



EXECUTIVE SUMMARY

Project “Integrity Development Review” (IDR) at the National Irrigation Administration was conducted January – June 2007 by a 9-member Assessment Team from the Office of the Ombudsman (3), Commission on Audit (1), Development Academy of the Philippines (2) and three internal assessors from NIA Central Office.

Project IDR aims to assist the management and its leadership to assess the agency integrity development level, identify controls to detect and prevent corruption, assess the adequacy of safeguards and prepare a NIA Corruption Prevention and Integrity Plan.

IDR is a preventive measure against corruption, aimed to build institutional foundations to prevent corruption before it occurs. The review is conducted in two phases, namely: Corruption Resistance Review and Corruption Vulnerability Assessment. Coverage included integrity development measures and safeguards that can forestall wrongdoings and prevent corruption, with CRR conducted in two stages: the Integrity Development review/Focused Group Discussion and the Survey of Employees.

The assessment sites identified by NIA and confirmed by the Advisory Group included Central Office, Region 3 for Luzon, for Visayas - Region 7 & 8 (considered as one regional unit), and Region 11 for Mindanao.

Policies at NIA emanate from an inter-agency Board of Directors that meets monthly and chaired by the Secretary of Agriculture. The Chief Executive Officer NIA is the Administrator, who is also the Vice-Chairman of the Board. He is supported by the Deputy Administrator and an Executive Committee composed of four (4) Assistant Administrator for Project Development & Implementation, Systems Operation & Equipment Management, Finance & Management, and Administrative Services.

At the regional offices, the Regional Irrigation Manager is the chief executive officer who oversees the implementation of irrigation development plans for the region, including foreign-assisted projects, provincial irrigation offices, irrigation systems offices and locally-funded projects.

In the Corruption Resistance Review (CRR) - Focused Group Discussion or Integrity Development Assessment (IDA), a total of 72 senior officials were selected to participate, while 335 NIA employees were randomly selected as respondents for the Survey.

The IDA is a guided self-assessment that provides set standards or levels for the agency to assess itself in developing integrity in the workplace. It provides a basis for the examination of NIA operations and identify necessary steps in achieving a certain level of systems integrity, specifically in ten (10) dimensions: (1) Leadership, (2) Code of Conduct, (3) Gifts and Benefits, (4) Human Resources Management, (5) Performance Management, (6) Procurement Management, (7) Internal Reporting and Investigation, (8) Corruption Risk Management, (9) Financial Management, and (10) Interface with External Environment. For each dimension, a 5-point rating scale was used as measurement for the levels of achievement and a deployment level ranging from 0% (not deployed) to 100% (approach is fully deployed in all the levels and units of the organization).

The Survey of Employees was conducted using the sealed envelope technique to acquire an objective assessment and perception of employees in the corruption and prevention efforts of the agency. It also provided feedback generated from the employees’ experiences and perceptions with these measures, clarity of agency guidelines and procedures in terms of policy deployment down the line.

During Phase 2 of Project IDR - the Corruption Vulnerability Assessment (CVA), data and information was culled from documents, informant interviews and process observations. The Assessment Team used the Vulnerability Analysis Matrix, the Process Map and Risk Map and identified the following areas to be examined:



- Project Implementation
- Procurement Management (civil works)
- Irrigation Service Fees (billing, collection and remittance)

Processes observed to validate project implementation were the Casecan MIPP in Nueva Ecija, the Angat-Maasim River Irrigation System in Bulacan, the Lalik River Irrigation System in Davao del Norte and the Mainit-Pongso River Irrigation System in Leyte.

CRR Findings and Next Steps

From results of the CRR (IDA and Survey), NIA generated the following ratings: Leadership – 1 (30-40% deployment score); Code of Conduct – 1 (50-60% deployment score); Gifts and Benefits Policy – 0; Human Resource Management – 2 (70-80% deployment score); Performance Management – 2 (50-60% deployment score); Procurement Management – 1 (50-60% deployment score); Financial Management – 1 (50-60% deployment score); Internal Reporting and Investigation – 0; Corruption Risk Management – 0; and, Interface with the External Environment – 2 (70-80% deployment score).

