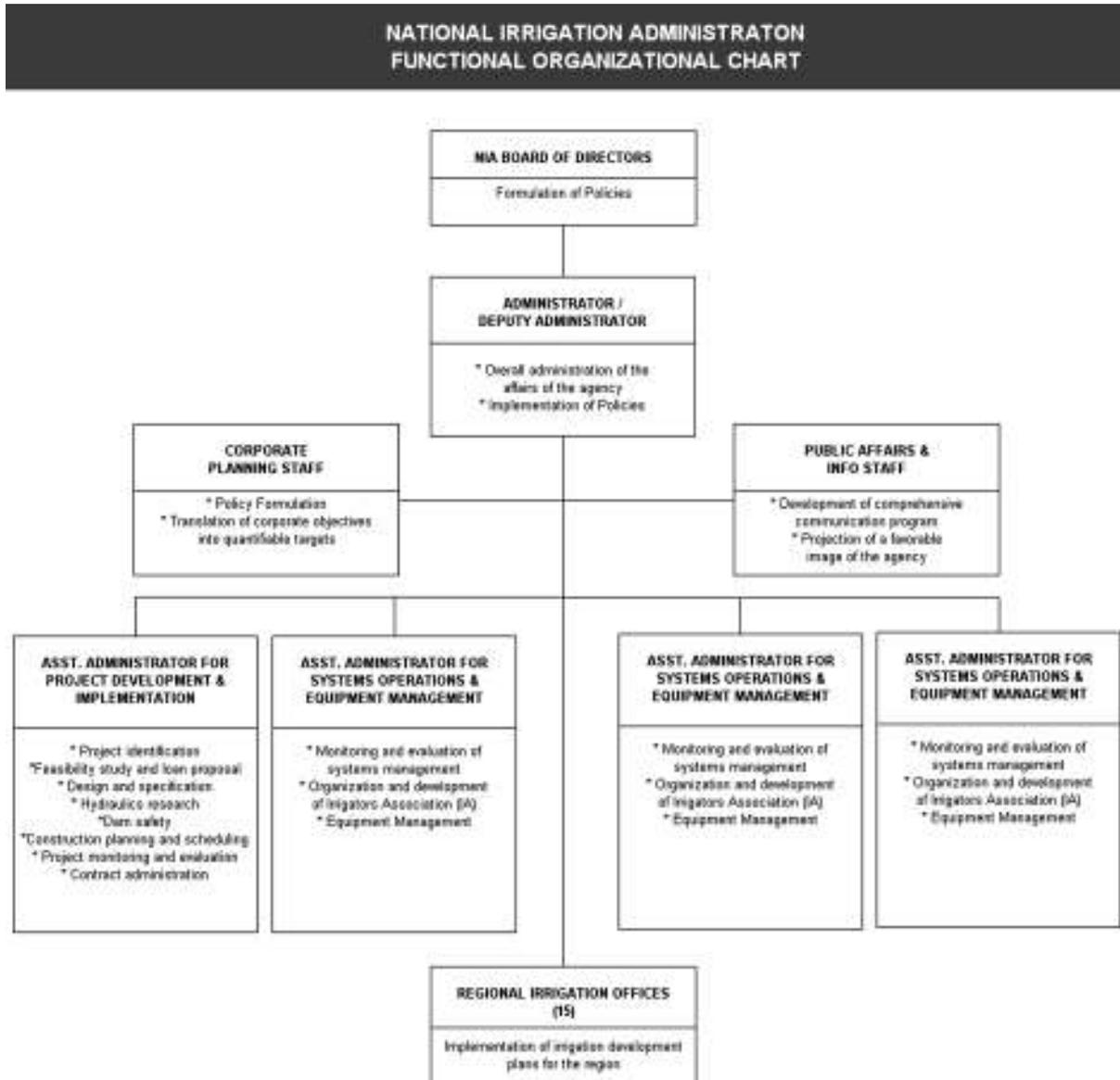




Fig. 4. NIA Functional Chart





NIA Accomplishments

FY 2006 Accomplishments

NIA pursued the implementation of 30 irrigation projects: 10 foreign-assisted, 16 locally-funded and four inter-agency projects, with 13 subprojects in selected provinces nationwide, 6 located in Luzon, 7 in Visayas, 4 in Mindanao. NIA manages 204 NIS nationwide with a total service area of 704,746 hectare.

Completed projects benefiting 11,496 farmers are as follows:

- Malitubog-Maridagao Irrigation Project in Maguindanao and Cotabato with a service area of 7,072 hectares;
- Lower Agusan Development Project in Agusan del Norte with a service area of 6,198 hectares; and
- Tarlac Groundwater Irrigation Systems Reactivation Project in Tarlac with a service area of 704,746 hectares.

Other activities included the repair and rehabilitation of national and communal systems, organization and development of irrigators' associations and feasibility studies and packaging of potential projects.

FY 2005 Accomplishments

NIA generated total revenue of P1.6B during Fiscal Year 2005, higher by P200M in FY2004 and posting a P104M net operating income. The Irrigation Service Fee (ISF) collection reached P801M, an increase of P20M from Fiscal Year 2004. One of the most significant programs to boost collection is the Compromise Agreement Program (CAP) offering farmers the payment of ISF back accounts without penalties and surcharges.

The service area of National Irrigation Systems increased by 5,535 hectares with the partial operation of Malitubog Maridagao Irrigation System in Cotabato and Maguindanao and the Bubunawan Irrigation System in Bukidnon.

A total of 140 Irrigators Associations (IA) were organized, a thrust of NIA to ensure effective and efficient partners in operating and maintaining irrigation systems. Membership totaled 15,951 farmers tilling 18,924 hectares in both NIS and CIS.

The New Government Accounting System or NGAS was adopted in the formulation of income generating policies on sale of idle real properties, lease of building and lots and housing projects for employees.

NIA continued to ensure efficiency and transparency in the procurement process and to implement reforms in procurement pursuant to the Government Procurement Reform Act.

Financial Performance

- NIA's corporate operating income is derived from the following sources: ISF collection (Current Accounts, Back Accounts, ISF Cap), equipment rental, CIS amortization, equity, pump amortization, management fee / power, and others.



Table 1. **NIA's Net Income FY 2005-2007**
(in thousand pesos)

REGION	NET INCOME		
	2005	2006	2007 (target)
CAR	880	870	2,069
1	-28,975	-21,533	-13,554
2	-41,762	-28,176	2,498
MARIIS	150,202	42,472	119,452
3	-42,328	-53,783	-35,119
UPRIIS	-13,907	-13,847	112,329
4	-34,963	-45,174	-33,725
5	-30,453	-29,519	-16,721
6	-31,621	-22,967	6,894
7&8	-3,459	-13,098	-466
9	-8,165	-7,790	6,957
10	-15,049	-8,099	6,596
11	4,524	-4,375	9,626
12	7,836	20,534	4,040
13	1,839	3,465	12,732
CO	286,801	216,107	221,965
Nationwide	201,400	35,087	405,573

Net Income = Income (ISF CA + ISF BA + Equipment Rental + CIS/Pump Amortization + Equity + Others) – Expenses (PS + MOOE + TL/RG/AS/VIG)

Table 2. **NIA Budget by Region, FY 2005-2007 (in thousand pesos)⁵**

REGION	PS			MOOE			CO		
	2005	2006	2007	2005	2006	2007	2005	2006	2007
CAR	26,759	29,516	31,102	7,859	10,036	12,321	5,619,778 GAA (RA 9336)	5,377,767 GAA (RA 9336 as reenacted)	7,899,139 GAA (RA 9401)
1	52,637	52,888	49,639	7,765	4,164	9,439			
2	69,912	69,099	64,707	63,728	55,936	89,713			
MARIIS	116,656	120,278	115,665	70,026	69,986	65,402			
3	91,523	90,619	86,038	26,869	27,498	32,664			
UPRIIS	98,809	98,737	101,537	46,357	49,683	95,436			
4	86,359	87,456	83,739	6,103	6,094	16,028			
5	47,741	50,281	47,437	6,091	4,477	12,588			
6	74,922	77,911	67,477	5,600	9,827	15,272			
7&8	57,056	56,747	56,444	5,245	14,081	20,668			
9	31,588	31,917	29,686	6,901	2,755	10,571			
10	53,508	54,874	51,462	8,152	7,636	17,903			
11	61,032	65,515	61,430	16,245	20,521	29,326			
12	87,622	90,892	87,761	31,389	36,673	49,930			
13	33,153	36,155	28,062	8,803	8,057	31,144			
CO	149,717	172,578	154,399	36,596	39,495	53,844			
Total	1,138,994	1,185,463	1,116,585	353,729	366,919	562,250			

⁵ Personal Services and MOOE are derived from Corporate Fund Sources. Capital Outlay, on the other hand, is derived from the General Appropriations Act (GAA) to the agency.



Table 3. NIA Capital Outlay for 2005-2007 (in thousand pesos)⁶

PROJECT	2005		2006		2007	
	GAA (RA 9336)	Allotment Received as Realigned	GAA (RA 9336 as Reenacted)	Allotment Received as Realigned	GAA (RA 9401)	Allotment Received as Realigned
A. Regular Program						
I. Foreign-Assisted Projects (FAPs)	2,920,309	2,520,309	2,920,309	2,770,309	5,495,865	1,659,690
II. Locally Funded Projects (LFPs)	1,245,260	1,245,257	1,245,260	1,245,260	1,903,274	672,892
<i>Total Regular Program</i>	4,185,569	3,765,566	4,165,569	4,015,569	7,399,139	2,332,582
B. Other Sources						
I. FAPs	1,203,996	787,855	854,504	847,579	-	-
II. LFPs	250,213	210,443	357,694	307,197	500,000	3,126,678
<i>Total Other Sources</i>	1,454,209	998,298	1,212,198	1,154,776	500,000	3,126,678
GRAND TOTAL	5,619,778	4,763,864	5,377,767	5,170,345	7,899,139	5,459,260
PHYSICAL ACCOMPLISHMENT AREA (HECTARES)	2005		2006		2007	
	NEW	REHAB	NEW	REHAB	NEW	REHAB
	10,539	110,865	8,989	57,088	-	-

Anti-Corruption Programs

- Integrity Development Action Plan (IDAP) – NIA adopted the Integrity Development Action Plan of the Presidential Anti-Graft Commission (PAGC) in 2005, incorporating the commitment of NIA to formulate its own Corruption Prevention Plan.
- The Committee on Discipline (COD) was created pursuant to the provisions of Republic Act No. 6713 and in consonance with Civil Service rules and regulations. The agency prescribed the implementing rules and regulations concerning the policies and guidelines of the COD under Memorandum Circular Nos. 70 series of 2001 and 27 series of 2005.

Table 4. COD Reports on Corruption and Actions Taken FY 2001-2006

YEAR	Complaints / Cases Received	Cases Resolved	Pending / For Verification / Archived	Cases Dismissed
2001	4	1	1	2
2002	5	3	1	1
2003	21	12	6	3
2004	25	11	7	7
2005	32	3	27	2
2006	7	0	7	0
TOTAL / PERCENTAGE	94	30 (32%)	49 (52%)	15 (16%)

⁶ NIA Summary of 2005-2007 Annual Budgets



III. Assessment Methodology and Tools

Methodology

The CRR is Phase 1 of the Integrity Development Review. CRR is conducted in stages with two main components:

Stage 1: Integrity Development Assessment (IDA). This is also called the guided self-assessment undertaken in a focus group discussion (FGD) where participants are requested to rate the efforts of their agency to put in place measures that can prevent and/ or forestall corruption. This tool does not measure or determine incidences of corruption, but rather identifies the areas where the agency has installed systems to prevent corruption. There are 10 dimensions for review:

1. Leadership
2. Code of Conduct
3. Gifts and Benefits Policy
4. Human Resource Management: Recruitment, Selection and Movement of Personnel
5. Performance Management
6. Procurement Management
7. Financial Management: Budgeting, Accounting, Cash Handling
8. Internal Reporting and Investigation
9. Corruption Risk Management
10. Interface with External Environment

For each dimension, the agency can assess their levels of achievement vis-à-vis a five-point scale. The assessment yields possible steps that the agency can undertake to advance to the next level.

Stage 2: Survey of Employees. This is a means to check the deployment of integrity building measures and solicit feedback from employees on:

- Their personal experiences with integrity building measures of the agency;
- Clarity of guidelines and procedures (particularly when they serve as safeguards);
- Effectiveness of corruption prevention measures; and
- Their suggestions for improvement

The survey uses the sealed envelope technique to encourage honest feedback and ensure the confidentiality of respondents and responses.

Demographic Profile of Respondents

A total of 335 respondents were interviewed from the National Irrigation Administration (NIA) coming from four (4) sites: the Central Office (CO), Region 3, Regions 7&8, and Region 11.

Educational Profile

About sixty-six percent (65.67%) of the respondents across all 4 sites have at least a college degree, with 0.60% of the employees with post-graduate degrees (MA/MS or PhD). One fourth of the respondents (26.27%) are only high school or elementary graduates.



Table 5. Educational Attainment Distribution of Survey Respondents by Site

Educational Attainment	CO	Region 3	Region 7 & 8	Region 11	Agency Totals
Elementary	4	8	1	0	13
	3.33%	8.00%	2.00%	0.00%	3.88%
High School	13	32	13	17	75
	10.83%	32.00%	26.00%	26.15%	22.39%
Vocational	10	6	2	9	27
	8.33%	6.00%	4.00%	13.85%	8.06%
College	69	43	27	35	174
	57.50%	43.00%	54.00%	53.85%	51.94%
MA/MS	22	11	7	4	44
	18.33%	11.00%	14.00%	6.15%	13.13%
Ph.D.	2	0	0	0	2
	1.67%	0.00%	0.00%	0.00%	0.60%

Work Profile

Most of the respondents occupy non-supervisory positions (79.94%) with nearly one hundred percent (93.73%) at permanent status.

In terms of scope of work, 79.17% of respondents from NIA-Central Office cover national scope. Respondents from Region 3, 7, 8 and 11 are mainly involved with regional (40% – 50%) and provincial activities (30% - 40%). Most of the respondents (92.24%) have been in active service at the NIA for at least 10 years.

Table 6. Work Profile Distribution of Survey Respondents by Description and by Site

Description of Work		Number of Respondents				Agency Total (%)
		Central	Region 3	Region 7 & 8	Region 11	
POSITION	Supervisory	34	15	10	5	19.10%
	Non-Supervisory	70	85	40	60	76.12%
STATUS	Permanent	106	95	48	65	93.73%
	Temporary	7	5	2	0	4.18%
	Contractual	3	0	0	0	0.90%
	Job Order	4	0	0	0	1.19%
SCOPE	Central	95	0	0	0	28.36%
	Regional	12	48	20	32	33.43%
	Provincial	1	38	20	19	23.28%
	City	7	0	1	0	2.39%
	Municipal	4	14	9	14	12.24%
YEARS	0-1 yr	1	2	0	0	0.90%
	2-4 yrs	3	2	1	2	2.39%
	5-9 yrs	8	2	1	4	4.48%
	10-20 yrs	21	27	1	17	19.70%
	>20 yrs	87	67	47	42	72.54%
TOTAL RESPONDENTS		120	100	50	65	335



Survey Results

The survey instrument focuses on ten (10) areas of inquiries, namely:

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

A 6-point Likert scale was utilized in order to assess the level of agreement or disagreement of the respondents to specific terms relevant to corruption prevention. Levels of agreement range from Strongly Disagree (SD) to Strongly Agree (SA) and include Don't Know and Refuse to Answer.

Using a 4-point weighted scale system, net ratings were computed for statements in each of the 10 areas of inquiry. Zero weight is given to "Don't Know" and "Refuse to Answer" responses. The weighted rating is computed using the following formula:

<u>Response Scale</u>	<u>Weight</u>	<u>Frequency</u>	<u>Scale x Frequency</u>
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 – 2.19 = 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 split opinion is obtained with a net weighted rating of 2.5. A positive net agreement occurs if the net rating is less than 2.5 and a negative net agreement is reached if the net rating is greater than 2.5. 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.

Comparison of means were also conducted using a One-way ANOVA statistic comparing each statement against five (5) work descriptions of Position, Status, Nature of Work, Scope of Work and Years of Service. This was performed separately for each of the four sites. Significant differences in responses were noted for significance values of 0.05 or less. The One-way ANOVA Tables are provided in the Appendix for reference. Results with significant differences are highlighted in bold numbers in these ANOVA tables.



Stage 3: Research Indicators. This is where documents are collected and analyzed to support the ratings made during the IDA process.

Table 7. **NIA Manpower Complement as of December 2006**

Assessment Site	MONTHLY			DAILY			Total
	Permanen	Temporary	Subtotal	COB Chargec	Project Chargec	Subtotal	
Central Office	516	1	517	28	107	135	652
Region 11	262	0	262	61	116	177	439
Region 7& 8	194	1	195	68	293	361	556
Region 3	388	1	389	49	27	76	465
TOTAL	1360	3	1363	206	543	749	2112
Nationwide Total = 8,153⁷							

The Assessment Sites: Nature and Scope of Operations

1. **Central Office:** The central office issues guidelines and policies and exercises control, through monitoring and evaluation, over field operations. The Administrator is NIA's chief executive officer. He is supported by four assistant administrators, each in-charge of the following sectors: project development and implementation (PDI); systems operation and equipment management (SOEM); finance and management, and administrative services. The position of deputy administrator was created in 1986 only. There are 12 departments and two staff who lend technical, financial and administrative support services to field operations.
2. **Region 11** comprises the provinces of Davao Oriental, Davao del Norte and Sur, Davao and Compostela Valley and has a total land area of 1,967,382 hectares. The NIA regional office is located in the regional capital of Davao City and 47,995 hectares are being served by existing irrigation systems with 100,562 hectares considered potential area for irrigation development. At present, Region 11 operates and maintains 9 national irrigation systems under 6 responsibility centers/River Irrigation Systems (RIS) covering 29,643 hectares in Lasang, Libuganon, Kipaliku, Lupon, Mal, Padada, Libuganon Left, Saug and Batutu.
3. Unique to NIA is **Region 7 & 8**, merged into one regional unit comprising the provinces of Cebu, Bohol, Negros Oriental, Northern Leyte, Southern Leyte, Western Samar, Eastern Samar and Northern Samar. The total coverage area is 3,643,110 hectares with 81,944 hectares already being served by existing irrigation systems and 135,120 hectares considered potential areas for irrigation development. The regional seat is located in Marasbaras, Tacloban City and operates 19 NIS with a total service area of 23,962 hectares in the Island of Leyte. An Irrigation Superintendent heads 8 River Irrigation Systems (RIS) as follows: Binahaan-Tibak, Mainit-Pongso, Daguitan-Guinarona, Balire-Ibawon-Gobuga, Bito, Bao, Hindang-Hilongos-Das-ay and Bohol-Capayas.
4. **Region 3**, otherwise known as the Central Plains of Luzon, covers the provinces of Aurora, Bataan, Bulacan, Nueva Ecija, Pampanga, Tarlac and Zambales with a total land area of 2,131,804 hectares. A total of 269,136 hectares are already being serviced by existing irrigation systems and 498,860 hectares are considered potential areas for irrigation development. Region 3 operates a total service area of 67,288 hectares with 10 irrigation systems (RIS) identified as follows: Angat-Maasim RIS, Porac-Gumain RIS, Colo-Caulaman RIS, Bucao RIS, Nayom-Bayto RIS, Camiling RIS, Tarlac-San Miguel-O'donnell RIS, Nueva Ecija Pump IS, Disalit Creek RIS and Pampanga-Delta RIS.

⁷ www.nia.gov.ph



Schedule of Assessment

The CRR officially started with the Integrity Development Assessment (IDA) at the NIA Central Office in Edsa, Quezon City on 30 January 2007 which was participated in by 18 top and middle managers including the Deputy Administrator. The team of nine (9) IDR assessors facilitated the self-assessment. A three-day survey of randomly selected employees followed. Results of the survey will validate the deployment of the ten dimensions discussed in the IDA. The complete list of IDA participants and their ratings is annexed in this report⁸.

The IDA, Random Survey of Employees and Indicators Research were duplicated in the three (3) regional sites pre-identified by the agency. Details of the methodology and comparative manpower complement are given in the tables below.

Fig. 5. IDR at NIA

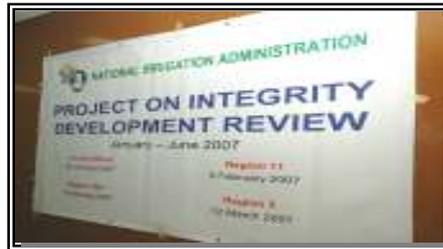


Table 8. Schedule of IDR Activities and Number of Participants

Sites	IDA	SURVEY	CVA
Central Office	18 participants 30 January 2007	120 employees 31 January – 2 February	April 30 & May 2 -4
Region 11 (Field Site No. 1)	14 participants 5 February 2007	65 employees 6 – 9 February	April 23 - 27
Region 7 & 8 (Field Site No. 2)	22 participants 5 February 2007	50 employees 6 – 9 February	April 23 - 27
Region 3 (Field Site No. 3)	18 participants 19 February 2007	100 employees 20 - 22 February	May 7 - 11

⁸ Annex 2: List of IDA participants and ratings



A. Corruption Resistance Review

1. Leadership

The role that leadership plays in promoting integrity in the organization cannot be over emphasized. In a society where institutions need to be strengthened, leadership in most cases 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.

The rating scale for this dimension is as follows:

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

1.2 Leadership at NIA

The system of governance of NIA is well defined and illustrated by its Organizational and Functional Charts for the Central Office and the regional offices. It is the regional leaders who set the framework for annual targets and provide the feedback mechanism received from its clientele and partners, e.g. Irrigation Associations. The Administrator, as Chief Executive Officer, oversees over-all administration of NIA and the implementation of policies that emanate from an inter-agency Board of Directors that meets monthly.

The seat of the Chief Executive Officer and Administrator is also at its main office in Quezon City. He is supported by a Deputy Administrator, and the Executive Committee composed of the four (4) Assistant Administrators of the following: the Project Development and Implementation (PDI), Systems Operations and Equipment Management (SOME), Finance and Management (FM), and the Administrative Systems (AS), plus 13 Department Heads. This



ExeCom meets weekly to resolve issues and concerns affecting all sectors. Graphic illustration of the flow of command is reflected in the NIA Functional Chart (see page 12) and is further specified in Memorandum Circular No. 50, s. 2002.

At the regional seats, the Regional Irrigation Managers establish regional performance targets and expectations to develop and manage water resources for irrigation and provide sustainable level of irrigation service systems in the Philippines.

This commitment is submitted to the Central Office, which is translated into percentages and performance standards for monitoring and evaluation at the end of the cropping season. The review and evaluation of physical and financial accomplishments are done during regular regional/project managers' conference.

1.3. Assessment

IDA participants deliberated and agreed to the following the consensus rating and deployment score:

Table 9. IDA Ratings for Leadership Across Sites

LEADERSHIP	Central Office	Region 11 (Davao)	Region 7 & 8 (Cebu / Tacloban)	Region 3 (Bulacan)	Team Rating
Agency Rating	1	1	1	1	
Deployment Score	30-40 %	30-40 %	30-40 %	70-80 %	30-40%
Validated Rating	1	1	1	1	1

During the IDA/Focused Group Discussion at Central Office, 2 participants gave a rating of 3; 9 participants gave a rating of 2; 6 participants rated 1; and 1 gave a rating of 0.

Upon review on the levels of achievement for each rating, the 18 participants arrived at a consensus rating of 1 instead of 2. Participants proved that NIA have a Functional Chart that clearly defines the accountabilities and responsibilities of all incumbents. Its organizational values and goals are formulated from its mandate and during the NIA Annual Strategic Planning session, senior leaders/managers set performance expectations taken from inputs of regional managers.

There was deliberation to accept the inspirational talks given by NIA officials during the weekly Flag Ceremony where attendance is mandatory for all employees and consider this as compliance for requirement on articulation for ethical behavior.

Upon favorable consideration on this issue, it was agreed that all requirements indicated for this level are complied with, but that the Senior Managers have not taken proactive steps to discourage staff from engaging in corrupt practices – a requirement to earn a rating of 2.

The deployment score of 30%-40% was agreed upon, as the participants understood that although senior leaders/managers are fully aware of the organizational values and performance expectations, some rank and file employees are not aware of this information.



In Region 11, the following ratings given are distributed as follows:

Rating	=	Participants (14 total)
5	=	2
4	=	4
3	=	3
2	=	1
1	=	4

During the deliberation at this field site, assessors were informed that participants rated themselves as leaders in their own area of responsibility. It was clarified by the assessors that rating should be leadership at the regional level, after which the participants went through a second round of the same rating process and disregarded the first results. After deliberation, consensus was arrived at a rating of 1 with a deployment score of 30-40%.

Region 11 would have earned the next higher level of achievement if the participants submitted documents proving compliance of requirements for rating 2 or describe the proactive steps taken to discourage staff from engaging in corrupt practices.

In **Region 7 & 8**, the following IDA scores came out: 1 = 6 participants; 2 = 11 participants; 3 = 4 participants; 4 = 1 participant

During the deliberation for this dimension and the requirements to earn the level of achievement, the 22 IDA participants agreed that their regional rating is 1 with a deployment score of 30-40% for the reason that not all sectors are fully aware of the organizational values, short and long term directions and performance expectations especially the rank and file.

In **Region 3**, the IDA process results are as follows: 4 = 4 participants; 3 = 3 participants; 2 = 6 participants; and 1 = 5 participants. The deployment score of 70-80% was given by the 18 participants.

Upon review of requirements for each level of achievement, the 18 participants arrived at a consensus rating of 1 and a deployment score of 70-80%, for the reason that majority of the employees are aware of the organizational structure, values and performance expectations.

To validate the rating and deployment scores, the following documents were collected by Team at the Central Office and at all the identified field sites:

- organizational structures with incumbents
- functional charts with responsibilities
- NIA Annual Reports, fiscal years 2004 and 2005
- Memorandum Circular No. 50 s. 2002 on revised delegated authorities; and
- Memorandum Circular No. 14 (Farmers' Participation in Irrigation Development in the Philippines)

Generally, NIA Senior leaders are proactive in complying with the responsibility requirements attached to their position, but not in corruption prevention.

1.4 Survey Results

Moderately positive net agreements pertaining to leadership concerns and professionalism were observed at NIA Offices in Region III, VI, VIII and XI. However in CO, slightly disagree that their leaders do not abuse their authority and only slightly positive agreement for professionalism.

Significant differences in responses were observed among the respondents in Central Office and the regional offices for Statement No. 1. Respondents from CO and Region 11 that would tend to disagree are likely from



those who have at least a college degree. Also negative agreement was also observed from Region 7&8 and Region 11 respondents with at least 10 years of service.

Only Region 3 showed significant differences in responses for Statement No. 2. Interestingly, respondents with only elementary and/or high school degrees reported not being inspired by their leader's professionalism.

Table 10. Net Ratings for Leadership

STATEMENTS	CO	Region 11	Region 7&8	Region 3	Agency Rating
20. Managers in our agency do not abuse their authority.	2.39	1.90	2.07	2.00	2.19
21. Managers in our agency inspire employees to be "professional"	2.49	1.88	1.88	2.16	2.17

Table 11. Suggestions to Improve Leadership's Contribution in Preventing Corruption in NIA

Suggestions	Frequency	Percent of Responses (%)
Leadership by example, good leadership	62	18.02%
Strictly implement policies/rules/regulations, strict monitoring, punish corrupt officials	49	14.24%
Transparency	37	10.17%
Dedication and hardwork, discipline, honesty, public service, proper conduct	35	9.88%
Increased salary/benefits/incentives, release on time	34	8.72%
Seminar/training/education/constant reminder on moral and values formation and spiritual guidance, create code of conduct	30	7.27%
Proper communication and information dissemination, unity and cooperation, coordination, participatory approach in project implementation	25	5.52%
No favoritism/politics	19	3.49%
No corruption, do not accept bribes	12	3.49%
Hire qualified and competent personnel	12	2.03%
Create ad hoc anti-graft body, lifestyle check, evaluate projects	7	1.74%
Report corruption	4	1.16%
Simple living	4	1.16%
Rotation of personnel	3	0.87%
Protection for whistleblowers	2	0.58%
Support from management	2	0.58%
Lower retirement age	1	0.29%



Organizational Culture

Slight to Moderately Positive agreement is recorded for Statement 7 which pertains to employees being consulted on policies that concern them. Significant differences in responses were observed in CO wherein those who tended to disagree are personnel with permanent status.

On one hand, Moderately Positive agreement in Region 3, Region 7 & 8, and Region 11 while Slightly Negative agreement in the Central Office, are recorded with regards to the involvement of employees in the decision-making process of the agency. No significant differences in responses were observed.

Slight to Moderately Positive net agreement was recorded for open lines of communication in the agency. Region 11 respondents who tended to disagree are those with at least a college degree.

Table 12. Net Ratings for Organizational Culture

STATEMENTS	CO	Region 11	Region 7 & 8	Region 3	Agency Rating
7. Employees are consulted on policies that concern them.	2.42	2.00	2.06	1.98	2.15
8. Employees are involved in making decisions.	2.61	2.20	2.20	2.19	2.34
9. Lines of communication are open.	2.29	1.94	1.89	1.96	2.06

A significant number of respondents (152 or 45.65%) suggested that an improvement in their present salary and probably additional benefits that are given / released on time can greatly improve employee responsibility in NIA. Other suggestions include such IDR values as good leadership, good public service, honesty and moral and spiritual recovery for employees.

Table 13. Suggestions to Improve the Responsibility of Employees

Suggestions	Frequency	Percent of Reponses (%)
Increase/improve salary and benefits, release on time	152	45.65%
Dedication and hard work, punctuality and self-discipline, honesty, good public service, do not accept gifts	59	17.72%
Leadership by example, good leadership	33	9.91%
Proper communication, unity and cooperation	24	7.21%
Trainings and seminars for moral and spiritual recovery and employee empowerment	23	6.91%
No favoritism, fair treatment in promotion, reshuffling of leaders	14	3.60%
Close supervision, strict monitoring, strict implementation of policies	12	1.80%
Satisfied with the system	6	1.20%



Suggestions	Frequency	Percent of Reponses (%)
Improved water supply	2	0.60%
Transparency	2	0.60%
Less tasks	1	0.30%
Use of motorpool	1	0.30%

1.4. Next Steps

It is noted that NIA leaders and senior managers have just started their efforts to put in place measures on corruption prevention and majority in the rank and file responded that they are not aware of any government program on integrity development or corruption prevention. The plus factor for NIA to earn the rating of 2, is the posting of agency vision, mission and goals in strategic places as a means of deployment.

Only the requirements for rating 1 are complied with, e.g. clearly defined authorities and accountabilities, set organizational values, short and long-term directions and performance expectations. To achieve rating 2, it is recommended that senior leaders should attend trainings on corruption prevention and detection to be conducted by appropriate government agency.

NIA should likewise formulate its customized Corruption Prevention Plan (CPP) and create a policy for implement short-term directions and the issuance of a memorandum circular to implement and conduct an agency-wide intensive information awareness campaign on corruption prevention and detection.



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.

The rating scale for this dimension is as follows:

Rating	Levels of Achievement
1	<ul style="list-style-type: none"> ▪ The agency has a general code of conduct (RA 6713). ▪ The agency monitors annual submission of Statement of Assets and Liabilities and Net Worth (SALN) and disclosures of business interests and financial connection.
2	<ul style="list-style-type: none"> ▪ The agency has a customized Code of Conduct, which has concrete examples of ethically acceptable/non-acceptable practices and situations of conflicts of interest that are relevant to the different types of work carried out by the agency. ▪ There is a program for promotion (e.g. orientation) of the agency Code of Conduct.
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 agency Code of Conduct are sanctioned. Rewards are given to employees who consistently exhibit behaviors that are consistent with the agency Code of Conduct.
4	<ul style="list-style-type: none"> ▪ The agency Code of Conduct has been integrated in key systems and mission critical functions (e.g. applicable provisions of the Code of Conduct are included in contracts with external parties). ▪ Employees' record of adherence to or violation of the 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 preventing corruption and in specifying and promoting the desired behavior of employees. ▪ Results of the review are used to strengthen the agency's Code of Conduct.

