FINAL REPORT ON THE ASSESSMENT OF THE INTEGRITY DEVELOPMENT REVIEW (IDR)

FINAL REPORT ON THE ASSESSMENT OF THE INTEGRITY DEVELOPMENT REVIEW (IDR)

Management Systems International
Corporate Offices
A Subsidiary of Coffey International, Ltd.
600 Water Street, SW
Washington, DC 20024

CONTENTS

ACTIVITY BACKGROUND

The Integrity Development Review (IDR) is a diagnostic and remedial tool intended to reduce corruption through a systematic assessment of: (1) the agency's establishment and deployment of integrity enhancing measures; and (2) the vulnerability of its systems to corruption. As a result of such assessment and follow-on programs, there should be continuous improvement in the agency's systems and processes as it performs its mandate. More importantly, it should lead to enhancement in the agency's corruption prevention program. The IDR has been implemented in various agencies of the Executive Branch of the Philippine Government.

IDR aims to assist the management and leadership of Government agencies to:

- Determine the level of integrity development within the agency
- Identify the agency's vulnerability to corruption
- Assess the adequacy of agency's safeguards to forestall corruption
- Establish benchmarks by which agency performance and results of anti-corruption programs can be monitored
- Prepare and implement a more focused Corruption Prevention and Integrity Enhancement Plan

To date, at least 17 agencies have undergone IDR. The Governance and Anticorruption Working Group has included in its priority list the evaluation of the results of the IDR and the implementation of various recommendations stemming from it. In the sessions of the said working group, the need to streamline IDR recommendations to existing donors' assistance and future programs have also been discussed. There are also plans to pilot it in local government units aside from other critical service oriented agencies. Prior to this, however, both donors and the government oversight agencies felt it was necessary to evaluate the program.

What happened to the agencies after implementation the IDR? How effective is the tool in terms of corruption prevention and integrity enhancement? Are there reforms initiated from the conduct of IDR? How far have the reforms been implemented and to what extent have the recommendations of the IDR assessment teams been achieved?

Scope of Work

The engagement called for the conduct of the following:

1. Design of the framework of analysis and assessment design of the effectiveness of the IDR as a diagnostic and remedial tool for corruption vulnerability, including the agency's establishment and deployment of anti-corruption measures;

2. Design of the framework and assessment of the impact of the IDR on anticorruption efforts of the Bureau of Internal Revenue (BIR), Bureau of Customs (BOC), and the Department of Health (DOH). These agencies were chosen in consultation with the Office of the Ombudsman;

3. Design of the framework and assessment of the progress of the three (3) agencies in the implementation of the IDR results, and documentation of best practices;

4. Review of documentary evidence and interview of relevant personnel in the BIR, BOC, and the DOH for assessment;

5. Delivery of an assessment report that:

a. Identifies areas that show the success of the IDR;

b. Identifies the failures and challenges encountered in the conduct of the IDR; and

c. Provides recommendations on how to improve the conduct of the IDR.

I. HISTORY OF IDR IN PHILIPPINE GOVERNMENT

To improve governance in the public sector, the leadership of the Office of the Ombudsman and the Department of Budget and Management initiated the Integrity Development Review (IDR) in 2004. *Integrity Development Review (IDR)*, also known as *Pursuing Reforms through Integrity Development (PRIDE)*, is a preventive measure against corruption. The pilot program of the IDR, which was conducted in 2003-2004 for the Office of the Ombudsman, Department of Education (DepEd) and to a limited extent, the Civil Service Commission (CSC), was funded by USAID through the AGILE/EGTA project.

The IDR aims to build institutional foundations to prevent corruption before it occurs. For the purpose of developing the tool, AGILE/EGTA contracted the services of the Development Academy of the Philippines (DAP), which also managed the training of the assessors. The assessors were composed of internally sourced employees or those from the agency undergoing IDR (e.g. enforcement, public assistance and prevention offices of the Ombudsman), as well as external assessors including from the Bureau of Resident Ombudsman, the Commission on Audit, Presidential Anti-Graft Commission and during the first run, the Civil Service Commission, and volunteers from civil society, notably from the Government-Watch project of the Ateneo School of Governance and the Transparency and Accountability Network (TAN), which is a secretariat and board of a coalitions of CSOs. AGILE/EGTA project staff was also deployed as external assessors.

Legal Mandate

The institutionalization of the IDR rests upon the Office of the Ombudsman. The legal mandate of this office does not solely consist of criminal prosecution, but also corruption prevention as provided in Section 13 (7), Article XI of the 1987 Constitution. Relative to this, Section 15 (7) of R.A. No. 6770 (The Ombudsman Act of 1989) provides the mandated Ombudsman corruption prevention function:

> "Determine the cause of inefficiency, red tape, mismanagement, fraud, and corruption in the Government and make recommendation for their elimination and the observance of high standards of ethics and efficiency."

Given the nature of the IDR, it can be said that the tool perfectly matches the discharge of this function. Thus, former Ombudsman Simeon V. Marcelo deemed it fit that the Ombudsman's office itself be the first to undergo the IDR.

It may be important to consider the developments outside the institution of the Ombudsman during the crafting of the IDR. At the inception of the IDR, the Inter-agency Coordinating Council had consistently met as significant convergence efforts were likewise being crafted, such as the Solana Covenant. Given the harmonious relationship among the constitutional offices such as the Civil Service Commission (CSC), the Commission on Audit (COA), and the Office of the Ombudsman, there was a strong leaning for these agencies exercising oversight functions, to be the first to undergo IDR at the onset.

Just like any government project, the IDR had birth pains. It is worth noting however, that while the CSC eventually declined to continue the project after the conduct of the employee survey, it still deployed selected staff as part of the team of external assessors. Similarly, the COA continued to provide the services of its auditors as part of the team of external assessors even though it also did not undergo IDR.

Revisiting the First Cycle of IDR Implementation

It cannot be said that the IDR has had smooth sailing; to the contrary, since inception, there has been some issues that severely affected its implementation, and threatens its sustainability.

Even during the training in the first cycle, some issues on the clarity of the concept and design were already apparent. During the first run, there was no clear concept as to how it should be run. Problems on the conduct of the survey, as well as the interpretation of the statistical data, proved to be problematic during the first cycle. It was also in the first training of assessors that differences arose between representatives from Civil Society Organizations (CSOs) and DAP project staff.

The following agencies were covered during the IDR maiden cycle in 2003-2004:

- Office of the Ombudsman (Central Office including OSP with assistance from USAID-ROLE)

- Department of Education (Central Office, NCR, Region I, Region VIII with assistance from USAID-EGTA)

- Civil Service Commission (self-administered survey)

The strong leadership, support, and acceptance that the Office of the Ombudsman showed was very helpful in terms of dealing with the issues that arose in the first run of the IDR.

IDR tool # 1, which is the Integrity Development Assessment, outlines standards for corruption prevention. It describes integrity standards in nine areas of a line agency's operations. The standards are categorized into a 6-point score card. The score cards allow the agency to determine its current level of integrity and what standards to meet to go the higher integrity level. By design, the score card is not only diagnostic but is geared towards implementing reforms to achieve a higher level of integrity. The end product of the IDR is not only a critique of the agency's current set of integrity and anticorruption policies/measures but also a set of recommendations to move forward. Note that a number of self-cleansing internal policies of the Ombudsman are recommendations of the IDR – strengthening of internal affairs unit, post-employment policy, gift/benefits registry, whistleblowing, etc. The tool does not end with just a diagnosis, but rather clear steps to move forward.

Ombudsman Simeon Marcelo made a "hands on" and timely response. A committee was immediately created to look after the IDR recommendations and the succeeding management planning right after the conduct of the IDR extensively made use of the IDR recommendations.

