



I. Overview of the Project

Integrity Development Review is a process of building and sustaining an 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 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 the Corruption Vulnerability Assessment (CVA) tool adapted by DAP from the 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: Philippine Navy

History¹: (footnote the source)

After the declaration of independence, the first Philippine President Emilio F. Aguinaldo signed a decree on June 23, 1898 forming the Bureau of Marine or Navy under the Department of Foreign Relations, which was tasked to consider all matters relating to the creation and organization of a Navy and the arrangement of war expeditions. This marked the birth of the Philippine Navy. Filipino ship owners donated their ships for the national cause and formed a fleet though small, became crucial in the transportation of arms and goods to different parts of the country. Naval expeditions, then, were launched liberating most parts of Luzon and Visayas under the Spanish Rule. Unfortunately, the existence of the revolutionary Navy was short-lived. In December 1898, the Treaty of Paris was signed which ceded the Philippines from the hand of Spain in exchange to that of the United States of America. At the end of the Fil-Am War in 1901, the US Navy controlled the waters of the country.

On the eve of World War II in February 1939, a sea-going unit of the Philippine Army called the Off-Shore Patrol (OSP) commenced a new era for the Philippine Navy. Composed of only three (3) motor torpedo boats manned by personnel hurriedly trained for naval operations, the unit nevertheless managed to earn the majority of the medals and awards for their heroism during World War II.

Two years after the war on October 1947, the OSP was renamed to Philippine Navy Patrol to become one of the major commands of the Armed Forces of the Philippines. It was given the additional task of assisting other government agencies in the enforcement of fishing laws, customs and immigration regulations. Finally in January 1951, by virtue of Executive Order No. 389, the PNP was reorganized to become the *Philippine Navy*.

From the time of its creation in 1898, the PN since then had fully evolved from its first role of transporting war goods to its present responsibilities of securing the Philippine waters from internal and external threats, maritime law enforcement and partner of the government for national development.

VISION

The Philippine Navy's Vision is: *by 2030, we shall be a strong and credible navy that our maritime nation can be proud of.*

MISSION

To organize, train, equip, maintain, develop and deploy forces for prompt and sustained naval and maritime operations in support of the Unified Commands in the accomplishment of the AFP mission.

It's powers and functions are as follows:

1. To organize, train, equip, maintain and operate naval forces and naval aircrafts including naval reserve units, necessary to provide water-borne support and assistance required by the Armed Forces of the Philippines in the accomplishment of its mission;
2. To assist the proper governmental agencies in the enforcement of laws and regulations pertaining to navigation, immigration, customs revenue, opium, quarantine, fishing and neutrality in the territorial and contiguous waters of the Philippine Archipelago;
3. To develop, in coordination with the other major services and area commands the doctrines, procedures, and naval equipment for joint operations, and the doctrines and procedures for amphibious operations;

¹ www.navy.mil.ph



4. To be responsible for the naval phases of reconnaissance, anti-submarine warfare and the protection of shipping; and
5. To perform such other duties as the President may direct.

ORGANIZATIONAL STRUCTURE²

The Philippine Navy is organized into: two (2) type commands, six (6) operational commands and twelve (12) support commands and units (as demonstrated in figure 1).

The two type commands is composed of the Philippine Fleet. The Philippine Fleet's mission is to prepare and operate assigned forces for naval operations in order to support the PN accomplish its mission. Its general objectives are to optimize operational readiness and combat effectiveness of equipment and personnel and effectively manage available resources through efficient internal administration.

The specific functions of the Fleet are, First, to provide assets that will conduct continuous naval patrol, sea control and amphibious operations in order to defend the sovereignty of the country, its territorial waters and EEZ from foreign aggression, intrusion and exploitation. Second, to assist in the conduct of national security operations and ensure safety and security of coastal areas. Third, to employ assets to assist in the conduct of disaster response, particularly maritime search and rescue and patrol, sealift and other type of operations as directed.

The second is the Philippine Marine Corps (PMC). The PMC's mission is *to provide combined arms units in the conduct of amphibious warfare and such other operations in order to accomplish mission of the Philippine Navy.* Its capabilities includes:

- Amphibious operations
- Counter-insurgency operations
- Counter Terrorism / Urban operations
- Security to Naval and vital government installations
- Disaster response and relief operations
- Civic action
- Sustained ground operations
- Riverine operations
- Anti-smuggling / Anti-piracy operations
- Search and rescue
- Environmental protection
- Ceremonial functions

Naval Forces Northern Luzon (NAVFORNOL), Naval Forces Southern Luzon (NAVFORSOL), Naval Forces Central (NAVFORCEN), Naval Forces West (NAVFORWEST), Naval Forces Western Mindanao (NAVFORWEM), and Naval Forces Eastern Mindanao (NAVFOREM) comprise the Naval Operational Command with capabilities for conducting territorial defense operations, internal security operations and such other activities to support naval administration, logistics, service support and community development in their area of responsibility.

² PBRA of 2006



The twelve (12) support commands and units are as follows:

Naval Intelligence and Security Force (NISF)

This unit conducts intelligence and counter-intelligence operations in support of naval operations. The NISF gathers and processes data into usable information for use by operating units of the Philippine Navy Coast Watch Stations. These stations are established at vital choke points in the country.

Philippine Navy Finance Center (PNFC)

The PNFC provides prompt and timely financial services essential to administration and operation of the Philippine Navy. PNFC operates the PN payroll system and processes all financial claims.

Naval Logistics Center (NLC)

The Naval Logistics Center began as the OSP supply center under the finance branch of the Philippine Army for supporting the few vessels turned over by the US Navy. In October 1947, the supply center was elevated to a regular division. This paved the way to the establishment in 1950 of the general supply depot.

In 1967, the Naval Supply Center was placed under control of the Commander, Naval Shore Establishment, later called the Fleet Support Command and the Naval Support Command. Now, it is renamed the Naval Logistics Center.

Manila and Cavite Naval Hospitals (MNH and CNH)

These medical facilities provide hospital and out-patient services to PN personnel and dependents.

Bonifacio Naval Station (BNS)

BNS replicates the functions of Naval Base Cavite for Philippine Navy units located in Fort Bonifacio in Makati City.

Naval Sea Systems Command (NSSC)

Formerly the Naval Support Command (NASCOM), the NSSC started as a simple training, maintenance, repair and supply unit of the Off-Shore Patrol Operating Base at Muelle de Codo.

The NSSC now stands as the biggest industrial complex of the AFP, located at Ft. San Felipe in Cavite City with responsibilities for the operation and maintenance of shipyards, command and control system, combat system and research and development of technology for the Navy.

Naval Reserve Command (NAVRESCOM)

The NAVRESCOM was preceded by the Home Defense Command which was deactivated because it was deemed too expensive to maintain. Its subordinate units were absorbed by other major units. The need for naval manpower development however still remained.

NAVRESCOM is now a special unit of the Navy tasked to organize train, equip and administer the Naval reservists in order to have a base for expansion of the regular force in the event of war, invasion, rebellion or disasters and calamities. The NAVRESCOM base is now headquartered at Fort Santiago in Manila.