2.1. Description of the Agency System/Processes relevant to the Dimension

Generally, NIA adopts RA 6713, in accordance with the memorandum issued by the Civil Service Commission on the rules implementing the Code of Conduct and Ethical Standards for Public Officials and Employees, e.g. workflow charts of NIA functions and procedures are posted in conspicuous places for the information and guidance of all concerned, e.g. procurement bidding.

This is pursuant to Section 2, Rule IV, which states that:

“It is the responsibility of heads of departments, offices and agencies to establish measures and standards that will ensure transparency of, and openness in, public transactions in their respective offices, such as biddings, purchases, other financial transactions including contracts, status of projects and all other matters involving public interest.”



During the regular Monday Flag Raising Ceremony, employees recite the “Panunumpa ng Kawani ng Gobyerno”, where strict attendance is required.

2.2. Assessment

Results of the IDA process at the Central Office are as follows: 8 participants gave a rating of 1; 7 gave a rating of 2; 2 gave a rating of 3 and only 1 participant gave a rating of 4.

During deliberation, the Dimension-owner clarified that the levels of achievement are cumulative and there should be documentary evidence of compliance. Upon query, the participant who gave the highest rating agreed that NIA does not have a customized Code of Conduct nor does the agency analyze disclosures of employees in the SALNs submitted.

When the review for each level of achievement was completed, the 18 participants agreed that the agency rating for this dimension is 1 and the deployment score is 50-60%: approach is well-deployed in key areas, but varies in some work units.

In Region 11, there was a variation in ratings given by a total of 14 participants: one each gave scores for rating 0, 2, 4, 5 while 5 participants gave a rating of 1 and 5 others gave a rating of 3 with a deployment score of 90-100% because most of the employees are aware of RA 6713 and all comply with the annual submission of the SALN.

In Region 7 & 8, 10 out of the 22 participants gave a rating of 1 and acknowledged that the regional office applies the general code of conduct based on RA 6713. There was a review of the levels of achievement, after which all the participants agreed to the consensus rating of 1 and a deployment score of 70-80%, noting that the approach is well deployed and there are no significant gaps in employee awareness of this law.

Upon review of the scores and its equivalent levels of achievement, the participants who gave a rating of 5, 4, 3 and 2 were in agreement that the regional office did not meet the requirements for these ratings.

Table 14. IDA Ratings for Code of Conduct Across Sites

CODE OF CONDUCT	CO	Region 11 (Davao)	Region 7&8 (Tacloban)	Region 3 (Bulacan)	Team Rating
Agency Rating	1	1	1	1	
Deployment Score	50-60 %	90-100 %	70-80 %	70-80 %	90-100%
Validated Rating	1	1	1	1	1

Central Office

At the central office, some department managers have a copy of RA 6713 and the “Rules Implementing the Code of Conduct and Ethical Standards for Public Officials and Employees.

In compliance with Rule VII (Public Disclosure) of this law, Memorandum Circular 19, s. 2004 dated 15 June 2004 was issued, requiring NIA employees to submit the annual Statement of Assets and Liabilities and Net Worth (SALN) and Disclosure of Business Interest and Financial Connection. This was further strengthened with the issuances of Memorandum Circular No.27 series of 2006 dated June 8, 2006 Memorandum Circular No. 56



series of 2006 dated December 6, 2006, directing all employees to attach the copies of Income Tax Returns (ITRs) to their respective SALN.

This measure aims to promote transparency in gauging the appropriateness of their lifestyle to their positions and income corollary to the policy of the state that public officials and employees shall at all times be accountable to the people.

Field Sites

In **Region 11**, a copy of RA 6713 and its implementing rules were presented and the list of employees who submitted the SALNs for fiscal years 2004 and 2005, validating the requirements for a rating of 1 and the deployment score of 90-100%. It is noted that most of the regional employees are fully aware of this law.

In addition, a regional office memorandum dated 6 November 2006 directed the use of a "pass card" to control and monitor the implementation of CSC Law and Rule XVII Section 1 which states that "when the Head of Office, in the exercise of his discretion allows government officials and employees to leave the office during office hours and not for official business, but to attend to personal/social events/functions/wakes and interments, the same shall be reflected in their time cards and charged to their leave credits." This had been ordered disseminated to all officers and staffs of the regional office.

In **Regions 7 & 8** and **Region 3**, the deployment score is 70-80%. The team noted that not all rank and file employees are fully aware of RA 6713 and its implementing rules. The submission of the SALNs, is just for simple compliance of Memorandum Circular No. 19 and not related to any provision of this law although faithful compliance had been noted.

2.3. Survey Results

Majority of the respondents cited that the agency has a written code of conduct. Nearly twenty-seven percent (26.65%) of the respondents replied No.

Table 15. **Responses for the Presence of a Written Code of Conduct in NIA**

Response	CO	Region 11	Region 7 & 8	Region 3
YES	72	50	31	72
NO	48	15	19	28

Moderately positive net agreement ratings were observed across all four (4) sites with regards to the compliance and adequacy of orientation of the written code of conduct. No significant differences were observed among respondents in CO, Region 3 and 11. Significant differences in responses were observed in Region 7&8 wherein negative agreements were reported by those with college degrees.

Slightly positive to moderately positive agreement is observed with respect to punishment of those who violate the code. Significant differences in responses were observed in Region 11 wherein negative agreements in are more likely among the college graduates.



Table 16. Net Ratings for Code of Conduct

STATEMENTS	CO	Region 11	Region 7&8	Region 3	Agency Rating
12. A written code of ethical conduct is being followed in our agency.	2.00	1.86	2.04	1.94	1.95
13. Adequate orientation on the code of conduct and other corruption prevention measures are provided in our agency.	2.50	2.04	2.33	2.34	2.31
14. Those who violate the code of conduct are punished.	2.46	1.85	2.28	2.25	2.22

Majority of the respondents submitted their SALN for 2004. However, 3% from Central Office, Region 3 and Region 11, and 2% from Regions 7 & 8 failed to submit their SALN for 2004.

Table 17. Responses for 2004 SALN Collection by the HRD

Response	CO	Region 3	Region 7 & 8	Region 11
YES	116	97	49	63
NO	4	3	1	2

2.4. Next Steps

It is recommended that NIA should establish its customized code of conduct showing ethically acceptable/non-acceptable practices and situation of conflicts of interest that are relevant to the different types of work carried out by the agency and implement a program for promotion for the same.

It is also recommended that SALNs be incorporated into a database as part of personnel records. This will facilitate monitoring not just of submission, but also the evaluation and analysis of information, which can be utilized for necessary personnel actions and recommendations.



3. Gifts and Benefits Policy

Gifts are offered innocently or solicited 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.

Gifts refer to a thing and or a right disposed of gratuitously, or any act of liberality, in favor of another who accepts it, and shall include a simulated sale or an ostensibly onerous disposition thereof.

A step in ensuring that agencies deal effectively with offers of gifts 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. A gift registry can help enhance transparency and reduce tolerance to abuse.

The rating scale for this dimension is as follows:

Rating	Levels of Achievement
1	<ul style="list-style-type: none"> ▪ The agency has a written policy on solicitation and acceptance of gifts with relevant examples that is consistent with RA 6713 and RA 3019. ▪ The agency has written guidelines for donations. ▪ The agency has a written policy on offers of bribe.
2	<ul style="list-style-type: none"> ▪ The agency has a program on the promotion of the policy on solicitation and acceptance of gifts, for both internal and external stakeholders. ▪ The agency has a registry for gifts, donations and institutional tokens.
3	<ul style="list-style-type: none"> ▪ The policy on solicitation and acceptance of gifts is 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 those who report offers of bribes. ▪ Sanctions are applied to officials and staff who fail to comply with the policy.
4	<ul style="list-style-type: none"> ▪ The registry of gifts is available for examination by internal and external stakeholders. ▪ 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 is regularly reviewed for effectiveness. ▪ Results of the review are used to tighten agency's policy on solicitation and acceptance of gifts and benefits.

3.1. Gifts and Benefits Policy at NIA

The agency does not have a system or process that could relate to the gifts and benefits policy dimension. In most sites assessed, gifts that are given after a job is done are considered additional rewards for a job well done. However, apprehensions were expressed for gifts that are given prior to a request made by a client although no standard response was gathered from those interviewed if gifts of such kind are welcomed and accepted.



3.2. Assessment

The IDA participants in the National Office and the three regional sites scored this dimension a rating of 0. They all agreed that NIA has no written policy on solicitation and acceptance of gifts and benefits with relevant examples that is consistent with R.A. 6713.

Table 18. IDA Rating for Gifts and Benefits Policy Across Sites

GIFTS AND BENEFITS POLICY	Central Office	Region 11 (Davao)	Region 7&8 (Tacloban)	Region 3 (Bulacan)	Team Rating
Agency Rating	0	0	0	0	
Deployment Score	0	0	0	0	0
Validated Rating	0	0	0	0	0

The Assessment Team agrees that NIA has 0 rating.

3.3. Survey Results

With regards to the knowledge of the agency's written gifts and benefits policy, the regional offices showed a split response between Yes and No. Majority of the respondents replied NO, or that they do not have a written policy on gifts and benefits which validates the IDA rating of 0.

Table 19. Responses for the Presence of a Written NIA Gifts and Benefits Policy

Response	CO	Region 11	Region 7 & 8	Region 3
YES	32	12	5	14
NO	88	53	45	86

Net ratings on statements for Gifts and Benefits Policy indicate that a moderate positive agreement on the awareness of employees and the transacting public on the agency's policy on gifts and benefits. No significant differences in responses were noted across all sites.

Table 20. Net Ratings on Gifts and Benefits Policy

STATEMENTS	Central Office	Region 11	Region 7&8	Region 3	Agency Rating
17. The employees in our agency are made aware of the policy on solicitation and gifts.	2.04	1.67	1.75	1.92	1.91
18. The transacting public and suppliers know the policy of our agency on solicitation and receiving of gifts.	2.16	1.91	2.37	2.36	2.18



Even though NIA does not have a written gifts and benefits policy, it is noteworthy to state that almost all of the respondents do not agree to accepting any personal gift from either the transacting public or the suppliers as can be seen in the table of responses below.

Table 21. Acceptable Personal Gift from the Transacting Public or Suppliers

Amount	No. of Responses
No answer	170
0	151
50	2
100	3
200	1
250	1
300	1
400	0
500	4
1000	1
10000	1
TOTAL	335

3.4. Next Steps

A gifts and benefits policy is an essential component of corruption prevention. It is thus practical to issue written policies, directives and guidelines on the acceptance of gifts. Should acceptance of gifts of nominal value be allowed, it is important to define what is a gift of nominal value and under what circumstances these gifts may be allowed. A gifts register may be useful in monitoring disclosure and patterns of gifts acceptance. As a tighter measure, a “no-gifts policy” may be considered. Whatever policy the agency formulates, this policy must be communicated to the public.



4. Human Resource Management

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.

The rating scale for this dimension is as follows:

Rating	Levels of Achievement
1	<ul style="list-style-type: none"> ▪ The agency has a written guideline for recruitment and promotion of personnel (e.g. Merit Selection/Promotion Plan) following CSC guidelines. ▪ The agency has a Selection Board and Promotions Board with rank and file representative/s. ▪ The agency has a complete set of job descriptions and qualification standards for all positions.
2	<ul style="list-style-type: none"> ▪ The agency guidelines for recruitment and promotion are proactively disseminated. ▪ Members of the Boards and relevant personnel undergo orientation on the agency's recruitment and promotion policies and processes.
3	<ul style="list-style-type: none"> ▪ The policies/guidelines on recruitment and promotion are consistently enforced (e.g. Personnel appointments are issued based on the provisions of the agency Merit Selection and Promotions Plan; policy on outside employment; blacklisting of erring personnel). ▪ 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 the Boards. ▪ The agency has a mechanism to shield recruitment, placement and promotion of personnel from political intervention.
4	<ul style="list-style-type: none"> ▪ Results of performance evaluations and complaints involving moral turpitude are considered in the placement and promotion of employees. ▪ Bases of decisions on promotions and movements of personnel that deviate from the recommendations of the Boards are documented. ▪ The agency has a post employment policy for resigning/retiring personnel. ▪ The agency conducts random checks of the decisions of the Boards.
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 to enhance the integrity of the personnel recruitment, selection and promotion processes.

4.1 Human Resource Management at NIA

At NIA, Executive Order No. 366 dated 4 October 2004 "Rationalization Plan" is in effect and remains to be implemented upon approval by the Department of Budget and Management.

The complete cycle of Human Resource Management starts from recruitment and ends with the exit of the employee through retirement, resignation or transfer to another government agency. For this dimension, focus is only on recruitment and promotion at NIA.

The CSC-approved Memorandum Circular No. 55, series 2003 established the NIA Merit Selection Plan for the strict observance of the merit, fitness, and equality principles in the selection of employees for appointment to positions in the career and non-career level of positions.



Pursuant to NIA-MSP, there are two sets of the Personnel Selection Board (PSB) one, to screen candidates for appointment/promotion under the first, second and the other set, to screen candidates for third level positions. Composition of the PSB for the first and second level positions: two (2) representatives of the rank-and-file employees, one from the first level and one from the second level, both chosen by the NIA-EASP. The first level representative participates during the screening of candidates for vacancies in the second level. Both representatives serve for a period of two (2) years.

Composition of the PSB for third level positions: Chairperson – Administrator or authorized representative, three (3) Career Executive Service officials duly constituted by the EXECOM, and the Department Manager or highest official directly responsible for personnel management.

The provisions of the MSP are followed in the filling up of vacancies under the first and second level positions. Employees holding next-in-rank positions and other interested employees submit their application in the duly prescribed forms, for initial evaluation by the Personnel and Records Management Department-Personnel Division (PRMD-PD)/Administrative Division-Personnel Section (AD-PS). Publication of vacancy is in CSC Bulletin of Vacant Positions and posted in conspicuous places in the agency.

The PSB members, including alternate representative for first, second and third level positions attended the training/workshop on appointments and other personnel actions conducted by the Civil Service Commission.

The selection line-up of candidates reflect their comparative competencies, capabilities and percentage weights:

Table 22. **Personnel Competencies and Percentage Weights**

Factor	Percentage Weight (%)
Performance	35%
Education / Training	20%
Experience	25%
Psycho-Social Attributes	10%
Potentials	10%
Total	100

In the selection process, qualifications of the candidates are matched with the CSC-approved Qualifications Standards Manual describing minimum qualifications (education, experience and eligibility) for the position, including physical characteristics and personality traits required in the performance of the job.

4.2 Assessment

The Central Office gave a rating of 3 citing that the agency has satisfied the requirements of levels 1, 2 and 3. Region 3 gave a rating of 2 citing that the PSB is functioning. Regions 7 and 8 gave a rating of 2 and presented documents to satisfy levels 1 & 2. Region 11 gave a rating of 2 and claims that background investigation is not necessary because most employees started from the lowest rank and consistently got promoted.



Table 23. IDA Rating for Human Resource Management

HUMAN RESOURCE MGT.	CO	Region 11 (Davao)	Region 7&8 (Tacloban)	Region 3 (Bulacan)	Team Rating
Agency Rating	3	2	2	2	
Deployment Score	30-40 %	70-80 %	70-80 %	70-80 %	30-40%
Validated Rating	2	2	2	2	2

Upon validation, provisions on background investigation conducted (prerequisites for level 3 rating) were not fully discussed and no reports, minutes and certification of those who have undergone orientation on this subject were submitted. However, the agency maintains records of minutes, resolutions and decisions of the PSB.

4.3 Survey Results

Results of the net ratings indicate slight to moderately positive agreement with regards to the process of recruitment and promotions following a set criteria. In contrast, respondents in CO indicated moderately negative agreements that the process was free from external influences. Region 3, Region 7 & 8, and Region 11 all indicated slightly positive net ratings.

Significant differences in responses were observed in 3 sites (except Region 7&8) in terms of educational attainment. The following observations were noted:

- CO respondents that tend to disagree with Statement 23 are among those with at least a college degree.
- Region 3 respondents that tend to disagree with Statements 23 & 24 were among those with elementary and/or high school diplomas.

Region 11 respondents that tend to disagree with Statement 24 were among those with college degrees.

Table 24. Net Ratings for Human Resources Management

STATEMENTS	CO	Region 11	Region 7&8	Region 3	Agency Rating
23. The process for recruitment in our agency follows a set of criteria.	2.39	2.06	2.06	2.20	2.22
24. The process for promotions in our agency is free from external influences.	2.88	2.48	2.35	2.43	2.59

When asked what employees could suggest to improve the processes of recruitment and promotion in NIA, more than a third of the respondents suggested that management should practice fairness by adhering to the CSC rules on promotion and recruitment and that politicking and favoritism should be set aside.



Table 25. **Suggestions to Improve the Process of Recruitment and Promotion in NIA**

Suggestions	Frequency	Percent of Responses (%)
No favoritism, no politics, fairness	111	33.04%
Adhere to the guidelines/CSC rules and laws	101	30.06%
Institutionalize recruitment process, better recruitment procedure, review promotion/better evaluation	35	9.23%
Evaluate applicants thoroughly	31	5.95%
Satisfied with the system	20	2.68%
Transparency	9	2.08%
Good leadership, cooperation, professionalism	7	2.08%
Update the profile, act on farmer's needs, consult employees union, assign a liaison officer	7	1.49%
Trainings and seminars, information dissemination	3	0.89%
Benefits and incentives	2	0%
Give priority to rank and file	2	0.60%
No movement of personnel	2	0.60%
Refused to answer	1	0.30%

4.4 Next Steps

Although NIA has a CSC-approved Quality Standards Manual and Merit Promotion Plan-Promotions Selection Board, a policy may be issued to avoid political intervention in the recruitment and promotion of employees and devise a control mechanism on appointments and other personnel actions e.g. conduct of a background investigation to prevent entry of corrupt employees and the posting of list of blacklisted personnel in strategic places.



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 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.

The rating scale for this dimension is as follows:

Rating	Levels of Achievement
1	<ul style="list-style-type: none"> ▪ The agency has set organizational goals, annual targets and performance indicators. ▪ Performance targets and work plans at the unit and individual levels are based on the agency's goals.
2	<ul style="list-style-type: none"> ▪ The agency has a performance evaluation and management system in place. ▪ Managers and supervisors are trained on performance evaluation and management. ▪ The basis of performance evaluation is made known to all employees.
3	<ul style="list-style-type: none"> ▪ The agency regularly prepares reports (e.g. annual 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. ▪ Agency annual reports made available to the public to account for what the agency has accomplished vis-à-vis its targets.
4	<ul style="list-style-type: none"> ▪ The agency links staff performance ratings with the attainment of unit's targets and level of performance. ▪ Levels of agency and individual performances are analyzed in relation to corruption incidence in the agency.
5	<ul style="list-style-type: none"> ▪ The agency regularly reviews the effectiveness of its performance management system in preventing corruption and enhancing integrity. ▪ Results of the review are used to improve the agency's performance evaluation and management system.

5.1 Performance Management in NIA

At NIA, the Annual Strategic Planning and Target Setting is conducted during the first quarter. Performance evaluation and management systems in place are: the CSC-approved M.O.R.E. conducted every semester by employees and P.R.A.I.S.E. accomplished annually. For third level positions, the C.E.S.P.E.S. is conducted annually. NIA also has the Viability Incentives Grant (V.I.G.), a performance appraisal and rewards system conducted annually.

5.2 Assessment

The IDA participants in the Central Office are the Deputy Administrator, Assistant Administrators, Department Managers and Project Managers. IDA participants in 3 Regional sites, Region 11, 3 and 7 and 8 are composed of the Regional Irrigation Managers, Division Managers, Irrigation Superintendents, Provincial Irrigation Officers and Union Representatives. Regional sites are selected based on its financial and physical performance to be high



performer, medium performer, and low performer. IDA results show that participants' consensus and deployment rating in Performance Management vary.

Table 26. IDA Ratings for Performance Management Across Sites

PERFORMANCE MANAGEMENT	CO	Region 11	Region 7&8	Region 3	Team Rating
Agency Rating	2	4	2	1	
Deployment Score	30-40 %	50-60 %	50-60 %	70-80 %	70-80%
Validated Rating	2	2	2	1	2

The consensus rating of IDA participants in Reg. 11 is a 4. Region 11 claims that monthly evaluation of performance vis-à-vis target is regularly done. The Region links staff performance ratings with the attainment of its targets and level of performance. Cost reconciliation is regularly done to determine sustenance of manpower, operation and maintenance of irrigation systems and implementation of its activities and programs against targeted collection. The Region has separate Annual Report to assess and account for its accomplishment vis-à-vis targets and programs.

Region 11 adopts a more rigid policy in giving sanctions for poor performance and negligence of duty. Poor performers are issued memoranda, grounded, reassigned or rotated or even terminated.

The IDA Participants agree that the agency has clear organizational goals, annual targets and performance indicators.

Central Office and Regions 7 and 8's rating is 2 satisfying all bullets under levels 1 and 2. Region 3's consensus rating is 1 for not being able to provide documents on training on performance and evaluation for managers and supervisors.

NIA's plans and programs follow the corporate plan consistent with its mission and vision statements. The corporate plan is based on the 10-year agricultural development plan of the Philippines and medium-term development plan of NIA.

The Regional Offices set its own goals and targets. Reconstruction, repair and rehabilitation projects are consistent with the Budget Strategy and Medium Term- Development Plan. Annual targets in terms of water delivery & distribution, areas to be planted/irrigated and Irrigation Service Fee and amortization collection are set following strategic planning done first quarter of the year. Performance indicators are likewise clearly set as basis for individual performance rating at the end of the year.

NIA submits a bi-semestral report of its physical and financial performance to oversight agencies for review. This presupposes action plans on the absorptive capacity of NIA.

The Management by Objectives and Results Evaluation (M.O.R.E.) as embodied in Memorandum Circular No. 38 series of 1994 and Memo dated 25 April 1994 provide the system of performance evaluation adopted by NIA. Administrative Managers and Personnel Officers nationwide are trained by the CSC in the Central Office and Regional Offices on the implementation of M.O.R.E. Employees in the Central Office and Regional Offices were likewise oriented on the preparation and accomplishment of the M.O.R.E. Sanction for late submission of M.O.R.E. is covered by Memorandum Circular No.70 series of 1998.



The performance evaluation system, through the M.O.R.E., is done every semester by all officials and employees except for incumbents under the third level positions. In addition, field and project offices such as RIM, PM, REM, IS, PIO adopt as well the end of the year performance evaluation system based on criteria specific to the nature of their work vis-à-vis target. The Program on Awards and Incentives for Service Excellence (P.R.A.I.S.E.) Committee evaluates the performance of these officials and monetary rewards are given to highest performers during the agency's anniversary celebration. It is noted that plaques of highest performers are displayed in the Hall of Fame, NIA Convention Center.

For third level positions, the NIA is one of the piloted agencies for the new Career Executive Service Performance Evaluation System (CESPES). CESPES Seminar/Workshop for top officials, Regional Managers, Project Managers and Department Managers were conducted on 21-23 November 2006 and 24-26 January 2007. Performance Contract was prepared by each official and was submitted to the CSC.

Apart from individual reward/award, Memorandum Circular No. 6 series of 1995 authorizes Viability Incentive Grant (VIG) to regional offices with outstanding financial performance for the given year.

Memorandum Circular No. 3 series of 1997 provides the granting of Productive Incentive Benefits (PIB) to employees with at least satisfactory rating for two semesters.

The agency regularly prepares annual report, physical and financial reports to account to the public and institutions how it carries out its mandate, implements its programs/projects vis-à-vis its targets in terms of irrigation development. A Year End Report to the President is prepared on the status of irrigation development, financial & physical status of irrigation projects, national irrigation systems, institutional development and asset management

The NIA releases the NIA Digest semi-annually to its populace, regulatory & oversight agencies, Irrigators Associations and friends.

Project Completion Report is prepared prior to the turnover of the completed project to the regional office where it is geographically located.

5.3 Survey Results

Positive net ratings were observed with regards to performance management concerns. Highly positive ratings were recorded with regards to clarity of individual performance targets and moderately positive ratings for rewards, yearly performance bonus and job satisfaction. Slightly positive net ratings were recorded with regards to performance feedback.

No significant differences were observed across all sites with regards to rewards for outstanding performance (Statement 27) and among respondents in Region 7&8. However, significant differences in responses were observed in the other sites with respect to the following:

- CO respondents showed significant differences in responses to Statements 28 to 30. Employees with at least a vocational or college diploma were likely to disagree that they receive regular feedback regarding their performance. Those likely to disagree that regular bonuses are given are from among the permanent employees.
- CO respondents that reported that they are not satisfied with their job are from among those who are permanent employees, involved in regional and provincial scope of work and those with at least 10 years of service.
- Region 3 respondents with elementary and/or high school education tend to disagree that their performance targets are clear to them and that yearly performance bonuses are given regardless of performance.



- Region 11 respondents that were likely to disagree about clarity of performance targets came from those with college degrees.

Table 27. Net Ratings for Performance Management

STATEMENTS	CO	Region 11	Region 7&8	Region 3	Agency Rating
26. My performance targets are clear to me.	1.69	1.80	1.69	1.73	1.72
27. Outstanding performance is rewarded in our agency.	2.20	1.90	2.00	2.06	2.07
28. The employees in our agency are regularly provided feedback regarding their performance.	2.44	2.28	1.98	2.07	2.23
29. The employees of our agency are given the yearly performance bonus regardless of how they performed.	2.13	2.17	2.00	2.16	2.13
30. I am satisfied with my job.	1.78	1.71	1.87	1.88	1.81

It is quite interesting to note that in the IDA ratings, Region 11 rated themselves a 4 basing on the regular evaluation of performance vis-à-vis targets where staff performance is linked with the attainment of the individual employee's targets. However, survey results showed that Region 11 ranked the lowest in the item pertaining to clarity of performance targets signifying a clear discrepancy in this item. Those who disagreed that performance targets are clear to them belonged to the respondents who gained a college degree and that is a significant 54% of the sample for this site. It is heartening to note, however, that for the whole of NIA, this item gained the highest positive net rating for this dimension.

In addition, dissatisfaction from the job which can also affect performance was manifested by 94% of the respondents from the Central Office. It may do well for NIA to look into this matter as soon as possible.

Setting of personal performance targets is practiced by a majority of the respondents in the survey as can be seen in Table 28 below. Between 63-76% have had their superiors set their performance targets for 2005.

Table 28. Responses for the Presence of a Personal Performance Target of Employees for 2005

Response	CO	Region 11	Region 7 & 8	Region 3
YES	85	41	38	81
NO	35	24	12	19



5.4 Next Steps

The agency has a good performance evaluation system. However, policies on sanctions on poor performance and negligence of duty are not very clear and existing ones are not consistently implemented. Clear policy on sanctions and consistent implementation of the same will further improve the performance evaluation system in the agency. Should NIA comply with this requirement, its rating shall be 3 and can easily move on to the next level.



6. Procurement Management

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.

The rating scale for this dimension is as follows:

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 (APP). ▪ Third party observers are invited to witness procurement process (e.g. eligibility screening, pre-bid conference, opening of bids and bidding evaluation).
2	<ul style="list-style-type: none"> ▪ The agency has written procedures on the different modes of procurement, specifying checkpoints for receiving and inspection of goods and services procured. ▪ Members of 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"> ▪ The agency keeps records of BAC decisions and minutes of meetings. ▪ The agency strictly monitors performance of suppliers and contractors against obligations (e.g. adherence to budget, price, time factors and quality standards). ▪ The agency consistently applies sanctions and penalties to non-performing suppliers.
4	<ul style="list-style-type: none"> ▪ Blacklisting of suppliers and 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. ▪ The agency Code of Conduct is integrated in the bidding document. ▪ BAC decisions and other procurement decisions 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 preventing corruption and enhancing integrity. ▪ Results are used to strengthen the agency's procurement management system.

6.1 The Procurement Process at NIA

The Central Office and the regional irrigation offices (RIO) of the NIA have adopted the new procurement management system or R. A. 9184 and its Implementing Rules and Regulations (IRR). Procurement is decentralized down to the provincial irrigation offices (PIO) and irrigation systems offices (ISO) in accordance with the delegated authority (Memorandum Circular No. 50 as amended). There are two Bids and Awards Committees at the Central Office namely Bids and Awards Committee - A (BAC - A) for Infrastructure Projects, Construction/Special Equipment and Consulting Services and Bids and Awards Committee B (BAC - B) for Goods while at the RIO, PIO, ISO, there is only one Bids and Awards Committee for all kinds of procurement.

Procurement in NIA is done through competitive public bidding and other modes of procurement pursuant to RA 9184 and its IRR.



The agency has created a website where announcement for bidding opportunities for civil works, goods and consultancy are posted. To guide prospective bidders, contractors, suppliers, the website also contain the bidding and awards procedure. This is posted under the item entitled “How to Participate in Public Bidding“. There is also a separate signage on the bidding procedures posted in conspicuous places in the central and regional offices. This serves as a guide for the bidders on what to do, what to bring and where to go when joining public bidding. In addition to the regular posting at the Government Electronic Procurement System (GEPS), the Invitation to Apply for Eligibility and to Bid is posted at the agency’s website including results for information of the general public.

IDA participants claim that the procedures provided in the law for the procurement of civil works, goods and consultancy services are strictly followed as required starting with the publication or posting of the Invitation to Apply for Eligibility and to Bid until the Issuance of the Notice to Proceed.

6.2 Assessment

For the Central Office and at the three regional sites, Region 11, Region 7 and 8 and Region 3, a consensus rating of 1 was reached easily because they have complied with all the requirements of level 1. The Central Office and the three regional sites all agreed that they have adopted the new procurement management system (R.A. 9184). They have an Annual Procurement Plan; and Third Party Observers are invited to attend/observe the procurement process.

The Central Office almost reached a rating of 2 for having complied with the 2 bullets of level 2. However, the other 2 indicators are still wanting according to IDA participants. No policy has yet been adopted by the agency requiring the BAC Chairman and members to disclose potential conflict of interest. The agency has no centralized database of prices and suppliers of frequently procured items aside from those items procured from the Department of Budget and Management – Procurement Service (DBM-PS).

Table 29. IDA Ratings for Procurement Management Across Sites

PROCUREMENT MANAGEMENT	CO	Region 11 (Davao)	Region 7&8 (Tacloban)	Region 3 (Bulacan)	Team Rating
Agency Rating	1	1	1	1	
Deployment Score	70-80 %	50-60 %	50-60 %	70-80 %	90-100%
Validated Rating	1	1	1	1	1

The agency and the three regional sites merited a rating of 1 with 90-100% deployment rating due to their compliance with all the indicators specified in level 1. R.A. 9184 has been adopted since its effectivity in October 2003; the preparation of an Annual Procurement Plan has been strictly complied with; and there is an existing partnership with civil society organizations and non - government organizations such as the Procurement Watch Inc. (PWI), the Irrigators’ Associations (IAs); the National Irrigation Administration Employees Association of the Philippines (NIAESP); professional groups such as the Philippine Institute of Civil Engineers (PICE) and other duly recognized private groups such as the Philippine Constructors Association, Inc. (PCA), National Constructors Association of the Philippines, Inc. (NACAP) to insure that the procurement process is transparent and complies with all the requirements of the law.

6.3 Survey Results

Most of the Respondents from the Central office, Region III, Region VII and VIII were not aware of the new procurement law.



Table 30. Responses for the Awareness of Employees of the New Procurement Law or RA 9184

Response	CO	Region 11	Region 7 & 8	Region 3
YES	40	29	22	31
NO	80	36	28	69

Respondents across sites generally agreed with concerns on Procurement Management. Moderately positive net ratings for all factors were recorded for the Central Office, Region 3, Region 7 and 8, and Region 11.