The ROLE project and its consultants do not have information on the progress of reform implementation in DepEd after the IDR in 2004. At that time, the monitoring mechanism was limited to the existence of the Advisory Council, which, at that time, still regularly met and whose members were actively involved in the discussion of the findings and implementation of the recommendations.

The most challenging period in the life of the IDR occurred during the time when changes in the leadership of the Office of the Ombudsman, as well as in the key collaborating agencies, took place. The transition in leadership provided a big gap in the implementation of IDR, no meetings were called for the advisory group, and even in the IDCs for a long time. Since the implementation of IDR is highly dependent on the heads of the IDRed agencies, as well a internal champions in the IDC, preparation of action plans and convening of regular meetings among agencies where there are changes in key actors

were delayed such as in the case of BIR whose head resigned and in the case of DPWH whose champion, the then Head of Internal Audit was assigned to another post outside Metro Manila. After some time however, Ombudsman Gutierrez fully supported the expansion of IDR although with the current leadership, the participation of the CSOs in the assessor's and advisory group started to become negligible.

In August 2006, funded by the Ombudsman, the IDR was conducted in the following agencies:

- Department of Public Works and Highways

- Philippine National Police

- Bureau of Internal Revenue

- Bureau of Customs

- Land Transportation Office

And with funding assistance from the **European Commission**, the following agencies undertook the IDR in 2007, the results of which have been presented to the Advisory Council:

- Department of Environment and Natural Resources

- Department of National Defense

- Light Rail Transit Authority

- Bureau of Corrections

- Land Registration Authority

- Department of Agrarian Reform

- Armed Forces of the Philippines

- National Irrigation Administration

- Department of Health

- Bureau of Fire Protection

- DBM-Procurement Service

II. THE TOOLS USED IN IDR

The IDR builds on the Corruption Resistance Review (CRR) approach developed by the Independent Commission Against Corruption (ICAC) of New South Wales, Australia as well as the Corruption Vulnerability Assessment (CVA) tool developed by the Office of Management and Budget of the United States.

1. Corruption Resistance Review (CRR)

CRR provides a quick scan of integrity building and corruption prevention measures used by the agency in its policies and operations. It aims to enhance systems integrity, and develop   professional integrity in the workplace. Further, the agency's examination of existing systems should help prevent any opportunity for corruption to occur.

CRR is conducted in stages with three (3) main components, namely:

Stage 1. The Integrity Development Assessment (IDA) is a methodology that is best used when the agency wants an overview of its anticorruption efforts and is initially uncertain of its weaknesses in addressing corruption. The main features of the IDA are the following:

a. The classification of an agency's operations into 10 dimensions, namely: (i) Leadership; (ii) Code of Conduct; (iii) Gifts and Benefits Policy; (iv) Human Resource Management (Recruitment, Selection, and Movement of Personnel);   (v) Performance Management; (vi) Procurement Management (Planning, Bidding, Selection, Delivery and Inspection); (vii) Whistleblowing, Internal Reporting and Investigation; (viii) Corruption Risk Management; (ix) Financial Management (Budgeting, Accounting, Cash Handling); and (x) Interface with External Environment;
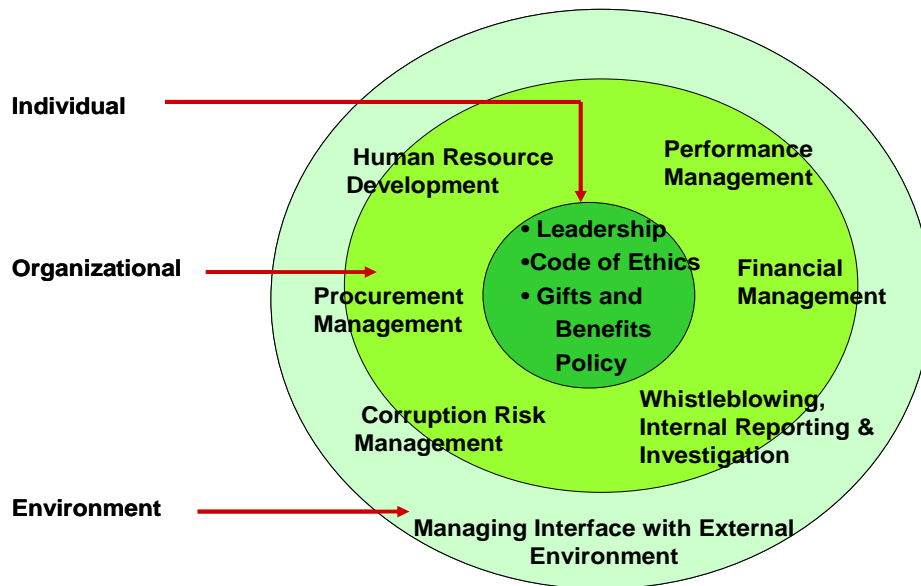
b. The adoption of a six-point (0-5) scale for determining an agency's level of achievement in each dimension, with 0 being the lowest, and 5 being the highest; and

c. Self-assessment by assessors from senior management of the agency, including, but not limited to, the Finance/Budget Officer, Internal Auditor, Planning Officer, Procurement Officer, Property Officer, HRD Officer, Operations Head, Senior Employee in Operations Department, Officer of Employees' Association, Member of Grievance Committee, Chairman of the Bids and Awards Committee, and other identified Stakeholders.

This exercise determines the *existence* of an agency's anti-corruption measures, determined through focus group discussions, conducted among selected management and other personnel. A self-assessment is made by the IDA respondents concerning the agency's anti-corruption programs, and the level of achievement in each dimension and indicator determined.

At the onset, the agency's policies are categorized into *ten (10) dimensions*. For the conduct of IDA, there are questions for each dimension in relation to the agency's efforts to curb corruption. The IDA respondents then give the agency a rating from 1 to 5, 5 being the highest. It may be possible for an agency to get a score of 0, where the agency is unable to meet all of the standards in level 1. A consensus must generally be arrived at by the IDA respondents in determining the agency's level of achievement per indicator.

The ten dimensions are illustrated in the following framework:

Individual

Human Resource Development

Performance Management

Organizational

• Leadership
•Code of Ethics
• Gifts and Benefits Policy

Procurement Management

Financial Management

Corruption Risk Management

Whistleblowing, Internal Reporting & Investigation

Environment

Managing Interface with External Environment

Stage 2: Survey of Employees.

The second stage of CRR is conducting the Survey of Employees. The survey of employees is designed to validate (vs. complement) the results of the IDA. It balances the results of the managers' self-rating for the IDA and it provides a feedback mechanism to rank and file employees on corruption issues in their agencies. It is a means to check the *deployment* of integrity building measures, as well as solicit feedback from employees on:

- their personal experiences with the integrity building measures of the agency;
- clarity of guidelines and procedures (particularly when they serve as safeguards);
- effectiveness of corruption prevention measures; and
- suggestions for improvement.

So while the IDA determines what concrete anti-corruption measures have been established, the survey determines if these measures have been effectively cascaded to the employees.

The survey also serves to validate the self-assessment made by senior officers in the IDS, where the standards being examined deal with the perception of programs being implemented by the agency.

Stage 3: Validation – Under stage 3, the agency must produce documents or tangible evidence to support the IDA result. For instance, if the agency scored level 3 for claiming that they have a code of conduct for high-risk post, the management must furnish a copy of the signed internal policy to the assessor. The IDR assessors validate the agency's integrity achievement level in the IDA through documents review, key informant interviews, and/or process observation, after listening to management and process owners in the IDA and examining the results of the employees' survey.

2. Corruption Vulnerability Assessment (CVA)

The CVA is the second tool of the IDR. The results of the IDA, survey of employees and validation will be taken together and analyzed to determine top 3 areas of the agency's business/operations that is most at risk in terms of corruption. The 3 areas will then be subjected to the CVA, which is a more in-depth

review. Under the CVA, the assessors will map out the work flow, assess vulnerable areas, and determine what makes that agency operation vulnerable to corruption.