While NAVRESCOM is a relatively young unit, it has proven its efficiency in fulfilling its mission of providing administrative support to reservists nationwide and their effective utilization in time of peace and war and to assist in the socio-economic programs of the government.

Naval Education and Training Command (NETC)

The Naval Education and Training Command, now based in San Antonio Zambales, traces its roots back to the Off-Shore Patrol School founded by the late Commodore Jose V. Andrada. The Off-Shore Patrol School produced many graduates who would later become FOICs of the Navy.

After the war, the OSP School made its home in Malacañang. In 1946, the school was transferred to the Cavite Naval Base. It later became the Naval Training Command right before its present incarnation.

Its basic function: to maintain a high degree of discipline, competence and technical proficiency of PN personnel essential to the accomplishment of the Navy's mission. It also serves as the doctrines development center of the Philippine Navy.

Naval Construction Brigade (NCBDE)

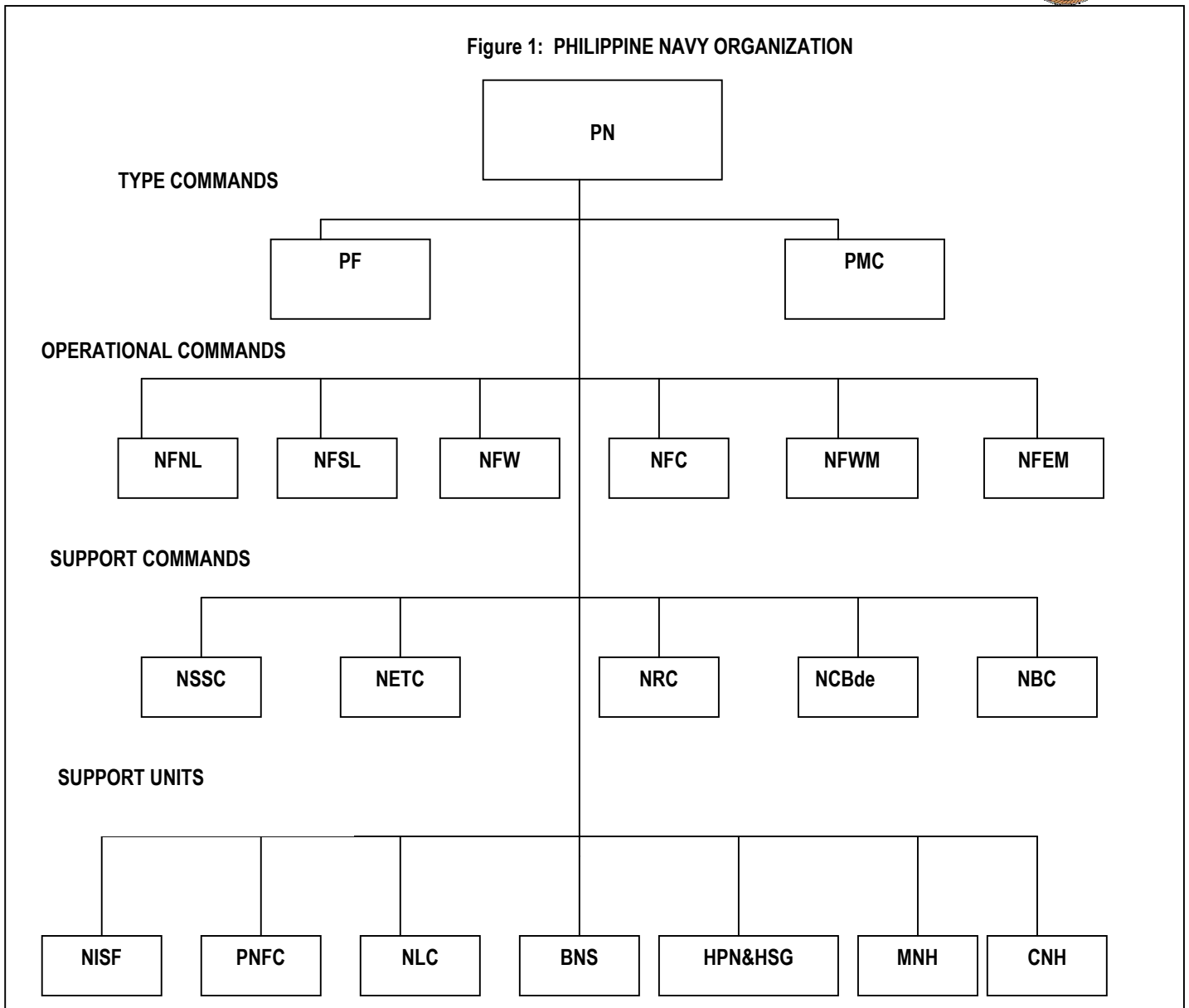
Tasked to conduct naval construction and combat engineering operations, this unit is more popularly known as the "SeaBees". It's a specialized unit which performs construction and rehabilitation of piers, harbors and beach facilities, harbor clearing and salvage works, construction of roads, bridges and other vital infrastructures.

Naval Base Cavite (NBC)

NBC provides support services to the Philippine Navy and other AFP tenant units in the base complex, such as refueling, re-watering, shore power connections, berthing, ferry services, tugboat assistance, sludge disposal services and housing.



Figure 1: PHILIPPINE NAVY ORGANIZATION



Legend:

*PN	Philippine Navy	NRC	Naval Reserve Command
PF	Philippine Fleet	NCBde	Naval Construction Brigade
PMC	Philippine Marine Corps	NBC	Naval Base Cavite
NFNL	Naval forces Northern Luzon	NISF	Naval Intelligence Security Force
NFSL	Naval Forces Southern Luzon	PNFC	Philippine Navy Finance Center
NFW	Naval Forces West	NLC	Naval Logistics Center
NFC	Naval Forces Central	BNS	Bonifacio Naval Station
NFWM	Naval Forces Western Mindanao	HPN/HSG	Headquarters Philippine Navy/ Headquarters Service Group
NFEM	Naval Forces Eastern Mindanao	MNH	Manila Naval Hospital
NSSC	Naval Sea System Command	CNH	Cavite Naval Hospital
NETC	Naval Education Training Command		



ACCOMPLISHMENT ³(YEAR 2006)

Under the able stewardship of Vice Admiral (VADM) MATEO M. MAYUGA AFP, the Philippine Navy has accomplished the following on the basis of his three-point priority namely: Maritime Security Operations; Morale and Welfare; and Maritime Awareness and Cooperation:

On **Maritime Security Operations**, a priority concern was the revival of the capabilities of the *Fleet Marine Team* aimed at projecting combat power from the sea as the navy's distinctive contribution to internal security operations and combating terrorism. It symbolizes the navy as a complimentary organization that harnesses the capability of the Fleet and the Marines into one cohesive and potent naval force. In line with the revival of the Fleet Marine concept of operations, the operation of Naval Task Force 62 was enhanced being the show-window of the Navy's distinct contribution to ISO. OPLAN ULTIMATUM launched on August 20056 made extensive of the Fleet Marine Tandem in gong after known ASG personalities in Jolo, Sulu. The 3rd Marine Brigade is the main effort with its five marine battalions and four FRC's. this operation resulted in the neutralization of 13 known ASG personalities as will as limiting the influence of the group within the island. Another concern was the conceptualization of *Coast Watch South (CWS)* which provides the Philippine navy a framework for an inter-agency surveillance and response mechanism for addressing transnational crimes, maritime terrorism and environmental concerns in the Sulu and Celebes Seas. The command has successfully operated one (1) CWS and maintained seven (7) CWS situated in naval Station San Miguel, Zambales; Cabra Island, Mindoro; Capul, Northern Samar; naval Station Zamboanga; Balabac, Palawan; Ayungin Shoal, El Nido, Palawas; and Tinaca, Sarangani Province. Furthermore, a total of 8,868 transiting foreign vessels were monitored during the period.