Significant differences in responses were observed among respondents in the following factors:

- Negative ratings to BAC's impartiality are attributed to those with college education in Region 3 and Region 7&8.

When asked what respondents could suggest to improve the procurement process in NIA, 37% of them suggested that policies are enough and in place, the BAC will just have to adhere strictly to these policies while monitoring compliance of everyone involved in the procurement process. It was also reiterated by 13% of the respondents that bribery should be condemned and that leaders of the BAC should not involve politics in the performance of their duties.

Table 31. Suggestions to Improve the Procurement Process

Suggestions	Frequency	Percent of Responses (%)
Adhere to procurement guidelines, maintain present system, strict monitoring, adhere to rules and regulations	121	37.35%
Transparency, no bribery, no politics, cut red tapes	60	12.96%
Trainings and seminars, monitoring, information dissemination	42	5.56%
Assign honest and reliable procurement officer/BAC members	18	4.63%
Review procurement process, faster procurement process, simplified procedures adopt e-procurement system	15	3.09%
Better public service, attend to farmer's needs, discipline, punctuality, honesty, hardwork	10	3.09%
Evaluate quality of procured items	10	2.47%
More budget/enough funding	8	2.16%
Coordination between procurement & property/involve farmers in procurement/cooperation	8	1.23%
Buy in cash	7	1.23%
Good leaders	4	1.23%
Buy only from responsible dealer/buy direct from dealers	2	0.62%



Suggestions	Frequency	Percent of Responses (%)
Procurement should be based on budget set a ceiling price for each item	2	0.62%
Buy in bulk/buy from fewer suppliers	2	0.62%
Reshuffle officers	2	0.62%
Remove Boy Ravelo as canvasser	1	0.31%
Proper use of equipment and machineries	1	0.31%
Approve PIDP	1	0.31%
Give lower rank chance to become BAC members	1	0.31%
Employees benefits/incentives	1	0.31%

Table 32. Net Ratings for Procurement Management

STATEMENTS	CO	Region 11	Region 7&8	Region 3	Agency Rating
37. Procurement in our agency follows the procedures as stipulated under the Procurement Law (RA 9184).	1.89	1.93	2.00	2.07	1.96
38. Bids and Awards Committee (BAC) decisions are impartial.	2.18	1.79	2.15	2.12	2.07
39. Non-performing suppliers are blacklisted.	2.06	1.82	2.10	2.11	2.02
40. Relevant personnel are well trained on the entire procurement process – from bidding to inspection / utilization.	2.09	2.07	2.14	2.21	2.13

6.4 Next Steps

To be able to advance to the next level, it is recommended that the provision of the Tripartite Code of Conduct in Public Procurement which pertains to disclosure by the BAC Chairman and members of potential conflict of interest in all transactions be strictly enforced.

The agency should also maintain a centralized database of prices and suppliers of frequently procured items in the central office and in the regional offices. Regional offices should submit quarterly reports of procurement for monitoring and evaluation purposes.

Finally, a registry of contractors and suppliers should be developed so that the agency will have a historical record of contractor and supplier performance for ready reference.



7. Financial Management

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.

The rating scale for this dimension is as follows:

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 of officials and employees are defined.
2	<ul style="list-style-type: none"> ▪ Budgeting and accounting guidelines and processes are defined, approved and disseminated to all concerned units. ▪ The agency takes proactive steps to make all officials and employees aware of their obligations not to use agency's financial resources (e.g. cash advances, collection) 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 enforces budgeting and accounting policies and guidelines (e.g. regular conduct of reconciliation, immediate liquidation of cash advances, immediate remittance of collections). ▪ 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. Appropriate follow-up actions are taken on any findings.
4	<ul style="list-style-type: none"> ▪ The agency's computerized systems have been integrated and provided with security (e.g. access codes) to ensure that fraud and financial risks are minimized if not totally eliminated. ▪ The agency's financial performance is analyzed vis-à-vis accomplishment of its physical targets to assess the organization's cost-effectiveness. ▪ COA audit findings are immediately acted upon and resolved by management. ▪ The agency's financial reports (including COA Annual Audit Reports) are published/made available for public inspection.
5	<ul style="list-style-type: none"> ▪ The agency's financial controls/systems are regularly reviewed to ensure effectiveness in preventing corruption and enhancing integrity. ▪ Results of the review are used to strengthen the agency's financial management system.

7.1 Financial Management System at NIA

The agency's financial management which is concerned with effective, efficient and lawful allocation and utilization of financial resources is primarily based on existing government financial policies, laws, rules and regulations which is being promulgated and implemented in accordance with: a) New Government Accounting



System for Government Owned/Controlled Corporations and National Government Agencies, b) Individual or Joint Circulars issued by DBM, DOF, COA, NEDA, c) Loan Grant Agreements, and d) Memorandum of Agreement with other government agencies and or private entities.

NIA adopts the decentralized accounting system. The central office, its regional offices and the project management offices (PMO) of foreign-assisted projects (except for Southern Philippines Irrigation Sector Project) maintain their own complete set of books of accounts.

Fund Management

The fund sources of the agency are: a) Corporate Fund (F501), b) General Fund (F101 and F102), c) Special Fund (F158) d) Trust Fund and e) Grant Fund.(F171).

The Corporate Fund which consists the internally generated revenues (irrigation service fees, equipment rental, pump amortizations, interest income, project management fee and other miscellaneous income) is being used to finance the agency's operating expenses in accordance with the Current Operating Budget (COB) approved by the NIA Board. Based on approved budget allocations, the fund is released quarterly to Regions 1-13, CAR, UPRIIS and MARIIS through the issuance of Advice of Sub-allotment (ASA).

The General Funds are capital outlays from the National Government, which are used to finance the government irrigation projects. Fund 102 for Foreign Assisted Projects and Fund 101 for locally funded projects are being released by DBM through the Department of Agriculture. Fund 102 consists of the loan proceeds from various international lending institutions (IBRD or World Bank, ADB, JBIC etc.) and GOP counterpart and fund 101 is purely government fund which sometimes, is being released to the agency as subsidy or MOOE. Central Office issues the ASA, monthly or based on needs, to single- projects directly under its supervision and nationwide/region-wide projects particularly repair and rehab of existing systems, through the regional offices, then to Provincial/Irrigation Systems Offices (PIO/ NISO).

Special Fund 158 is the Agrarian Reform Fund being used to finance the Comprehensive Agrarian Reform Program (CARP) Irrigation Component. The fund is released by DBM through the Department of Agriculture (DA) and is being sub-released through ASA by the agency's Central CARP PMO through various regions then to PIO/NISO.

For other DAR projects (ARCDP, ARISP and MINSAD), the funds are released to the agency as Trust Fund.

Grant Fund 171, which is considered as automatic appropriation, is generally the fund used for projects covered by grant agreements. Several Grant Funds have been received from JICA, World Bank, ADB and other countries for the Irrigation Development Projects and Programs of the agency.

Utilization of agency funds is subject to the usual budgeting, accounting and auditing rules and regulations and in accordance with issuances on Delegated Authority (Memorandum Circular No. 50 series of 2002).

Cash Management

Cash management consists of activities on collection/remittance/deposits, disbursement and investment of cash.

The regional/provincial/irrigation systems offices remit cash generated from corporate revenues monthly to Central Office in accordance with One Way Deposit Scheme (Memorandum Circular No. 25 series of 2004, as amended by Memorandum Circular No. 78 series of 2005). The corresponding release of fund to field offices is, likewise, subject to the provisions of the said memorandum circulars.

For funds coming from the national government, these are released to the field office through the Notice of Transfer of Allocation (NTA). The process in the release of NCA/NTA is annexed in this report.



Subject to the availability of fund and cash, payments of payroll and disbursement vouchers shall be made by the concerned operating units, provided that the claims are valid and approved by the appropriate authority in accordance with budgeting, accounting and auditing rules and regulations.

Reporting System

Financial reports are prepared in accord with the requirements of COA under its New Government Accounting System. For foreign-funded projects, additional financial reports are prepared depending upon the requirement of the funding country/agency/institution based on loan agreement.

7.2 Assessment

Table 33. IDA Ratings for Financial Management Across Sites

FINANCIAL MANAGEMENT	CO	Region 11 (Davao)	Region 7&8 (Tacloban)	Region 3 (Bulacan)	Team Rating
Agency Rating	2	1	2	1	
Deployment Score	50-60 %	50-60 %	70-80 %	70-80 %	50-60%
Validated Rating	1	1	2	1	1

Central office and Regions 7 and 8 IDA participants gave a rating of 2 in terms of financial management.

NIA is NGAS-compliant; it has Management Audit Division (MAD) at the Central Office and Internal Audit Unit at the Regional Offices tasked to review existing internal control systems in order to safeguard the Agency's financial resources and properties; and delegation of authority under Memorandum Circular No. 50 series of 2002 explicitly prescribes the level of approving and signing authorities of officials at the Central Offices down to the Irrigation Systems level. Budgeting and accounting guidelines and processes are disseminated to all concerned units/offices. They also had their relevant personnel trained on budgeting, accounting, and financial management. Central Office and Regions 7 & 8 claim to have taken pro-active measures to make their officials and employees aware of their obligations not to use agency's financial resources for private purposes.

Regions 11 and 3 failed to meet bullet 2 in level 2, which is the taking of proactive step to make their personnel aware of their obligations not to use agency's financial resources for private use, hence their rating of 1.

Central Office

The agency adopts the New Government Accounting System (NGAS), and the trial balances submitted showed that the new chart of accounts prescribed under the NGAS is observed. The required accounting forms are also used. Budgeting rules and regulations prescribed by the Department of Budget and Management are, likewise, observed and disseminated to the system's level.

There are financial control systems in place such as the existence of Management Audit Division, Operation Manual for Controllership Department used by the General Accounting Division, Foreign Loan Accounting Division and the Budget Division, Procedural Flowcharts particularly on the preparation and processing of advice of sub-Allotment (ASA Project), disbursement, collection, etc., wherein the required time for every process/activity involved is provided.



There are policies defining the approving authorities for disbursements and for the signature and counter signature of checks (Memorandum Circular No. 50 series of 2002).

Key personnel attended training on NGAS.

There were issuances (Memorandum Circular No. 40 series of 2004 and memoranda) covering demands for the liquidation of cash advances although this was not strictly enforced.

However, management fell short in taking pro-active steps to make all personnel aware of their obligations not to use agency's financial resources for private purposes. It has been admitted during the IDA meeting that cash advances, especially those for travels, were not liquidated within the period prescribed under existing COA regulations. Likewise, reciprocal accounts (Accounts Receivables and Payables) with regional offices were not reconciled. Documents show continuous delay in the remittance of ISF Collection, delay in the preparation or non-preparation of Bank reconciliation statements for some bank accounts.

Field Sites

All field sites adopt the NGAS.

Dissemination of guidelines on accounting and budgeting rules and regulations, as well as measures to strengthen its financial control measures are well observed.

Strict enforcement of liquidation of cash advances in Region 7 & 8 is very evident. This is done by regularly reminding its accountable officers in the field to enforce settlement of cash advances. This is in faithful compliance with Memorandum Circular No. 40 series of 2004 reiterating prompt liquidation of cash advances in accord with COA Circular 97-002. The same memorandum circular directs the withholding of ten percent (10%) of the salaries and other emoluments due the officials and employees to be applied to their unliquidated cash advances until these are fully settled. Disbursing officers were, likewise, apprised of their excessive cash advances.

Region 7 & 8 is also very receptive to the audit findings and observations of the COA auditors. Audit Observation Memoranda issued by the COA Audit Team Leader were promptly acted upon by management.

Memoranda reiterating submission of monthly financial reports on due date were also issued to all PIOs and ISs of Regions 7 & 8 with the reminder that timeliness of reporting will be one of the factors in rating their performance.

Regions 11 also monitors the settlement of cash advance, but strict implementation and monitoring by management of Memorandum Circular No. 40 series of 2004 is still wanting.

Region 3, however, failed to submit documents that would warrant the validation of their rating.

For all the reasons enumerated above, a validated score of 1 with a deployment rating of 50-60% is given the agency. Deployment rating is based on the assessment that control systems in place are not fully enforced to ensure that financial resources are protected from any kind of intervention to serve private interests.

7.3 Survey Results

More than half of the respondents in the Central office were not aware of the Financial Management Systems in the agency. All of the respondents from Region 11 were aware of the system. On the average, a little over half of the respondents (50.28%) said they were aware of the Financial Management Systems in their agency.



Table 34. Responses for the Awareness of Employees of NIA's Financial Management Systems

Response	CO	Region 11	Region 7 & 8	Region 3
YES	43	40	27	50
NO	77	25	23	50

Moderately positive net agreement was observed with regards to financial management concerns. Significant differences in responses were observed in some sites with regards to the following concerns:

- Negative responses with regards to management scrutiny from CO respondents were observed from those involved in central and regional scope and from those involved in regional and provincial scope among Region 11 respondents.
- Negative responses to accessibility of financial statements and audit reports were more likely from among respondents among non-supervisory personnel in CO.
- Region 7&8 employees involved in provincial scope are more likely to agree about knowledge of who and where to report irregularities in financial transactions than those involved in regional scope.

Table 35. Net Ratings on Financial Management

STATEMENTS	CO	Region 11	Region 7&8	Region 3	Agency Rating
33. The management scrutinizes our agency spending.	2.19	1.98	1.96	2.10	2.07
34. Financial statements and audit reports of our agency are accessible.	2.37	2.03	2.00	1.93	2.08
35. Employees know who and where to report irregularities in financial transactions.	2.35	1.81	2.08	2.07	2.08

7.4 Next Steps

NIA should be more stringent in enforcing the control measures it has established. The Management Audit Division/Internal Auditing Unit is a very effective vehicle in promoting protection of financial resources. An in-depth audit of disbursements and collections should be done, taking into consideration the high-risk areas. A report thereon should be prepared and submitted to management for appropriate and prompt action. An evaluation of control measures in place should be done from time to time and any weakness discovered should be addressed immediately.

In order for NIA to advance to level 2, at least, it should meet criteria no. 2, which is to take proactive steps to make all officials aware of their responsibility not to use agency's financial resources for private purpose. Management should be resolute in implementing agency policies like Memorandum Circular No. 40 and compliance with budgeting and auditing rules and regulations especially in the liquidation of cash advances and the remittance of collections.



8. 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.

The rating scale for this dimension is as follows:

Rating	Levels of Achievement
1	<ul style="list-style-type: none"> ▪ The agency has a written policy/guideline on internal reporting and investigation of information and reports of corruption or unethical behavior. The policy/guideline has provisions on protection of those who report corruption. ▪ The policy/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 proactively 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 investigation of 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 records of all reports. ▪ The agency protects employees who report corrupt behavior/suspicions 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 (including 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 agency's systems.
5	<ul style="list-style-type: none"> ▪ The agency regularly assesses the effectiveness of internal reporting and investigation system in preventing corruption and enhancing integrity. ▪ Results of the review are used to strengthen the system of internal reporting and investigation.

8.1 Internal Reporting and Investigation in NIA

In 2001, NIA created the Committee on Discipline (COD) in accordance with RA 6713. Its function, among others, is to receive and investigate reports of corruption and unethical behavior. However, it does not include mechanisms to protect those who report such acts. To date, out of 94 complaints/cases received, 30 cases were resolved, 15 cases dismissed, while 49 cases remain pending. Extensive discussion of the COD is incorporated in the Corruption Risk Management dimension.

8.2 Assessment

All IDA participants at the Central Office, Region 11, Region 7 & 8, and Region 3 the rating given was a zero. They agreed that NIA has no written policy/guideline on internal reporting and investigation of information and reports of corruption or unethical behavior.



Table 36. IDA Ratings for Internal Reporting and Investigation Across Sites

INTERNAL REPORTING & INVESTIGATION	Central Office	Region 11 (Davao)	Region 7&8 (Tacloban)	Region 3 (Bulacan)	Team Rating
Agency Rating	0	0	0	0	
Deployment Score	0	0	0	0	0
Validated Rating	0	0	0	0	0

The Assessment Team agrees that NIA has **0** rating. The minimum requirement for this dimension is a written policy on internal reporting and investigation and a guideline that specifies what constitutes corrupt acts and practices. Cognizant of this, a consensus rating of 0 was given by IDA participants to the agency's internal reporting and investigation system. This is not to say however that the NIA has no mechanism to receive complaints and allegations of misbehavior of its personnel.

8.3 Survey Results

Internal reporting and investigation had a moderately positive net rating. Slightly positive net ratings were observed with regards to internal reporting and investigation. For the concern regarding the protection of employees who report corrupt behavior, slightly negative net rating was obtained with no significant differences recorded across all sites in this regard.

Significant differences in responses were observed in Region 3 and Region 11 with regards to the following concerns:

- Negative responses from Region 11 respondents with respect to whistleblowing and clear reporting guidelines tend to come from those with college degrees.
- Respondents from Region 3 who are likely to disagree that reports of corrupt behavior are investigated come from those with college degrees.

Table 37. Net Ratings on Internal Reporting and Investigation

STATEMENTS	CO	Region 11	Region 7&8	Region 3	Agency Rating
42. Employees are encouraged to report corrupt and unethical behavior within the agency.	2.22	2.06	2.23	2.24	2.20
43. Guidelines to employees for reporting corruption and unethical behavior are clear.	2.56	2.20	2.34	2.48	2.43
44. Reports of employees on corrupt behavior are investigated.	2.51	2.05	2.31	2.26	2.31
45. Employees who report corrupt behavior are protected.	2.72	2.31	2.56	2.53	2.56



Since NIA does not have a system for reporting corrupt and unethical behavior, it is quite understandable that respondents would suggest the installation of such a system while a considerable number (17%) does not have any idea what such system is.

Table 38. Suggestions to Improve the System of Internal Reporting of Corrupt Behavior

Suggestions	Frequency	Percent of Responses (%)
Reporting system with protection, report corruption	154	45.83%
No comment, no idea, no answer, none, refused to answer	57	16.96%
Act/investigate on complaints, act immediately	33	9.82%
Set guidelines to stop corruption, system for reporting irregularities	31	9.23%
Lifestyle check, close monitoring, vigilance, regular auditing	16	4.76%
Implement code of conduct, punish corrupt officials, adhere to law	11	3.27%
Good public service, attend to farmers' needs, hard work, honesty	6	1.79%
Leadership by example	5	1.49%
Transparency	4	1.19%
Training, ethics orientation, employees' orientation	4	1.19%
Unity and cooperation, communication	3	0.89%
report must be supported with evidence	3	0.89%
no encounter	2	0.60%
Assign honest officials	2	0.60%
Satisfied	2	0.60%
Stop corruption	1	0.30%
Employees benefits/incentives	1	0.30%
No politics	1	0.30%

8.4 Next Steps

To improve in this dimension, NIA may consider strengthening its Committee on Discipline, particularly an internal policy on internal reporting and investigation, including a guideline that clearly specifies what constitutes corrupt and ethical behaviors, the responsibilities for reporting such acts, and the sanctions for not reporting corruption.

NIA should provide specific guidelines on how those who report will be protected and suspected violators' rights will be respected to prevent harassment. It may consider giving incentives to encourage internal reporting. Incentives and protection must be indicated in order to encourage rather than "penalize" whistleblowers.

The policy must however emphasize responsible reporting. Safeguards must be provided to protect confidentiality of reports and identity of the accused until investigation is complete. Expedient investigation and fast resolution of cases will encourage more personnel to report. The policy must be widely disseminated / deployed and understood, especially in the regions.

NIA should train relevant personnel in the handling and investigation of corruption. Its employees should also be trained on how to report corruption.



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.

The rating scale for this dimension is as follows:

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 agency personnel are trained on corruption risk assessment and corruption prevention planning. ▪ Results of corruption 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 and corruption prevention strategies.

9.1 Corruption Risk Management at NIA

The management of corruption risk involves the activities of the Internal Audit, Committee on Discipline and implementation of the Integrity Development Action Plan.

Internal Audit

The Government policies and guidelines on internal audit were established and developed under Republic Act (RA) No. 3456 as amended by Presidential Decree No. 1 and 1987 Philippine Constitution (Item 3, Article IV, Chapter 1, Part V; Section 2, Article IX-D); AO No. 119; COA Circular No. 91-368 Section 33, Volume III of the GAAM; AO No. 278 and RA No.4177.

Pursuant to the latest amendment under RA No. 4177, Administrative Order No. 70 was issued on April 14, 2003 to further strengthen the internal control systems of government offices, complemented with DBM Budget Circular No. 2004-4 dated March 22, 2004 which provides guidelines on the Organization and Staffing and was circularized by the agency on April 28, 2005 under Memorandum Circular No. 35 s. 2005.



The agency recognizes the role of internal audit in the prevention and detection of fraud and corruption pursuant to existing government rules and regulations. The internal audit functions are being implemented by the Management Audit Division (MAD) under the Management Systems Department at the Central Office, Internal Audit Unit at the Regional Offices and Internal Control and Monitoring Unit (ICMU) at the field offices.

Audit function in general, consists of the review of internal control systems in order to safeguard financial resources and properties and ascertain weaknesses and deficiencies in the operating systems and procedures of the agency.

Audit procedures are the ways of doing or undertaking the audit and these consist of the various methods, steps and actions followed by auditors in the conduct of the audit This is designed to meet the requirements of each audit examination. The extent to which the procedures are applied to produce good results depend largely on the efficacy and quality of internal control, the volume of operation, and the existing systems and procedures.

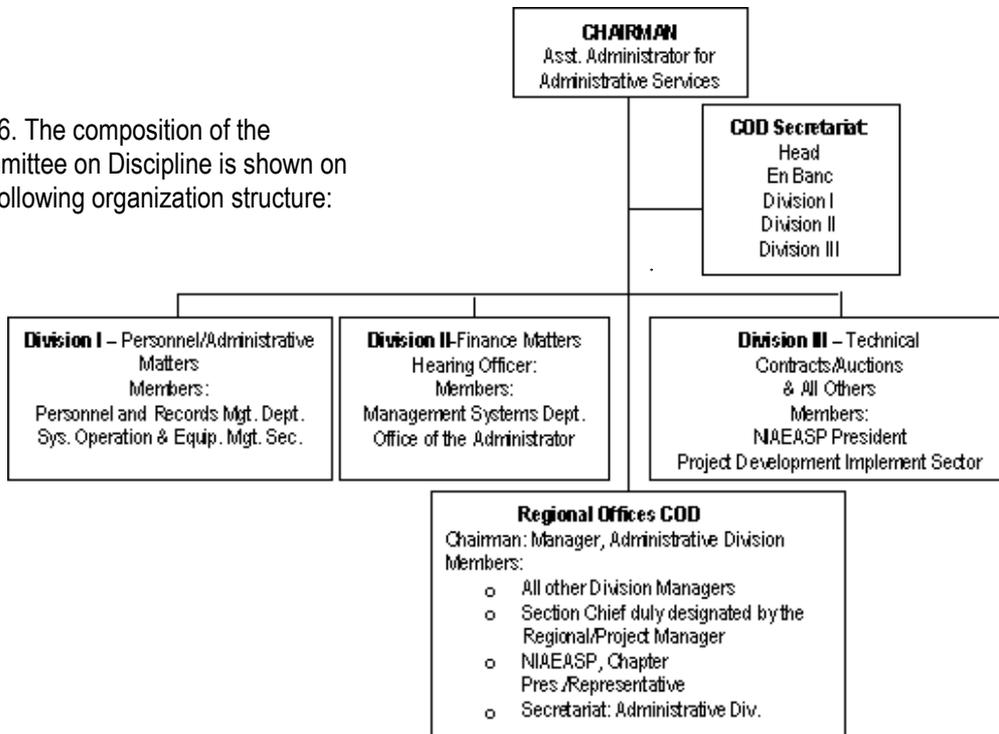
The focus of internal audit is mostly on financial aspect such as ISF billing and collection, cash remittances, cash advances, cash account of accountable officers and disbursement of fund/cash.

Results and findings of the audit by MAD/IAU, especially on cash shortages are being forwarded to the Committee on Discipline for further evaluation and filing of appropriate charges.

Committee on Discipline

To ensure faithful compliance by officials and employees to the pertinent laws, rules and regulations relative to the proper conduct and decorum required for efficient discharge and execution of public function, Committee on Discipline (COD) was created, pursuant to the provisions of Republic Act No. 6713 and in consonance with Civil Service rules and regulations. The implementing rules and regulations concerning the policies and guidelines of the COD are embodied on Memorandum Circular Nos. 70 series of 2001 and 27 series of 2005.

Fig. 6. The composition of the Committee on Discipline is shown on the following organization structure:



The functions and duties of the COD are as follows:

- a. To receive process and evaluate complaints against NIA officials and employees and recommend to the Administrator the appropriate actions to be taken thereon;



- b. To investigate violations of the Civil Service Commission Rules and Regulations and other issuances; and other infractions of Agency policies by such officials and employees;
- c. To coordinate or refer complaints to the appropriate NIA officials, department or office for expeditious resolution of the same;
- d. To recommend to the Administrator the appropriate penalty to be imposed for said violation after an inquiry conducted for such purpose;
- e. To recommend to the Administrator such other policies as may be deemed necessary to maintain a well-disciplined workforce;
- f. To submit yearly report to the Administrator on its activities or any time the Administrator may require; and,
- g. To perform such other relevant functions and duties which the Administrator may assign from time to time.

The jurisdiction of the COD Central Office covers cases involving all officials and employees at the central office, project offices directly under the C.O, and all Division Managers and above of the regional offices. All other employees below Division Managers at the regional offices are under the jurisdiction of their respective COD. All the recommendations of the regional CODs are subject to the approval of the Administrator.

Integrity Development Action Plan (IDAP)

Towards the later part of CY 2005, NIA adopted the Integrity Development Action Plan of the Presidential Anti-Graft Commission (PAGC). Incorporated in the IDAP is the commitment of NIA to formulate its own Corruption Prevention Plan which is perceived to materialize after the activities of the IDR.

To-date except for item 4 on Education, mandate integration of anticorruption in elementary/ secondary education modules and item 7 on Deterrence, PAGC will carry out independent survey to check anti-graft and corruption program effectiveness, almost 90% of the plan has been complied, implemented, being implemented for continuing activities and for the adoption of single ID system, the agency awaits for the result of Pilot Implementation in NEDA, PhilHealth and NSO.

Integrity Development Action Plan is shown below:

Education:

- a. Disseminate compendium of anticorruption laws, rules and regulations.
- b. Prepare agency-specified code of ethical standards/agency guidelines for adoption.
- c. Provide ethics training, spiritual formation, moral recovery program for agencies and stakeholders.
- d. Mandate integration of anticorruption in elementary /secondary education modules.

Partnership:

- a. Linking of existing databases of complementary agencies and sharing of information
- b. Enlist or enhance participation of private sector and civil society in various areas of governance.
- c. Tap international development agencies and private sector for support
- d. Institutionalize the participation of stakeholders in agency activities.



Deterrence:

1. Development of agency internal complaint unit (including protection of internal whistleblowers).
2. Set up/strengthen agency internal affairs unit (cooperate with PAGC and OMB) in the proactive conduct of lifestyle checks)
3. Publish blacklist suppliers, contractors and offenders and maintain on-line central database for public access.
4. Hold superiors accountable for corrupt activities of subordinates.
5. Advocate for the submission of ITR as attachment to SALN.
6. Use effectively existing agency administrative disciplinary machinery and publish results.
7. PAGC to carry out independent survey to check anti-graft and corruption program effectiveness.

Prevention:

1. Strengthen the Internal Audit .
2. Conduct of Integrity Development Review.
3. Fast-track eNGAS and e-bidding for the procurement of goods and services.
4. Incorporate integrity check in the recruitment and promotion of government personnel.
5. Institutionalize multi stakeholder, personnel and organizational performance evaluation.
6. Protect the meager income of government employees.
7. Adopt single ID system for government officials and employees.

9.2 Assessment

Table 39. IDA Ratings for Corruption Risk Management Across Sites

CORRUPTION RISK MGT.	CO	Region 11 (Davao)	Region 7&8 (Tacloban)	Region 3 (Bulacan)	Team Rating
Agency Rating	0	1	0	1	
Deployment Score	0	30-40 %	0	70-80 %	0
Validated Rating	0	0	0	0	0

Central Office

At the Central Office, one (1) out of 18 IDA participants from top and middle management rated a 0; eleven (11) gave a rating of 1; two (2) gave a 2; and four (4) gave a 3. During the discussion, it was clarified that although the IA/MAD is installed, there is a need for Internal Audit to be independent in order to be effective and therefore should be under the Office of the Administrator, and not under the Finance Sector (pursuant to Executive Order No.70 and Memorandum Circular No. 35 series of 2005). (The IA/MAD shall be under the administrator upon implementation of the Rationalization Plan). Regarding IDAP, it was considered a tool in the development of corruption plan but not the Corruption Prevention Plan being mentioned in Level 4.

Ninety four percent (94%) of the participants gave a rating higher than 0, but after further discussion of the criteria for each level, it was found out that only the 1st bullet of level 1, recognition by the agency of the role of



internal audit, was achieved in view of the existence of MAD. The second bullet requirement was not met because the agency's high-risk operations and functions had not been identified. The participants agreed to a consensus rating of 0. The deployment rating is also 0 or not applicable. (justification pending the survey results for open-ended questions).

Field Sites

Out of 14 IDA participants in **Region 11**, four (4) rated 0; six (6) gave a rating of 1; one (1) gave a 2; two (2) gave a rating of 3; and, one (1) gave a rating of 4. Majority of the participants believed that level one criterion was met because of the existence of IAU and ICMU which proves agency's recognition on the role of internal audit in the detection of fraud and in their personal capacity as IS/PIO have identified the high- risk operations and functions in the irrigation systems.

Some believed that they have already achieved up to level two and three because the activities required by said levels are similar to the informal strategies being applied in the management of the irrigation systems. After the deliberation, a consensus rating of 1 was arrived with a deployment score of 30-40%. The deployment score was based on perception that only few systems offices are being subjected to regular audit.

Regions 7 & 8 have 22 IDA participants where six (6) gave a rating of 0; thirteen (13) gave a rating of 1; four (4) gave a rating of 2; two (2) gave a rating of 3 and one (1) gave a rating of 4. About 90% of the participants gave a rating higher than 0 but after further discussions of the criteria for each level, they easily agreed to a consensus rating of 0 with the deployment rating of 0 or not applicable.

Region 3 has 18 IDA participants, thirteen (13) rated 1; two (2) rated 2 and three (3) rated 3. The participant agreed that their rating should be 1 with a deployment score of 70-80%. All bullets in level 1 have been complied with.

The IDA participants at the Central Office and Regions 11, 7 and 8 and 3, arrived at a consensus rating of 0, 1, 0, 1 respectively.

All IDA participants (Central Office, Regions 11, 7 & 8 and 3) agreed that the agency has recognized the role of Internal audit in the prevention and detection of fraud and corruption, and only Regions 11 and 3 consider that the agency has identified its-high risk operations and functions. Both criteria have to be achieved to reach Level 1, but due to lack of documents to justify that the high-risk operation and functions are being identified by the agency, the Assessment Team gave a consensus rating of level 0, hence deployment is also 0 or not applicable.

Documents gathered from central office showed that Memorandum Circular No. 35 series of 2005 creating/reactivating and strengthening the Management Audit Division and its regional and field offices' counterparts have been disseminated to all regional offices. Generally, the scope of the audit has been very limited due to fund and manpower constraints. Based on the yearly audit program, about 30-40% is being covered, mostly on the area of financial audit –cash collection and remittances, one way deposit scheme, Irrigation Fee Register and accountable officers. For the past several years the audit focus is on ISF billing and collection.

For the Central office, the existing Internal Audit's work programs, accomplishments and findings are proofs of its continuing operations that resulted to improvement in the internal control system especially on areas where appropriate sanctions were consistently applied. However, the team observed that there are inconsistencies in the application of sanctions in most areas. Also, several audit findings and recommendations are held in abeyance pending deliberations and resolutions by the COD.