It is best used when the agency wants to look into *specific* activities, and has a good understanding of the extent of corruption within the agency, which can arise *after* the conduct of the CRR. The areas that are made the subject of the CVA are those usually flagged as hotspots from the CRR.

Application of this tool requires about one week for each process under examination. Corruption vulnerability assessment does not measure the extent of corruption in an agency. Rather, as an analytical tool, CVA helps decision-makers to detect susceptibility of systems, policies and procedures to corruption. The purpose of the CVA is to examine high-risk activities and/or functions, and assess the probability that corruption occurs or will occur, and not be prevented or detected in a timely manner by the internal controls in place. Data and information may be culled from FGDs, documents review, key informant interviews, and process observation.

III. FRAMEWORK OF ANALYSIS AND ASSESSMENT DESIGN

Assessment Framework

```
                         ┌──────────────────┐
                         │  IDR Evaluation  │
                         └──────────────────┘
                                  │
        ┌─────────────────────────┼─────────────────────────┐
        ▼                         ▼                         ▼
┌──────────────┐         ┌──────────────┐         ┌──────────────┐
│   The Tool   │         │ The Process  │         │ The Structure│
└──────────────┘         └──────────────┘         └──────────────┘
        │                         │                         │
        ▼                         ▼                         ▼
┌──────────────┐   ┌───────────────────────┐   ┌──────────────────┐
│ • Design     │   │ • Selection           │   │ • Advisory Council│
│ • CRR: IDA and│  │ • Training of Assessors│  │ • PAGC/OMB        │
│   Survey     │   │ •  Conduct of CRR (IDA │   │ • IDC/Sub-IDCs   │
│ • CVA        │   │    and Survey)and CVA  │   │                  │
└──────────────┘   └───────────────────────┘   └──────────────────┘
```

Relevance   Strong Ownership

Feasibility   Institutional Capacity

Flexibility   Doability of Recommendations
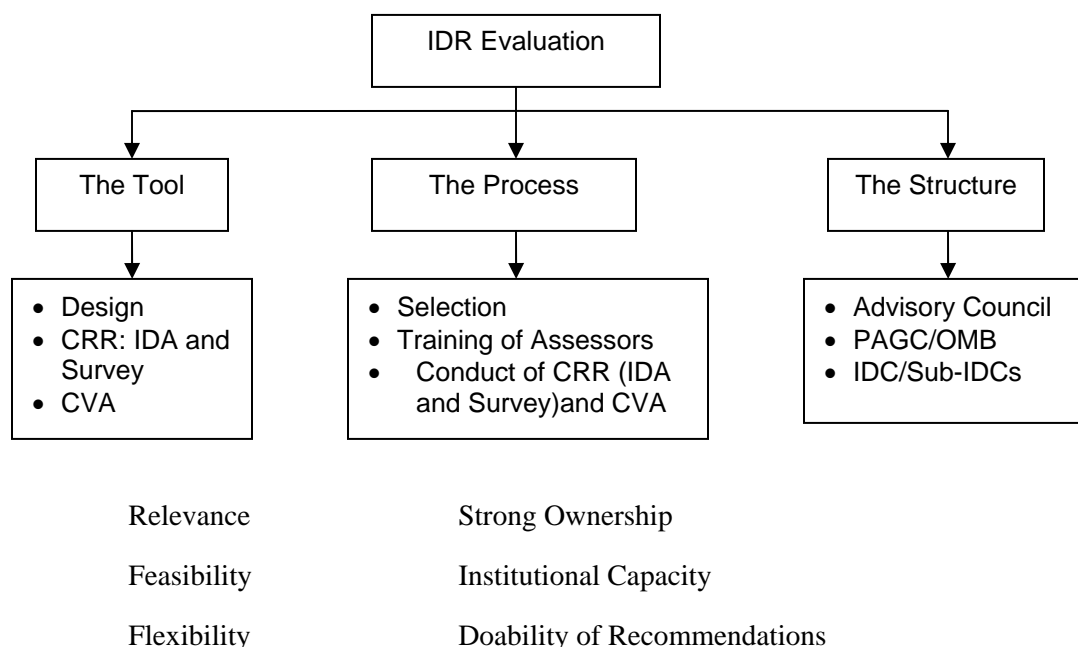
The Tool:

Evaluation of the tool required the examination of its design and application. In evaluating the design, the assessment focused on relevance, feasibility, understandability, and applicability of the tool. The following questions can be used as guide:

1. Is the tool designed in such a way that it can meet the purpose of the project?

2. Is the tool design feasible?

3. Does it have flexibility to meet any needed changes in order to suit the implementation and project environment, so that outputs can continue to be achieved ?

The Process:

In terms of process, the assessment examined the way by which the assessors were selected and trained, the IDR was conducted, and the action plan implemented and monitored.

The Structure:

In this respect, the assessment focused on the determination of a strong project ownership and institutional structures that will preserve the gains of the project, and guarantee the continuity of the

---

> project and the reforms initiated
>
> Sustainability of project was assessed in terms of policy outputs or initiatives that are supportive of the project purposes, as well as the presence of technologies built on existing practices which eventually maximizes the use of local resources.

Evaluation of the tool required the examination of its design and application. In evaluating the design, the assessment focused on relevance, feasibility, understandability, and applicability of the tool. The following questions can be used as guide:

1. Is the tool designed in such a way that it can meet the purpose of the project?

2. Is the tool design feasible?

3. Does it have flexibility to meet any needed changes in order to suit the implementation and project environment, so that outputs can continue to be achieved ?

The Process:

In terms of process, the assessment examined the way by which the assessors were selected and trained, the IDR was conducted, and the action plan implemented and monitored.

The Structure:

In this respect, the assessment focused on the determination of a strong project ownership and institutional structures that will preserve the gains of the project, and guarantee the continuity of the project and the reforms initiated

Sustainability of project was assessed in terms of policy outputs or initiatives that are supportive of the project purposes, as well as the presence of technologies built on existing practices which eventually maximizes the use of local resources.

The consultants conducted a triangulated approach in the evaluation of the IDR, which consisted of the following methodologies:

1. Conduct of Employees' Survey

For the second survey, the same survey questionnaire was used and distributed over the same sample size as in the first survey, for consistency and in order to afford an objective comparison. The results of the first survey were used as the baseline, and the results from the second run in this project were compared to identify changes in the perception, experiences, and suggestions of respondents in terms of the integrity building measures of the agency, reforms initiated as an outcome of the IDR exercise, as well as extent of information dissemination

The DOH Second Survey

The first cycle of the DOH survey was conducted in 2007.

It was noted that the set of respondents for the first survey was not the same as for the second survey. For the first survey, the respondents were selected at random. However, for the second survey, the respondents, although stratified according to rank/level as in the first survey, were selected based on

availability, consisting mostly of the heads and administrative officers of units. Moreover, all of the respondents for the second survey came from the central office, owing to time and budgetary constraints.

The BIR Second Survey

The first cycle of the BIR IDR survey was participated in by respondents from the Central Office, San Pablo, Cebu, and Davao. In the second cycle, the participation of the same respondents was enlisted, unless the employee was out of the agency's service, in which case, a replacement respondent was engaged at the same level.

The BOC Second Survey

In the first cycle, the respondents for the survey were selected at random via computer, with a number of respondents per level determined according to pre-established percentages. In the second cycle, the BOC HR selected the respondents. However, it was reported that when the day for the survey came and the target number was apparently not going to be achieved, the BOC HR just added respondents by requiring those who were available in the premises to participate in the survey.

In the first cycle, employees from the regional offices participated. In contrast, in the second cycle, only employees from the MICP, NAIA, the Port of Manila, and the Office of the Commissioner participated.