On **Morale and Welfare**, the Navy leadership has ensured in boosting the morale and welfare of the sailors braving the dangers at sea and enhancing the marines will to fight in the battlefield. In line with its program of addressing morale and welfare of the personnel, the command undertook the recovery of PN real estate properties in Fort Bonifacio, rehabilitation of military quarters for PN personnel, administration of various military real estate properties and recovery of unpaid electricity and water bills from evicted retirees and prosecution of all legal cases concerning PN real estate properties.

On **Maritime Cooperation**, the Philippine navy strengthens its collaboration with the AFP's major service commands, the Coast Guard and other maritime authorities. The PN is also cooperating with foreign navies in patrolling common borders and in keeping track of transnational maritime threats for a secure maritime environment. For the period covered, the Command also participated in 17 various bilateral and multilateral training activities and exercises with allied navies. The most notabe of these exercises were the BALIKATAN 2006, MALPHI DAGAT LAUT 9/2006, FUSION PISTON 06-02/03, PALAH 06/02, PHILMAL 12A/06, CARAT 2006 and exercise PAGSASAMA 2006.

With respect to other accomplishments, the Naval Intelligence collected a total of 6,125 Summaries of Information (SOIs) on the Communist Terrorist Movement (CTM), Southern Philippines Secessionist Groups (SPSGs) and other threat groups' activities, plans and movements. It also conducted 38 successful operations resulting in the neutralization of 11 CT elements. It also collected 2,503 SOIs on maritime law violations including smuggling, illegal fishing, illegal transport of log, gunrunning, drug trafficking, illegal entry and piracy. These reports collected led to the successful joint operations which resulted to the confiscation of contraband/taxable items worth P 22,397,300.00lumber worth P 55,704,875.00, fishing vessels, blasted fish and fishing paraphernalia. The most significant was the interception of cargo vessel M/L Katrina III off Zamboanga City which resulted to the confiscation of around 20 sacks of ammonium nitrate, the ingredient used by terrorist groups in making bombs. On territorial defense operation, the Naval Intelligence gathered and processed 1,327 SOIs on foreign intrusions/illegal poaching by fishermen from China, Taiwan, HongKong, Malaysia, Vietnam, and Indonesia entering the Philippine waters. Forty eight aerial reconnaissance patrols in the territorial area were conducted which resulted to the apprehension of foreign nationals. On counterintelligence operations, a total of 3,309 SOIs of CI interests were collected, processed and disseminated to concerned units.

³ ibid



On Profile of Ships and Craft/Sealift Missions and Steaming Time, the command accomplished an average of 53.20% readiness profile on PN ships and craft and 53.10% on naval aircraft. These figures allowed the Command to accomplish a total of 6,297 patrol and sealift missions with 38,439.79 hours of steaming time covering 320,391.62 miles, also conducted 556 maritime air surveillance covering 122,090.30 nautical miles.

With respect to Disaster Response, the command utilized its resources in providing needed assistance, rescue and relief operations to areas devastated by disasters notable of which is the transporting of personnel and medical team in providing assistance to residents affected by the oil spill in Guimaras. Likewise mobilization of Navy personnel was also done to provide the necessary assistance to the victims of the Mt. Mayon eruption. It is also noted that Navy personnel were utilized in the transportation of stranded passengers, rescue flood stricken residents of Metro Manila and in hauling and clearing operations after the onslaught of Typhoon Milenyo. In the Bicol region, the navy conducted rescue and delivered assistance to its barangays in the aftermath of typhoon Reming.

On Trainings, a total of 100 career and other local training courses were conducted during the period benefiting a total of 5,942 personnel. Likewise, a total of 51 PN personnel underwent foreign training courses and seminars, enabling the command to provide adequate training to qualified personnel and ensuring the implementation of the principle that the right person is assigned for the right job. Foremost of this program is the FMS Training Development Program aimed at providing technical skills training to PN personnel in order to maintain the fleet of 78-footer patrol gunboats which is the Navy's backbone for maritime security operations.

On Doctrine Development, the command was able to review four PN doctrines and the formulation of the Coast Watch South System. VADM Mayuga's principle of "thinking out of the box" resulted to the creation of the Naval Safety Office, NFSU, GHQ; Legal Task Force for the titling and proclamation of Camp Claudio as PN property; SCAA Squadron and the Naval Security and Escort Group.

Noteworthy is the Philippine Navy Strategic Sail Plan 2030, inspired by VADM Mayuga which outlines the PN charter statement and a strategic map for the Philippine Navy. The PN charter statement encompasses and defines the Navy's core values, mission, and vision for which future actions will be anchored. It also serves as the basis for the formation of the navy roadmap and lay out the actions for the implementation of its plans.

On Capability Upgrade, the Command embarked on a capability upgrade program to transform the Navy into a more credible force in performing its mandate. Among the projects undertaken was the transfer of two (2) Patrol Killer Medium (PKM) Gunboats from the Republic of Korea through the Agreement of Transfer duly signed by the RP Secretary of National Defense and its counterpart in ROK. Another project being developed and enhanced is Project Phalanx. This mobile remote operated military hardware is designed to close quarter battle in urban settings. On communications and information systems, a total of 87 sets of satellite phones were distributed to the different PN units afloat and PMC units located in far flung areas that can no longer be reached by cellphones. A total of 131 *Dream* satellite cable TV were issued to different Fleet and Marine units deployed in remote areas to boost the morale of personnel assigned thereat and to have first hand information on current issues and events. Underscoring the importance of an effective information management, the Command developed its database system-the Integrated Personnel Management System that was launched on March 30, 2006. the development of the IPMS will pave the way for the Navy to have its own microwave radio connectivity that will link HPN, Sangley Point, and Bonifacio Naval Station, a redundant voice communication link and other practical computer functions needed to upgrade the PN mail server. This computer application has jumpstarted the implementation of the PN E-mail system services.



Budget and Actual Expenditures⁴: 2006

For CY 2006, the Command received a total of P5.815B for personal services from Department of Budget and Management (DBM). Of this amount P5.578B was spent for the pay and allowances of military personnel including salaries and wages of civilian employees leaving an un-obligated balance of P236.9M.

For MOOE, the Navy was appropriated a total of P2.136B under a reenacted budget. Of this amount, P2.064B was utilized for the administrative and operating requirements of the command leaving an un-obligated balance of P71.5M at the end of the year and will be book as continuing appropriations. 66% of total MOOE were allocated to PN ISO units.