The IAU and ICMU in Region 7 and 8 is not in full operation due to lack of manpower or the deployment of some IAU staff to other units. The audit activities of the said region was done by the Central Office MAD and COA in CY 2005 and CY 2006 respectively..



Based on records and feedbacks Region 3 IAU and ICMU are operating smoothly and they have regularly conducted several audits on ISF billing and collection of various Irrigation Systems which lead to the discovery of fraud and possible corruption.

The team recognizes the existence of the COD as one of the initiatives in the prevention of corruption. The Central Office issued in CY 2004 and 2005 respectively, twenty-eight (28) and ten (10) resolutions covering various cases. However, the operation of the Committee on Discipline since 2006 was adversely affected by the change of leadership and later on conflicts in leadership in the Administrative Services Sector hierarchy, hence no resolutions were issued thereafter.

Although the COD has been established or reactivated in the first quarter of 2006 in Regions 11, 7 & 8 and 3, none had submitted to the central office the required Yearly Report on COD Accomplishment.

9.3 Survey Results

There was slight agreement with regards to the integrity of the system. Slight disagreement was observed to having difficulty to corrupt the system, to sufficient training, and to the overall success of the agency in preventing corruption in its operations. All net ratings from the Central Office were moderate disagreements except for the integrity of the system where a slight disagreement was observed.

No significant differences in responses were observed across all sites.

Table 40. Net Ratings on Corruption Risk Management

STATEMENTS	CO	Region 11	Region 7&8	Region 3	Agency Rating
47. Our agency implements measures to identify potential fraud and corruption.	2.57	2.21	2.38	2.40	2.42
48. It is difficult to corrupt our current system of operations.	2.87	2.35	2.39	2.46	2.57
49. Employees in our agency are trained to prevent fraud.	2.88	2.38	2.40	2.45	2.58
50. Employees in our agency are trained to detect fraud.	2.93	2.54	2.65	2.57	2.70
51. Our agency is successful in fighting corruption.	3.09	2.20	2.58	2.49	2.66

Respondents were asked to assess how NIA is doing with regards to the common types of corruption in the country. Out of the 15 types identified in the survey, only for nepotism / favoritism is the incidence high for NIA while only three (falsification of documents, tolerance of fixers and forgery or fraud) have low incidences in the agency.



Table 41. **Types of corruption in NIA**

Nepotism / Favoritism	2.35	High
Negligence of duty	2.23	Medium
Overpricing of bids	2.19	Medium
Collusion with suppliers	2.18	Medium
Collusion with Bids and Awards Committee (BAC) members	2.16	Medium
Illegal use of public funds or property	2.14	Medium
Abuse of discretion / power	2.12	Medium
Accepting bribes	2.00	Medium
Corruption of Filipino values e.g. pakikisama, hiya, etc.	1.98	Medium
Disclosure of confidential information	1.88	Medium
Theft of public resources	1.81	Medium
Unauthorized collection of funds	1.74	Medium
Falsification of documents	1.69	Low
Tolerance of fixers	1.60	Low
Forgery or fraud	1.49	Low
Others	1.61	Low

On the other hand, respondents were also asked to lay down their suggestions so that corruption (of these types) could be prevented in the agency. Topping the list is the suggestion to increase the salary and the kinds of benefits being given to employees of NIA with 21% agreement. This is followed by the suggestion to strictly adhere to policies and impose punishment on corrupt employees.

Table 42. **Suggestions to Prevent Corruption in NIA**

Increase salary / benefits / incentives	20.68%
Strictly adhere to policies / rules and regulations, punish corrupt employees	15.43%
No idea, no comment, none, no answer	12.35%
Dedication and hard work, honesty, discipline, simple living	11.11%
Strict monitoring, lifestyle checks, vigilance	8.33%
Training / education, spiritual guidance, maintain professional ethics, ethics orientation	6.17%
Transparency	5.86%
Good governance, leadership by example	4.32%
Program to stop corruption, report corruption, reporting system, detection and prevention policies, evaluate system	4.32%
Cut red tape, avoid accepting gifts, do not accept bribes	2.78%
No favoritism, no politics	1.54%
Information dissemination, communication, cooperation	1.54%
Reshuffle officials	1.54%

9.4 Next Steps

The team recognizes the role of the Management Audit Division (MAD) / Internal Audit Unit (IAU) in the corruption prevention tasks of the agency. Considering the need to further improve the internal audit's performance, the agency should further strengthen (e.g. funding support, full administrative support, staff competency and pay upgrading) and expand its operations, pursuant to Administrative Order No. 70 and Memorandum Circular No. 35. The improvement in Internal Audit performance will greatly boost the deployment rating for Level 1, once the other criteria has been complied.

To be able to comply with the requirement of Level 1, the identification of its high-risk operations and functions is the next step to be undertaken. Meantime, the Committee on IDAP and MAD should be tapped to do the task to obtain level of readiness for the next level.



To reach level 2, there is a need to proactively undertake assessment of corruption risk areas, by requiring the officers and employees concerned to attend trainings on corruption risk assessment and corruption prevention planning being conducted by appropriate agencies, e.g. DAP, OMB, etc. The risk assessment and planning could be facilitated through training workshop to be spearheaded by the MAD and Committee on IDAP, with the nationwide participation of the department/division managers of the agency and employees union representative (appropriate representation from all areas concerned). The result of the risk assessment will be the basis of corruption risk program which should be documented and made known to all managers, top management/leadership and employees' union.

The continuous operation of the COD, the strict implementation of its rules and regulations and timely resolution of cases and issues affecting corruption related practices/activities will encourage and ensure faithful compliance of officers and employees with the existing laws, rules and regulations. The chances of corruption reduction and possible eradication are high when anti-corruption mechanism is in place and properly managed. Also, to be highly effective in using anti-corruption mechanism, the agency should educate the officers and employees on the mechanics of the COD.



10. Managing Interface with 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.

The rating scale for this dimension is as follows:

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.
3	<ul style="list-style-type: none"> ▪ The agency has a mechanism to check that the published rules, procedures, and standards are being met (e.g. client complaints/feedback mechanisms, service charter) ▪ Relevant personnel are given training on how to handle and resolve complaints. ▪ Managers monitor compliance with service standards and ensure transactions are isolated from undue interference (i.e. patronage and bribery).
4	<ul style="list-style-type: none"> ▪ The agency has a full and complete record of complaints and feedback from clients. Complaints and feedback from clients are analyzed to identify possible incidence of corruption. ▪ Records of releases of information are examined. Results of analysis are correlated with incidence of corruption. ▪ The agency has a mechanism to provide redress for failure to comply with its service guarantees.
5	<ul style="list-style-type: none"> ▪ The agency regularly reviews its system of managing interface with external environment for effectiveness in preventing corruption and enhancing integrity. ▪ Results of the review are used to strengthen the policies/systems on disclosure of information; service delivery and in dealing with external parties.

10.1 Management of External Environment at NIA

Irrigation development is the mandate of NIA and farmers are its client-beneficiaries. The proceeding paragraphs describe how NIA manages the delivery of its services to its external clients.

In the Philippines, there are three (3) categories of irrigation systems: the national, communal and private irrigation systems. NIA develops these systems through three (3) schemes: run-of-the river diversion, storage of reservoir, and pump irrigation. The NIA basically operates and maintains these systems, except for the privately run irrigation systems, under the shared management scheme and irrigation management transfer (IMT) with organized farmer-beneficiaries.



The management and operation of these services are the functions of the Systems Operations and Equipment Management Sector (SOEM), specifically under the Systems Management Department, the Institutional Development Department and the Equipment Management Department of the Central Office and its corresponding counterparts in the region. Under PD 552, the NIA, through the Institutional Development Program (IDP), is mandated to delegate the partial or full management of NIS to duly organized cooperatives or associations centering on the organization and empowerment of farmer-beneficiaries. Farmers are organized into Irrigators Associations (IAs) and strengthened through training and hands-on activities to make them more effective partners of NIA in irrigation development and management.⁹

Communal irrigation projects and systems¹⁰

PD 552's provides that Irrigation Development Program shall evolve on the principle that farmer-beneficiaries shall pay back the cost of construction or rehabilitation of their communal irrigation systems. Repayment could only be possible if farmers manage their systems well, collecting fees from them.

To implement the IDP, NIA launched the Participatory Approach Program (PAP) in 1980, combining the technical and institutional aspects of irrigation management for the farmer-beneficiaries to muster. Farmers are consulted and are involved in project identification, investigation, evaluation and selection, pre-construction and construction, and eventually operation and maintenance (O&M) of communal systems. They are organized into IAs and trained to be self-reliant and self-governing partners from planning to management of the systems. The training activities include leadership, financial management and systems operation. Communal systems built with the farmers participating in all phases of the systems' development are more functional compared with irrigation systems constructed without consultation and the participation of water-users.

National irrigation systems

The success of PAP in the communal systems led NIA to implement the Management Turnover Program (MTP) and, recently, the Irrigation Management Transfer (IMT) Program in the NIS. Under both programs, NIA entrusts or passes on to farmers, through the IA, the responsibility of managing part or the whole system, retaining only the O&M of major facilities. As IAs develops, they shall assume bigger responsibilities in irrigation management. The contract arrangements under MTP cover the following:

1. Under a Maintenance Contract (Type I), the IAs undertakes routine maintenance works of a certain length of the irrigation canal system. They are paid P1,400 per month for satisfactory maintenance of 3.5 kilometers (km) of canals (if unlined) and 7.0 km (if lined).
2. With a Systems Operations and Irrigation Service Fee (ISF) Collection Contract (Type II), the IAs undertake systems operations of a portion of a system and collection of ISF from its members. They get incentives for assisting NIA in these activities based on the amount of ISF collected.

IAs are entitled to a minimum of two percent of their collection if they attain at least 51 percent collection and a maximum of 15 percent for 91-100 percent collection of current accounts. In addition, they are entitled to two percent of collections from new back accounts and 25 percent from old back accounts.

3. Under complete turnover contract (Type III), the management of the whole or part of an irrigation system is fully turned over to the IAs. The IAs will amortize the investment and rehabilitation costs of the facilities turned over to them for a period not exceeding 50 years.

⁹ An IA is a non-sectarian, non-stock, and non-profit organization of farmer-beneficiaries. The formation of an IA starts from the identification and listing of the individual farm lots and the potential beneficiaries who are later on grouped according to hydrologic boundaries and layout of the water distribution system.

¹⁰ www.nia.gov.ph



The IMT Program focuses on developing the technical and financial capabilities of IAs in handling substantial O&M responsibilities. This is carried out under a joint system management arrangement where NIA retains its responsibility in maintaining the main irrigation and drainage facilities while the IAs are responsible for the secondary facilities. NIA and the IAs commensurately share in the benefits and burden in the O&M of the systems.

10.2 Assessment

Table 43. IDA Ratings for Managing Interface with the External Environment Across Sites

MANAGING INTERFACE W/ EXTERNAL ENVIRONMENT	CO	Region 11 (Davao)	Region 7&8 (Tacloban)	Region 3 (Bulacan)	Team Rating
Agency Rating	1	2	0	2	
Deployment Score	10-20 %	70-80 %	0	70-80 %	70-80%
Validated Rating	1	2	1	2	2

The results of the IDA ratings for this dimension vary. The central office rated itself 1 while the regional offices, except for Regions 7 and 8, rated themselves 2.

The central office IDA participants agree that they merit a rating of 1 for not being able to proactively disseminate information on its service policies, systems and procedures to the transacting public (bullet 1 of level 2). Regions 11 and 3 participants synonymously agreed to a rating of 2 because they lack evidences for bullet 2 of level 3 that will prove relevant personnel are trained to merit rating 3. They train the farmer-clients on handling complaints and resolution but no proof of training of personnel on the same can be presented as they claim that training was conducted a very long time ago. Regions 7& 8, however, gave a zero rating for not having a policy on disclosure of information to the public.

Central Office

Upon validation, the assessment team agrees that NIA deserves a rating of 2 for this dimension. The team recognized that frontline services are carried out in the PIOs and ISOs under the administration of the regional offices, with the Institutional Development Officers (IDOs) as frontliners. It is understandable that the central office can only rate itself 1 for the NIA is not technically doing frontline services to the public except to water-users.

Regional Offices

With the IAs as NIA's partner, operation and maintenance of the irrigation systems, as well as the generation of irrigation service fees which is the major source of revenue for its operation, are strengthened. IAs serve as the front liner of NIA's services whose responsibilities are clearly stated in the three contracts under IDP.

Types I, II and III contracts as stipulated in Memorandum Circular No. 41 series of 1990, laid down the policy for the criteria in the shared management (turn over) of the national irrigation systems to the IAs. Type I Contract is a maintenance contract, Type II is a systems operations and ISF collection contract while Type III is a contract that will effect the full turn over of the whole or part of the irrigation system to the qualified IAs.

IA's performance is managed through training and development, close monitoring and the provision of other technical assistance during the performance of their responsibilities. As a basis for planning the necessary



assistance to organized IAs, an instrument that assesses the level of IA functionality (performance) has been developed by the NIA. The IA Functionality Survey is done separately for the NIS and the CIS considering the differences in the operation of the IA in each type of system.

Although agency policies on institutional development are handed down to the regional offices, the RIOs may craft policies that they think will serve their IAs best so long as these policies will not be in conflict with the general policies. This is what happened in Regions 11 and 3. The two regions belong to the different ends of the performance spectrum where the former is considered the best performing region in terms of ISF collection efficiency and the latter, a low performer. However, this fact did not seem to affect the ingenuity and perseverance of its IDD heads in coming up with strategies for the past two years of operation. IDD personnel are also responsible for the training and development of IA officers and members. In the conduct of various institutional development activities, regular interaction with IA and IDD people occurs and this had historically been a proven effective feedback mechanism for farmer-beneficiaries in the case of CIPs and for NIPs, the water masters. This is especially true for all regions assessed. Further interviews conducted with various stakeholders in Region 11 (PIO in Davao del Sur and ISO in Davao del Norte) confirmed this fact.

For **Region 11**, Lalik-RIS in Davao del Norte, was able to maintain its high collection efficiency and targets to attain 100% efficiency through consistent support to and strict monitoring of its IAs activities and concerns. There is high regard to leadership who is consistently awarded "Most Outstanding Irrigation Superintendent" for six straight years (CY 2000-2005).

Region 3, on the other hand, is fully aware of their performance status and has presented various training documents and future training proposals to remedy this concern. They have actively utilized the results of the IA Functionality Survey to address issues on IA performance and claimed to have somehow benefited from it.

Regions 7 & 8 failed to present documents that will prove that the basic requirements are deployed to the units or IAs concerned. It is worth mentioning, however, that the region follows basic policies on dealing with IAs as set by the Central Office such as the functionality surveys. For this, the team gave them a rating of 1.

10.3 Survey Results

Moderate net agreement ratings are reported among the Regional sites in terms of factors affecting interface with the external environment. Central Office however reported moderately positive agreement to Statement No. 1 and only slight agreement to Statements 2 & 3. Also, slightly negative agreement was recorded among Central Office respondents for the agency's ability to act upon complaints and feedback of clients.

No significant differences in responses were obtained across all sites regarding handling of complaints (Statements 3 & 4). Significant differences in responses were however observed among Regional respondents in terms of the other two factors as follows:

- Respondents from Region III who disagreed that operations are clear and easily understood were those with non-supervisory positions.
- Respondents from Region 7&8 as well as from Region 11 who were likely to disagree with Statement 1 & 2 were among those who do not have a college degree.



Table 44. Net Ratings for Managing Interface with the External Environment

STATEMENTS	Central Office	Region 11	Region 7&8	Region 3	Agency Rating
1. Overall, operations in our agency are clear and easily understood.	2.09	1.83	1.87	1.80	1.92
2. Actual practices in our agency are consistent with written procedures and policies.	2.32	2.06	1.96	2.08	2.14
3. Complaints and feedback of <u>clients</u> are acted upon in our agency.	2.30	2.02	1.94	2.09	2.12
4. Complaints and feedback of <u>employees</u> are acted upon here in our agency.	2.56	2.05	2.02	2.15	2.25

The predominant complaints of respondents across all sites (33.81%) were problems regarding water supply and distribution. Defective irrigation system and facilities (21.20%) and delayed release of salary, incentives and funds (15.47%) were also cited.

Owing to the mandate of NIA, almost a third of the respondents were quick to confirm that NIA's common client complaints was the inadequate / poor water supply to their farms and the perception that there is an unequal distribution of these services to the people. The others also claimed that the inadequate water supply was mainly due to the defective irrigation systems or the defective facilities. When asked what these same respondents can suggest to improve the services of NIA, majority confirmed the assertion made above by stating that to improve the facilities of NIA is surefire solution to the problem and to be able to realize this, additional funding or financial support is needed.



Table 45. **Common Complaints of the NIA's Clients**

COMMON COMPLAINTS	Frequency	Percent of Responses (%)
Inadequate/Poor water supply, illegal water tapping, water distribution	119	33.81%
Defective irrigation system, damaged facilities	75	21.20%
Delayed salary, benefits and incentives, lack of funds, non-payment of amortization	55	15.47%
No comment, no idea, no answer, none	42	11.75%
Red tape, corruption, bribery, dishonesty, collection of irrigation fees	30	8.60%
Poor service, poor governance, no action on suggestions, poor record keeping, unfinished projects	10	2.87%
Favoritism	8	2.29%
Satisfied with current system	5	1.43%
Squatters	2	0.57%
Employees not able to visit farmers	2	0.57%
Discipline	2	0.57%
BAC's involvement in paying contractors	1	0.29%
NIA's closing of turnout policy	1	0.29%
Leniency on guilty employees	1	0.29%

Table 46. **Suggestions to Improve the Services of NIA**

Suggestions	Frequency	Percent of Response (%)
Improve facilities	74	21.64%
Additional funds, financial support, support from management, funding for maintenance	55	16.08%
Good and more efficient public service, dedication and hardwork	55	16.08%
Cooperation and unity, proper communication, consultation with the farmers, information dissemination, establish a reporting system	66	11.99%
Better salary/benefits/incentives, release on time	31	4.97%
Strict and close monitoring, strict implementation of guidelines, regular inspection	17	4.39%
Good leadership, leadership by example	14	4.09%
Seminars and trainings on ethics, values education, farmer empowerment	14	3.22%
No favoritism/politics	11	2.34%
Proper promotion and recruitment system (esp retirement), reshuffle	6	1.75%



Suggestions	Frequency	Percent of Response (%)
Extend payment of ISF, improve ISF collection	4	1.17%
LGU's involvement on CIS	3	0.88%
Lifestyle check, transparency	2	0.58%
Satisfied with the system	2	0.58%
Do not accept bribes	1	0.29%
Additional field personnel	1	0.29%
Put IDO	1	0.29%
Review policies	1	0.29%

10.4 Next Steps

The management of the external environment can be considered as one of NIA's strengths as an agency. With a total of 6,062 IAs organized¹¹, the Institutional Development Department has had its hands full of work – training IAs and serving as a bridge between the NIA and the farmers. For this dimension, NIA has a lot of strengths identified during IDA sessions both at the Central Office and the regional sites.

However, to merit a rating of 3, the agency needs to draft a clear set of service standards that shall be communicated to all relevant personnel and IAs concerned. Focus must also be given to the installation of a systematic complaints and feedback mechanism and institutionalize this through trainings of relevant personnel (the Institutional Development Division, for instance). Regular monitoring of compliance must also be done by the management which will ensure that transactions are isolated from undue interference such as patronage and bribery.

¹¹ Briefing on NIA, March 2007



Table 47. **SUMMARY OF IDA RATINGS ACROSS ALL SITES**

DIMENSION	CENTRAL OFFICE	REGION 11	REGION 7 & 8	REGION 3	FINAL TEAM RATING
1. LEADERSHIP	1 (30-40%)	1 (30-40%)	1 (30-40%)	1 (70-80%)	1
Validated Rating	1	1	1	1	
2. CODE OF CONDUCT	1 (50-60%)	1 (90-100%)	1 (70-80%)	1 (70-80%)	1
Validated Rating	1	1	1	1	
3. GIFTS AND BENEFITS	0	0	0	0	0
Validated Rating	0	0	0	0	
4. HRM	3 (30-40%)	2 (70-80%)	2 (70-80%)	2 (70-80%)	2
Validated Rating	2	2	2	2	
5. PERFORMANCE MGT.	2 (30-40%)	4 (50-60%)	2 (50-60%)	1 (70-80%)	2
Validated Rating	2	2	2	1	
6. PROCUREMENT MGT.	1 (70-80%)	1 (50-60%)	1 (50-60%)	1 (70-80%)	1
Validated Rating	1	1	1	1	
7. FINANCIAL MGT.	2 (50-60%)	1 (50-60%)	2 (70-80%)	1 (70-80%)	1
Validated Rating	1	1	2	1	
8. INTERNAL REPORTING & INVESTIGATION	0	0	0	0	0
Validated Rating	0	0	0	0	
9. CORRUPTION RISK MGT.	0	1 (30-40%)	0	1 (70-80%)	0
Validated Rating	0	0	0	0	
10. INTERFACE W/ EXTERNAL ENVIRONMENT	1 (10-20%)	2 (70-80%)	0	2 (70-80%)	2
Validated Rating	1	2	1	2	



V. Corruption Vulnerability Assessment

Methodology

The second phase of Project IDR is Corruption Vulnerability Assessment, which entails the detailed examination of the general control environment of the agency, the inherent risk of corruption in agency operations and the adequacy of existing safeguards.

A risk is defined as anything that could jeopardize the achievement of the agency's objectives. In CVA, risk is taken to mean an element or factor that can induce deceit, malfeasance, or abuse of power or position for private gain.

Vulnerability means the probability that corruption occurs or will occur and not be prevented or detected in a timely manner by the internal controls in place.

The purpose of the CVA is to examine the high-risk areas and/or functions and assess the probability that corruption occurs or will occur and may not be prevented or detected in a timely manner by the internal controls in place.

During the conduct of the CVA, information was culled from interviews of process-owners, review of documents and process observation and accomplished the CVA matrix for each identified area.

Selection of the CVA Areas and Basis for Selection

The selection of the CVA Areas were premised from results of the CRR survey where 143 out of 270 respondents disagreed that it is difficult to corrupt NIA's current system of operation, including the following factors: significance and extent of operations, materiality of costs involved, and, impact of these processes, as shown in the table below:

Table 48. **Basis for Selection of the CVA Areas**

CVA Areas	Basis for Selection
1. Project Implementation	Large budget allocation for capital outlay averaging P6 billion annually.
2. Procurement (Civil Works)	Large budget for construction of irrigation systems: foreign loans/grants and externally funded projects
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%



Table 49. Team CVA Schedule and Assessment Sites

Central Office April 30, May 2-4	CVA Site 1 April 23-27	CVA Site 2 April 23-27	CVA Site 3 May 7-11
<u>PROJECT IMPLEMENTATION</u> Fe Abangan Jennifer Matunding Eusebio Villamanto	a. Davao del Sur / Davao del Norte PIO – Project implementation b. Regional Office (Davao City) – Procurement c. LALIK-RIS (Davao del Norte) – ISF Billing, Collection and Remittance	a. Tanauan, Leyte PIO – Project implementation b. Regional Office (Tacloban City) - Procurement c. Mainit/Pongso-RIS (Leyte) – ISF Billing, Collection and Remittance	a. Casecnan MIPP – Project implementation b. Regional Office (Bulacan) - Procurement c. AMRIS (Bulacan) – ISF Billing, Collection and Remittance
<u>PROCUREMENT</u> Atty. Roline Jabalde Atty. Maria Teresa Ruiz Violeta Esguerra			
<u>ISF BILLING, COLLECTION & REMITTANCE</u> Atty. Edna Forto Rebecca Malazarte Alejandro Realeza			

Scope and Description of Assessment Sites

Central Office: To observe protocols and before proceeding with the interviews of process-owners and documents review, the Assessment Team did a courtesy call on the OIC Administrator. Counter-checking of controls were also made from CVA results of Regions 11 and Region 7 & 8.

For Project Implementation, the process-owners interviewed were from the Construction Management Department, the Design and Specifications Division and the Systems Management Department.

For Procurement, the Assessment Team interviewed the Administrator, members of BACs A (Civil Works) and B (Goods), its Technical Working Groups and Secretariats.

For ISF, process owners interviewed were from the Management Audit Division and the Treasury Department.

Region 11: LALIK River Irrigation Systems falls under the jurisdiction and supervision of this region. This is considered as one of the most viable irrigation systems in the country with 100% ISF collection efficiency to boast. The procurement process is based on delegated authority specified in Memorandum Circular No. 50 series of 2002. Davao del Sur PIO (Digos) implements communal irrigation projects with the cooperation of the LGU and the IA under a tripartite agreement known as the Balikatan Sagip Patubig Project (BSPP I & II).

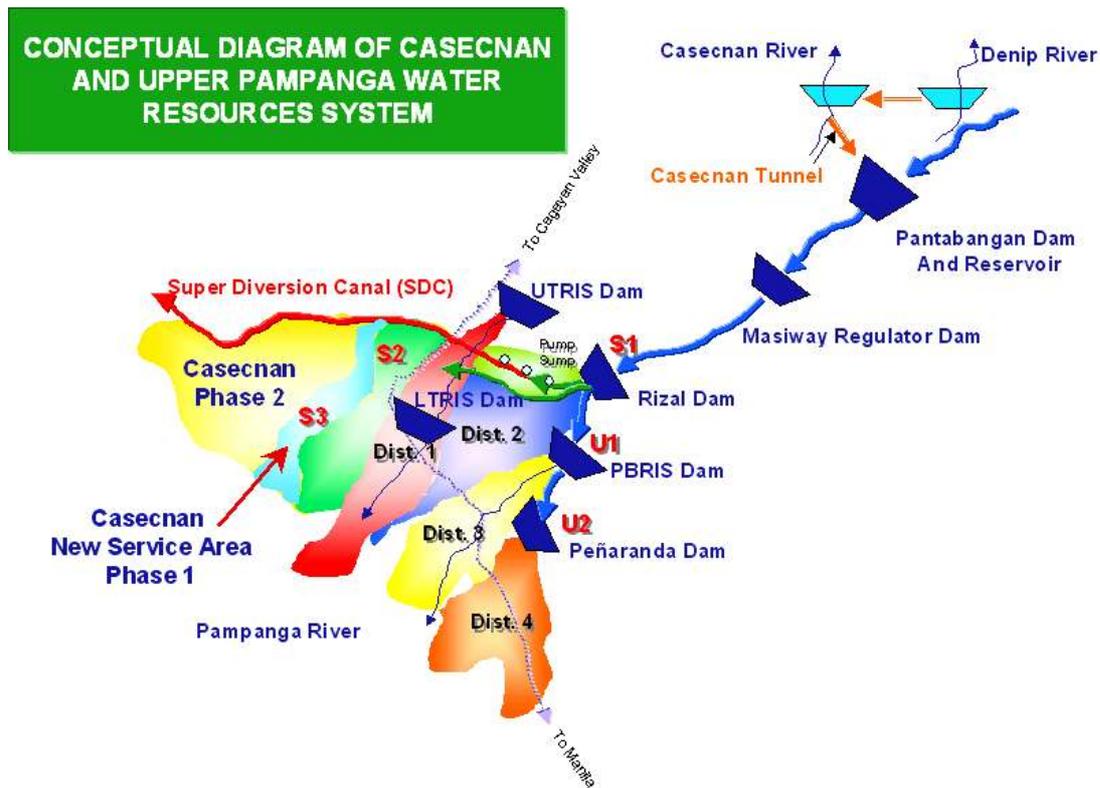
Region 7 & 8: The Assessment Team observed the process of project implementation in Tanauan, Leyte PIO. Interviews with process owners of procurement management were conducted at the Regional Office and for the ISF Billing, Collection and Remittance, document reviews/interviews were conducted at the Mainit-Pongso River Irrigation System.



Region 3: Casecnan MIPP in Muñoz, Nueva Ecija was observed for project implementation. Procurement management at the regional office was observed through document reviews and interviews with process owners. At the Bulacan Provincial Irrigation Management Office, the Angat-Maasim Rivers Irrigation System was observed for ISF billing, collection and remittance.

Casecnan MIPP is an on-going NIS project that is foreign funded. This project is expected to benefit 49,489 farmer beneficiaries, generate 604 gigawatt-hours per year of electric power that is enough to supplement the supply for the whole Luzon grid and concretize 80.46 kilometers of access roads including 10 concrete bridges. The irrigation component of the project will be able to service four (4) cities and seventeen (17) municipalities of Nueva Ecija, Arayat and Candaba in Pampanga, and San Ildefonso and San Miguel in Bulacan.

Fig. 7



As with the case of field sites 1 and 2, the regional office in Bulacan also conducts bidding and implements projects based on delegated authority and therefore, subject to assessment.

The AMRIS, under the Bulacan Provincial Irrigation Management Office (Bulacan-PIMO), is a special case in itself because of the water supply crisis it faces in lieu of the priority consistently given to domestic use (through MWSS – see Fig. 9). This system, created in 1963, services 31,485 hectares of farm lands covering 20 municipalities of Pampanga (North Main Canal) and Bulacan (South Main Canal) benefiting 22,000 farmers through the Angat Afterbay Regulator Dam or AARD (see Fig. 8). It is currently undergoing rehabilitation of its 3 diversion dams with a project cost of Php 985.8 million (840 M foreign and 142.8 local).



Fig. 8 AMRIS Service Area

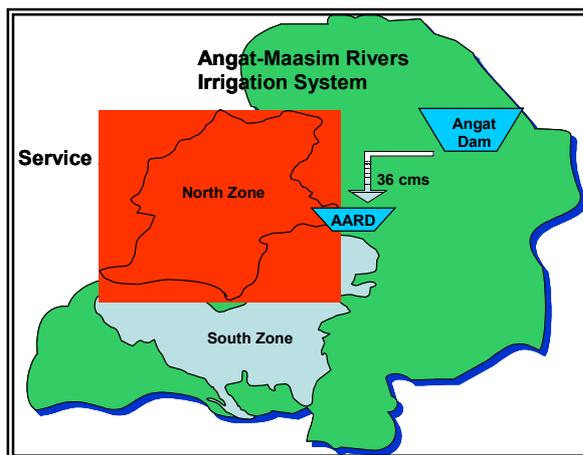
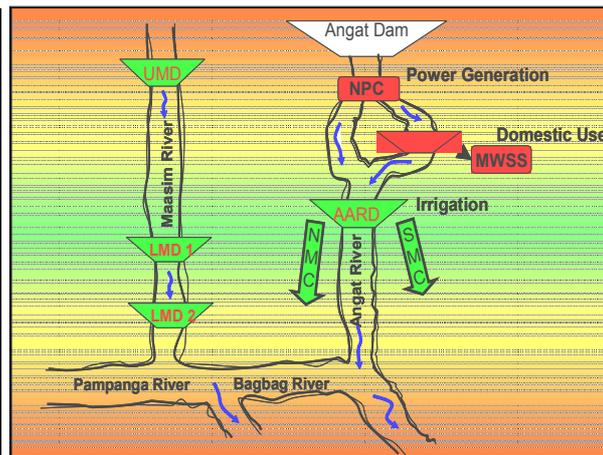


Fig. 8 Water Distribution from Angat Dam



CVA Risk Area No. 1: Project Implementation

Projects are the lifeblood of NIA's operations in the form of new proposals or rehabilitation of existing ones. There are three kinds of projects being managed by the NIA: the National Irrigation Projects (NIP), the Communal Irrigation Projects (CIP) and multipurpose projects. All irrigation development projects undergo three (3) phases: the pre-construction phase, the construction phase, and the operation and maintenance phase.