2. Focused Group Discussion cum Workshop

Realizing some of the weakness of the first tool, focused group discussions cum workshops were conducted in order to validate the results of the survey, as well as to solicit further information from key process owners with a view to improving the tools.

Two workshops cum focus group discussion (FGD) were conducted, the first on August 13, 2008, with 30 participants each from the BOC, the DOH, and the BIR, held at the Asian Development Bank. The second workshop was held on August 22, 2008, with participants from the BIR, held at the Office of the Ombudsman.

The objectives of the workshop were:

- To improve the survey questionnaire;

- To gain an understanding of the reasons for the changes in the employees' perception of anti-corruption measures in their respective agencies, if any;

- To assist agencies in improving their performance compliance with their IDR action plans.

In both workshops, the following was the program employed:

At the outset, the participants broke out into their respective agencies, for presentation of the second run of the survey results. The agencies were separated for a more open and robust discussion of their internal issues. Initially, the variances in the results between the first survey and the second survey were compared, through the examination of each indicator in the ten dimensions. Additionally, the insights of the participants were solicited for the possible reasons behind the changes in the survey results (e.g. change in people, processes, policies?), compared to the first run of the survey. Particular focus was given to elements which yielded split and negative net ratings, by discussing the reasons for such ratings. New issues that surfaced as a result of the administration of the second survey were also discussed.

For the next part, a focus group discussion was conducted. The participants were initially grouped into four sets to handle the following topics: (1) IDR as a tool (CRR and CVA); (2) IDR as a process; (3) IDR as a structure; and (4) agency-specific issues, challenges, and successes in IDR implementation, including best practices being undertaken by the offices. The groups were given an hour to make their observations on the IDR. Their comments were written on meta cards, displayed in their respective areas, and eventually collated. The meta cards were color-coded so that attribution to the proper agency can be made, while maintaining the anonymity of the individual who provided the comment.

After the break out, the four groups, through their selected representatives, made their presentations in plenary. The session especially served as a venue to present best practices being implemented in the individual agencies, so that the others could note and model the same. Additionally, suggestions on how to improve compliance with the agencies' respective action plans were elicited.

Ideas from the participants were also solicited on how to sustain the implementation of the IDR in their respective agencies. As an incident thereof, the requirements for such sustainability were also examined by the participants.

3. Key Informant Interviews

Apart from the survey and the FGD cum workshop, the external assessor conducted key informants interviews in order to get information from IDC members and other actors, and validate the observations of the internal assessor.

The external assessor went to the respective offices of individual key informants from the BOC, the DOH, and the BIR in order to conduct interviews and elicit inputs about the IDR.

Most of the informants who were interviewed were present during the first run of the IDR in their respective agencies. They also helped in administering the survey questionnaire and facilitated the FGD for the IDA and the CVA. However, a few who were interviewed only assumed office after the first cycle. In any case, the mix in the interviewees afforded the opportunity to solicit feedback both from the insiders, as well new entrants, who may have fresh insights on the IDR.

IV. ASSESSMENT RESULTS

The following are the observations on the IDR from this exercise, culled from various respondents using the methodologies described above, as well as the conclusions of the consultants:

1. The IDR as a Tool

A. The CRR – Employees' Survey Questionnaire

Form of the Employees' Survey Questionnaire

The following observations and suggestions on the form of the employees' survey questionnaire were made:

a. Simplify the language used in the survey questionnaire as many of the questions are subject to a lot of interpretations;

b. Some questions pose an affirmative answer to be the acceptable answer, while some questions pose a negative answer to be the acceptable answer. It is in the latter case where split and negative net ratings were observed, leading the FGD participants to conclude that the way that the questions were phrased could have confused the respondents;

c. The computation of the net ratings should be consistently applied, such that the total number of favorable answers (whether affirmative or negative), should be the minuend and the total number of unfavorable answers should be the subtrahend so that the interpretation of the net rating can be made independently of the formulation of the question;

d. Customize the questions to the functions of the agency, that is, whether the agency is high-procuring or revenue-generating; or whether the agency deals with public contract, license issuance, or quasi-judicial functions. The reason is that the corruption vulnerabilities would depend on the type of function performed by the agency;

e. Other dimensions and indicators should be added to the employees' survey questionnaire which are likewise indicative of graft, for example:

- Fiscal responsibility on budget preparation and resource allocation and utilization;

- Logistics;

- Program management;

- Regulatory mechanisms;

- Stratification on concentration of graft based on rank and quantity - e.g., petty at low-level, high volume at high-level;

- Personnel movements and transfers, such as appointment to 3rd level positions based on personalities; withholding of promotion due to personal reasons;

f. Some of the questions assume that the respondents have specific knowledge about or exposure to certain subject matters such as procurement corruption, when such may not be the case. Therefore, there is a need to qualify the questions to reflect such conditions.

Presentation of Survey Results

The following suggestions on the calculation and presentation of survey results were made:

    a.   Include in the survey report the margin of error in the calculation of the results;

    b.   Stratify the results according to rank as well as educational attainment, for a better understanding of the efficacy of the propagation of policies and programs based on the rank and educational attainment of the employees, and also to provide an insight on the respondents' understanding of the survey questionnaire and to enable the implementers to craft appropriate strategies in cascading policies with greater reach;

    c.   The results should consistently contain figures of respondents who selected responses of "refuse to answer", "don't know", or those who skipped questions, in each indicator (the presentation showed figures for "refused to answer" or "don't know", only on selected indicators);

DOH-Specific Comments on the Form of the Survey Questionnaire

A suggestion has been offered to make a distinction in the dimensions and indicators of agencies which undertake massive procurement, versus agencies which generate revenues. This is an offshoot of the fact that the present form of the survey questionnaire does not distinguish between the two missions. This is rightly so, as the susceptibilities to graft of procuring agencies and revenue-generating agencies are different.

On this matter, the DOH additionally explains that while the Department is generally a procuring agency, its hospitals also generate revenues. Hence, if the survey questionnaire is to be reformulated, then these two types of functions, that is, heavy- procurement and revenue-generating, must still be reflected on the form to be used by the hospitals.

B. The CRR - IDA

At the outset, it is worthy to note that the Survey Questionnaire and the IDA deal with common dimensions, so some observations on the Survey Questionnaire apply equally to the IDA.

It has been offered that the dimensions and indicators in the IDA are not customized to the mandates, functions, and operations of the agency. For instance, the same set of indicators are used for both revenue generating and big spending/ policy making government agencies, when distinctions should be made based on these different missions. There must therefore be a customization of the IDA to suit the agency's mission.

Moreover, the levels of achievement under the IDA are too broad, leading to disagreements in rating among the assessors. Before embarking on an IDA, hence, it is recommended that the process owners finetune the levels of achievement and adapt the same to the performance levels of the agency, possibly through an FGD, as part of the IDA process.

Indicators within the dimensions failed to capture important items reflective of other integrity issues, and thus disables tracking of vulnerabilities of other critical processes that directly relate to the achievement of the goals of the agency. Majority of the indicators are focused on corruption, when the same can be expanded to examine inefficiency and leakages, since these are equally important aspects of integrity assessment.

Most of the dimensions are input and process indicators. The tool fails to look into how a program on corruption looks at ultimate goals such as risk protection, health status, etc. and thus eventually be able to identify vulnerabilities that may impact on the program outcomes.

The dimension on financial management does not completely assess financial management operations, as it fails to include issues related to planning, resource allocation, budget allocation and execution, etc. By way of minimum, it only focused on compliance with e-NGAS.

Other dimensions which are similarly critical and likewise prone to graft are not equally explored, such as Logistics Management, Program Management, Public – Private Partnerships, and Regulatory Mechanisms e.g. health regulations.