Table 1a: Financial Resources for CY 2006

Particulars	Expenditures (In Millions)		
	Receipts	Spent	Balance
Beginning Balance	82.305	75.529	6.776
Appropriated:			
PS	5,814.895	5,577.990	236.905
MOOE	2,135.542	2,064.065	71.477
CO	-	-	-
Sub-total	7,950.437	7,642.055	308.382

There were no appropriations under the capital outlay, because the government operated on a reenacted budget. Other sources of funds received by the command are as follows:

For trust receipts, the Navy has a total of P95.6M, where, P44.3M has already been utilized. The balance of P51.3M is already committed for the procurement of Petroleum, Oil and Lubricants (POL) products, payment of utilities, fire insurance of NFSL and other command requirements.

For GHQ releases, the Command received a total of P1.032M where P878.2M has already been obligated, leaving an unobligated balance of P154.2M composed of P103M PS, which formed part of the declared savings and non-implemented projects.

Other sources of fund include: AFP Modernization, Bases Conversion Development Authority (BCDA), housing administration and DBM releases as shown on table 1b below.

The PS savings amounting to P236.5M from the appropriated funds plus the PS Savings from DBM and GHQ releases totaling to P157.6M have composed the total PS Savings of P394.5M where request for its utilization was endorsed to DND/DBM for approval to address operational requirements and low-facility readiness.

⁴ AFP-PN's Accomplishment Report of 2006



Table 1b: Financial Resources by Sources CY 2006

Particulars	Expenditures (In Millions)		
	Receipts	Spent	Balance
<i>Other Sources:</i>			
Trust Receipts	95.613	44.290	51.323
Releases from GHQ	1,043.694	889.364	154.243
PS	676.076	572.896	103.180
MOOE	309.057	308.473	0.505
CO	58.561	7.995	50.558
MODERNIZATION	147.249	0.980	146.269
MOOE	3.566	0.836	2.730
CO	143.683	0.144	143.539
BCDA (CO)	78.000	30.237	47.763
PN Housing Admin Fund	22.182	19.405	2.777
Other DBM Releases	887.682	823.648	64.034
PS	833.862	779.403	54.459
MOOE	53.820	44.245	9.575
Sub-Total	2,274.420	1,807.924	466.409
GRAND TOTAL	10,307.162	9,525.508	781.567

Anti-Corruption Program

The Office of Ethical Standard and Public Accountability (OESPA) is directly responsible in the promotion through dissemination, and implementation of anti-corruption program in the AFP ([footnote the source](#)).

Its mission is “to pursue AFP’s common commitment against graft and corruption in the AFP by:

- Enhancing professionalism
- Promoting honesty and integrity in the military service
- Instilling ethical standards and
- Inculcating a strong sense of public accountability among military and civilian personnel

OESPA functions are: 1) to ensure implementation of the AFP Code of Ethics, 2) **to promote policies in pursuit of eradicating Graft and Corrupt practices**, 3) to involve and hold programs to educate the AFP on good military values and professionalism, 4) to collect, analyze and compile all sworn statement of assets and liabilities of military personnel and permanent civilian employees of the AFP, 5) to receive complaints/ reports, to inquire and conduct over/covert investigation on violations by military and civilian personnel of the AFP of the following laws, rules and regulations-RA 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees) and the implementing rules; RA 3019 (Anti-Graft and Corrupt Practices Act); RA 1379 (An Act declaring forfeiture on favor of the State any property found to have been unlawfully acquired; Revised Penal Code, Title VII, thereof, which are crimes committed by public officers in relation to AW 94 (Fraud against the Government) with regards to active and retired military personnel; illegal logging acts committed by active military personnel; and other allied laws, AFP regulations and existing policies; 6) to evaluate, prosecute and monitor civil, criminal and administrative cases related to acts violative of the laws mentioned, 7) to integrate and synthesize all policies and regulations that have direct bearing on AFP professionalism, 8) to process and issue appropriate clearances, 9) to exercise technical supervision over Major Services OESPA; and 9) to carry out other function as the Chief of Staff, AFP (CSAFP) may deem proper for the OESPA to perform.⁵

Likewise, the following office plays a pivotal role in the promotion and implementation of anti-corruption program, and prevention and elimination of corrupt practices/acts within AFP Major Services.

⁵ MC



The Office of the Provost Marshal General (OPMG) is the special staff to the CSAFP that oversees and implements discipline, law and order in the whole armed forces. The OPMG is the center of gravity in terms of personnel discipline. It oversees the efficient enforcement of discipline, law and order within the AFP organization, through its military police units; and to enable to live-up with the expectations of the CSAFP, the office has its vision of: *“Zero Offense, Zero Tolerance for a professional and a stronger AFP”*

The Office of the Inspector General (OTIG) conducts mission effectiveness, operational readiness, security preparedness; and monitors effective utilization of resources and the state of morale and discipline of any man or women in uniform through inspections, investigations, researches, surveys and studies, and recommends ways and means to improve the system.

The Office of the Internal Auditor (OTIA), a personal staff of CSAFP, provides the CSAFP an independent and objective assurance on the adequacy and soundness of internal control system and the quality of performance in the accomplishment of the AFP’s Mission. It has *“unrestricted access”* to all records, funds, property, and personnel in line with the performance of its functions and as directed by the CSAFP. It exercises functional supervision over the Major Service Internal Audit Offices. Specific functions of OTIA that would have direct

The major accomplishments of OESPA-PN with regards to the promotion and implementation of anti-corruption program from calendar year 2005 to 2006 are summarized below:

CY 2005	CY 2006
<ul style="list-style-type: none"> • Conducted AFP Code of Ethics and Public Accountability seminar to seventeen (17) PN units PN-Wide with the total of 2,000 participants for the CY 05 • Published 5,000 copies of tagalog komiks vol-1, portraying AFP core values • Published 900 copies of OESPA posters/slogan on moral regeneration • Collected 21,025 SALs of PN personnel • Conducted cash flow analysis to the SAL of 600 PN officers • Created database file for the tracking of SAL for expediency • Conducted one-day seminar on proper preparation of SAL and cashflow analysis on to 100 officers/NCOs of units within manila-cavite area • On cases filed and resolved, an anonymous complaint against 1 PN officer and 1 EP for alleged violation of RA 3019. The cases were resolved for lack of substantial evidence/documents to support the allegation. • Conducted liaisoning with the Office of Ombudsman for the issuance of clearances to 668 PN personnel ICOW retirement, separation, promotion and confirmation 	<ul style="list-style-type: none"> • Initiated and hosted the visit of Hon. Ma. Merceditas N. Gutierrez and party to the PN and the conduct of Seminar on Professional Responsibility in Effective Governance to 100 officers assigned in Manila-Cavite area. • Conducted 3 days Integrity Development and Executive Answerability Seminar to the four (4) Naval Forces of the Philippine Navy. • Endorsed for issuance of OMB clearance to 1,112 officers/EP/CIV in connection with their application for retirement from the active military and civilian service in the AFP. • Conducted cash flow analysis to the SAL of 250 officers. • Prepared the Commands Integrity Development Action Plan (IDAP) for CY 2006 and subsequently rendered the command’s IDAP quarterly progress report. • A case was filed against illegal logging of PN officer. • Anonymous complaint against PN officer for alleged violation of RA 3019. The case was resolved for lack of substantial evidence/documents to support allegation. • Case against 1 PN Officer for late filing of SAL. Case was refer to PN Efficiency and Separation Board (ESB) for deliberation). • Anonymous complaint against 1 PN Officer for alleged selling of gas allocation. The case was resolved for lack of substantial evidence to support the allegation. • Anonymous complaint against 1 civilian employee