Selection and prioritization of these projects are all subject to a point system pursuant to RA 8435 otherwise known as the Agriculture and Fisheries Modernization Act of 1997 (AFMA). CVA area no. 1 focuses on communal irrigation projects (CIPs) specifically on the construction phase of the project, although other vulnerabilities with respect to implementation of NIPs gathered on-site are also given preferential attention by the team.

For CIPs, the AFMA provides for the:

“devolution¹² to LGU of the planning, design and management of communal irrigation systems (CIS) within five (5) years from effectivity of the law...transfer to LGU NIA's assets and resources in relation to CIS...provision of technical assistance to LGU by NIA even after complete devolution...preparation by and coursing through LGU the budget for the development, construction, operation and maintenance of CIS and other types of irrigation systems (the implementing rules and regulations provides for a capability-building program for LGU)” (Section 31)

Following the AFMA, the Balikatan Sagip Patubig Project (BSPP) was launched in 1999 to assist the LGUs in becoming financially and technically capable to implement communal irrigation development in their area. This is a joint undertaking of the Department of Agriculture (DA), the NIA, the LGU and the IA, with the LGU being primarily responsible for the program.

The construction and the rehabilitation of the communal irrigation systems are covered under the BSPP. LGUs that are technically capable to undertake the engineering and pre-construction activities are left to fully manage and implement such projects. In this set up, NIA's technical assistance and support can be sought. Otherwise, NIA undertakes the implementation of the project upon the request of the LGU. A tripartite agreement is entered into with the IA, the LGU concerned and the NIA. To avail of the BSPP assistance, an LGU must comply with the guidelines set by the DA and express their intent by contacting NIA's regional and provincial offices and the office of the Manager of the Systems Management Department at the central office.

¹² Devolution is the transfer of power and authority from the national government to local government units to enable them to perform specific functions and responsibilities.



A historical timeline of the devolution of communal irrigation development is appended in this report.

Project Implementation Process

PRE-CONSTRUCTION: Project Identification, Investigation and Selection Phase

This phase is composed of the following activities: project identification, detailed investigation of the site, project design studies, plan formulation, final feasibility report and project authorization. All these activities usually take about two to three years to accomplish depending on the scope of the project.

For CIPs, priority is given to those projects with LGU and IA both capable and ready to provide necessary counterpart funds. However, projects in economically depressed provinces can also be prioritized provided that the LGU is willing to participate. Candidate projects are evaluated and must also pass these criteria: technical feasibility, agro-institutional feasibility, sustainability after rehabilitation, and socio-economic benefits.

Once projects are identified, prioritized and given the approval (notice of cash allocation), its implementation follows.

CONSTRUCTION PHASE:

1. Preparation of Estimates and Program of Work (POW)

POW is the document that outlines the nature and scope of the work of the project, its work duration and the general scheme of its implementation. There are two POWs being prepared for a project: the Overall Work Program and the Annual Work Program (CY Program of Work). The overall work program consists of the institutional development program and the civil works program.

The preparation of final estimates for project costs are based on approved plans and allocations in the General Appropriations Act for the agency and the POW will be the basis for the release of these funds to the offices involved and for negotiations with the Irrigators Association (IAs) to determine their share in the cost of the project (for CIPs).

a. Detailed Estimates

Some project items need to have a detailed work estimate to be able to derive a detailed analysis of its cost. An example is the canal earthwork computations. This is estimated by end area method for every section of the canals, based on the existing ground elevation as per cross section taken and the neat lines of the canal shown in the drawings.

b. Detailed Cost Analysis/Derivation of Unit Cost

Unit cost of materials, labor and equipment use are analyzed. The unit cost of each item of work will vary from project to project. For example, price of cement will depend not only on the distance from the factory but also on the ease of transporting it to the site. Prices of gravel and sand fluctuate depending on the distance of the work site from the quarry. Aside from materials, other factors considered in the derivation of unit cost are labor (local labor rate) and the use or rental of equipment.

Excavation of canals and structure may be done either by manual labor or with the use of heavy equipment. The use of labor-intensive techniques however is given priority in communal projects to enhance farmers' participation and to give IA a chance to work for its equity share. If excavation is done by manual labor, the cost of excavation is purely labor, but if heavy equipment is used, this factor should also be considered.



c. Determination of Direct Cost and Indirect Cost

In order to determine the amount of loan the IA will amortize, the practice is to segregate the direct cost from the indirect cost, as the latter is not chargeable against the loan.

The direct cost covers those expenses directly connected with the project while the indirect cost covers the general overhead and surcharge.

The following expenses fall under direct cost and will have to be repaid by the IA.

- a) wages of all personnel directly engaged in the project (engineer/foreman down to laborer)
- b) wages of inspector assigned in the project if done by contracts either regular or "pakyaw"
- c) traveling expenses of personnel directly engaged in the construction of the project
- d) operating and maintenance cost including rental of equipment used in the construction of the project
- e) all materials and supplies used for the project

d. The Program of Work (POW)

After the determination of the cost of the various work items, both direct and indirect, the program of work for the project is prepared. Once approved, this becomes the basis for fund releases and the authority to spend for project implementation. No expenses will be approved unless it is in accordance with the program. The program is prepared in two forms: the Annual Work Program (based on approved allocation from the GAA) and the Overall Work Program (for project implementation). The overall POW covers the entire scope and cost estimate of the project. In projects that have to be undertaken in two or more phases, overall work program is used for scheduling the phases and monitoring and evaluating the overall physical and financial status of project implementation. It is a pre-requisite to the release of funds. The CY POW is the annual work program of the project. If the project is to be completed within one calendar year's fund appropriation, it is also the overall work program. Otherwise it will only be the program of the phase of the project to be implemented within the calendar year.

e. Work Packaging

In the construction of irrigation projects, whether by force account or by contract, construction planning is necessary to establish and facilitate important factors that will govern the progress of the work.

e.1. Construction Schedule and Cash Flow Chart

Construction schedules are made in different forms. It is used to be in the form of a bar chart, but improvements in scheduling brought about what is known as "Critical Path Method" or CPM and S-Curve. Whatever schedule is used, it is necessary that it be followed together with cash flow chart or disbursement schedule. The financial aspect of the project can be readily estimated from the planned activities, quarterly, semestral or annual releases could be made.

e. 2. Equipment Requirement

It is always desirable that communal projects be undertaken through labor-intensive techniques in order to generate employment in the rural areas and enhance the participation of the farmers. However, there are certain types of work in particular situations wherein the use of heavy equipment is necessary. In communal projects, before any construction equipment is used, discussion must be held with the IA about the operation and maintenance of the equipment, payment of the equipment rentals as part of construction cost, and utilization of heavy equipment only when labor intensive methods are not practicable.



e. 3. Presentation of the Program to the IA

After completion of the detailed estimates and program of work, the same is presented to the IA for its comments and recommendations prior to its submission to the proper authorities for approval.

e.4. Submission of POW to Authorities concerned for Approval

Authority to approve POW has been delegated by the Administrator following Memorandum Circular No. 50 series of 2002. Simultaneous with the submission of the program of work, members of the right of way committee should start negotiations for acquisition of the right of way, and legal requirements prior to construction should be completed, in anticipation of the construction activities.

2. Construction

The construction phase starts immediately after funds are released. Normally, this is done in January of each year from congressional appropriations. In most areas of the country, this is not yet the rainy season and thus funds should be immediately sent to the PIOs so that construction activities can take advantage of the relatively dry situation. There are, however, a number of preparatory activities before actual construction. These should be accomplished before January using seed funds provided by the Central Office.

a. Pre-construction Conferences

A series of pre-construction conference are conducted by NIA and the IA after the finalization of the project design and POW.

The first pre-construction conference is the general assembly of IA and NIA staff (the provincial irrigation office, the project in-charge, and the institutional development office). The agenda for the conference includes the discussion of NIA-COA policies, presentation of plans and estimates and program of works, signing of the Memorandum of Agreement and the formation of working committees. The formulation of IA policies for construction and the preparation and monitoring of the Equity Generation Program follows.

The second pre-construction conference discusses the firmed up agreements between NIA and IA on the various construction activities; the finalization of policies and system to be observed during the construction phase and the formulation of specific coordination mechanisms between NIA and the IA during construction.

b. Preparation and Submission of Certificate for Project Construction

In order to ensure that all the measures for preparing the project and IA in particular have been accomplished, a certificate for project construction should be prepared and submitted. This certificate is a document certifying that all the requirements for project construction specified therein have been completed / accomplished by the IA and NIA project staff. It is a requirement for the release of funds for project construction.

c. Mobilization for Construction

Construction phase starts right after the policies and systems for construction, the Certificate for Project Construction, and MOA have been signed by NIA and IA, signifying that both are ready to assume their respective responsibilities for construction.

3. Procurement of Services, Materials and Consultancy

After the approval of the POW and the various pre-construction conferences had been accomplished, the procurement of services, materials and consultancy begins. For a discussion of procurement, CVA area no. 2 provides this in detail.



4. Negotiations for Right-Of-Way (ROW)

Right-of-way means the site or the location, with defined physical boundaries, used for a national government project.

The ROW for canals, diversion works, structure and access roads furnished by the IA without payment from the NIA within the service area on land owned by the beneficiaries of the project are considered part of the non-cash IA counterpart contribution. ROW acquired by the IA for the project is assessed by the NIA. A receipt is prepared by the NIA for the equivalent amount of ROW. Copies of the receipt are distributed to the IA President, Project Engineer, and Provincial Irrigation Officer files. The value of the ROW is added to the total IA counterpart labor and materials for the minimum 10% counterpart (equity). There are four ways of acquiring the ROW in communal irrigation projects and these are by: a) deed of donation b) ROW agreement c) deed of absolute sale, and d) expropriation proceedings.

The cooperation of the municipal, provincial, and other officials help greatly in ROW negotiations. In communal projects, ROW on lands of farmer-beneficiaries are negotiated through the work of the ROW committee of IA and are made available as part of the equity of the IA. In canals on properties of non-beneficiaries, negotiations with the owners are usually joint activities of NIA and IA

5. Construction of Irrigation Facilities

Quality Control

All work must be in faithful adherence to NIA Technical Specifications. The Technical Staff should at all times see to it that work is executed in full compliance with plans and specifications.

Periodic / Monthly Cost Reconciliation

This process is done regularly by the IA and the NIA to check the day-to-day transactions to determine the chargeable cost for each period to facilitate the acceptance of project cost during turnover of the project.

6. Project Inventory- Project Completion Reporting (PI-PCR)

A pre-completion inventory is undertaken in order to determine the remaining works of the project, physical and financial. A pre-completion inventory team is fielded by the PI-PCR committees composing of the CMD (PMED and CPSD) and DSD to the Project Office.

After the fieldwork, the team will prepare a report to the committee. The remaining works identified will also serve as basis whether the project will be completed as per schedule or the implementation schedule will be extended.

7. Commissioning / Test Run

This activity is jointly undertaken by the NIA Technical Staff and the IA prior to turnover of the project. Walk through and inventory of facilities are conducted by both parties while water is allowed to flow along the canals, structures and other facilities.

8. Turnover of the System

Physical and financial documents are necessary before the actual turnover takes place. *Physical documents* include the final statement of project account, list of irrigation facilities, pictures of the site and project lay-out. *Financial documents* include the final statement of chargeable cost, financial turnover agreement, amortization turnover agreement and summary of chargeable cost.



CVA FINDINGS FOR PROJECT IMPLEMENTATION:

The following activities have been examined for corruption risk vulnerabilities. Project implementation both at the national and communal levels is assessed but CIP implementation was given more focus.

1. Preparation of Program of Work (POW)

The preparation of POW follows a master implementation plan (MIP). Aside from the MIP, the Force Account Management Infrastructure System (FAMIS) remains the 'bible' of engineers in doing estimates for the POW. Also, it must be emphasized that POWs are prepared based on the approved allocation on the current year appropriation. Approval is ceremonial and only to serve the purpose of verifying the completeness of its attachments. However, the following risks have been identified during field visits and interviews:

a. Over or under-estimation of works and costs– this risk had been identified for the estimation of unit costs and estimation of project costs. Over or under-estimation is very possible and interviewees agreed that this risk is likely to occur and has a high significance in some projects because according to them, the FAMIS is outdated and prices there do not conform to current market prices. It was noted that the last revision of the FAMIS (originally done in 1981) was in November of 1994. The FAMIS must be reviewed /revised to include adaptability and cover the actual condition of the project.

b. Document security risk – although the safekeeping of detailed estimates is delegated to the Chief of Office, the encoding is delegated to another employee he/she chooses. In addition, there had been no identified secured area for safekeeping of detailed estimates and this adds up to security risk. The likelihood of occurrence of this risk is high and its significance is also high since it is highly likely that the list of detailed estimates will fall down the hands of a prospective contractor giving him advantage over the others on a supposedly level playing field.

In this regard, the development of an e-database for POW preparation is recommended. This could be targeted in the long run. What the agency could do at present is to formulate a policy that will designate or specify clearly those accountable personnel, aside from the Chief of Office, in-charged of the safekeeping of the detailed estimates. Consequently, these personnel shall be mandated to password-protect all encoded files of detailed estimates securing passwords (to open and to modify) based on the level of access allowable for the different personnel in this group. Another option would be to disable printing and the use of the floppy drive and the cd-rom drive. The use of a universal serial bus (USB) should also be strictly prohibited.

c. Non-compliance with technical specifications – during work packaging (when a project is identified for contract works or force account works), the most suited material or work standards are not being followed. For some cases, this is due to the dominance of consultant opinion (in NIPs). Most of the time, work packaging is also the discretion of the lending institution.

To be able to minimize this risk, the agency could revise their policy on contract works and stress that the decision of the PMO on matters pertaining to technical standards / specifications to be used must prevail over that of the consultant. Consultant opinion, however, shall be honored during discussion sessions.

In the long run, conflicts are still inevitable. To solve this problem, it is recommended that the agency revisit its standard designs manual and update it to suit present conditions and adopt international standards.

d. Splitting of contract activities – this risk had also been identified as one practice deviating from the standard operating procedures and had been used as a strategy to allow financing of everything that had been originally programmed for a certain project. However, on closer analysis, this practice seems to be more advantageous to NIA and based on interviews, is an uncanny way of adapting to the financial crisis of the government. This is being done such that big projects have greater chances of getting approved of their budgets.



2. Procurement of Services, Materials and Consultancy

Risk of collusion between contractor / supplier and BAC members / TWG – this risk is highly likely to occur and is considered a highly significant risk if a project is awarded to a favored contractor / supplier instead of the most qualified bidder. The BAC members of all sites assessed pride themselves in religiously following the Procurement Law (RA 9184), actively confirming that the possibility of this risk occurring is far-fetched. But based on interviews, the same personnel failed to undergo full training on the Procurement Law and at best, were just given orientation on the law before its actual implementation way back in 2004. Since this law is the sole control mechanism to contain this risk, only partially supported by the eligibility screening process and Memorandum Circular No. 50 series of 2002, it is highly recommended that training on RA 9184 be pursued immediately for the whole BAC, TWG and Secretariat. A detailed discussion of this risk is provided in the proceeding section on CVA area 2: procurement.

3. Right-of-Way Negotiation and Payment

Risk of over valuation of affected properties – among the three sub-activities in ROW negotiation and payment (survey, valuation and payment), survey had been noted as an activity where the risk of corruption is highly likely to occur in NISs unlike in CISs. Generally, there is just a low significance of impact for this risk. If ROW negotiation was not given priority before the signing of the MOA (in the case of a CIP), then the impact of the risk can be considered highly significant, especially in the operation and maintenance (O & M) phase of the project. This prompted the agency to issue Memorandum Circular no. 12 series of 2002 on giving preferential treatment to ROW negotiation before the actual project implementation. In addition, actual verification is done (in case of validation of certification) by the survey group and the construction group. This joint-survey by the contractor and NIA is undertaken prior to the actual construction. The assessment team noted that these controls are sufficient to contain the identified risk assuming that it is consistently enforced.

4. POW implementation (construction works)

a. Risk of delay – this risk had been noted consistently in all assessment sites. The delay in the start of the project had cost the agency so much in terms of service delivery and employee morale. This is mainly due to the delay in the release of funds that, according to key interviewees, forced the management to divert other funds towards this purpose. The existing control, which is the Construction Schedule (S-curve) could not do much in this instance. This risk has a medium likelihood of occurrence but a high significance of impact to the agency. As had been identified above, the practice splitting contract work activities into several POWs to ensure funding and completion on time. Although this stop-gap had served its purpose, this should never be encouraged but be given appropriate resolution to discourage the possibility of corruption in the process.

b. Non-compliance with technical specifications – this is highly likely to occur and has a high significance of impact in NIPs since most of the time, there were only few, if not one, project-in-charge (PIC) assigned to monitor implementation in a relatively wider scope of project location. For CIPs, on the other hand, the absence of concrete testing compromises the quality of the materials used especially in a situation where the IA is not actively participating or cooperating during the actual project implementation. The agency tried to safeguard itself against such risk by implementing the Material Testing and Quality Control (MTQC) system. During assessment, it was noted that in all sites, MTQC is strictly being monitored. After the truck containing the materials goes out in say, 1-2 weeks, people from the property section will inspect the site, aside from the inspector report being required. However, the risk lies now in the fact that even if materials used were of low quality than what is appropriate, the structure may pass the strength or compression test and only time will reveal the difference. Engineers interviewed did not express much concern over this risk pointing out that the structures put up will not endanger lives anyway and its lifespan is relatively longer (despite the assumption of low quality materials used to build it) than a building that houses people.



In any case, the team noted that there is a need to standardize MTQC practices in all regions by having a material testing facility put up per region. Although this undertaking translates to high cost to the agency, a material testing facility is no doubt a necessity for project management offices. Project managers are having problems securing the quality of the materials by having them tested by DPWH facilities that sometimes are not strategically located.

4. Contract Works Administration

a. Risk of unverified requests for variation orders – this risk had been noted for change orders, extra orders, and supplementary contract requests. Connivance is a probability although the team noted its low likelihood of occurrence for both CIPs and NIPs, its impact is highly significant. This translates to added cost and delays to the agency and may encourage its rampant practice if not checked and monitored. Despite the existing control (RA 9184) the team deemed it inadequate because accountable personnel are not fully trained on the law. It is highly recommended that detailed engineering (NEDA circular limiting the variation order at 10%) be consistently enforced.

b. Over-run (negative slippage) or Under-run (positive slippage) - Another risk identified under the administration of contract works is the likelihood of incurring an over or under-run (negative or positive slippage). An over-run occurs when a target (physical or financial) is not met; a condition where project completion occurs beyond the expected date therefore incurring more cost to the agency. It could also be measured in terms of the project's physical accomplishment. In an over-run condition, the expected physical status is not delivered by the project. The reciprocal condition occurs in an under-run. In this condition, the project is completed way before the expected date and below the targeted cost. The latter condition appears to be more advantageous to the agency at the onset but in reality, valuable financial resources have been misallocated that should have been used by other projects.

To prevent these situations from happening, cost and schedule risks should be assessed and given priority at the onset of a project. Project cost statistics should somehow reflect these risks and be given due allowance. Strict and regular monitoring of the physical and financial status vis-à-vis the target should be done by the project-in-charge and results communicated to the project manager so that unnecessary lapses or hindrances could be avoided or resolved.

Since cost estimate accuracy is still to be achieved, another way to prevent this is through an addition of "contingency allocation" in budgeting for the project. Contingency is the amount added to an estimate to allow for additional costs that experience shows will likely be required. This may be derived either through statistical analysis of past project costs, or by applying experience gained on similar projects.¹³ According to Boukendour, contingency is different from management reserve in that the former is "an element of a project's cost which is included to allow for the unknowns and to ensure project completion within the budget while the latter is the amount withheld for management control purposes to enhance performance."¹⁴ Knowledge transfer through re-training or re-echoing of expertise within the agency should also be considered to maximize the potential of incumbent project managers as well as their protégées.

5. Fund Management

a. Disbursement of funds not covered by the program – this risk includes the disbursement of funds not covered by the program. Its likelihood of occurrence is low but its impact is significantly high. The approved POW is traditionally considered a control in itself but it was discovered that this is not enough to control fund deviation since cases have been identified with noted authority from top management. If this risk should be controlled, then prioritization should strictly follow the FIFO (first in-first out) scheme for cash disbursement.

¹³ AACE, 1998 as cited in Said Boukendour, "A New Approach of Project Cost Overrun and Contingency Management" OCRI Partnership Conference Series, 22 March 2005.

¹⁴ Ibid.



b. Risk of delay – the delay in the release of fund is sometimes attributed to a flaw in prioritization. Key interviewees confirmed that prioritization and fund releases are subject to external influences and favoritism is a key factor in the process. The likelihood of its occurrence is medium although its impact is significantly high especially on the performance of the regions and the morale of the project team/s. To contain such risk, it is recommended that the agency develop a more equitable cash allocation system as well as review the adequacy and efficiency of the existing system under the one-way deposit scheme. This garnered much debate during field interviews and the team noted a high disagreement to the present set up where the perception is that high performing regions are sanctioned (by not returning to them what they feel is due them) and low performing regions are rewarded (by funding relatively more projects to encourage viability).

6. Project inventory

Missing equipment – there was a noted risk of equipment missing prior to turn over which is not reflected in the project inventory report. Interviewees disclosed that the equipment is not really missing but are just being used by some NIA officials and guests. Controls identified were Memorandum Circular No. 5 series of 2000 and The Guideline on Project Inventory and the Preparation of the Project Completion Report which states that there should be a periodic inventory of equipment. Once equipment is booked up, it should be reflected in the inventory report. However, the NIA and COA have different views on inventory. For NIA, the steering committee decides if they want the project to undergo inventory or not. COA requires an annual clearance to check if equipment is still with the NIA and determines the date of loss (if any). The likelihood of occurrence of this risk is medium as well as its impact. It is highly recommended that the agency review the said memorandum circular and update it for adequacy.

7. Commissioning / Test Run

Irrigated area does not match the designed service area – in assessing the readiness or functionality of the completed project for operation, the team identified this risk in instances where irrigated area of a completed project does not match the designed service area. Its likelihood of occurrence is low and its impact is not quite significant. To contain this risk, one year before the completion of the project, turn over upon 90% project completion must be done.

RECOMMENDATIONS FOR PROJECT IMPLEMENTATION

1. Develop an electronic database for POW preparation. Formulate a policy designating accountable personnel, aside from the Chief of Office, in-charged of the safekeeping of the detailed estimates. These personnel shall be mandated to password-protect all encoded files of detailed estimates. Password protection must be based on authorized access level.
2. Addition of “contingency allocation” with a clear definition of what should be considered under this item in project cost estimates to ensure project completion within the budget.
3. Revise policy on contract works to emphasize that PMO decision/s over technical standards / specifications must prevail over the consultant. CMD should serve as a technical consultant of NIA which means that technical capability should be strengthened. Training of existing personnel for the purpose should be considered.
4. Update the FAMIS and the current standard designs manual for project implementation to suit present conditions.
5. Strengthen MTQC practices and explore possibility of tie-up with DPWH.
6. Strictly follow FIFO scheme for cash disbursement.
7. Develop a more equitable cash allocation system



8. Periodic inventory of the projects should be done such that once an item is booked up, it should be reflected in the inventory. Also an annual clearance, per COA requirement, secured to check if equipment is still with the NIA and also to determine the date of loss, if any.
9. Strict implementation of project turnover upon 90% of project completion.



Fig. 10 Phases of Project Implementation

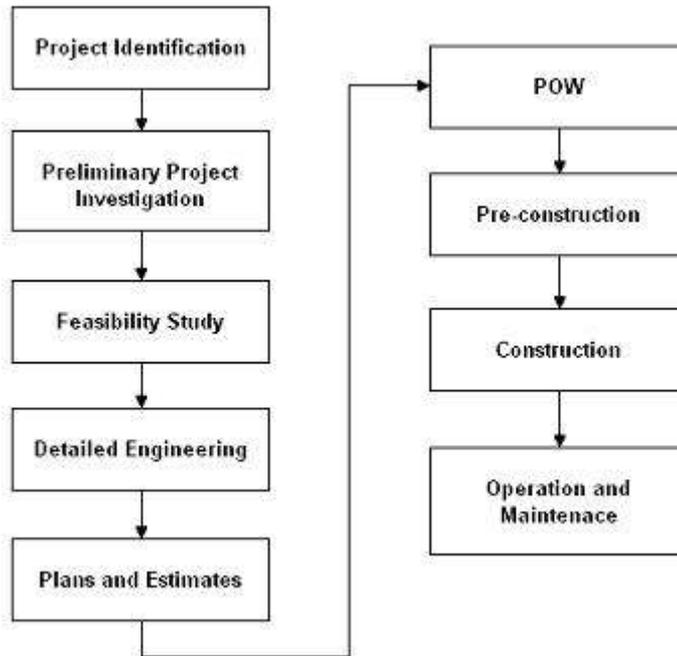
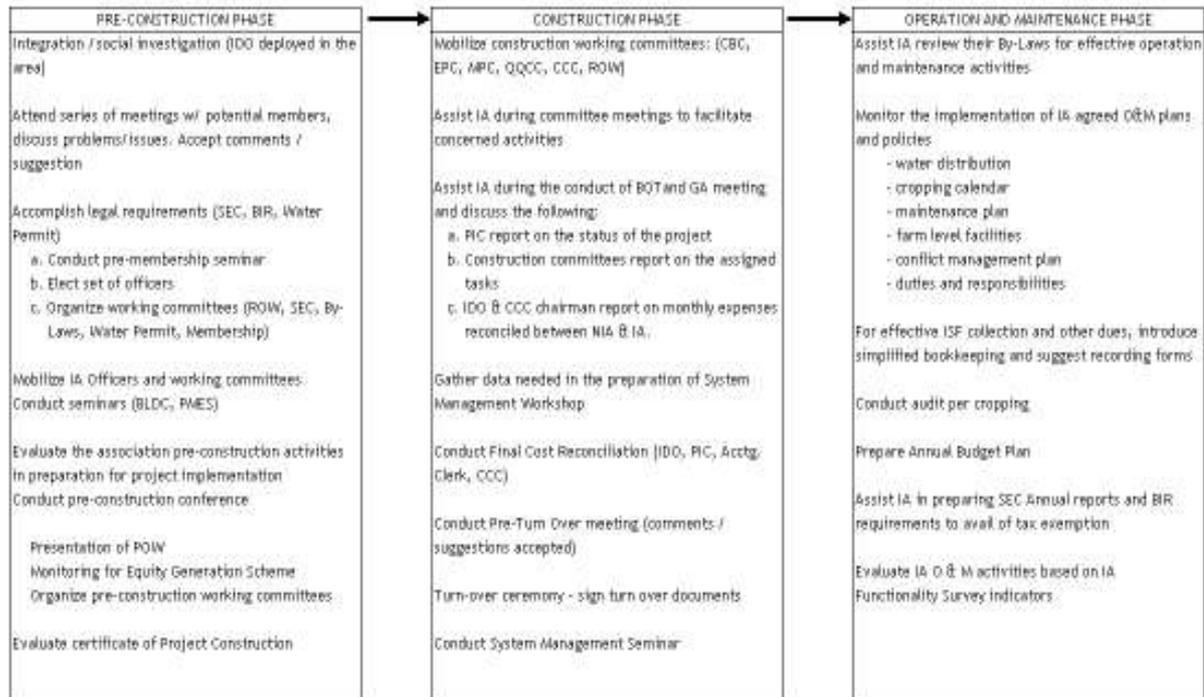


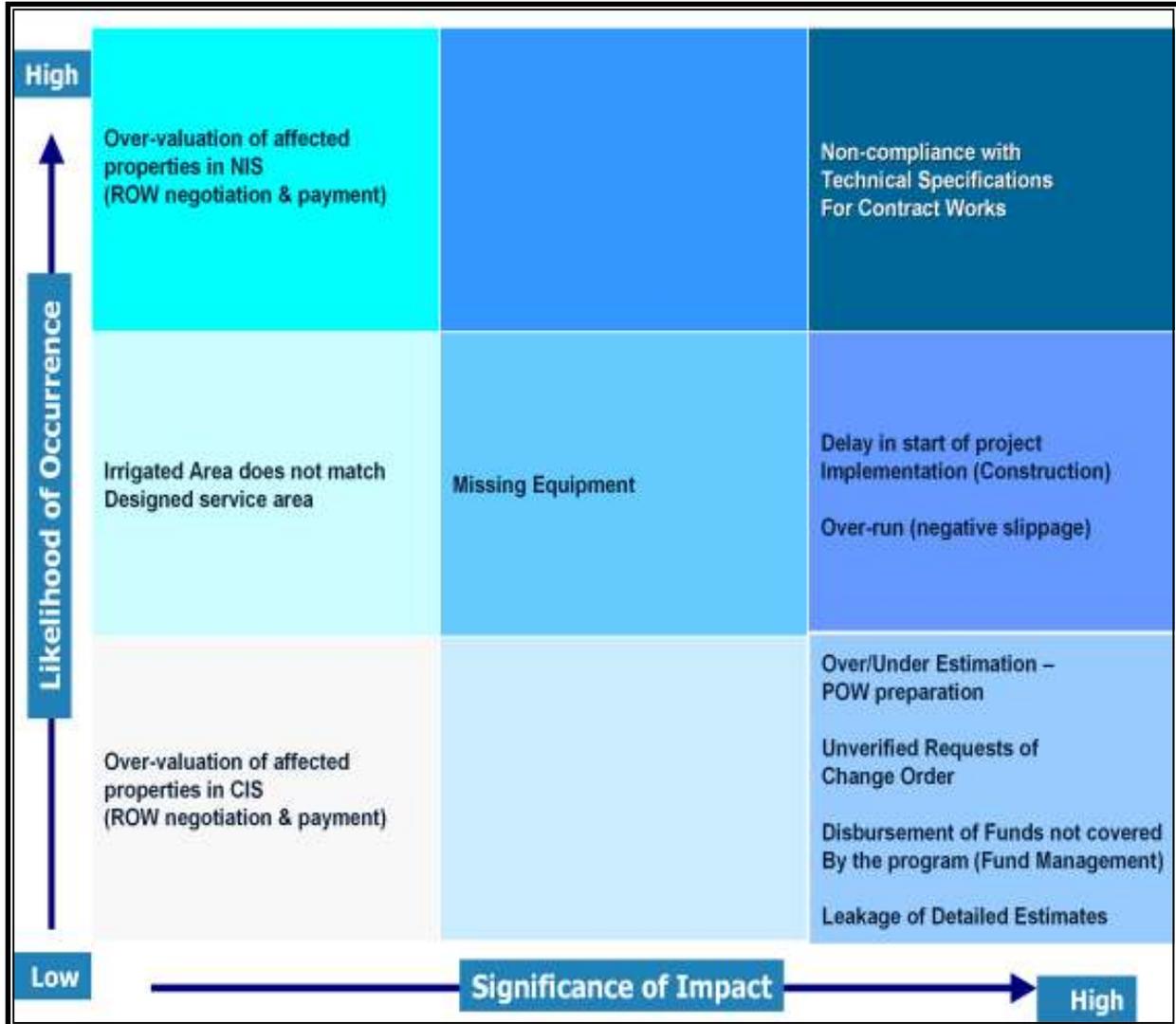
Fig. 11 Communal Irrigation Projects Implementation Flowchart of Activities





RISK MAP FOR CVA AREA 1

**Fig. 12 PROJECT IMPLEMENTATION
 RISK MAP**



CVA Risk Area No. 2: Procurement

The procurement process starts from the conduct of pre-procurement conference until the approval of the award of the contract to the winning bidder. The conduct of detailed engineering is prerequisite to the procurement of civil works contracts as required by RA 9184. In the approval of the budget for the project, included as responsibility centers are Department of Budget and Management (DBM), Congress and Office of the President (OP) to show that this event is part and parcel of, and dependent on, the Budget for NIA as contained in the General Appropriations Act.

Pre-Procurement

- The Request for Bidding (RFB) or RIV, as the case may be, shall be accomplished by the RO/PMO and submitted to NIA Central Office for processing and subsequent approval by the Administrator.