<i>Dimension</i>	<i>Next Steps</i>
LEADERSHIP	For senior officials to attend a training on Corruption Prevention and Integrity Development
CODE OF CONDUCT	Craft a customized Code of Conduct to reflect what is ethically acceptable/non-acceptable practices and define situations what would be considered conflicts of interest relevant to the types of work carried out by NIA
GIFTS AND BENEFITS POLICY	Issue a “no-gifts” policy and disseminated to the public
HUMAN RESOURCE MANAGEMENT	Conduct background investigation for potential conflicts of interest and institute a mechanism to shield appointments and other personnel actions from political intervention
PERFORMANCE MANAGEMENT	Issue a policy in giving sanctions to poor performance and negligence of duty and the blacklisting of erring personnel posted in strategic areas
PROCUREMENT MANAGEMENT	Strict imposition of appropriate sanctions and a policy for filing of civil/administrative charges on erring bidders/contractors/suppliers as well as members of the BAC/TWG/Secretariat
FINANCIAL MANAGEMENT	Relevant personnel to undergo training on budgeting, accounting and financial management to develop awareness and accountabilities in the use of government financial resources
INTERNAL REPORTING AND INVESTIGATION	Institute a clear definition of the role and responsibility of personnel handling reports and investigating reports on corruption and Issue a mechanism to protect reporters of fraud
CORRUPTION RISK MANAGEMENT	Issue a policy to integrate CRM with the functions of the Internal Audit Department
INTERFACE WITH THE EXTERNAL ENVIRONMENT	Relevant personnel to attend training on handling and resolving external complaints

CVA Findings and Areas for Improvement

The CVA high-risk areas identified are: Project Implementation, Procurement (Civil Works), and Irrigation Service Fee Billing, Collection and Remittance. Selection was based on the following factors: mission-critical operations, significance of operation, extent of operation, materiality of costs and impact of these processes to the agency.

In Project Implementation, there was non-compliance with technical specifications derived from interviews with process owners and document reviews. There was also no specific secured area for safekeeping of detailed estimates and the information may be advantageous to a prospective contractor. According to interviews with



process owners, there are some instances of over/under estimation of works and cost. The FAMIS was last updated in 1981 and prices there do not conform to current market prices.

In some Communal Irrigation Projects (CIP), there are no material testing facilities that will ensure only quality materials used in the project. Noted consistently in all assessment sites is the risk of delay of construction works mainly due to the delay in the release of funds. When there is a request for change orders from the program of works submitted, in some instances, there is no physical verification conducted. Also in some instances, there is an over-run/under-run of the target (physical or financial accomplishment) not conforming to the schedule.

It was also noted that some missing equipment were not reflected in the project inventory/project completion report. During commissioning/test run of completed projects, there are instances when deviations in the POW are not reflected in the report.

It is important, therefore, to develop and install an electronic program for the preparation of POWs to minimize discrepancies.

In Procurement, it was observed in the CVA sites that there were some instances when prospective bidders used the license/registration certificate of another contractor to participate in bidding and there are no control mechanisms adopted by the agency to plug the risks involved.

In eligibility checking, it was observed that the central office and the regional offices do not strictly follow the procedure in conducting eligibility check as provided under RA 9184. There should be an electronic Civil Works Registry to lessen the incidence of corruption and limit human intervention.

It was observed that there were instances when the BAC receives calls from politicians requesting for postponement in the submission of bids. In some instances, the BAC recommendation is not awarded to the bidder with the LCB. It is the responsibility of BAC to decide matters on their own and should not be influenced by external factors regarding the running of procurement proceedings.

Over-all Recommendations

Premised on CRR and CVA findings and the objectives of Project IDR, the Assessment Team recommends that NIA incorporate in its mandate the Agency Corruption Prevention and Integrity Development Plan and request for a corresponding budget allocation from the National Government, to implement an intensive Information Campaign and full deployment by FY 2010.

It is also recommended that NIA request for appropriate funding from the national government to develop and install software for ISF Billing and Collection, Project Implementation, and Procurement Management.

Senior officials should undergo training on corruption prevention, detection, investigation and reporting in order to develop short-term goals and proactive steps toward this direction.

Craft a customized Code of Conduct to reflect ethically acceptable/non-acceptable practices and situations of conflicts of interest relevant to the types of work carried out by NIA.

NIA Management should also craft a policy on solicitations and acceptance of gifts pursuant to RA 6713, including monitoring of entries in the Gift Register, or for tighter measures, issue a "no-gifts" policy and disseminate it to the public.

Strict imposition of appropriate actions and the filing of civil/administrative charges to erring bidders/contractors/suppliers, as well as members of BAC/TWG/Secretariat.

Relevant personnel should attend capability-enhancing program for handling investigation and resolving corruption cases.



Employees should undergo Values 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).

To strengthen ISF (Billing, Collection and Remittance) process, NIA may consider strengthening of 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.