CY 2005	CY 2006
	<p>for allegedly asking grease money to the dealers being assigned at the procurement office. The case was resolved for lack of substantial evidence/documents to support allegation.</p> <ul style="list-style-type: none"> • Anonymous complaint against 1 PMAR Officer for allegedly using government time for personal interest. The case was resolved for lack of substantial evidence/documents to support allegation. • Supported the oplan “balik bahay” through extensive research and coordination with other agencies on the updated assets and liabilities (SALs) of retired Flag Officers/Senior Officers and EP who are overstaying occupants of government quarters at NOVAI/NEHAI at BNS, Fort Bonifacio, Taguig City.

Looking at the efforts initiated in 2005 from the conduct of seminar to the information dissemination drive on anti-corruption program, it significantly made an impact in proactively finding ways and means of addressing or even fighting corruption in all aspect of the PN’s operation that is evident in the number of cases filed in 2006. This only shows that by installing system of monitoring and regularly conducting information dissemination either through trainings, seminars, fora, and producing effective IEC materials, it will increase awareness and consciousness of the entire employees, both civilian and military personnel.

With regards to the updates on the recommendations in the Feliciano Commission Report (As of December 2006), the following actions/measures have been initiated and undertaken to address the challenges of corruption control and issues on the modernization of the AFP⁶.

A. Part 1 of the Report: Events of 27 July 2003 at Oakwood

- Due diligence by Commanding Officers (OJ1, OJ3 and OJ7)

The Command has given primary concern on efforts in the conduct of troop information and education (TI&E), dialogues, distribution of newsletters and magazines concerning AFP reforms to enlighten the troops on current issues and to disseminate current polices and programs of the AFP that includes, but not limited to, Articles of War and other matters pertaining to discipline, law and order. These activities are still actively being carried out by the AFP Officers in the policy level of command by increasing the frequency of field visits AFP-wide and with the intention of reaching our for the troops in the operational area to also cover concerns of the civilian employees.

- Effectively address legitimate grievances (OJ1)

The continuous and effective implementation of SOP Nr 9, known as the Enhanced AFP Grievance System, dramatically addressed the clamor for a relevant grievance mechanism designed to strengthen the confidence and respect of the military personnel towards the designed to strengthen the confidence and respect of the military personnel towards the efforts of the Command to enhance the existing redress procedures. The Command still intends that the “landmark mechanism” be imparted and disseminated AFP-wide, particularly to military personnel in the frontline units to achieve the desired organizational cohesion and further boost personnel morale. With this objective, all Commands down to the lowest unit of the AFP are enjoined to conduct

⁶ AFP categorizes this information as confidential since the names of the concerned military officers are mentioned and corresponding actions being undertaken were discussed. Updates on the recommendations in the Feliciano Commission Report were compiled and made available to the IDR project by the JAGO.



continuous and massive information campaigns thru radiograms, classroom lectures, and open-forum ensuring that the system would work according to the intent.

- Enforce the law against all violators (OJ1, OJ8 and OTJAG)

The 2006 Stand-Off in particular, the case of MGEN Renato P. Miranda 0-6728 AFP et al for grave misconduct in connection with their involvement in the destabilization attempt and withdrawal of support to the President and Commander-In-Chief of the AFP was also referred to the GHQ Efficiency and Separation Board (GHQ ESB) for trial hearing to determine their fitness and suitability to remain the active military service that is part from the trial by the General Court Martial proceedings that are being presided by LT GEN Alexander B. Yano for violation of AW 67 and 96. On the other hand, personnel involved in the Oakwood incident were charged and meted corresponding punishments in accordance with the degree or level of their respective participation. The penalties meted out to the accused are: Confinement for a period of 1 year, demotion of 3 ranks for those accused EP with the rank of CPO/MSgt, SSgt/PO2 and Sgt/PO3, 2 ranks demotion for those accused EP with the rank of Cpl/SN1 and 1 rank demotion for those accused EP with the rank of PFC/SN2, and forfeiture of 2/3 of their Base Pay for 3 months for the accused EP with the rank of CPO/MSgt, PO2/SSgt, PO3/Sgt and SN1/Cpl, and forfeiture of 2/3 base pay for 6 months for the accused EP with the rank of ASN/Pvt. On the case of Col Efren Daquil PAF (GSC) et al for violating Aws 63, 64, 67, 96 and 97, they are being tried by the AFP Special General Court Martial Nr 1 presided by Bgen Nathaniel A. Legaspi, AFP. Subsequent hearings are indefinitely cancelled by the court, while the hearings to be tried at RTC Br 148, Makati City were reset on January 2007 to give ample time to the Prosecution for the formal offer of their evidence.

B. Part 2: The grievances of the officers and enlisted men expressed at Oakwood

1. On the RSBS Problem

- Initiate an AFP Service Insurance System (Aspect of drafting the legislation) (OJ1, OTJAG)

A thorough review of the financial institution's mandate had been undertaken by the AFP through the creation of the AFP Technical Working Group on Legislative Affairs (AFPTWG-LA) that came up with a relevant legislative proposal that is not being finalized by the Department of National Defense and will be forwarded to congress thereafter. Consequently, the RSBS was dissolved on 31 December 2006 and its functions have been temporarily relegated to pension and Gratuity Management Center (AFPPGMC) that caters to the needs or retired military personnel while awaiting legislation of the said proposal.

- Implement fully the recommendations of the Senate Blue Ribbon Committee (OTJAG)

There was a statement of commitment from ___ in support of this recommendation. To wit:

"All the specific recommendations made by the Senate Blue Ribbon Committee in tis Reports must be vigorously, transparently and consistently implemented, including the criminal prosecution of, inter alia, Ramiscal and Abadia. Such implementation should be monitored and quarterly reports be provided to the Office of the President, the DND and to the AFP-GHQ and AFP personnel generally."

2. On the AFP Procurement System: Conversion and Other Problems

- Simplify AFP procurement procedures (OJ4, OJ6)

AFP Technical Working Group on Logistics Management Information System (AFPTWG-LMIS) was created in order to effectively plan, develop, and implement a procurement system that would be able to cater to the requirements of the AFP. And to further streamline the procurement functions, the AFP Procurement Service (AFPPS) was also created by the Command. Furthermore, with the guidance of the President/SND in fast tracking the AFP modernization, Department Order #12⁷ dated 05 April 2006 has been issued thereby creating,

⁷ Attach as Annex



apart from the original DND BAC, the AFP BAC1 that has a procurement ceiling for modernization of Ph50M and below as procurement above Php50M is at level of DND BAC. At present, the AFP BAC1 has a total of 37 modernization projects to undertake which will be carried out in 2 phases, of which, the President/SND desires that at least 5 projects that are all Capability Upgrade Projects (CUP) should be delivered by July 2007. Along with this, GHQ BAC2 and Major Services BACs have also come into being for the "Sustainment of Projects" with procurement ceiling each of Php25M and below to also ensure the fast tracking of their respective upgrade projects.