- The approved RFB or RIV shall prompt the Specifications Division to initiate the preparation of the procurement documents such as Invitation for Prequalification/Eligibility Screening, Qualification Criteria, Bid Documents, etc. for approval of the BAC.
- The above procurement documents, when completed, shall be submitted to the BAC for deliberation and approval in the Pre-Procurement Conference, and to the Administrator for approval. For a project funded by an International Financing Institution (IFI), concurrence of said procurement documents shall be secured if required under the Loan Agreement/procurement guidelines of the Bank.

Advertisement and Prequalification/Eligibility

- Upon approval and concurrence of the Qualification Criteria, the Invitation to Apply for Prequalification/Eligibility and to Bid shall be:
 - a. 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 newspapers of general nationwide circulation which has been regularly published for at least two (2) years before the date of issue of the advertisement;
 - b. Posted continuously in the website of NIA and the Government Electronic Procurement System (G-EPS) during the maximum period of fourteen (14) calendar days stated above;
 - c. Posted at the bulletin boards reserved for the purpose in the premises of NIA Office Compound; and
 - d. Furnished to the Embassies or Consular Offices of the IFI-member countries, if procurement shall be through ICB.
- For the procurement of civil works, the BAC shall issue the Pre-qualification/Eligibility Forms to interested contractors upon submission of a Letter of Intent addressed to the BAC and payment of a specified amount to the NIA Cashier's Office.
 - a. Interested contractors shall accomplish and submit their Pre-qualification/Eligibility Documents addressed to the Chairman, BAC on or before the deadline of submission as advertised in the Invitation.
 - b. Submitted Pre-qualification/Eligibility Documents shall be evaluated in accordance with the Pre-qualification/Eligibility Criteria.
 - c. When the BAC has decided on the result of evaluation, all contractors who submitted Pre-qualification/Eligibility Documents shall be notified of their pre-qualification/eligibility or pre-disqualification/non-eligibility.
- The Bid Documents shall be issued to bidders upon presentation of their Notice of Pre-qualification/Eligibility and payment of a specified amount to the NIA Cashier's Office. A prospective bidder who was found ineligible has three (3) calendar days to file a written request for reconsideration.

Bid Preparation and Submission

- All bidders who secured the bid documents shall be required to familiarize themselves with the terms and conditions, plans and specifications of the bid documents, pertinent laws, ordinances and regulations affecting the preparation and costing of his bid.



- All bidders for civil works and suppliers/bidders for equipment to be delivered and installed at site shall be advised to conduct inspection and investigation of the site.
- The Pre-bidding 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.

In this Conference shall be discussed, among other things, the technical and financial components of the contract to be bid and bidders' requests for clarification, received at least three [3] days before the conference. Bidder's written requests for clarification shall be submitted to the BAC at least ten (10) calendar days before the deadline for the submission of bids.

- Supplemental Notices/Bid Bulletins containing any modification of the bidding documents, including the text of bidder's questions and BAC's responses shall be issued to all bidders who secured the Bid Documents.
- All bids shall be accompanied by a bid security in the required form and amount as indicated in the Instructions to Bidders of the Bid Documents.
- All bids shall be submitted on or before the date and time of deadline of submission of bids and at the place as indicated in the Instructions to Bidders of the Bid Documents or in subsequent Supplemental Notice/Bid Bulletin. Bids submitted after the said deadline will not be accepted.

Bid Opening and Bid Evaluation

- At the date, time and place set for the opening of bids, the bids submitted by the bidders and duly stamp-received by the BAC shall be opened and read in the presence of bidders who attended. The presence or absence of the documents required to be submitted with the bid shall be noted in the Checklist of Submitted Documents and the price proposals recorded in the Abstract of Bids. The bidders present shall likewise be required to sign in the logbook of attendance. Every member of the BAC shall initial all the documents in the "Original" of the bid.
- The opening, examination, evaluation and post-qualification of bids shall be in accordance with the procedure indicated in the Instructions to Bidders of the Bid Documents. Said procedure is determined during the preparation of the Bid Documents with respect to source of funds for the contract under bidding.
- For International Financing Institution (IFI)-funded contracts, the Approved Budget for the Contract (ABC) shall not be disclosed to the bidders nor to anybody else who are not concerned with its preparation or approval.
- For locally-funded contracts, the ABC shall be advertised thru the Invitation for Pre-qualification/Eligibility and to Bid, or in the Instructions to Bidders of the Bid Documents. The ABC shall be the ceiling price of the contract to be bid.
- Bids submitted without the required bid security, or the bid security submitted is not acceptable as to form, amount or validity period as prescribed in the bid documents, shall be automatically disqualified.
- The Lowest Calculated Bid shall be determined after corrections for minor deviations, such as computational errors, omissions, and discounts; and ranking of the total bid prices as so calculated from the lowest, otherwise known as the Lowest Calculated Bid, to the highest.



Post-Qualification

- The BAC shall conduct a post-qualification of the bidder with the Lowest Calculated Bid to determine whether the said bidder complies with and is responsive to all the requirements and conditions as specified in the Bid Documents, in which case, the BAC shall declare the Lowest Calculated Bid as the “Lowest Calculated and Responsive Bid” and recommend to the Administrator, through a Resolution of Award, the award of the contract to the said bidder.
- In case of IFI-funded contracts, the Resolution of Award, duly approved by the Administrator, shall be forwarded to the IFI concerned for concurrence, or disapproval.
- However, if the bidder with the Lowest Calculated Bid fails the criteria for “post-qualification”, he shall be notified in writing of its post-disqualification and the grounds for it. The post-disqualified bidder shall have three (3) days from receipt of said notification to request from the BAC, if it so wishes, a reconsideration of this decision. The BAC shall decide on the request for reconsideration, if any, using the same aforementioned criteria.
- Immediately after the BAC notified the first bidder of its post-disqualification, and notwithstanding any pending request for reconsideration thereof, the BAC shall initiate and complete the post-qualification process on the bidder with the second lowest calculated bid.
- In case no bidder passes post-qualification, the BAC shall declare the bidding a failure, through a Resolution, and conduct a re-bidding in accordance with the pertinent provisions of the IRR of RA 9184. For IFI-funded contracts, prior IFI approval of the re-bidding shall be sought.
- IFI-funded contracts where the bidders were subject to pre-qualification, the post-qualification process shall still be applied, following the procedures prescribed in the IFI's Guidelines and in the Bid Documents.

Award of Contract and Notice to Proceed

- The award shall be made to the successful bidder whose bid has been determined to be the Lowest Calculated (Evaluated, for IFI's) and Responsive Bid at its submitted bid price. However, for locally-funded projects, the award shall be made to the submitted total bid price if it is lower the corrected bid price. The Notice of Award shall be made through BAC resolution where the Chairman recommends subject to approval by the Administrator.
- The successful bidder shall post a Performance Security in the amount of 10% of the contract amount in accordance with the General Conditions of the Contract and sign the Contract within the following prescribed time:
 - a. For IFI-funded contracts – within twenty-eight (28) days from receipt of the Notice of Award.
 - b. For locally-funded contracts – within ten (10) days from receipt of the Notice of Award.
- The Contract shall be prepared by the Legal Department to incorporate therein the particulars of the awarded contract and the Performance Security submitted by the successful bidder.
- The Contract shall be approved in accordance with existing laws, rules and regulations, as soon as possible, but not later than fifteen (15) calendar days from the date the winning bidder has signed the contract with the NIA.
- For civil works contracts, a set of the contract documents shall be furnished by the Legal Department to the Construction Management Department through the Records and Management Division for implementation.



The latter will then initiate the conduct of a Pre-Construction Conference to be attended by representatives of the Design and Specifications Department, Legal Department, Project Management Office (and Project Consultant) and Contractor, to be presided by the representative of the Construction Management Department.

- For supply contracts, a set of contract documents shall be furnished by the Legal Department to Procurement and Physical Resources Department [PPRD] and Project Management Office for implementation.
- The NIA shall issue a Notice to Proceed [NTP] to the Contractor for civil works or supply contract within seven (7) calendar days from the date of approval of the contract through the Records and Management Division. For supply contract, the contractor upon receipt of NTP shall submit the *pro forma* Invoice to the PPRD to initiate the opening of the letter of credit in favor of the contractor's principal abroad.

Fig. 13 FLOWCHART OF PROCUREMENT OF CIVIL WORKS CONTRACTS and RESPONSIBILITY CENTERS

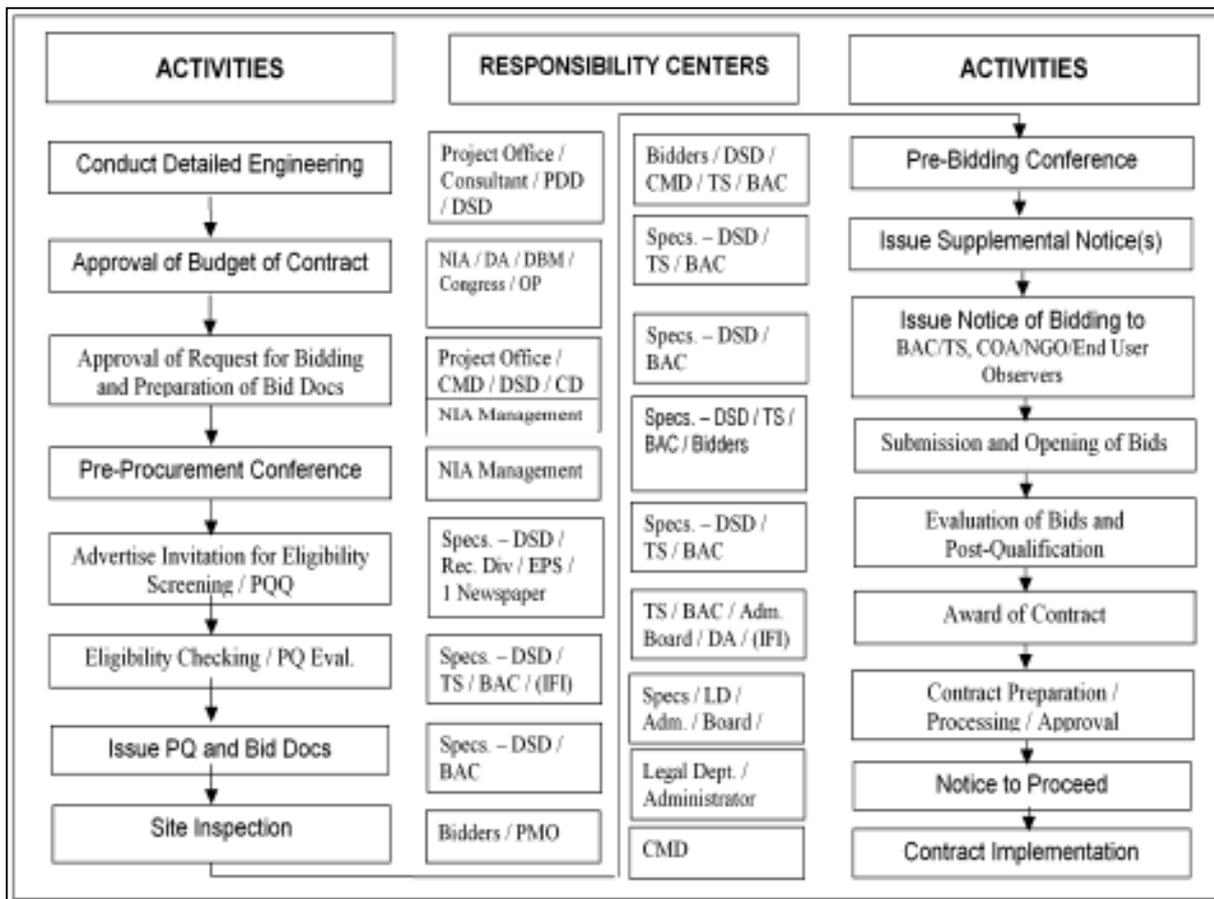




Fig. 14 PROCESS MAP OF PROCUREMENT OF LOCALLY FUNDED CIVIL WORKS CONTRACTS - A

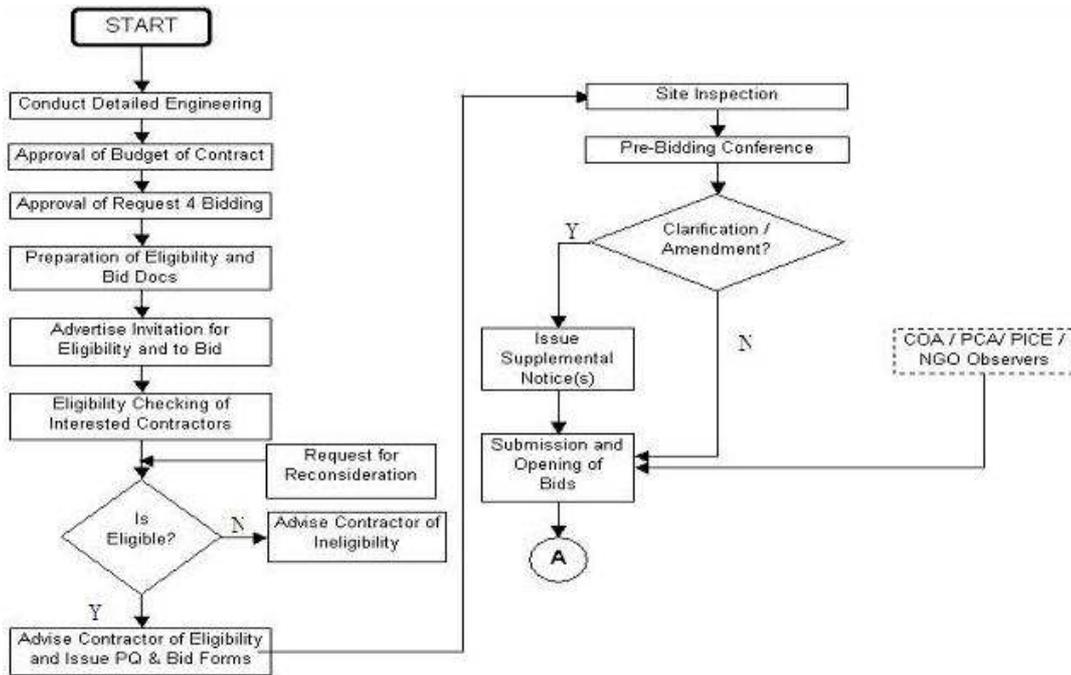
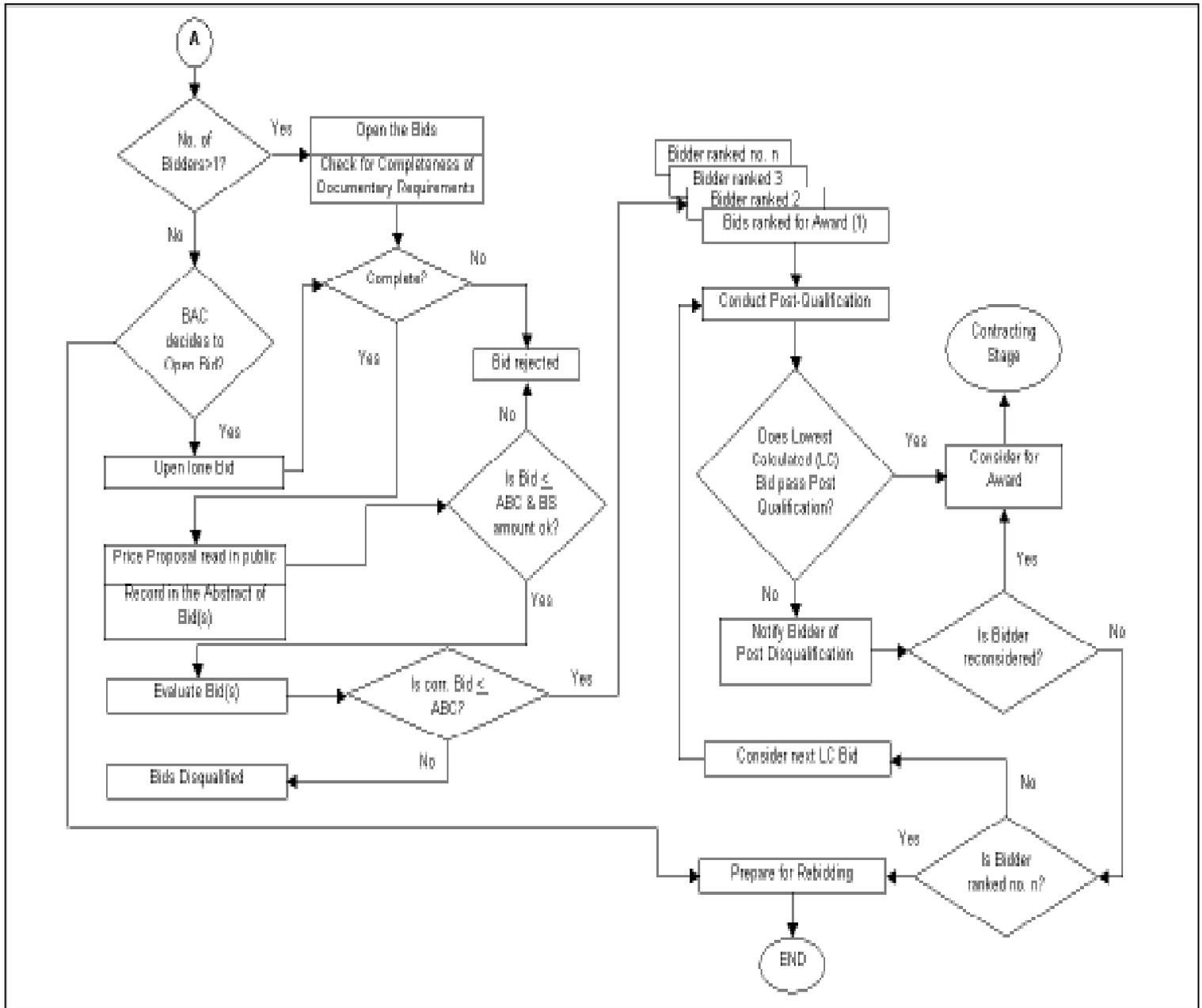




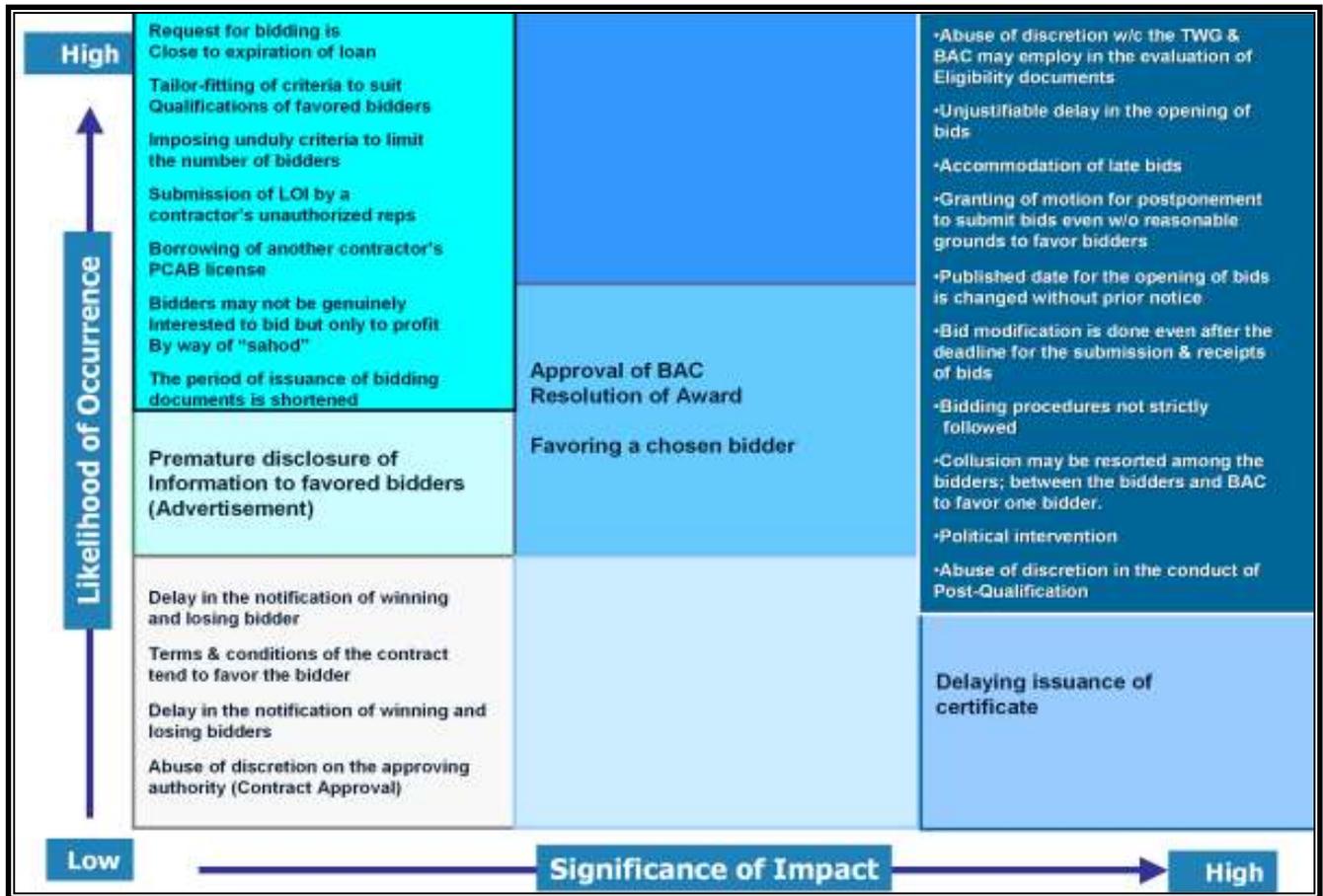
Fig. 15 PROCESS MAP OF PROCUREMENT OF LOCALLY FUNDED CIVIL WORKS CONTRACTS - B





RISK MAP FOR CVA AREA 2

Fig. 16 PROCUREMENT RISK MAP



CVA Findings for Procurement:

The assessment team examined all of the processes in the area of procurement of civil works, both for locally and foreign funded projects and we found the following processes vulnerable to corruptions:

1. Submission of Letter of Intent and Application for Eligibility

Under R.A. 9184, prospective bidders shall submit their written LOIs and Applications for Eligibility to the BAC and have these received not later than seven (7) calendar days after the last day of the period for advertisement/and or posting of IAEB. Upon receipt of the documents, the BAC shall give the prospective bidders the list of eligibility requirements and inform them in writing of the date, time and venue for the submission of such requirements.

a. Submission of LOI by a contractor's unauthorized representative and Borrowing of another contractor's PCAB License

The submission of LOIs and Application for Eligibility may appear to be simple and less vulnerable to corruption but on a closer look, there are also risks which are involved in this process like the submission of LOI by a contractor's unauthorized representative and borrowing of another contractor's PCAB license and registration certificate. In short, there are prospective bidders who will use license/registration certificate of another



contractor to participate in public bidding and there are also contractors who allow the use of their license for this purpose. At the National Irrigation Administration, both in the central office and in the three regional offices which we assessed, this process is being done by the simple act of tendering the LOI and Application for Eligibility. There are no control mechanisms adopted by the agency to plug the risks involved. Thus, there is a possibility that the prospective bidder only borrowed the license of another contractor for the purpose of joining the public bidding. To address these problems, there is a need to require that LOIs be signed by the person authorized in the contractor's license issued by the PCAB and that it shall be submitted by the authorized liaison officer as specified in the Contractor's Information (CI). Likewise, a photocopy of the contractor's PCAB license and registration certificate shall also be attached to the LOI and that a presentation of the original PCAB license and registration certificate shall be required for verification purposes.

2. Eligibility Checking

Under R.A. 9184 and its IRR (IRR-A Sec 23.1) the eligibility envelopes of prospective bidders for the procurement of infrastructure projects shall be submitted on or before the deadline specified in the Invitation to Apply for Eligibility and to Bid and shall be opened before the dates of pre-bid conference and bid opening to determine the eligibility of prospective bidders, who shall then be allowed to acquire or purchase the relevant bidding documents from procuring entity.

It is ideal that the BAC shall open in public the eligibility envelopes on the date specified in the IAEB. The BAC shall read in public the contents of the eligibility envelopes, and shall examine each prospective bidder's eligibility requirements or statements. It shall record the presence or absence of eligibility documents in a checklist.

a. Abuse of Discretion in the Evaluation of Bid Documents

However, in NIA both the BAC - A at the Central Office and the regional offices do not strictly follow the procedure for conducting eligibility check. As provided under R.A.9184, it is the TWG which actually conducts the eligibility checking. In Central Office, the TWG members divide among themselves the bidders/contractors who submitted their letter of intent and eligibility envelope for purposes of eligibility checking. In other words only one TWG member conducts the eligibility checking of the bidders/contractors assigned to him. He then submits his findings to the BAC together with the findings of other TWG members.

In determining a prospective bidder's eligibility, the BAC- TWG shall use non-discretionary "pass/fail" criteria, as stated in the IAEB and the ITB. Essentially, this means that the absence, incompleteness or insufficiency of a document shall make a prospective bidder ineligible to bid for the particular procurement.

The BAC shall declare prospective bidders as either "eligible" or "ineligible" based on the findings of BAC-TWG members. The BAC shall prepare a pro-forma notice of Eligibility and a notice of Ineligibility which will be duly accomplished by the BAC Secretariat and signed by BAC members present during the Eligibility checking/screening.

In case a prospective bidder is declared ineligible, the notice of ineligibility will be received officially by the bidder's authorized representative.

However, in NIA Region 3, the BAC does not issue a notice of ineligibility right away in case a prospective bidder is found ineligible. The ineligible bidder is first required to submit the missing, incomplete or insufficient documents and these documents are specifically enumerated in the letter addressed to the ineligible bidder. He is then required to submit the said documents within a certain period of time. It is only after the lapse of said period without the submission of the documents that the ineligible bidder is finally given a notice of ineligibility. In case, the prospective bidder submits the required documents, it will undergo another eligibility checking and there is a possibility that it maybe declared eligible if found to have passed all the eligibility requirements. The BAC is supposed to pass a prospective bidder's eligibility using a non-discretionary "pass/fail" criteria, as stated in the IAEB and the ITB. Essentially, this means that the absence, incompleteness or insufficiency of the document shall render a prospective bidder ineligible to bid for the particular procurement. The BAC should have



issued a notice of ineligibility to the prospective bidder stating therein the grounds for its ineligibility right away. It is up for the ineligible bidder to file a motion for reconsideration within three (3) days from receipt of notice of ineligibility.

The risk in eligibility checking/evaluation lies in the abuse of discretion which the TWG and the BAC may employ. In determining a prospective bidder's eligibility, it is a must that the TWG and the BAC use a non-discretionary "pass/fail" criterion. However, this is not always the case, because human beings as they are, the members of the TWG and the BAC have their own biases and prejudices. To do away with a lot of human intervention, we suggest that eligibility evaluation should be done through a computerized verification system known as the Civil Works Registry (CWR). This system will lessen the incidence of corruption as this limits human intervention in eligibility evaluation.

3. Submission of Bids

a. Accommodation of Late Bids / Granting of Motion to Submit Bids Even Without Reasonable Grounds to Favor Bidder

It is also observed that the timelines required by law in public bidding is not strictly followed. The receipt and opening of bids are extended on a regular basis. In Region 7 and 8, there are instances when the BAC receives calls from politicians requesting for the postponement of the submission and opening of bids. If there are legitimate reasons, then the BAC issues a bid bulletin resetting the submission and opening of the bids. In case of late bids, the BAC consults the other bidders if they will allow the submission and opening of the late bids. Without any objection from the bidders who made prompt submission of their bids, the BAC will then proceed to receive and open the late bids. It is the responsibility of the BAC to decide matters on their own and shall not rely on the decision of the other bidders. They are the ones running the procurement proceedings, thus they shall decide things by themselves.

4. Bid Opening and Bid Evaluation

During the bid evaluation, the BAC through the TWG, shall immediately conduct a detailed evaluation of all bids rated "passed" using a non-discretionary criterion, as stated in the IAEB and the ITB. The purpose of Bid Evaluation is to establish the correct calculated prices of the bids and to rank the total bid prices as calculated from the lowest to the highest. The bid with the lowest price shall be identified as the LCB.

After all the bids have been received, opened, examined evaluated and ranked, the TWG shall prepare the corresponding Abstract of Bids as calculated and submit it to the BAC for their consideration and approval. The TWG with the assistance of the BAC Secretariat will prepare a Bid Evaluation Report containing all the details of the evaluation conducted to be submitted to the BAC again for their consideration and approval.

This stage 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.

a. Collusion among bidders / between the bidders and BAC to favor a chosen bidder

There are insinuations/ allegations from the procurement officials interviewed that collusion have been resorted to in public bidding to pre-determine the bidder with the lowest calculated bid. However, they cannot make a categorical statement up to what extent collusion exists in the process. Does collusion exist among bidders alone or is it made possible in connivance with procurement officials? We can only surmise the answer as we failed to get direct answers to these questions. However, from the interviews conducted, collusion is admittedly one of the perennial problems of government procurement which was not sufficiently addressed with the enactment of the new procurement law. There are control measures offered by R.A. 9184 but these are reactive rather than proactive. What we need are preventive controls to eliminate the occurrence of collusion between or among the parties involved in the bidding process. The only hope we have now is the full implementation of government's



internet-based electronic procurement system. This will lessen/restrict the interaction between and among the parties involved in the bidding process.

In addition to this, a more vigilant and active participation of BAC Observers from CSOs and professional groups in monitoring the procurement process will also help in eliminating collusion in public procurement.

5. Post-Qualification

It is the process of verifying, validating and ascertaining all the statements made and documents submitted by the bidder with the LCB, which includes ascertaining the said bidder's compliance with legal, financial and technical requirements of the bid.

After the determination of the bidder with the lowest calculated bid (LCB) during bid evaluation, the BAC through the TWG will now conduct the post-qualification of the bidder with a lowest calculated bid (LCB). The following steps are followed in the conduct of post-qualification:

1. The BAC/TWG verifies, validates, and ascertains the genuineness, validity and accuracy of the legal, technical and financial documents submitted by the bidder with LCB, using the non-discretionary criteria prescribed above;
2. The BAC/TWG inquires about the bidder's performance in relation with other contracts/transactions as indicated in its eligibility statement (statement of on-going, completed or awarded contracts);
3. After the conduct of post-qualification, the TWG prepares a Post-qualification Report to be submitted to the BAC. The report shall contain, among others, the activities undertaken with regard to the Post-qualification process, including feedback from inquiries conducted;
4. The BAC reviews the Post-qualification Report submitted by the TWG;
5. The BAC determines whether the bidder with the LCB passes all the criteria for post-qualification.
6. If the LCB passes the post-qualification, the BAC declares it as the LCRB;
7. After the BAC has determined the LCRB, the Secretariat, with the assistance of the TWG, if necessary, prepares the BAC Resolution declaring the LCRB and the corresponding Notice to the said bidder informing it of its post-qualification.

a. Abuse of Discretion in the Conduct of Post-qualification

The above-mentioned procedure is generally followed by the BAC-A at the Central Office, Region 7 and 8 and Region 11 respectively. However, in actual practice, it is the TWG which does the post-qualification subject for the review and approval of the BAC. However, in NIA Region 3, the TWG and BAC there have a peculiar practice of doing post-qualification which deviates from the normal procedure as provided in R.A. 9184 and its IRR. In Region 3, the BAC-TWG does not only post-qualify the bidder with the lowest calculated bid (LCB) but all the bidders who submitted their bids. Under R.A. 9184 and its IRR-A, the BAC -TWG shall post-qualify only the bidder with the LCB. If the bidder with the LCB fails to pass post-qualification, the BAC shall immediately notify the said bidder in writing of its post-disqualification and the grounds for it. The post-disqualified bidder shall have three (3) calendar days from receipt of the said notification to request for reconsideration.