Moreover, the steps in undertaking an IDA must be concretely established so that the assessors will have an easier time in facilitating it.

On the other hand, it has been observed that the documents submission is a good component of the IDA to enable validation of the claimed levels of achievement.

There was also a suggestion to conduct IDA's periodically, even without the accomplishment of the other tools, e.g., survey questionnaire.

A concern was raised however, on the provision of "safety nets" in favor of participants in the IDA. While possibly isolated, it was reported that some IDA participants in the first cycle suffered some backlash as a result of their perceived critical comments during the IDA. Hence, some measures must be employed to ensure the protection of the IDA respondents.

The effectiveness of the tool is also largely dependent on the political will of the heads of agencies. Transition mechanisms are lacking, and this proved to be costly especially with changes in the composition of the IDC, the Resident Ombudsman, and even in heads of agencies.

C. The CVA

The CVA was conducted by each agency only on three types of transactions during the first cycle. Upon inquiry, most assessors reported that the transactions were selected by them based on what *they* determined to be the most susceptible to graft and corruption. It has thus been recommended that a more objective and systematic method of selecting the areas to be subjected to the CVA be established, and relate the same to the survey results and the IDA areas.

Also, since the first cycle, no other types of transactions in the three agencies have been subjected to the CVA. It was suggested that the CVA be made a continuing program by the IDC's of the three agencies.

2. The IDR as a Process

Selection of Agency and Frequency of IDR

It was noted that the agencies that underwent the IDR in this cycle were either high-procuring or revenue-generating. Noting that the reason for this particular activity is the assessment of the effectiveness of IDR, it should nonetheless be considered that the IDR likewise be implemented in agencies with high public contact functions or frontline services, such as the Bureau of Immigration and Deportation.

It was also suggested that regular IDR's be programmed by the agency, rather than performing the same on an adhoc basis.

Administering the Survey Questionnaire

In the first round of surveys during the first cycle, the respondents were not required to read and accomplish the questionnaire by themselves; rather, the sealed envelope technique was employed. This procedure allowed the survey respondent to read the questionnaire and give his reply thereto, but directed the assessor to write the respondent's answer on the form, without the assessor knowing the question. The set-up assured confidentiality of the respondents' answers, while providing a venue for any clarifications to be made between the respondent and the interviewer in the course of the survey, and minimizing skipped questions as a result of the clarifications.

During this second round, however, the respondents were given the questionnaires for them to read and accomplish *by themselves*.

There is a wide disparity in the perception of the efficiency and effectiveness of these two strategies. On one hand, some favor the first method of requiring the assessor to read the questions to the respondent, as it allows for an interactive dialogue between the two so that any questions may immediately be addressed by the assessor. However, some respondents do not favor this method because the presence of the assessors, who are usually internal to the agency, inhibits the respondents from reflecting their genuine answers to the questionnaire, for fear of breach of confidentiality and reprisal by management.

Upon the other hand, there is also difficulty in the second method of requiring the respondents to read and accomplish the questionnaire, because it is widely perceived that most of the questions are confusing, or subject to varying interpretations, at best. Hence, there is concern that the respondents may not have correctly understood the questions and therefore provided inaccurate answers, even as the assessors may have been available onsite for consultation.

A modified procedure may therefore be employed by allowing the questionnaire to be read and accomplished *only* by the respondent, without the intervention of the assessor. However, the respondents should be grouped into batches when accomplishing the questionnaire, and before the survey commences, an external (rather than an internal) assessor should go over the questionnaire and explain any portion as may be necessary. Verbal questions may also be entertained in plenary for a limited period of time before the survey starts. This way, a common clarification may be made so that the respondents will have a similar understanding of the instrument. It is suggested that the external assessor, rather than the internal assessor, conduct such leveling off in order to encourage openness from the respondents.

Selection of Respondents and Frequency of Survey

Selection and stratification of respondents proved to be critical in conducting the employee survey, aside from the survey design. Unfortunately, since selection of respondents was done at random, it cannot be avoided that there are respondents who may still be new or not knowledgeable on the dimensions being measured, among others. The survey questionnaire failed to completely elicit the different mechanisms of control, control environment prevalent within the agency.

In the FGD conducted for the evaluation of IDR, it was disclosed that most of the respondents are also affected by the presence of the internal assessors in the conduct of the survey. Hence, it was recommended that internal assessors' participation in the survey be limited to secretariat functions. The respondents also offered that questions must be agency-specific, and selection of respondents should be equally distributed over the different sections of the agencies (i.e. all collection districts in case of the BOC).

It was also noted that without this project, there would not have been a schedule for the administration of the survey to the employees. Considering that the survey is an objective method by which to determine

the impact of any reforms implemented arising from the IDR, it must therefore be performed periodically, rather than on an adhoc basis.

Relationship between CRR and CVA

The relationship in the areas covered by the Survey Questionnaire, the IDA, and the CVA, are not clear. When asked on the choice of the transactions subjected to the IDA and the CVA during the first cycle, some assessors explained that the activities were selected by them in the first cycle based on their *own* perceived vulnerability of the agency to corruption; some, on the other hand, intimated that due to time constraints, they selected activities which were easy to process. However, it should be emphasized that as designed, the survey results can and should also be used as a basis to determine the areas to be subjected to the CVA and the IDA, because these are reflective of the extent of deployment of the anti-corruption measures of the agency, down to the lowest employee level.

It is understandable that the components of the IDR process are linked, so that there is validation in the findings from the tools, that is, the survey questionnaire, the IDA, and the CVA. In this respect, the relationship among the survey questionnaire, the IDA, and the CVA must be emphasized, so that there is an objective basis for the selection of the areas subjected to the CVA. A neutral objective procedure for determining the activities to be subjected to the IDA and the CVA must be established, rather than leaving the same to the discretion of the assessors.

Moreover, there must be a methodology for the selection of the geographical areas to be subjected to the IDA, because otherwise, the same may be susceptible to political dynamics. For instance, there are speculations that the geographical areas chosen for IDA were specifically meant to ensure a high rating for the agency.

The Conduct of the IDA

The BOC IDA (First Cycle)

Almost all of the participants in the IDA during the first cycle came from management with only a handful of representatives from the rank and file. It was suggested that more rank and file employees be engaged for the IDA in the future.

However, during the FGD, it appeared that in order to obtain a high rating, some of the participants would manufacture programs/policies. Hence, it was suggested that prior to the conduct of the IDA FGD, a list of sample documents be distributed to the participants that should support the discussion in determining the agency's level of achievement, to enable validation thereof.

Moreover, it was suggested that the documents which are used for reference to validate the sell-assessment during IDA must be in existence for a certain period of time prior to consideration, e.g., three (3) months, to ensure that these were not fabricated only for purposes of the IDA.

The Conduct of the CVA

The limited time and resources led to very few areas subjected to CVA in the first cycle, and thus arose the need to prioritize the different operations of the agency which are prone to corruption. The same factors also led to the inability to monitor the identified risks after they have been ranked and mapped out. There is a need to develop a mechanism that will continuously monitor corruption vulnerabilities in various critical processes, and this will evidently need allotted resources.

Agency-specific comments on the process employed in the implementation of the CVA follow:

The DOH CVA (First Cycle)

The DOH CVA which was conducted during the first cycle was made on three procedures: (1) procurement; (2) regulation; and (3) performance management. The sub-IDC's also adopted the above three procedures in their respective CVA's, plus additional areas for the hospitals.

However, one comment that was offered is that the CVA during the first cycle was not subjected to an FGD. Rather, the transactions were mapped by the individual assessors, and thereafter subjected to validation.

The BIR CVA (First Cycle)

The BIR CVA which was conducted during the first cycle was made on three procedures: (1) issuance of letters of authority (LA), (2) one-time transactions (ONET), and (3) human resources. The CVA was conducted on four geographical areas: Central Office, San Pablo, Cebu, and Davao. The participants were practicing owners, and the FGD was conducted by assessors.