- Control commanders' discretionary power over the centrally managed fund (CMF) (OJ4, OJ6) and
- Reduce the amount of CMF in GHQ/Major Service Headquarters hand (OJ6)

The CMF of GHQ and Major Services have been totally abolished together with the decentralization of pay and allowances except for the Technical Service whose administration remains with GHQ. Likewise, the Military Operational Expenses (MOE) has also been devolved to Unified Commands (UC) and AFP Wide Service Support Units (AFPWSU).

- Strictly implement control measures over supplies (OJ4, OJ9)

There was again an expression of commitments in this regard. To wit:

"Existing control measures in respect to the management of issued or acquired supplies should be strictly implemented and substantive penalties imposed for failure of supervision by commanders by service units, including relief from command."

Various Letters of Instructions (LOI) have also been published to implement replacement of unit RSO/RSNCO in the AFP for wall-to-wall conduct of inventory particularly firearms, ammunition and explosives.

- Set tenure limits for AFP Finance and procurement officers (OJ1)

A Bicameral Conference Committee Report on SBN 1862 and HBN 219 prescribing a fixed term for the chief of staff and major service commanders, Armed Forces of the Philippines (AFP) was submitted to the President for approval which states among others: *Sec 2-A "Terms of Office of the Chief of Staff – The Chief of Staff, AFP shall have a fixed term of office of three (3) years. The term shall commence on the date of appointment by the President, regardless of the date of confirmation by the Commission on Appointments..."* **Sec 2-B "Terms of Office of the Major Service Commanders -** The Major Service Commanders shall each have a minimum term of office of two(2) years. *The term shall commence on the date of appointment by the President, regardless of the date of confirmation by the Commission on Appointments..."* Likewise, new policies on rotation are now being applied that govern the assignment of personnel in comptroller, logistics, and procurement setting their tenure limit of 2 to 4 years, while those in the special disbursement transactions have the tenure limit of only 2 years. Personnel who have exceeded these tenure limits were either relieved from their positions and/or reassigned to other AFP Units.

- Establish an autonomous Internal Affairs Office (IAO) – [outside the Chain of Command, separate from the AFP and reporting directly to the Commander-in-Chief – and with the possibility of merging the Offices of the Inspector General (IG) and the Ethical Standards and Public Accountability] (OJ6)

"Apropos, the fundamental limitations of the existing AFP grievance mechanism to deal with the problems of corruption control in the AFP, one recommendation that may be made is that an Internal Affairs Office (IAO) that can handle grievances of AFP personnel, outside of the Chain-of-Command, should be organized as an entity separate from the AFP and reporting directly to the Commander-in-Chief, that is, the President. Possibly, the Office of the Inspector General (IG) and the Office of the Ethical Standards and Public Accountability (OESPA) could be merged into such an IAO. If and when established, the existence of such IAO should be brought home to AFP personnel by a country wide information drive."



3. On Modernizing the AFP: Funding and Consequential Problems

- Vigorously pursue the recovery of the JUSMAG and NOVAI Properties

The AFP has vigorously undertaken series of litigations and filed criminal charges in appropriate courts: AFPVAII Case – Civil Case No. 67458 entitled Abaya, et al vs. PN et al pending before Branch 266, Pasig City; NOVAI Cases – Civil Case No. 63983 entitled RP vs. NOVAI for cancellation of Title. The adverse decision of RTC Pasig on appeal with the Court of Appeals docketed as CA-GR CV 851179. On 29 June 06, the Office of the Solicitor General (OSG) filed the Reply Brief. Thus, this case is now submitted for resolution. The SOLGEN is currently assisting the PN in prosecution of the case filed by the latter against NOVAI; NEHAI Case – The Course of Appeals declared the NEHAI members are not bonafide occupants and do not have the first priority to purchase lots situated at MEQ, BNS.

- Pursue the recovery of the “squatted” land in Fort Bonifacio (OJ1)

On **squatting and recovery of AFP properties**, the AFP has vigorously undertaken series of litigations and filed criminal charges in appropriate courts: AFPOVAI Case – Civil Case No. 67458 entitled Abaya, et al vs. PN et al pending before Branch 266, Pasig City; NOVAI Cases – Civil Case No. 63983 entitled RP vs. NOVAI for cancellation of Title. The adverse decision of RTC Pasig is on appeal with the Court of Appeals docketed as CA-GR CV 851179. On 29 June 06, the Office of the Solicitor General (OSG) filed the Reply Brief. Thus, this case is now submitted for resolution. The SOLGEN is currently assisting the PN in the prosecution of the submitted for resolution. The SOLGEN is currently assisting the PN in the prosecution of the case filed by latter against NOVAI; NEHAI Case – The Course of Appeals declared that NEHAI members are not bonafide occupants and do not have the first priority to purchase lots situated at MEQ, BNS.

- Substantially increase AFP’s share in Fort Bonifacio’s sale proceeds (OJ9)

On matters pertaining to the increase of AFP’s share in Fort Bonifacio sale proceeds, the proposed bill amending the BCDA Law, RA 7227, was already filed in the 13th Congress. The amendments were introduced in section 8 of the abovementioned Act through RA 7917, which provides for the equitable distribution of proceeds from sale of portions of Metro Manila camps.

Moreover, the proposed amendment to EO 309 s-2002 entitled “Prescribing Guidelines, Rules and Regulation for the Distribution of Proceeds of Leases, Joint Ventures and Transactions other than Sale Involving Portions of Metro Manila Camps under RA 7227, as amended by RA 7917” was signed by SND and subsequently submitted to PGMA. Said Amendment proposed a 90% AFP share and 10% BCDA share from the proceeds of leases, joint ventures and all transactions other than sale entered into by BCDA involving portions of Metro Manila Camps. To date, the AFP is still awaiting feedback on the status of the proposed amendments from the Office of the President.



III. Assessment Methodology

The Team selected the Philippine Navy as the pilot service in the Armed Forces of the Philippines because of its operation on land (represented by the Philippine Marine Corps), air (Naval Air Group), and sea; and with the end view of enhancing the PN's organizational integrity. Likewise, given the total number of respondents in the PN and given the duration of the project, which is only roughly for five (5) months, it is but manageable and realistic for the AFP-IDR Assessors to pilot test the project to PN.

For the selection of the sites to be subjected for IDR, the PN through its focal person Admiral (ADM) Reynaldo T. Basilio, the PN⁸ was given free hand to suggest to the team the areas to be visited or to be subjected to IDR. Thus, the following sites were recommended:

- Headquarters Philippine Navy (HPN)
- Philippine Marine Corps (PMC)
- Naval Sea Systems and Support Command (NASSCOM)
- Naval Forces Western Mindanao (NFWM)

Below are the schedules of assessment for the conduct of Corruption Resistance Review and Corruption Vulnerability Assessment (CVA).