Immediately after the BAC has notified the first bidder of its post-disqualification, and any pending request for reconsideration thereof, it is only at this point that the BAC can initiate and complete the same post-qualification process on the bidder with the second LCB. The BAC-TWG shall not post-qualify all the bidders who submitted their bids at the same time. They shall begin with the bidder with the LCB and only in case that the former failed to pass post-qualification that they can proceed to post-qualify the bidder with the second LCB. If the second bidder, however, fails post-qualification, the procedure for post-qualification shall be repeated for the bidder with the next LCB and so on until the LCRB, is determined for award.



After the BAC has determined the LCRB, the Secretariat, with the assistance of the TWG, if necessary prepares the BAC Resolution declaring the LCRB and the corresponding notice to the said bidder informing it of its post-qualification.

The risk which we identified in this stage of procurement is the manner how the members of the TWG conduct post-qualification. The conduct of post-qualification is very crucial in the procurement process. It is during this stage that the TWG and BAC verify, validate and ascertain the genuineness, validity and accuracy of the legal, technical and financial documents submitted by the bidder with the LCB, using the non-discretionary criteria described above. Thus, they have to be meticulous in verifying the information contained in the documents submitted. They shall make inquiries with appropriate government agencies and examine original documents kept in the bidder's place of business. They have to be very strict in evaluating the capacity of the LCB to insure that the latter has the capability to undertake the project.

In order to achieve the efficient conduct of post-qualification of the LCB, it shall be conducted strictly in accordance with the procedure set forth in R.A. 9184 and its IRR-A. There is also a need to capacitate the BAC and TWG especially at the regional levels so they will be knowledgeable on the proper procedure of conducting post-qualification. There is a need for them to undergo trainings, seminars and workshops; and lastly it is quite important to strengthen the moral fiber of the people involved in procurement through the conduct of moral transformation seminars.

6. Risk of Engaging the Services of Blacklisted Contractors/Suppliers

We also observed that the BAC-A at the Central Office as well as the BAC in the regional offices do not strictly implement the provisions of R.A. 9184 on blacklisting of erring contractors/suppliers. There are isolated cases where the BAC initiated the blacklisting of contractors/suppliers. However they do not maintain a list of blacklisted contractors/suppliers. They rely on the consolidated blacklisting report issued by the GPPB, Construction Industry Authority of the Philippines (CIAP), and the blacklist of other government agencies to determine/check the bidder's status with regard to "blacklisting".

7. Political Intervention

The biggest problem confronting the procurement system appears to be the amount of political intervention present in almost all stages of the procurement process. The politicians' interference is not limited to projects funded by their Countryside Development Fund (CDF) but extends to all kinds of projects, be it funded by the regular budget of the agency or foreign funded. While it is true that the Countryside Development Fund (CDF) allows more funds to be channeled at the district level for investments to support their constituents, in actual procurement practice some sponsoring legislators purportedly pre-determine the winning contractors. From the interviews conducted, the politicians' influences in the procurement process are so pervasive and far-reaching that it undermines the sanctity/credibility of the procurement process. The lowly officials who do not accede to their wishes suffer the brunt thereof. A strong political will on the part of the BAC, TWG, Secretariat and the head of the procuring entity to strictly implement the provisions of R.A. 9184 and its IRR-A and adherence to its policies and issuances to address the gaps which still exist despite the presence of the GPRA may somehow resolve the political intervention facing our procurement system nowadays.

RECOMMENDATIONS FOR PROCUREMENT

Public procurement is one of the more visible areas where corruption in the government sector continue to thrive despite all the reforms instituted by the Government Procurement Reform Act (R.A. 9184 and its IRR-A) since 2003. Problems in public procurement still abound and these were validated in the assessment conducted at the National Irrigation Administration Central Office and in the three (3) field sites namely Regions 3, 7 & 8, and 11.

The problems identified evolve from the lack of a formal training of the people involved in the procurement process as well as the lack of proper implementation of R.A. 9184 and its IRR-A especially in the regional offices;



absence of policy issuances to plug the loopholes in the procurement process; and not to mention the political intervention that may wreck havoc to the procurement system.

To address these problems, the assessment team recommends that the agency shall 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. For immediate implementation is the conduct of orientation seminar/workshop on R.A. 9184 and its IRR-A among BAC, TWG and Secretariat particularly in the regional offices. A policy must also be crafted requiring BAC, TWG and Secretariat to disclose potential conflict of interest in all transactions.

To lessen the exercise of discretion in the eligibility evaluation, we suggest the establishment of a Civil Works Registry system of registering contractors and determine their eligibility as class A, B, or C contractors to bid for a project. The system shall provide a computerized database list of contractors to be used for objective, standardized, transparent and efficient processing of contractors of NIA civil works contracts. The system involves the following procedures:

- Contractors can submit documents to NIA BAC-A Secretariat office only once to register and can update information anytime.
- Contractors submit their expression of interest for a project until the deadline as advertised.
- Eligibility is done by NIA BAC-A TWG and Secretariat using the Registry database
- Contractor's information is verified against the contract profile for:
 - a. Blacklisting
 - b. license validity
 - c. financial capacity
 - d. work experience.
- Only eligible contractors can bid.
- Appropriate internal controls are in place.
- The Registry allows new applications for registration anytime.

There shall be a policy directing all procurement units NIA-wide to submit to Central Office a Report on Procurement completed on a regular basis. Data and information on the report shall be fed to the database and shared by all the procurement units. For procurement under IFIs, it is recommended that NIA come out with a policy to safeguard the Approved Budget for the Contract (ABC) of every project. NIA does prepare a detailed estimate of the project and the Administrator approves the ABC. Although the procurement guidelines of the lending institution under the IFI funded procurement do not specify ceiling of the project, there shall be a basis on the amount of the award – to be fair, reasonable and advantageous to NIA. It is true that there is no advertised upper limit/ceiling of the contract under IFI funded procurement, but NIA can always make use of the ABC to evaluate the offers. The ABC is diligently and meticulously prepared in accordance with existing laws and guidelines. It will be wise for NIA to issue a policy of limiting the award of project under the IFI up to ten per cent [10 %] above the ABC. This measure/control will prohibit cost overruns and ensures that project implementation is done within its budget.

An updating and revision of Forced Account Management Information System (FAMIS) is long overdue. There is a need to update this cost estimation manual specifying standards regarding the number of personnel, equipment, quantity of materials and output for specific items of work and require the strict adherence to estimation standards. There is also a need to establish and maintain a computerized database of prices of materials and work items; and require regional and provincial offices to submit unit prices of construction materials in their area and to include maps of source of materials.

The assessment team recommends that initiatives be also taken by the agency to implement the blacklisting of manufacturers, suppliers, contractors or consultants. The procedures issued by the GPPB for blacklisting should be strictly adhered. The suspension and disqualification of manufacturers, contractors and consultants from participating in the public bidding process within the agency shall be imposed to all those which violated existing



laws and policies. Proper monitoring on the implementation of the penalties should also be undertaken. The procuring entity shall not hesitate to hold the BAC members, TWG and Secretariat and all those officials and employees involved in the procurement process who transgress the law, rules and regulations to be responsible for their acts or omissions. Appropriate administrative and criminal investigations shall be initiated against them.

To address the problem of political intervention, it is suggested that NIA develops a framework and guidelines for the implementation of the CDF funded projects. Also, a strong political will is required on the part of the officials involved in procurement to ward off any influences, inducements or interventions exerted by the politicians. Knowledge in procurement law and strict adherence to it together with strict implementation of the policies and issuances to lessen the occurrences of corruption in the procurement process will definitely make the difference.

To further enhance the procurement system at the National Irrigation Administration Central Office, maximizing the rich human resources of the Procurement and Physical Resources Division (PPRD) is a must. This is the organic office within the agency which may serve as the Secretariat for all kinds of procurement. Maybe there is a need however to create technical positions within the department to insure that there are competent staff who can prepare technical documents.

We also recommend that the agency will work for effective civil society representation in the 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-qualifications; and contact 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.

The agency should also consider full and strict implementation of the government electronic procurement system to lessen the incidence of collusion among bidders.

Lastly, to upgrade the over-all standing of the procurement process in NIA and to address its peculiarities, we suggest that a customized procurement manual be adopted by the agency.



CVA Area No. 3: IRRIGATION SERVICE FEE (ISF) BILLING AND COLLECTION

Irrigation Service Fee which is a fee charge to the landowner/irrigation user for the irrigation services rendered, is the main source of income of the National Irrigation Administration (NIA). It constitutes 50% of its total income.

The agency's potential ISF is estimated at Php1,500 million per annum. The target collection compared with potential was Php 1,229 million for CY 2005 and Php1,176 million for CY 2006 or 81% and 78% respectively. Actual collection for ISF current and back accounts amounts to Php 801 million and Php 823 million with collection efficiency rate based on potential of 53 % and 55% and based on target 65% and 70 %, respectively .

The foregoing data show the huge gap (average of Php 700 million based on potential and Php400 million per annum based on target) between potential/target and actual collection which need to be addressed in order to optimize the collection of ISF to achieve financial viability and ensure sustainable operations that could provide continuous adequate and timely service to farmers/irrigation beneficiaries. It is for these reasons that the IDR team identified this area as one of its focus in order to assess the present control system to safeguard the resources of NIA.

The agency's systems and procedures for the Irrigation Service Fee are embodied in the agency's various memorandum circulars. (Memorandum Circular Nos. 83 series of 1979 as amended by Memorandum Circular No. 26 series of 1980; 52 series of 1982; 35 series of 1985; 71 series of 1991; 34 series of 2004; 25 series of 2004, and; 78 series of 2005). The following process map shows the activities being undertaken for ISF:

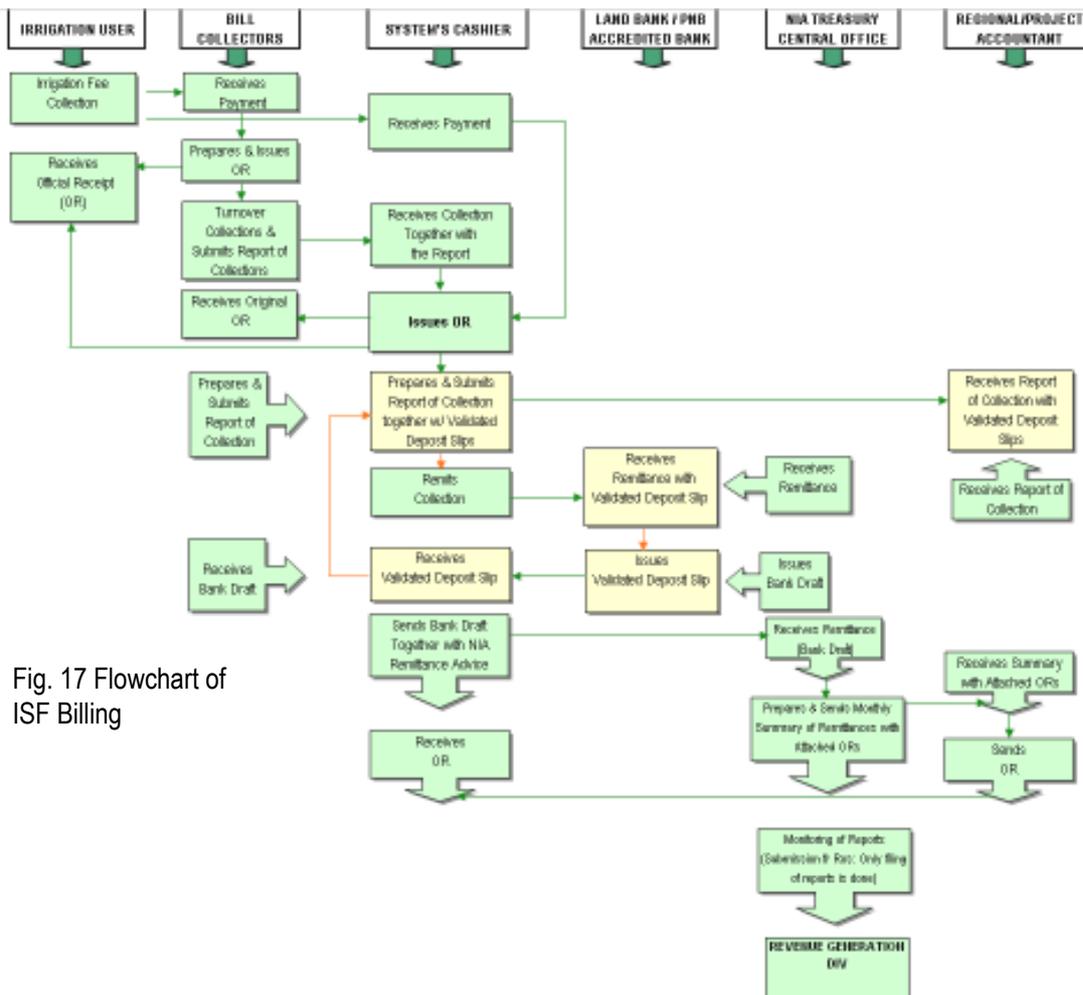


Fig. 17 Flowchart of ISF Billing



PROCEDURES AND ACTIVITIES

1. Setting-up of Program Area

Initially, program area for irrigation (wet and dry) is being determined at the Irrigation System’s Office through the Systems Management Committee and finally set during the Regional Planning Workshop subject to the approval of the RIM. The planning workshop is usually attended by representatives from Systems Management Department of Central Office which is mandated to regulate and monitor the operation and management of irrigation systems.

The System Management Committee is composed of the Irrigation Superintendent/Chief of System Office, representative from the Operation and Maintenance Division of the Regional Office and representative of irrigation users/farmers.

The determination of Potential Irrigation Service Fee Collectibles (budget estimate) is based on the program area which is congruent with the Firmed up Serviced Area (FUSA), using the hydrologic data/report and the parcellary map of a particular irrigation system.

The hydrologic data/report provides information on the volume of water that is available to the irrigation system, consequently, potential irrigated service area (ha.) is determined.

The Parcellary Map shows all the lots covered by the system with the area (ha.) indicated, using symbols and numeric/color codes. These symbols and codes denote lot irrigated, planted, billed, paid and exempted (full/partial). The code also denotes the name of landowner/cadastral lot holder/lot tiller including the size of the farm (to the nearest hundredth of a hectare). This map is required to be prepared, updated and posted in any appropriate available space in the Irrigation System’s Office (ISO) to facilitate the effective monitoring and verification of the seasonal irrigation service fee. (Memorandum Circular No. 71 series of 1991, General Guidelines And Procedures on the Utilization of the Parcellary Map).



Fig. 18 Sample Parcellary Map



2. List of Irrigated and Planted Area

The List of Irrigated and Planted Area (LIPA) is being prepared by the Watermaster (WMT) in coordination with farmer leaders/terminal service area chairman, indicating therein the individual list of farmer/irrigation user, area, lot numbers and irrigated and planted area (has.), and is required to be always updated.

The list is based on the water request and acknowledgement receipt for water delivery issued by the irrigation user. In the absence of acknowledgement receipt the water master issues certification of water delivery based on the request for irrigation service. The LIPA is submitted weekly (every end of the week), in five (5) copies to Irrigation Superintendent (IS) for verification, review and approval.

The IS or his authorized representative is required to conduct spot-checking and verification on lots irrigated, not irrigated, planted and not planted before approval. Verification includes an inventory of areas not planted which if added to the areas reported as planted should account for the whole area under the jurisdiction of the WMT.

The approved LIPA is submitted to the Regional Irrigation Office (RIO) attention Operation and Management Division for reference in their monitoring activities and in the preparation of required coded report which the region submits weekly, monthly and quarterly to the Systems Management Department of the Central Office, for monitoring and evaluation purposes.

3. Preparation of Bills and Statement of Account

After approval of LIPA, this is forwarded to the Billing Processor/clerk (BP) for the preparation of individual bills for each lot grouped per Terminal Service Area (TSA) / Irrigation Association (IA) and other irrigation users, indicating individual control number or bill number, current amount due and back accounts. Three (3) copies are prepared and furnished each to Irrigation System's Office (ISO), NIA collector and irrigation user.

The IS approves the bill and assigns/deputized collector per TSA/IA leaders for individual distribution to irrigation users. Billing Processor/clerk retains one (1) copy of the bill for office file and holds distribution and posting of the bills to the Irrigation Fee Register (IFR), pending receipt of the List of Lots with Total Crop Failure and Amendments on List of Lots Planted (ALLP).

4. Preparation of List of Lots with Total Crop Failure (LLTCF)

List of lots with total or partial crop failure are being ascertained in coordination with TSA/IA leaders by the Watermaster (WT/SWRFT/WRFT), certified by Municipal Agricultural Officer, recommended by the IS and approved by the RIM three (3) weeks before estimated harvest time, based on the Certificate of Exemption (Form E-1) and Request for Exemption (Form E-2) of the farmer/irrigation user.

Considered crop failures could be total or partial and only, those arising from water shortage, calamities e.g. typhoon, flood, fire, widespread plant pest and rat infestation beyond the control of the farmer or any general calamity in nature. Irrigation user whose lot does not suffer total crop failure but has an average actual harvest of only forty (40) cavans or less per hectare due to above cited conditions are exempted from payment of irrigation fees provided that the harvesting is made in the presence of NIA representative in which case a Certificate of Exemption is issued based on the recommendation and approval of the IS and RIM respectively. The duly assigned NIA representative who fails to be present during the scheduled harvest shall be subject to administrative action and may be excused only for justifiable reason.

To be able to avail exemption, the irrigation user is required to notify the irrigation system office concerned of the date and time of harvest, ahead, or at least one day before the actual harvest, otherwise exemption will not be granted.



After the ISO has been notified of the time of harvest and the assigned NIA representative failed to witness the harvesting, the farmer/irrigation user is required to prepare and submit Request for Exemption to the ISO, subject to the recommendation and approval by the IS and RIM respectively.

Approved Certificate of Exemption or Approved Request for Exemption with control numbers which are used for IFR posting, filing and reference purposes, are distributed as follows: 1) Original to the irrigation user, 2) Duplicate to System's Billing Clerk, to be used as basis in posting exemption to the corresponding IFR, 3) Triplicate to the Regional/Project Accounting Office, to be used as basis in adjusting irrigation fee receivables, 4) Quadruplicate to the Operation and Maintenance Division of the Regional Office, for monitoring and reference purposes. The auditing personnel and the collection officer shall also be furnished a copy of said list.

Five (5) days after the approved LLTCF has been submitted, the IS shall advise immediately the billing clerk to cancel the bills or lots verified to have sustained total crop failure appearing in the LLTCF unless within that period, the RIM/PM/OM objects to the submitted LLTCF.

5. Amendment/s on the Lots /Area Planted (ALLP)

The ALLP provides the summary of amendments/adjustment/correction, based on approved exemptions and erroneous posting to LIPA. This is being prepared by the water master four (4) months before the estimated harvest period and submitted for recommendation and approval to the IS and RIM respectively, copy furnished the Regional Office and SMD, Central Office. This report is required to be always updated to facilitate timely and reliable data in the determination of correct bills and consequently correct records of ISF collection and receivables.

The IS approves and forwards the ALLP at least three (3) weeks before estimated harvest time to the billing clerk with the advice to correct or adjust the affected bills. The RIM/P/OM, the Collection officer, the COA shall be furnished a copy of the ALLP.

6. Corrected Bills and Statement of Account

The Corrected Bills and Statement of Account (3 copies- ISO, NIA collector, Irrigation User) is the revised BSA prepared by Billing Processor/Billing Clerk upon receipt of the advice of the cancellation and adjustment from the IS. The BP/BC adjusts or cancels bills and Statement of Account previously prepared in step 3 of this procedure. All cancelled bills are being marked "VOID" and are filed for control purposes.

Bills are submitted to the collection officer who checks and verifies the bills against the LIPA, LLTCF and ALLP, then to the IS for approval.



Fig. 19 FLOW CHART
 IRRIGATION SERVICE FEE OFFICIAL RECEIPT

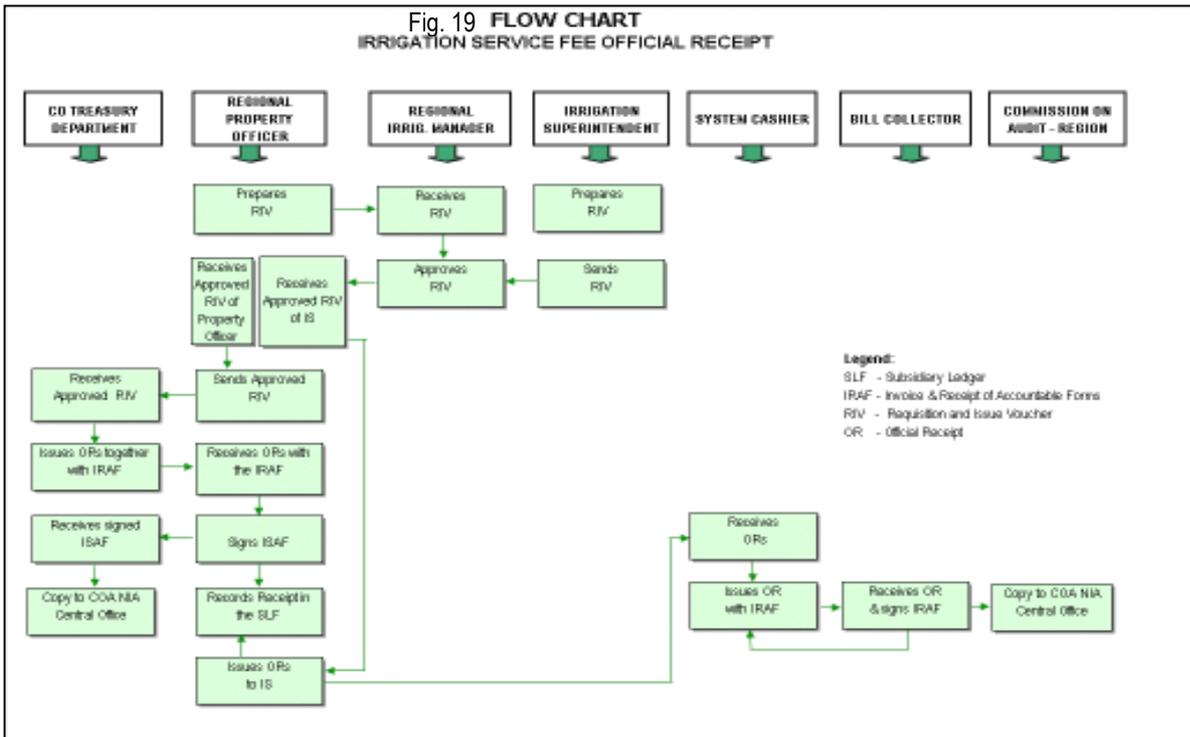
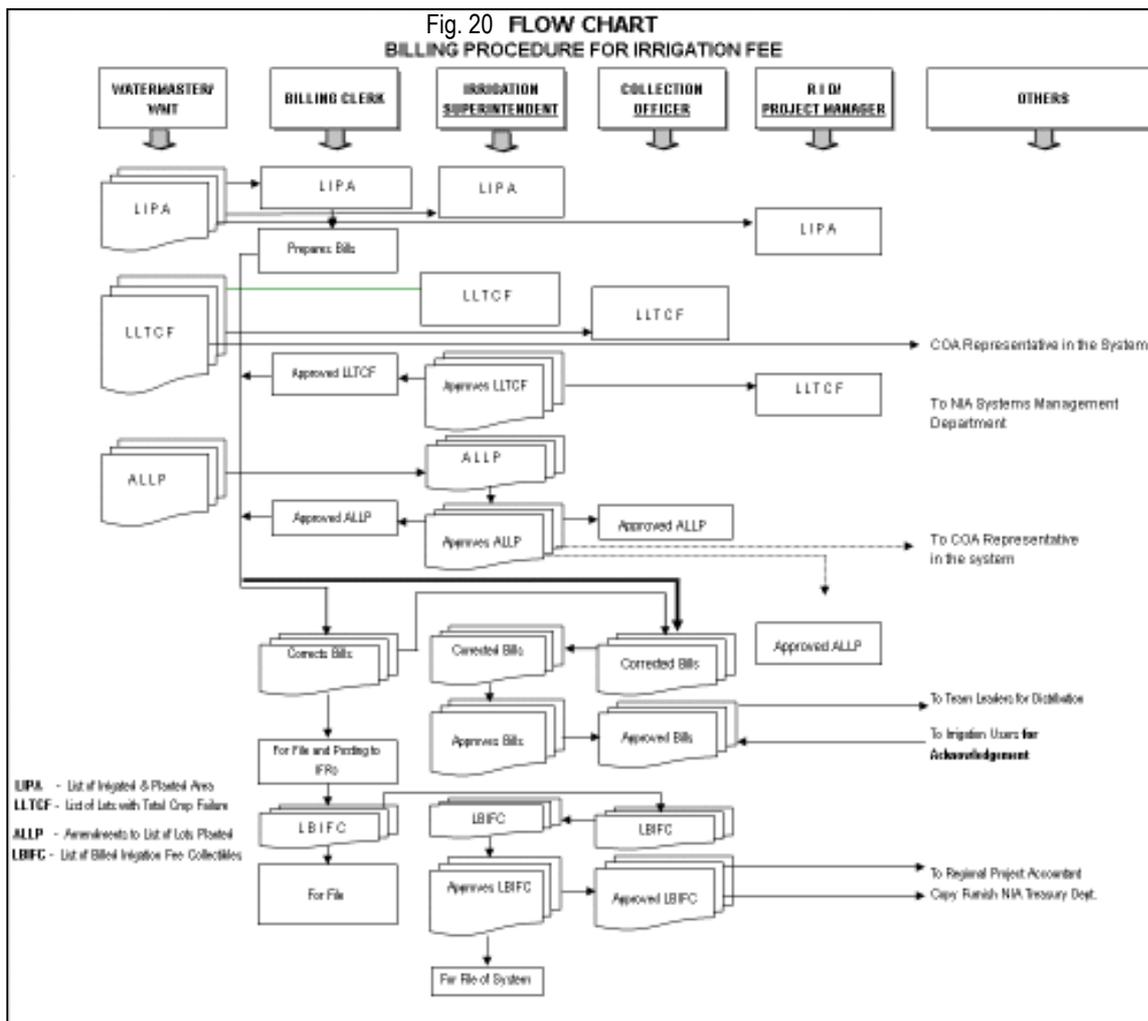


Fig. 20 FLOW CHART
 BILLING PROCEDURE FOR IRRIGATION FEE





7. List of Billed Irrigation Fee Collectibles

After approval of the BSA the BP/BC prepares List of Billed Irrigation Fee Collectibles (LBIFC), inclusive of void bills which are indicated as "VOID" under the remarks column, then confer with the NIA deputized collectors, before approval by the IS. Approved LBIFC are submitted to the Regional Accountant for booking up of the ISF Receivable and to NIA Central Office-Treasury Department for monitoring and evaluation purposes. One (1) copy is retained at the ISO.

8. Posting to Irrigation Fee Register

The Irrigation Fee Register (IFR) serves as a subsidiary ledger of irrigation fee accounts receivable of irrigation users. The copy of the BSA including the corrected/revised BSA retained at the ISO, is used by the BP/BC as reference in posting/recording receivables in the IFR. The IFR is required to be updated on or before the succeeding cropping season, non-compliance shall be ground to disciplinary action against the official/employee concerned per Memorandum Circular Nos. 19 series of 1968 and 34 series of 2004.

9. Distribution of Bill and Statement of Account

The Collection Officer group the bills by division and Team Leader / water master / deputized collector, takes charge of the immediate distribution of bills to irrigation users, sees to it that all bills are served before or during the threshing period and that receipt of bills is duly acknowledged by the irrigation users by signing at the back of the ISO copy of the bill. Irrigation users/farmer beneficiaries receive the ISF bill (original BSA).

10. ISF Collection and Remittance

NIA collectors receive payment of ISF from irrigation users, prepare and issue corresponding official receipts and directly give the original copy of the Official Receipts (O.R) to the payee. Collection of Five Hundred Pesos (P500.00) and above is required to be turnover or remitted to the ISO cashier/collection representative and in turn the cashier/collection representative issues official receipts.

Irrigation superintendent conducts spot inspection/checking of all Official Receipts on individual collector once or twice a week, to make sure that all collections are remitted to the cashier on time.

The NIA collectors prepare and submit Report of Cash Collection to the Cashier weekly with the duplicate copy of the individual O.R issued to farmers and also the original copy of the O.R issued by the cashier. The system's cashier consolidates all reports of collection by respective collectors and submits to the Regional Finance Manager/Accountant.

System's cashier deposits the collection to Land Bank (LBP) or other authorized depository bank and the Bank issue corresponding Debit Advice as proof of Fund Transfer to the existing NIA Central Office bank account pursuant to Memorandum Circular Nos. 25 series of 2004 and 78 series of 2005 One Way Deposit, which also provides sanctions wherein the RIM/OM, Finance and Management Division Manager, Operations Division Manager, Head of ISO and PIO/PIMO and other field officials concerned shall be held liable for any un-remitted collection and /or unauthorized utilization thereof, any violation by officials and employees of the guidelines, after appropriate charge, investigation and hearing are subjected to a) 1st offense--reprimand b) 2nd offense--one (1) to thirty (30) days suspension without pay c) 3rd offense—dismissal from service.

The remittance shall always be accompanied / covered by a NIA Remittance Advice which shall be prepared in five (5) copies to be distributed as follows:

Original and duplicate – NIA-CO, Treasury Department (accompanying remittance)

Triplicate – NIA, CO –General Accounting Division, UPRIIS, MARIIS/Regional Accountant, as the case may be (attached to Report of Collection)



Quadruplicate – Regional/Project Auditor

Quintuplicate – Cashier/Collecting and Disbursing Officer's file.

NIA Remittance Advice shall be numbered in one series for each calendar year which shall show the month and when remittance is made. The totals of all "Monthly Summary of Remittances to Corporate Treasurer" should tally with the total of the Report of Collections for field remittances for the same month and shall be numbered in the same manner as the NIA Remittance Advice, irrespective of region

Expenses (e.g. bank charges) incurred in connection with the remittances shall be charged to the proper fund of the office concerned. Under no circumstances shall these expenses be deducted from collections.

11. Recording of ISF Collection in the IFR

Based on the O.R and Report of Collection of the collectors submitted to the system's cashier, the BP/BC or Accounting Processor post the payments, adjustments and exemptions to the individual IFR. The report is required to be updated on or before the succeeding cropping season, non compliance shall be ground to disciplinary action against the official/employee concerned per Memorandum Circular Nos. 19 series of 1968 and 34 series of 2004.

Only the billing clerk or the accounting clerk, in the absence of the former, is authorized to make postings to the IFR. The billing clerk or accounting clerk is required to sign or initial every after entry made and every erasure/alteration in the IFR to prevent tampering of entries in the IFR. Personnel found tampering the IFR shall be charged administratively.

The following discussion is not anymore a part of the ISF Billing, Collection and Remittance process but is deemed necessary for inclusion for reference purposes when the risks are exposed and recommendations for this CVA area are made. This section discusses the monitoring activities in place in NIA for the ISF billing and collection activities.

MONITORING OF IRRIGATION FEE BILLING AND COLLECTION ACTIVITIES

For effective monitoring of irrigation fee billing and collection, all NIA irrigation systems are required every cropping season to prepare, maintain and keep updated the following:

1. Billing and Collection Work Plan – Before the start of every cropping season, the Chief of the system shall prepare a work plan to serve as his guide in carrying out the various activities in billing and collection in the system.
2. Parcellary Map – As a ready and easy reference in the system, parcellary maps showing all the lots covered by the system with the area indicated shall be prepared and posted in any appropriate available space in the system and also in the Office of the chief of the system. These maps shall be kept updated indicating therein lots planted, billed, paid and exempted.
3. Monitoring Reports:
 - a). Irrigation Fee Collections and Remittances – this shall be prepared monthly by the bill collector/deputized collector who certifies the same and shall be approved by the chief of system.
 - b). Irrigation Fee Collectibles – This shall be prepared every cropping season and shall be certified correct by the WMT / Water masters and approved by the Chief of System. It also shows lots planted including the area and the lot owner for the cropping season.
 - c). List of Billed Irrigation Fee Collectibles – This report shall be prepared every end of the cropping season by the billing clerk who shall certify the same and shall be submitted to the Regional/Project Accountant to be used as basis in booking up irrigation fee receivables.