There was a concern expressed on the choice of areas that were subjected to CVA in the BIR. It has been offered that there are many other mission-critical transactions in different areas that should be covered by to CVA, such as: (1) payment of taxes by large taxpayers in Manila and Cebu; and (2) processing of the informer's reward pursuant to the National Internal Revenue Code (NIRC), as there appear to be many opportunities for collusion in the application and grant of reward in this activity.

The BOC CVA (First Cycle)

A respondent expressed the observation that the activities subjected to the CVA during the first cycle were selected merely according to expediency, due to time constraints. Thus, only transactions which were easy to map where subjected to the CVA. It is hoped that in the future, other more relevant activities may be processed under the CVA.

Lack of Ownership

Since the initiative to undergo IDR is not voluntary on the part of the agency, there seems to be no ownership thereof. Thus, without a strong monitoring tool, it would be difficult to ensure success in the implementation of the IDR recommendations.

Moreover, in the development of the tool, the agencies had very limited participation, so that it barely captured the intricacies of the agency operations. Hence, the tool seems ineffective in effectively assessing the levels of integrity within the agency. This can be remedied with the customization of the tools by the agencies themselves.

Internal and External Assessors

There is a felt need to increase the number of assessors, considering the limited number which has been trained during the first IDR cycle. A handful of these previously trained assessors have transferred out of their offices, if not the government service. There is therefore a dearth in trained assessors who can conduct IDR and also transfer the technology.

The problem in the limited number of assessors is compounded by the fact that their functions as such are only an add-on to their organic duties. Some feel that the functions of the assessors only constitute an add-on, and thus secondary, to their regular work, which is already burdensome. Consequently, the performance of their work as assessors depends on their personal commitment to the project, which may vary from person to person. However, there exists the problem of recruiting organic personnel to perform

the function, because of legal and budgetary constraints. Alternatively, hence, the grant of honoraria to IDR personnel may be considered by the agencies, subject to existing laws.

Apart from the increasing the number of assessors, the request for additional or follow on training for assessors was also expressed by the agencies, especially if the IDC's would be formed and the IDAP's would be formulated and implemented on the regional level or in the field offices. Thus, a continuing program for the selection and training of assessors would be necessary.

Additionally, it has been noted that the quality and consistency in the conduct of IDR varies, depending on the assessors and how they have internalized the concept of IDR. Thus, there must be a set of criteria for the selection of assessors who would shepherd the conduct of the IDR process, possibly including prescribing fields of specialization to be required in a team of assessors. Also, the mother agency of the attached bureau (e.g. the Department of Finance for the BIR and the BOC), should be represented in the team of assessors.

3. Structures in IDR Implementation

The Advisory Council

It was noted that the structure for the IDR initially provided for an Advisory Council which served as a central body to which developments on the IDR process can be submitted, for monitoring and guidance. Moreover, since the composition of the Advisory Council was conceived as high-level, it was envisioned that the necessary support for the IDR efforts by the IDC's would be present.

However, it turned out that the Advisory Council was not as active as planned. Indeed, the very passive role being played by the Advisory Council, as well as the absence of regular meeting among its members, was underscored by the respondents. It is perceived that the powers and tasks of the Advisory Council are not being utilized to the fullest.

Given the composition of the Advisory Council and the offices which they represent, the exercise of their responsibilities can contribute to the provision of budgetary support for the implementation of recommendations, as well as monitoring of integrity issues. To illustrate this point, it may be necessary to raise the issue of non-doable recommendations, such as the creation of Internal Audit Units on the level of the bureau, which was not commented by the representative of the DBM in the presentation before the Advisory Council, even if such actually runs counter to the rules of the ongoing rationalization, so that the same may be considered an exception.

Thus, the Advisory Council, at best, failed to maximize its critical oversight powers. For instance, the representative of the COA can actually provide the missing link in monitoring integrity issues hounding the IDRed agencies. The results of the CVA can be provided to the resident auditor of the agencies for quick reference in the conduct of corresponding audits, and vice versa.

Hence, there appears to be a need to revisit the structure and requirements for the Advisory Council, to enable it to perform its envisioned role.

The Ombudsman and the Presidential Anti-Graft Commission

The participants and the informants further highlighted that the reporting and monitoring of the development of and compliance with their agency's action plans, was duplicated between the Ombudsman and the Presidential Anti-Graft Commission (PAGC). In order to streamline IDR efforts and employ a cohesive approach, it was strongly suggested that the Ombudsman and the PAGC unify their IDR programs.

The Integrity Development Committee

The IDR participating agencies are required to constitute their respective Integrity Development Committees (IDCs) tasked to monitor the progress of the development and implementation of the IDR recommendations.

The IDC has a tripartite composition, as follows:

a. From the Agency: Career Undersecretary/Asst. Secretary or Deputy Commissioner/Asst. Commissioner or Director level;

b. From the Ombudsman: Resident Ombudsman and staff;

c. From Civil Society/NGO group: Major external stakeholder / CSO/ NGO/ Professional Association partner of the Agency

A platform must be developed where all the tools and reforms created pursuant to the IDR may be lodged, so that Integrity Development can be mainstreamed into the work of the agency. The IDC's must consolidate the initiatives of the ID Action Plan into the mission of the agency. This will institutionalize integrity development until it becomes a full blown agency culture, so that there will eventually be no need for separate structures.

The IDC should be a monitoring body, giving technical assistance on how to incorporate integrity development into the agency's plan and implementation, and required to present its findings to update the agency head.

However, it must be realized that the structure of the IDC is currently adhoc; that is, the functions of the members, its support staff, the assessors, and the committee itself are merely add-ons to the functions of the organic personnel who comprise the IDC. Consequently, in some agencies, the objectives of the IDR are not being pursued as vigorously as it should, owing to the regular organic functions being dispensed by the IDC members and adhoc support staff. The pursuit of the IDR therefore becomes vulnerable to the personal predilection and political will of the head of the agency, and the level of commitment of the individuals involved.

It has also been suggested that the composition of the IDC be expanded to include representatives from the rank-and-file employees who may have a different view of the agency's systems and procedures, being in the line of operations, for a broader depiction of the agency's anti-corruption efforts.

The DOH IDC

The DOH IDC meets regularly, on the first Wednesday of each calendar month.

At the DOH, IDC's were replicated at the regional level and in each hospital so that the IDR process can be implemented by the regions and hospitals, and easy monitoring done by the local counterparts. A procedure was likewise crafted so that certain decisions of the sub-IDC's, including those of the hearing committees on disciplinary cases, can be elevated to the DOH Central IDC.

Among the three subject agencies, it is only the DOH which has solicited participation from civil society organizations as part of its IDC. The DOH IDC includes representatives from the Transparency and Accountability Network (TAN) and the National Movement for Free Elections (NAMFREL).

The BIR IDC

On the other hand, the BIR IDC does not conduct regular monthly meetings. Its last meeting was in January 2008, although there is continued coordination among the offices of the IDC members and submission to the Resident Ombudsman despite the lack of regular formal meetings. When compliance reports are submitted however, it appears that such reporting is not made on a regular basis. In any case, at the very least, an annual report is prepared by the IDC.

Notably, the BIR IDC does not have representatives from civil society organizations, but from another stakeholder, a professional organization - the Tax Management Association of the Philippines (TMAP). However, it was reported that the TMAP representative does not regularly participate in the meetings of the BIR IDC.

Nonetheless, the BIR IDC is considering a proposal to create regional IDAPs in order to effectively propagate the IDR program. As of the present, the IDR has not been fully cascaded to the regions.