Activity (2007)	HPN	PMC	NASSCOM	NFWM
CRR	28 Feb to 6 March	19-23 March	19-23 March	19 – 23 March
CVA	14-18 May	21-25 May	28 May to 1 June	4-8 June

IV. Corruption Resistance Review 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. 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 measure 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 placed 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. Whistleblowing, 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;

⁸ Refer to Annex 1: Letter of MGEN Hermogenes Esperon, Jr. to Flag Officer-In-Command, PN



- 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.

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

As an initial activity, the Team scheduled and coordinated the conduct of Integrity Development Review (IDA) to HPN on February 27, 2007. However, after the presentation of the IDR project to the participants which is composed of the senior officers and enlisted personnel of PN, when the team reiterated to the participants that only the senior officers (or the management) are the participants for the IDA and it will take the entire day for the said activity, Captain Cuevas requested to reschedule the IDA since apparently, they were not informed or they did not realized that the activity will take the whole day. At the same time, the senior officers have to attend an equally important activity. The Team decided to reschedule the IDA and proceed with the confirmation of schedules of IDA and survey for the rest of the sites.

The IDA for HPN was finally conducted on March 6, 2007 from 1:30 to 7:00 in the afternoon. A total of seventeen (17) senior officers attended the said activity. IDA for the PMC was held on February 28, 2007.

Corruption Vulnerability Assessment Process

A key step in addressing corruption is to understand the nature of the problem and then define its extent. This is where vulnerability analysis becomes useful. CVA entails 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 the context of vulnerability assessment, a 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. Vulnerability is estimated by considering both the threat's inherent risk and the condition of the internal control. Corruption vulnerability differs from extent or level of corruption in an agency. A "clean" agency may have high vulnerability to corrupt acts due to weak control systems. CVA does not measure the extent of corruption in an agency. As an analytical tool, CVA will principally help decision-makers to detect susceptibility of systems, policies and procedures to corruption. The fact-based information that can be gathered from systematic assessment can be used by agencies to institute appropriate corrective and preventive measures.

The purpose of the CVA is to examine the 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. Based on the vulnerabilities identified by the agency or surfaced from CRR, a detailed investigation and risk assessment of selected activities, functions, processes, procedures, and/or controls is carried out. The assessment involves process mapping, identification and classification of risks, checking of existing controls, and evaluation of adequacy of safeguards. Data and information may be culled from document review, key informant interviews, and process observation to the extent possible.

Based on the concerns that were initially raised during the survey of employees, the following areas were recommended and subjected for CVA:

- Recruitment and Promotion
- Financial Management System
- Procurement Management

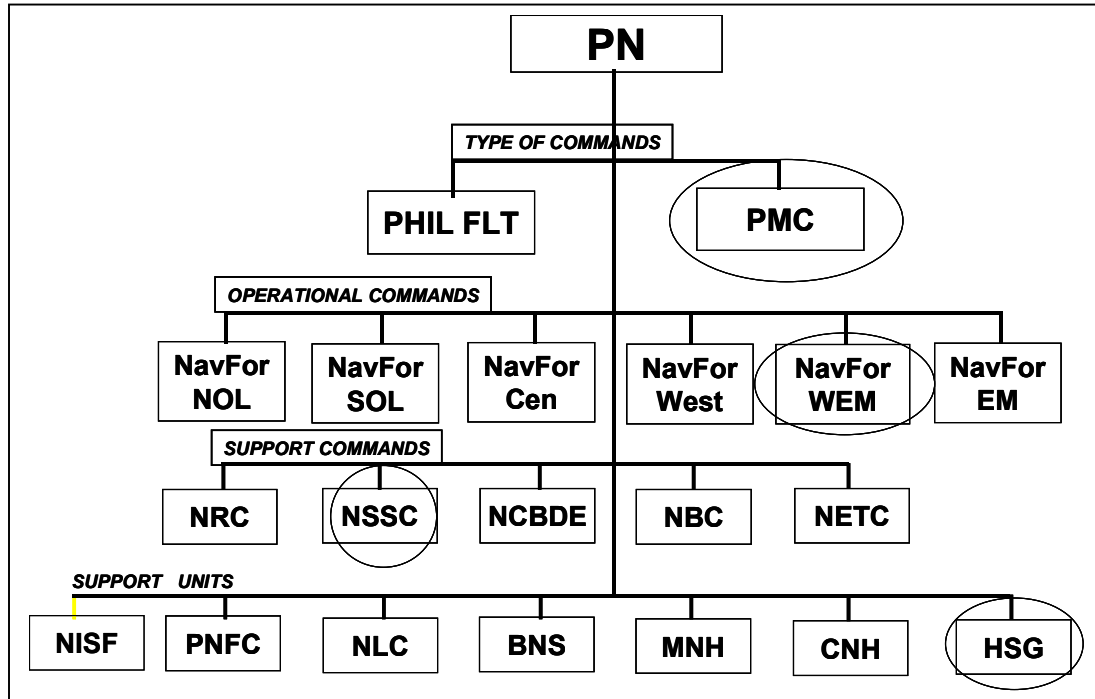


These areas were first recommended to the Advisory Group (AG) composed of the oversight agencies – DAP, OMB, DBM and CSC, and later was approved for CVA process.

Scope and Description of the Assessment Sites

The assessment sites selected were based on the representativeness of the type of command, operational command and support command and units, as demonstrated in the figure below:

FIGURE 2: Selection of the Sites



Much as the Team would really like to cover the geographical representation of the operational commands that is, Luzon, Visayas and Mindanao, the Team had to consider the duration and to a great extent the suggestion of the Focal Person in the Philippine Navy.

The AFP-PN IDR Team initially composed of ten (10) assessors (specifically two from DAP, two from OMB, one from COA, one from BOC, four from AFP – one from GHQ, one from Philippine Army, one from Philippine Airforce and one from Philippine Navy. However, one senior assessor from OMB had to leave the team and one DAP assessor replaced him immediately to complement the manpower of the group.

A. Integrity Development Assessment

The IDA process always starts with the presentation of the Project Overview by the Team Leader for HPN, PMC and NSSC, where the Team Leader joined the group. For the NFWM, the Deputy Team Leader presented the Project Overview. After which, the Team Leader explained the IDA Self Assessment Template focusing on the ten (10) dimensions for rating. It was also explained that documents are needed to serve as evidence or to prove the rating they are giving to their agency.

Each Assessor is assigned to discuss and facilitate rating of the dimension assigned to them for five to ten minutes. It was also clarified that for agency to merit the score, they have to satisfy the level of achievements and scoring is in cumulative system.