- d). Monthly List of Delinquent Collectors/Deputized Collectors – This list shall be prepared by the Cashier/Collecting Officer of the System and shall be certified correct by the Chief of System. The list includes all collectors with unremitted collections of P500.00 and more.

Penalty and Irrigation Service Fee Back Accounts (Memorandum Circular Nos. 83 series of 1979 and 26 series of 1980)

ISF paid after its deadline date shall be charged a penalty computed at one percent (1%) penalty for every month of delay. Billing for penalties shall coincide with the deadline dates specified in the season chart of Memorandum Circular No. 31-A series of 1978. Whenever payment for penalty is made before the billing dates prescribed above, the corresponding bill shall be prepared at the same date when payment is received to book up the corresponding Accounts Receivable (AR) for the penalty paid.

To make the penalty corresponding to fraction of a month less burdensome to farmers, no penalty shall be imposed for a delay of less than a month.

Discount on ISF

A ten percent (10%) discount is granted for prompt payment of current irrigation service fees that are paid in full on or before the prescribed deadline date of payment pursuant to Memorandum Circular No. 17 series of 1978 as amended by Memorandum Circular No. 35 series of 1985.

CVA FINDINGS FOR ISF BILLING, COLLECTION AND REMITTANCE

1. Program Area

The program area for irrigation are usually less than the firmed up service area by 2% for dry and wet 4% (dry), 9% (wet) and 9 % (dry), 29 % (wet) or combined annual rate of 02%,11% and 19% for site 1, 2 and 3 respectively. The gap could be attributed to: 1) internal factors such as flood due to inadequate/damaged drainage facilities, inadequately maintained weirs/irrigation canals and the managerial capability of the Irrigation Superintendent, and 2) external factors such as low water level due to damaged watershed and denuded forest, threats of reduced irrigation water allocation by government regulatory agency due to change in priorities. These factors adversely affected the functionality of the system. The following table shows the comparative analysis of Firmed-up Service Area and Program Area:

Table 50. **Comparative Analysis of Firmed-Up Service Area and Program Area**

Irrigation System	Firmed-up Service Areas (has.) (2 croppings)	Program Area (has.) (2 croppings)	Variance	Percent %
Site 1-Reg. 11, Lalic	28,694	28,082	612	2
Site 2-Reg.7 & 8, Mainit-Pongso	6,130	5,450	680	11
Site 3-Reg. 3, AMRIS	53,584	43,504	10,080	19
Total	88,408	77,036	11,372	13

Risk: Understatement of Program Area

Undue understatement of the program areas is very possible since exact service area in hectares affected by the above-cited scenarios cannot be readily identified due to lack of list of lots not included in the program. Based on the documents gathered from three field sites no report has been made as to the identification of areas excluded and the corresponding value in terms of ISF.

The occurrence is considered low since there are only two cropping calendars (wet and dry) but the probable loss is significant, about 13% of the potential ISF estimated at P15.62 million.



Site 1

Based on Coded Reports submitted by the Regional Office to SMD the approved program area for wet and dry cropping seasons is 14,041 (has) for each or 28,082 for two croppings per year with a firm up service area (FUSA) of 14,347 (has.) per cropping or 28,694 per annum. The program area, compared to FUSA, is reduced by 2% or 612 hectares. List of lots excluded in the program area is not available.

Site 2

The approved program area for wet and dry cropping season is 2,650 (has) and 2,800 (has) respectively or 5,450 hectares per year. The firm up service area is 3,065 (has) for wet and 3,065 (has) for dry or 6,130 hectares per annum. The program area compared with the FUSA is reduced by 11% or 680 hectares which is being attributed to submerge area during rainy season and low water level during the dry season. List of lots excluded in the program area is not available.

Site 3 encountered problems in the allocation of water for irrigation. The National Water Resources Board (NWRB) Board of Directors decides on the allocation of water releases from Angat Dam (domestic, irrigation and energy). From the time that DA and NIA were replaced by other agencies as Board of Directors, domestic use became the priority, allegedly contrary to law which gives priority to irrigation considering the investment input to irrigation systems and facilities of about 26,792 (has.) service area.

For several years now, metropolitan water company and private concessionaires with potentials and capability to develop other water source still depend on Angat Dam for water source. This consequently and consistently reduced allocation of water for irrigation thereby irrigation service area program has been substantially reduced by 19 % or 10,080 hectares per year equivalent to about Php 13 million ISF. Because of the damaged caused by lost of opportunity income incurred by the farmers and NIA in terms of ISF, P700 million lawsuit is pending with the Supreme Court against the utility water company. There was doubt on why DA and NIA has been replaced as Board of Directors of the NWRB and why cost and benefit analysis in reducing the water allocation for irrigation seem to have been taken for granted.

For sites 1, 2, and 3, reduction in the irrigation service area caused quarrel and disputes among the irrigation users when priorities and reasons for irrigation water allocation in their area is not clear and not acceptable, thus resulting to illegal tapping of water in some areas.

Control Activity and Mechanism

Program setting is done by a committee composed of NIA –ISO, RIO and IA/irrigation user. Memorandum Circular No. 71 series of 1991 prescribed the use of parcellary map which is based on firm-up service area and hydrologic data/report being used to determine the service area that could be irrigated. However, not all ISO considers the IA or irrigation user in determining the program area and no report is being made as to what lots are excluded in the program (lots within the firm-up service area that cannot be irrigated due to lack of water or perceived to be submerge due to flooding, hence planting is improbable or impossible).

Areas for Improvement

There is a need to identify and confirm excluded area in the program to determine actual needs for repair and improvement of facilities and in order to facilitate full area accounting to avoid undue understatement of service area. Confirmation strategy could be focused on list of predetermined excluded areas, which is lesser in number compared to program areas.

Validation of Program Area set by the ISO could be done by the O & M Division of the Regional Office which is tasked to oversee the operation of the ISO and validation of excluded lots/areas could be undertaken by the internal audit—ICMU/IAU/MAD as counter-checking measure.



The external factors affecting the allocation of water could be addressed through legislative measures/judicial processes and proper representation to concerned offices or agencies. For internal factors that are controllable on the part of the agency, a mediation committee for irrigation users, Municipal Agriculture Officer and NIA could be created to address problems and issues on the allocation of water for individual farmers or IA/irrigation user.

2. List of Irrigated and Planted Area (LIPA)

The irrigated and planted area per annum for two cropping seasons (dry and wet combined) compared to program area is reduced by about 26%, 29%, and 06% for site 1, 2 and 3 based on CY 2005 and CY 2006 data as shown on the following table:

Table 51. **Comparative Analysis of Irrigated and Planted Area**

Irrigation System	Program Service Area (ha.) (2 croppings)	Irrigated and Planted Area (ha.) (2 croppings)	Variance (not irrigated & not planted)	%
Site 1-Reg. 11, Lalic	28,082	20,810	7,272	26
Site 2-Reg. 7 & 8, Mainit-Pongso	5,450	3,883	1,567	29
Site 3-Reg. 3, AMRIS	43,504	40,898	2,606	06
Total	77,036	65,591	11,445	15

Risk: Understatement of LIPA

Undue understatement of LIPA may be possible under the following circumstances: 1) collusion occurs among the farmer / irrigation user / IAs, water master and IS, involving the preparation and approval of LIPA and 2) abuse of authority by the water master considering that he has the monopoly of functions: right to declare through the LIPA the list of irrigation user, responsible in the water discharge or allocation of water to farmers/irrigation users, distributes bills and statement of account and collects the payment of ISF based on LIPA which he prepared. The risk is very high if there is no strict validation on the reported LIPA through actual inspection by higher NIA officials/personnel and internal audit/COA.

It was noted in site 1 and 2 that preparation of LIPA in some field offices is initially done by IAs. The LIPA prepared by IAs is used by the WMT in preparing the final LIPA. This process is not a sound practice if not subjected to validation by NIA. Pursuant to Memorandum Circular No.71 series of 1991, the Irrigation Superintendent is required to conduct validation on the submitted LIPA.

For sites 1, 2 and 3, the water masters who are task to prepare the LIPA (identification of lot /irrigation user, determination of lot area irrigated and planted, in hectare) are also designated as deputized collectors and most of them are not bonded. One water master is assigned for every 700 to 1,000 hectares service area. The occurrence and significance of risk is high due to the absence of validated area accounting and the numerous water master to deal with.

Control Activity and Mechanism

The internal audit focus is mostly on billing and collection processes only, especially when there is no CO-SMD representative in the Internal Audit Composite Team, hence, most of the time LIPA is not being included in the audit.

The control activity/mechanism available is the use of parcellary map in monitoring and verification or validation of LIPA by the IS, RIM and Central Office- SMD. The regional office and the regional office by the central office pursuant to Memorandum Circular No. 71 series of 1991 could address the possible oversight on LIPA validation committed by the ISO. Another control mechanism in the validation process is the used of verifiable prescribed forms on request of irrigation service, acknowledgement receipts by the farmer/user and certification issued by



the water master. However, regular validation of LIPA remains to be seen and there are no sanctions on any misdeclaration committed.

Areas for Improvement

Measures are in place but there is still a need to strengthen the process of determining irrigated and planted area relative to the program area by establishing counter-checking measures which would require preparation by the ISO of List of Not Irrigated and Not Planted Areas (LNINPA) in addition to the preparation and verification of the LIPA. The usual checking and review of LIPA is undertaken by the IS but the regular validation could be undertaken by the O & M Division of the Regional Office and the validation of LNINPA could be done by the Internal Audit-ICMU/AIU/MAD to facilitate full area accounting. There should be computerized masterlist of firmed-up service area indicating lot number, irrigation user, area of lot etc) to facilitate counter checking. This would require amendment to Memorandum Circular No. 52 series of 1982 on the said additional report with the inclusion of sanctions erroneous declaration of the LIPA.

3. Bills and Statement of Accounts

Risk: Erroneous Computation or Recording of Bills

The risk on current ISF is on erroneous computation or recording due to lack of complete integrated computerized system that may invite data manipulation or deliberate erroneous computation. The occurrence is low and the significance of risk is also low for current ISF because of control mechanisms provided under Memorandum Circular No. 52 series of 1982, however, for the ISF back accounts the occurrence and significance of risk is high because of several years' unconfirmed accumulated data.

For sites 1,2, 3, computerized billing is in place, however the system is not yet perfect due to lack of updated/confirmed data on back accounts which precluded the inclusion of total collectibles (current and back accounts), hence only the current collectibles are reflected on the BSA. Collection of Back Accounts is covered by a special program called CAP.

Control Activity and Mechanism

Data on Current ISF bills are verifiable and counterchecking is being undertaken by the water master and approved by the IS, copy furnished COA. Control mechanisms which are embodied on Memorandum Circular No. 52 series of 1982, Billing and Collection Manual, are being followed and implemented. The bills are being audited regularly by COA, Internal Audit-ICMU/IAU/MAD.

Areas for improvement

Computerized billing should include both the Current ISF and Back Accounts. The ISF Back Account could be qualified with a note "for verification" in order not to antagonized the payee. Confirmation of ISF Receivables should be a regular undertaking of the internal audit- ICMU/IAU/MAD. A program that will facilitate reconciliation of the accounts of the irrigation users with the agency could promote transparency which could build trust and confidence and better understanding by every payee of their obligations and responsibilities.

4. List of Lots with Total Crop Failure

Risk: Overstatement of Declared Areas for Exemption

The risk of overstated declared areas for exemption is high whenever exemption is based only on unverified Certification of Crop Failure or Request for Exemption signed as witness by Municipal Agriculture Officer and if NIA representative is not present during the harvest. A possible collusion between the IA/irrigation user and the Agriculture Officer could occur. The occurrence and significance of risk is high due to incomplete or non-verification of affected areas.



There are many instances on Field Sites 1, 2 and 3 that the harvest has been declared a crop failure by the municipal agriculture officer (Certification is issued or the MAO signed as witness to the Request for Exemption) and usually there are no representative from NIA during the harvest, either NIA was not notified or failure on the part of NIA. This creates issues to the farmer when parties are not in agreement, most likely the farmer will not pay ISF because they believe they are exempted though NIA had not yet or will not declare exemption pursuant to Memorandum Circular No. 52 series of 1982. There are instances that NIA considers exemption based on the certification issued or Request for Exemption signed as witness by the authorized municipal agriculture officer.

Control Activity and Mechanism

Memorandum Circular No. 83 series of 1979 as amended by Memorandum Circular No. 52 series of 1982 provides the guidelines on exemption for irrigation service fee payment, including the use of prescribed forms.

Areas for Improvement

NIA has to improve coordination with the MAO in the issuance of exemption for irrigation service fee payment by establishing Memorandum of Agreement that will provide sanctions and guidelines on the role of NIA water master / Irrigation Superintendent / Regional Irrigation Manager and the Municipal Agriculture Officer or his representative.

Occurrence and significance of risk is low on Amendments to List of Lots Planted Corrected / Approved Bills and List of Billed Irrigation Fee Collectible since control activities/mechanism has been found moderately sufficient in view of the implementation of Memorandum Circular No. 52 series of 1982 –Manual on Billing and Collection and the regular periodic review and audit by ICMU/IAU/ MAD and COA .

Include all systems in its review and audit per cropping by ICMU/IAU/MAD and ISO/RIO to closely monitor the strict implementation of policies on billing particularly timeliness of preparation, review and approval.

5. Posting of Bills to Irrigation Fees Register

Risk: Non-posting of Bills or Understatement of Bills Posted

Non-posting of bills or understated posting of bills may occur as a result of: 1) erroneous posting due to manual recording of data 2) collusion between the Billing Processor/Clerk and the payee of the bill, 3) no specific/duly authorized employee is assigned in the posting of IFR and 4) records could be easily accessed or manipulated by anyone. The occurrence and significance of risk is low because control mechanisms are in place.

For sites 1, 2 and 3, posting to IFR is manually done thus it is prone to error in recording data.

Control Activity and Mechanism

Memorandum Circular No. 19 series of 1968 and Memorandum Circular No. 34 series of 2004 provide not only guidance but also sanctions against un-updated IFR (subject to administrative penalty). Also, Memorandum Circular No. 52 series of 1982 requires that only the Billing Processor/Clerk or in his/her absence the Accounting Processor/Clerk are authorized to make postings or maintain records of the IFR, any person found tampering it will be administratively charged. The records in the IFR are also being regularly reviewed / audited by ICMU/IAU/ MAD and COA.

Areas for Improvement

The IFR should be included in the integrated computerized system for ISF to facilitate and ensure availability of reliable and updated data on or before the succeeding cropping season for audit and verification by the Internal Audit and COA and for monitoring purposes.



6. Distribution of Bill and Statement of Account

Risk: Delayed or Non-delivery of Bills and Statement of Account (BSA) by the watermasters

Based on documents from site 1, 2 and 3 substantial numbers of bills were not acknowledged as received by the irrigation users or their representatives contrary to Memorandum Circular No. 52 series of 1982. Failure to deliver the bills or delay in delivery if intentional could result to embezzlement, diverting future official collection to personal collection, hence the risk of having a low collection inflow to the agency. The likelihood of occurrence and significance of risk is high based on the number of bills not acknowledged by the irrigation users and the absence of regular confirmation. There are many water masters to deal with per system (one water master is assigned for every 700 to 1000 hectares service area, tasks to manage water discharge/distribution and preparation of LIPA) and they are also designated as deputized collectors.

Control Activity or Mechanism

Strict implementation of Memorandum Circular No. 52 series of 1982 serves as deterrent to this practice but there are no sanctions on unacknowledged, delayed or non-delivery/issuance of Bills and Statement of Account.

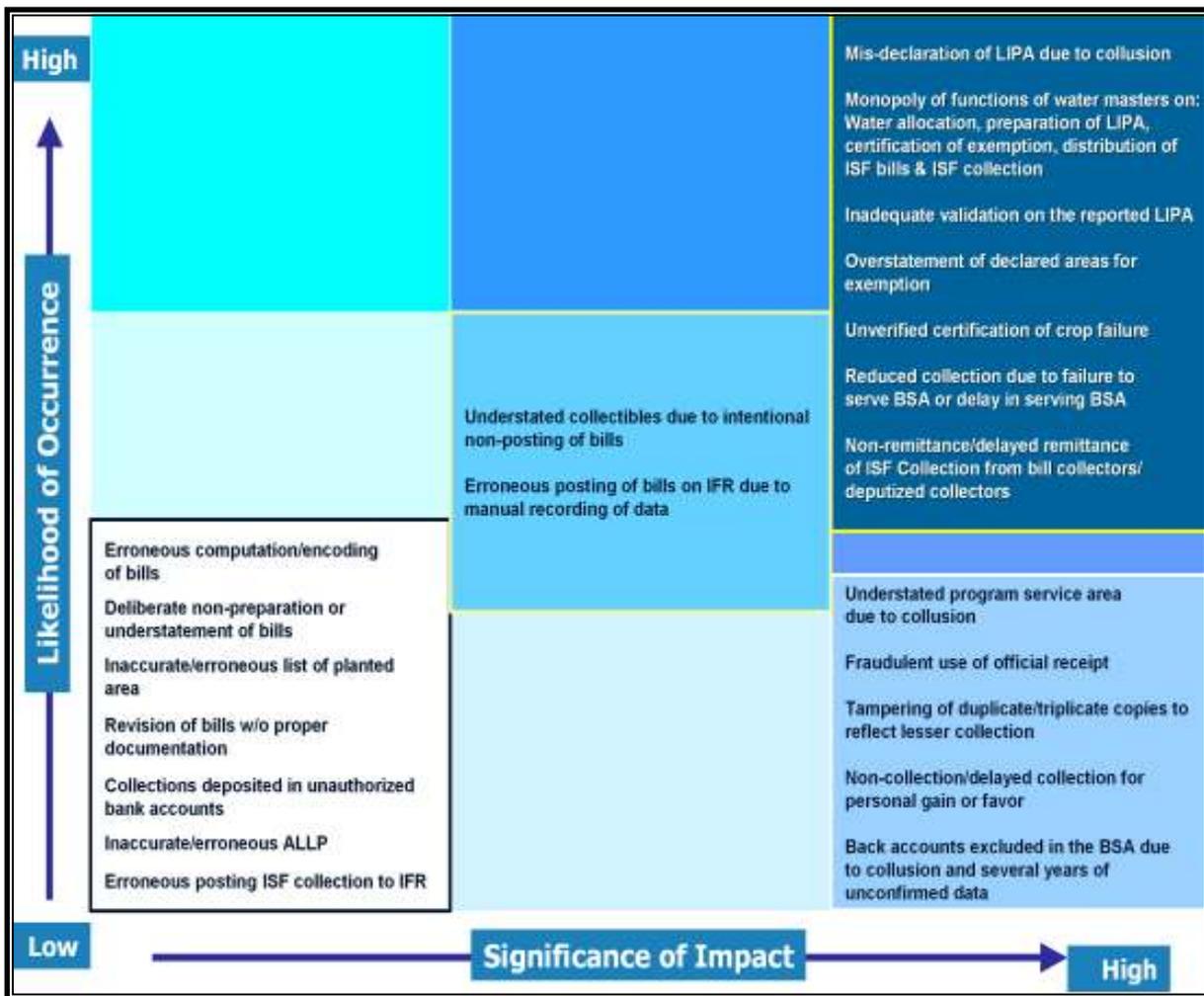
Areas for Improvement

Develop supplemental memorandum circular to Memorandum Circular No. 52 series of 1982 to include provision of sanctions on unacknowledged, delayed and non- delivery/issuance of Bills and Statement of Account. Strict implementation of policy on the acknowledgement of the Bills and Statement of Account by the irrigation users by signing at the back of the water masters' BSA copy and inclusion of information on the schedule of harvest could be used as reference by the ISO in monitoring activities relative to ISF.



RISK MAP FOR CVA AREA 3

**Fig. 21 ISF BILLING, COLLECTION & REMITTANCE
 RISK MAP**





7. ISF Collection and Remittance

Risk: Non-remittance or Under-remittance of ISF

Non-collection may occur when there is a deliberate refusal to collect cash payment in order to facilitate trade off for personal favor or for items intended for personal use or gain.

Non-remittance or under remittance of ISF by bill collectors/collection representative/cashier may be committed under the pretext of fraud when using unofficial receipt and tampering data of the duplicate and triplicate copies of official receipt already issued, thereby understating the amount on the collector/cashiers copy and also due to robbery, theft and embezzlement.

Delayed remittance may be due to personal reasons, distance or accessibility problem.

Site 2 has no collection representative / officer, bill collectors or designated deputized collectors are water masters, Billing Processor/Clerk and Farmers Irrigators Association/Irrigation Service Cooperative. Majority of the deputized collectors are not bonded and the cashier caters to two systems offices that are quite far apart, hence sometimes delay in remittance is being encountered. The remittance of collections is generally in accordance with the One Way Deposit Scheme (Memorandum Circular Nos. 25 series of 2004 and 78 series of 2005) and no delinquent collectors had been reported although sometimes due to personal reasons delay or non-remittance of collections by some bill collectors occurred. There were reports of frequent occurrence of holdups with deputized collectors as victims. The latest Internal Audit on ISF was conducted in 2004 and COA conducted ISF audit, covering the whole ISF processes in CY 2006.

Site 3 gives incentives to IAs who shall participate in the collection of ISF on condition that collection efficiency for the current account is more than 70% and provided that agreement regarding maintenance of canals had been complied. Recently most IAs do not directly participate in the collection of ISF but NIA seek their assistance in collecting from delinquent irrigation users. Based on Report on Delinquent Collectors, continuous delay on remittances is still being encountered although delays compared to prior years are substantially reduced apparently due to sanctions imposed recently under Memorandum Circular No. 78 series of 2005 and regular audit conducted by ICMU/IAU. The systems cashier is tasked with disbursement of cash only and the collection Officer/Representative handles the collections and remittances.

Control Activity and Mechanism

Memorandum Circular No. 52 series of 1982 requires issuance of official receipts on all cash collection/remittances and submission of Collection Report to the ISO cashier. The ISO cashier consolidates the Collection Reports of various collectors / deputized collectors and submits the report to the Regional Office for booking up in the Accounting Books of Account then to the Central Office Treasury Department and Controllership Department for monitoring, evaluation and consolidation of reports. Also, the Irrigation Superintendent or Chief of ISO is required to conduct spot checking/inspection of Official Receipt booklets issued to collectors/deputized collectors once or twice a week to ensure collection and remittance of ISF.

Memorandum Circular No. 78 series of 2005 provides sanctions for higher officials up to Regional Irrigation Manager as previously discussed on item 10-ISF Collection and Remittance. Likewise, Memorandum Circular No. 34 series of 2004 provides sanction on delayed/split remittance and non-remittance of collection as follows:



First Offense:

- a) Restitute the amount of 10% discount granted to farmers for prompt payment of ISF.
- b) Reprimand

Second Offense:

- a) Restitute the amount of 10% discount.
- b) Three (3) months suspension without pay.

Third Offense:

- a) Restitute the amount of 10% discount.
- b) Dismissal from service.

Areas for Improvement

Complementary to the present practice, the agency could develop a system or strategy that will encourage payment of irrigation service fee direct to ISO cashier/collection representative to avoid or reduce the risk of delayed/split/ non-remittance of ISF collection by the designated collectors. Following the principles of transparency and recognition of support, the post listings of good payers on strategic places could also encourage payment of ISF.

All ISO should be covered by periodic audit to be conducted by ICMU/IAU/MAD to confirm collections and receivables. Regular reconciliation, monthly or quarterly of ISO and RIO on records of ISF collections and remittances should be undertaken to proactively safeguard cash resources and reliability of reports. Close monitoring and strict implementation of One-Way-Deposit Scheme also require periodic reconciliation of records of collection and remittances between Central Office Controllership Department, Treasury Department and Regional/Field Offices.

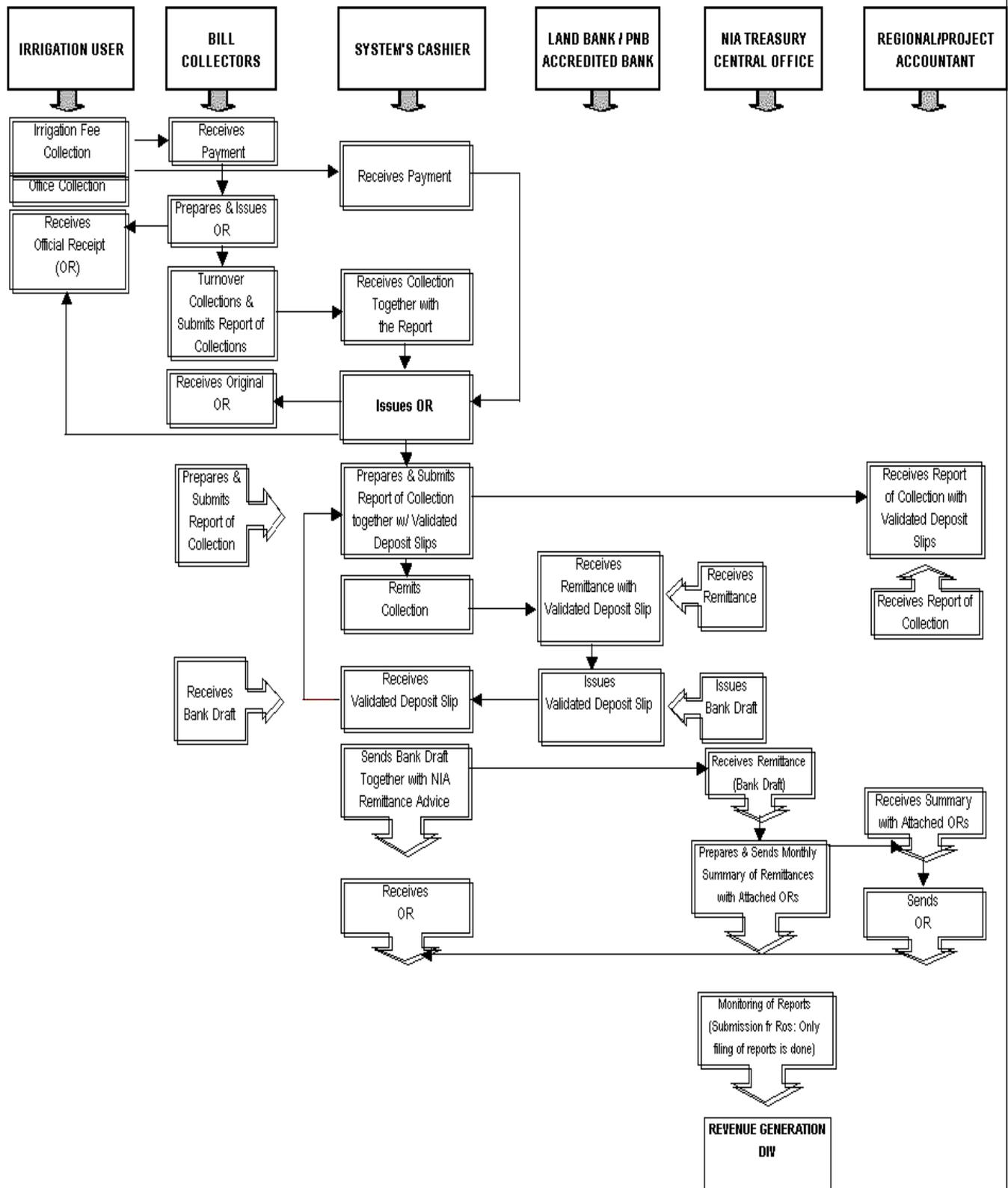
Strict and consistent application of sanctions on non-remittance/split or delayed remittance of collection will give right signal which could facilitate adherence to rules and regulations, considered as vital in achieving success.

8. Posting of ISF Collection to Irrigation Fee Register

Discussions on risks, control activity/mechanism and areas for improvement are basically the same with that of Posting of Bills and Statement of Accounts to the IFR except that the data being posted on this process pertains to the payment made by the irrigation users, being considered as ISF collection of the agency.



Fig. 22 FLOW CHART
IRRIGATION FEE CASH COLLECTION & REMITTANCE
ONEWAY TO CENTRAL OFFICE





RECOMMENDATIONS FOR ISF BILLING, COLLECTION AND REMITTANCE

1. Require the water master / IS to submit report regarding lots not included in the program, not irrigated and not planted based on the service area and indicate the reasons. Prepare corresponding parcellary map to facilitate evaluation, identification, confirmation and monitoring of status relative to ISF.
2. The practice of leaving the preparation of LIPA solely to IAs should not be tolerated; there should be counter validation from NIA water master, ICMU and COA.
3. Non-declaration or deliberate failure to report in the LIPA any irrigated and planted area/s which is tantamount to water stealing, should not be tolerated, hence, a policy should be formulated that shall provide sanctions for both NIA official/employee concerned and the irrigation-user/violator.
4. Revisit the policies on ISF specially issuances on remittance and develop strategies that will encourage the farmer to pay direct to the Bank Account of NIA or to NIA office, to reduce the risk of robbery, theft and delayed remittance which is prevalent to all regions and big systems.
5. Improve the computerized system on ISF by establishing integrated database system which should include masterlist of firmed-up service area, program area, List of Irrigated and Planted Area, List of Not Irrigated and Not Planted Area, Bills and Statement of Account, List of Total Crop Failure. Amended List of Lot Planted, Corrected Bills and Statement of Account, Irrigation Fee Register, List of Billed Irrigation Service Fee Collectible, Collection/Remittances Reports.
5. Training program on ISF programming, billing and collection should be develop and conducted to refresh NIA employees concerned on the existing policies and procedures.
7. Based on survey result those ISO that had undergone rotation of officials experienced enormous improvement in the quality of management and external service thereby increased the trust and confidence of staff and clients as well as efficiency in ISF collection and operation and maintenance. Continue the policy on rotation of IS and also include rotation on water master / deputized collector.
8. Provide sanctions on undue understatement of program area, mis-declaration of LIPA, deliberate failure to serve bills, and abuse of authority in declaring crop failure or exempting areas from payment of ISF
9. Establish MOA with LGU agricultural officer on Policy on Exemption from payment of ISF.



SUMMARY OF RECOMMENDATIONS

Premised on these findings, the Assessment Team highly recommends that NIA submit a legislative motion to amend and incorporate in its mandate the Agency Corruption Prevention and Integrity Development Plan with corresponding budget allocation to implement an intensive Information Campaign and full deployment by FY 2010.

It is also recommended that the following activities be undertaken by year-end of 2007:

- Submit a proposal to the Department of Budget and Management, through the Secretary of Agriculture, relative to the installation of a NIA E-system on the following specific areas: ISF Billing, Collection and Remittance; Procurement Procedure pursuant to RA 9184; and Project Implementation;
- Employees should undergo Value Orientation Workshops, particularly on Corruption Prevention, Detection and Reporting of fraudulent acts in violation of RA 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees) and RA 3019 (Anti-Graft and Corrupt Practices Act);
- Create/establish Agency policy on solicitations and acceptance of gifts pursuant to RA 6713, including monitoring of entries in the Gift Register
- Enhance and strengthen the ICMU/MAD/IAU to conduct regular financial and project audits and to require submission of monthly accomplishment reports particularly upon discovery of any fraudulent transactions violating RA 6713 and RA 9184
- Enhance existing agency mechanisms for individual performance monitoring/evaluation with rewards for best performers/sanctions for poor performers
- Conduct an agency performance evaluation and audit by external assessors
- Enforce blacklisting of suppliers and contractors even if they have political connections