The BOC IDC

It was disclosed that the BOC IDC, while headed in title by the Commissioner, is operationally managed by a Deputy Commissioner. However, because the other members of the IDC are of equal rank, there is difficulty in gathering support for the leadership.

Moreover, the members of the IDC have designated several alternates who attend the IDC meetings in their behalf. But because there is more than one alternate per member, and the alternates appear to arbitrarily rotate in attending the IDC meetings, it is common that the attendees are not properly apprised of developments in the agency's IDR program, as well as developments in the IDC meetings. Consequently, resolutions of issues in the IDC meetings are not immediate, but are instead deferred until consultation with the alternates' principals have been made. Sometimes, when IDC members do not attend the meetings, their IDR commitments are merely skipped, and no sanctions are imposed.

Also, instead of a representative in the IDC from CSO's, private sector participation is undertaken by one of the clients of the BOC, which is the organization of customs brokerage firms. While the insights of this type of clients of the BOC cannot be discounted, admittedly being a stakeholder in the BOC's operations, it was observed that irregularities that may arise in transactions with the BOC, may likewise benefit such private firms. Therefore, it is imperative that CSO's participate in the composition of the IDC, so that there can be a genuine neutral assessment, formulation, and development of the IDR in the agency. The participation of the customs brokerage firms in the IDC should nonetheless continue because they constitute a major public which the BOC serves.

The BOC IDC initially decided to meet on the first Wednesday of each month; however, due perhaps to operational exigencies or a lack in priority, the monthly meetings have not been observed.

V. AGENCY PLAN IMPLEMENTATION AND BEST PRACTICES

IDR Recommendations

IDR recommendations are arrived at in consultation with key management people of the participating agencies to ensure their "doability" and commitment.

Notably, in the event that the agencies do not comply with such recommendations, the Ombudsman is empowered with constitutional and statutory authority. Thus, Par. 2, Section 13 of the 1987 Constitution in relation to Par. (2) Section 15 of RA 6770 provides as one of the Ombudsman's powers, functions and duties –

> "To direct, upon complaint or at its own instance, any public official or employee of the Government, or any subdivision, agency, or instrumentality thereof, as well as of any government-owned or controlled corporation with original charter, to perform and expedite any act or duty required by law, or to stop, prevent and correct any abuse or impropriety in the performance of duties."

However, it has been observed that some of the IDR recommendations may be too focused on the compartmentalized output, and not on the integrated results of the survey, IDA and CVA, as a whole.

Moreover, some of the recommendations may not doable, specifically those concerning the installation of the Internal Audit Units at sub-agencies which is currently not allowed under DBM rules on rationalization. Instead, these recommendations may be elevated as a matter of policy decision.

Bureau of Customs

In order to faithfully implement and monitor implementation progress of IDR recommendations, the Bureau of Customs established its Integrity Development Committee (IDC) on December 18, 2006 under Customs Memorandum Order No. 0-58-2006, signed by Customs Commissioner Napoleon Morales. The BOC IDAP was approved through CMO 23-2O08, with target completion in 2012.

The BOC Code of Conduct, customized according to the functions of each division in the Bureau, is still under revision and is targeted for completion by end of August 2008.

Respondents from the BOC have expressed the desire to implement the IDR, and especially the survey, nationwide, for which support would be needed.

The BOC is unique among the three agencies subject of this project in that it is high-contact, with a lot of logistical coordination needed with the public that it serves. Both the agency and its clients, e.g., the brokerage firms, engage the services of *hao-siaos*, or individuals informally engaged to liaise between the agency and its clients. However, because these are informal engagements, there is no accountability on the part of these individuals. The BOC personnel interviewed intimated that this is necessitated by the inability of the agency to recruit additional personnel due to the Attrition Law, and the yet there is a need for such services. Until legally permissible to recruit personnel to fill this gap, hence, a system of accountability must be established for these informal arrangements.

Progress to date

The Customs Bureau has installed x-ray machines under its Container Inspection System for incoming shipments, reducing inspection processing time between 5 to 10 minutes. Part of the reforms arising out of the IDR recommendations is the enhanced trade facilitation thru the computerization program. Assessment systems have been automated, with its operations analysis phase and systems requirements specification already completed. The Systems Design and Build Phase is on-going. There is on-going testing acceptance of E-Customs projects (imports and assessment systems, BOC portal, export processing system and administrative support systems); and installation of enhanced WAN for 22 provincial ports. Electronic submission of manifests and information sharing with international ports are already in the pipeline. All these comprise the Bureau's continuous attempt to comply with international standards (Kyoto RKC, UCO-ASEAN).

The Bureau has also carried out post-entry audit strengthening as well as implemented R.A. No. 9335 in order to maximize revenue collection. Audit of selected ports (personnel and equipment inventory) have been conducted and its internal audit unit is in the process of developing an audit manual. The BOC also conducted personnel and financial audit of 13 ports in 2006.

Reforms also included personnel competence and welfare through a program of continuous training, seminars and workshops (on values formation, automation and frontline services risk management and mentoring), recognition and commendation, including a customized code of conduct.

Notably, one of the vulnerable areas within the BOC is the existence of "*hao-siao*" or individuals doing sensitive functions but without accountability as they are not officially employed by the Bureau. As a result of the IDR, inorganic personnel are already being issued job contracts which are renewable every six months.

A Customs Memorandum Order has also been issued on goal allocation, performance management systems and incentives.

Issues and Challenges

There are however some issues and challenges that somehow affected the operation of IDC in the BOC. They are the following:

- IDR has no formal structure; focal persons are the Internal Administrative Group (Administrative Director, Interim Training and Development Division Chief, HR and Interim Internal Control Office). In meetings, representatives being sent are changing from time to time thus the difficulty in monitoring agreements and priority tasks. It is also expected that the operation will somehow be affected by the absence of a main actor in IDR who recently left the organization.

- The agency is in charge of collection, bringing in significant amount of funds in the public treasury. Yet its personnel feel their welfare is neglected, their salary is too low, and they do not even have sufficient budget that most of the time they have to buy their own office supplies. And even as the resources given are small, employees moreover feel that they are not only inadequate but also poorly planned and underutilized. Majority of them also view the existence of a very highly politicized decision making system which actually hampers the good intentions to deter corruption and other sources of inefficiencies. The lack of legal, moral and financial assistance for apprehending officers proves to be a stumbling block to its enforcement drive.

- While there was an FGD on the Code of Ethics, it appears, however, that most of the items in the code were meant only for rank and file, while the higher officials seemed to be exempt. For the past years there were many good codes of conduct that were made examples, but these were

never implemented down the line. There were many employees who attended these types of seminars but there were no dissemination sessions down the line, and thus no cascading effect to the personnel.

The Bureau of Internal Revenue

The Bureau of Internal Revenue established its Integrity Development Committee on December 28, 2006 through Revenue Special Order No. 16-2007, signed by Commissioner Jose Mario Buñag. Likewise, a regional IDC has been created in each of the regional offices of the BIR nationwide to take charge of the implementation of the IDR recommendations. The BIR IDAP was approved in March 2007, and implementation started soon thereafter.

Progress to Date

Based on the IDR recommendations, the agency has to regularly revalidate case dockets, strictly implement the "no return, no letter of authority policy", rotate staff deployed to the One-Time Transaction program, preclude political recommendation letters from recruitment/promotion line up, and address the problem of "borrowed items".

To date the agency has conducted several trainings on risk management and mentoring. They have also integrated the so called integrity profiler in the examinations for NCR applicants and conducted random audits of one-time transactions (ONETT) in order to strengthen controls

Issues and Challenges

- The recommendations arising from the CRR and CVA are embodied in the action plan, the accomplishment of which is determined by the IDC based *only* on internal audit reports. Commonly, IDAP compliance is verified by Internal Audit Services as an incident of regular audits. However, there may be lack of focus on the IDR as a result. No validation thereof is independently made by the IDC due to lack of funds. It has therefore been suggested that separate compliance audits be made for the IDR

- It is also interesting to find out that employees and staff of the BIR feel that the IDR-related reforms do not contribute directly to increasing collection, and thus hardly deserves top priority support from management.

- The absence of any significant role of the Department of Finance (DOF) its mother agency, also somehow contributes to the lackluster implementation of IDR recommendations.

Best Practices

On the other hand, the BIR best practices which were reported are:

a. The inclusion of an integrity test in the examination for the screening and selection of applicants for hiring. This module was purchased by the BIR abroad and has so far weeded out applicants who have failed such test;

b. A module in the BIR website has been created allowing client complaints to be received by the system for transmission to the concerned offices; a BIR Contact Center has been created to address public concerns;

c. The Internal Audit Services has expanded its audit scope to include determination of compliance with IDR recommendations;

d. Computerized return filing and tax payment system is being implemented.

The Department of Health

The DOH Integrity Enhancement Action Plan (IEAP), which was formulated by all CHD's and selected hospital chiefs based on the 10 dimensions in the CRR, was approved by its Executive Committee on July 14, 2008, and is ready for roll out for implementation until 2010. The approved IEAP will be cascaded to the whole department, that is, to 16 regional heads and 72 hospital chiefs. The IEAP reflects target objectives for the whole Department, including its attached agencies.

In this respect, the DOH expressed the need for support in order to formulate and implement a communications plan for its IEAP.

The DOH is also in the process of finalizing the process flow for the filing and prosecution of different types of complaints that the public may lodge against DOH employees.

Progress to Date

Among the accomplishments of the DOH are the adoption of a customized Code of Conduct, a Gifts and Benefits Policy, a Whistleblowing Policy, and a Public Disclosure Policy. These have all been uploaded into the DOH website for the information of the public.

Best Practices

The DOH best practices which were reported are:

a. The dissemination of the Gifts and Benefits Policy of the Department to the clients of CHD and the hospitals, through the individual transmission of letters reflecting the Gifts and Benefits Policy of the DOH;

b. The direct crediting of payments to suppliers' bank accounts by the DBM, in order to eliminate any contact between the DOH and its suppliers, and minimize opportunity for graft;

c. The instruction given to security guards to deny entrance to guests who ostensibly carry gifts to be given to DOH personnel, as well as the posting of tarpaulin notices by the office entrances apprising the public of the DOH's Gifts and Benefits Policy;

d. The integration of a recorded message in the DOH PABX system about information on the IDR and the IDC to apprise the public accordingly;

e. The uploading of the Code of Conduct, Gifts and Benefits Policy, Whistleblowing Policy, and Public Disclosure Policy into the DOH website for the information and easy access of the public.

Public Survey

The CRR and the CVA are tools to measure the perception of the employees and process owners of the vulnerability of the agency's systems to corruption, as well as the deployment of anti-corruption safeguards. It was suggested that the general public's perception likewise be solicited through some procedure in order to get a fuller depiction of the agency's anti-corruption efforts, such as surveys. However, such a system must be formulated taking into consideration that some members of the public may have a skewed interest in maintaining graft in the agency, since they themselves may benefit from special privileges borne from such corruption activities, or may actually initiate the same. One method may be to request specific factual narration from the public on a no-names basis, depicting the

deficiencies in the agency's procedures, so that appropriate remedial measures may be developed to address the same.

VI. CONCLUSIONS AND RECOMMENDATIONS

The IDR is an effective diagnostic tool for determining the sources of strengths and weaknesses in existing controls of an agency, including its vulnerabilities to various risks and opportunities for corruption that may arise as the agency pursues its mandated goals. It is also remedial, as it provides for a procedure for the development of recommendations and action plans to address these vulnerabilities.

As a tool, success of the IDR depends on its design, implementation, timing, and depth of examination that an agency undergoes, as well as the readiness, adequacy and operationalization of its control environment.

Leadership and organizational factors are also strong determinants of the success or failure of the exercise. Thus, it was observed in the conduct of the FGD that among BOC representatives, there is a even a prevalent perception that the IDR is not effective in fighting corruption, owing mostly, perhaps to the lack of vigor in pursuing the IDR in said agency.

As discussed in the report, the IDR was initially designed to be implemented over a set of totally different agencies, but using the same set of dimensions. This is actually a basic defect of the tool, as it is failed to capture the distinct vulnerabilities of varying operations critical to the pursuit of the differing mandates of the participating agencies. The locus of risks would definitely differ for an income generating agency, compared to a spending, policymaking, or frontline service agency.

Selected dimensions and indicators are narrowly focused on existence of standards and corresponding compliance and hardly on implementation, sources of inefficiencies and the presence of business realities that are not captured within the agency processes.

Given the newly-introduced concept on integrity review, resistance to changes and initial negative reaction to reforms could have been managed had there been strong consultation and had project ownership been developed early on. While the project made use of internal assessors who provided the important link and access to internal information and structure of the agency, it proved to be insufficient for the agency officials to connect to the assessment and develop strong leaning towards the progress of the IDR. To some, still, the idea that something is being imposed upon them proved to be another source of pressure. It fosters the perception that changes were not initiated from within, which leads to difficulty in sustainability.

The tool is also designed with a structure that would facilitate transition to reforms, with the creation of the IDC and the Advisory council. The composition of the IDC is indeed a concrete advantage; however effectiveness of the structure can sometimes become dependent on the personalities composing the IDCs. The absence of particular funding for the operation of the IDC, and the multi tasks that almost each member of the IDC has to attend to over limited time without additional compensation, are taxing pressures that continuously challenge the productive capacity of the IDC. In the case of the BOC, the ad-hoc status of the IDC, with each representative changing from time to time, has proven to be difficult in terms of continuity of agreements and priority in tasks.

In some agencies, reforms arising from the IDR are still considered peripheral and can be used to battle long-entrenched organizational culture *only* with some measure of success; but in other agencies, the IDR process and structure have managed to transcend into regional offices, underscoring the belief that it is indeed a potent tool in preventing corruption.

Recommendations

From these exercises, the following recommendations are extracted:

1. An FGD should be conducted in each agency for the development of customized dimensions and indicators for the IDA and Survey Questionnaire of each agency. The questionnaires should also be related to agency operation and thus, it would be of big help if agency staff will be involved in the development of the design. There could be a common set of dimensions across the agencies, with additional unique dimensions that are critical to the agency's unique operations. Members of existing IDCs should be invited in the FGD. The assessment should take into consideration the integrated results of the questionnaire, the IDA, and the CVA specially in the crafting of the recommendations;

2. In crafting recommendations, there should be specific parameters which should include doability, practicality in terms of resources, short term and long term implications, triggers and indicators, etc.;

3. Existing related anticorruption programs and activities, reporting and monitoring, should be harmonized in order to maximize resources;

4. The existence and role of the Advisory Council must be maximized;

5. The DBM should look into specific funding in order to mainstream IDR action plans within the main activities of the agency, including the operation and support for the IDC;

6. The COA representative should contribute in the conduct of the CVA, preparation of agency risk map, and agency analysis. The COA should also provide information from time to time as to emerging risks that may affect the results of CVA;

7. A continuous platform of reform, supported with appropriate financial and manpower resources, must be developed. There must be an update in the conduct of CVA in terms of capacity development as well as assessment of identified risks (risk assessment plan that would identify priorities in terms of critical agency operations)

8. A communications plan must be crafted that would include exchanges of best practices among IDR-practicing agencies. In the OMB website, the levels of achievement, best practices, progress in IDR, and update in capacity development of agencies should be posted;

9. Strong internal champions must be selected, and a network or circles of integrity created in the agencies;

10. The IDR action plan must be regularly revisited, to assess the extent of implementation, looking into causes for non-implementation.