Before the rating starts there were some suggestions on how to rate the agency, specifically in HPN and PMC; and clarification on the process of rating. Below are the highlights of the discussions in the different sites:



HPN	PMC	NSSC	NFWM
<ul style="list-style-type: none"> • Focus of IDR is in PN only • Capt. Millan said “the project is timely because of the Philippine Defense Reform • Why not start rating in the level of achievement that the agency has satisfied already? 	<ul style="list-style-type: none"> • Request to immediately provide the results to PMC so they can work on its implementation immediately • Inquiry on the conduct of the IDR first cycle. Are there any post review monitoring that DAP/OMB done with regards to the recommendations and implementation of these recommendations? • The Project Manager shared that OMB have noted improvements in terms of policy formulation on some of the dimensions. 	<ul style="list-style-type: none"> • Admiral Sanchez expressed that the project is very timely for the PN • Clarification on Klitgards formula. The Team Leader explained the formula and how it is used • Admiral Sanchez clarified that NASSCOM role only in procurement is to provide technical working group, they are sourcing supplies to legitimate sources • It was also expressed that PN has no capability to determine genuine spare parts. • Something is wrong with the new procurement system • NASSCOM has no participation in bidding process in the new bidding system (“<i>kahit sino nalang, na dedelimit yung supplier ng genuine spare parts.</i>”). If only the new procurement law will give provision in allowing direct supplier of spare parts that are really needed. • NASSCOM surface this problem during the logistics forum and ask consideration from GPPB but there’s no action yet as of this moment. • At NASSCOM, repair only starts when spare parts are available. For this concern, NASSCOM forward request to FOIC to provide revolving/emergency funds to support emergency repairs. • It was shared that for a year, NASSCOM can repair three (3) ships (at the average). 	



HPN	PMC	NSSC	NFWM
		Because of this, they have dilemma in performing their mandate in national security vis-à-vis the procedure they have to undertake before a repairing the ship.	

Survey of Employees

Below is the breakdown of number of respondents that were interviewed during the survey of employees in the different sites.

Site	Required Number	Actual Number
HPN, PN	100	98
PMC	155	155
NSSC	65	65
NFWM		

B. Corruption Vulnerability Assessment

The second phase of the IDR is on Corruption Vulnerability Assessment. This assessment focuses on the mission critical or highly vulnerable areas/functions in the Philippine Navy. These functions were identified based on the initial results of IDA and indicators research (CRR phase). Concerns and issues raised by the respondents during the survey of employees are issues pertaining **to recruitment and promotion, procurement and financial management**. Ideally, official results of the survey of employees would be the basis of the team to affirm these issues; however, there was a delay in the release of the results. Nevertheless, the team subjected these areas/functions to CVA. Again, CVA was conducted in HPN, PMC, NSSC and NFWM.

For this phase, the team employed key informants interview and focus group discussion, observation of the process, and indicators research or data gathering. The Team stayed for at least five (5) days in the all the sites.



IV. Corruption Resistance Review

A. Integrity Development Assessment

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.

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.

1.1. Philippine Navy's Leadership Structure

The Philippine Navy is headed by the Flag Officer-in-Command (FOIC) based in Headquarters Philippine Navy. Because of the peculiarity of the AFP organization, it is standard among all AFP units starting from the General Headquarters (GHQ) down to the lowest level of Command, to have one major unit called the General Headquarters and Headquarters Service Group. For the PN, it is named as Headquarters Philippine Navy & Headquarters Service Group. It is mandated to perform the following broad mission:

"To provide administrative service support and security to Headquarters Philippine Navy in order to contribute to the accomplishment of the Navy mission."

Its specific functions are as follows:

- Provide administrative service support to HPN.
- Provide security and camp defense of HPN complex and its environs.
- Supervise ground maintenance, port services, repair and rehabilitation of buildings, utilities, piers, wharfs and other facilities at HPN complex.



- Plan, coordinate, monitor and supervise military activities pertaining to parades, honors, ceremonies, escort duties and enforcement of naval base/station rules and regulations.
- To procure, store and issue supplies and materials to HPN offices.
- To supervise special services and activities at HPN.
- To provide medical and dental services to military personnel, dependents and civilian employees.

Unlike the other staff of the PN, HPN is one complete organization with counterpart offices/units but in smaller scope, like the other major units/offices of the entire PN organization. This is so because, aside from the offices of the Chief, HPN & HSG, Deputy Chief, it has also a Chief of Staff, Coordinating Staff for Personnel, S-1, Intelligence, S-2, Operations, S-3, Logistics, S-4 wherein the Supply Accountable Officer for HPN & HSG alone, is under its supervision and Civil Military Operations, S-7; a Special Staff composed of the Management and Fiscal Office (MFO), Special Disbursing Officer, and Procurement Office. Its organic units are the Service Support Unit (SSU), SU, RSPN, Medical Dispensary and Dental Dispensary while the units under its operational control (OPCON) are the 15th Naval Finance Service Unit (NFSU) and the HPN Communications, Electronics and Information System Unit (CEISU).

The features and peculiarities of HPN lie in its mandated mission and functions and in its organization structure.

1.2 Assessment

Leadership	HPN	PMC	NASSCOM	NFWM	Final
Agency IDA Rating	3	2	3	3	2
Deployment Rating	50%-60%	90%-100%	50%-60%	50%-60%	50%-60%
Validated Rating	2	2	2	2	

Headquarters Philippine Navy

The discussion on the rating started with the clarification on the process of rating. After thorough discussion on the process and why DAP is employing the said process, the team together with the officers proceeded with the rating.

For this dimension, the consensus rating of the officers'/management is "3" with 50% to 60% deployment; meaning that this approach is deployed in some areas but varies in some units or work areas. It is noted though that the following strengths and weaknesses (or areas for improvement) were identified:

- (Rating 4, bullet 1) Practices and performance of senior leaders in preventing and detecting corruption are regularly reviewed/evaluated. The PN unit responsible for this is the PN-OESPA; and there is an annual general inspection to audit all units in PN as to their operation and actual accomplishments.
- (Rating 4, bullet 2) On whether decisions/actions of senior leaders are randomly checked for possible abuse of authority/discretion, conflict of interest; it was raised that random checked is only done for lower rank but rarely on the decision of the senior officers. Random checked on the decision is only upon the conduct of special audit for special cases. This is only done if there are substantial complaints or findings and a request on the decision of the. An example cited is where a former FOIC is being investigated because there was a case filed against him. Somebody also raised that there's an avenue for this level of achievement but not being done as regular random audit on the decision of any senior officers.
- (Rating 4, bullet 3) Although the officers claimed that integrity enhancement/corruption prevention are integrated in management functions, there was no specific documents or evidence that will validate this claim since this is already incorporated in their functions and there was a general provisions in the AFP Code of Ethics.



The following data were requested from officers/management and later provided to the team.

- Agency mandate
- Organization structure/functional chart
- Manual of operation or handbook
- List of training programs for leaders/mangers
- Accomplishment reports (for 2005 and 2006)
- Strategic plan

Philippine Marine Corps

Before the team proceeded with the rating for this dimension, there were clarifications on the level of achievement; and the assessor had to explain again how these achievements were identified and applied in the first cycle of IDR.

For this site, the consensus rating is "2" with 90% to 100% deployment; approach is fully deployed in all units in PMC. They also shared that there's a regular information education on MC Guidelines on Corrupt Practices. Executive Officers and Deputy Officers are also designated as OESPA representatives to promote proactively discourage staff from engaging in corrupt practices

Naval Sea Systems Support Command

Before the rating start, there was a clarification on rating 4, bullet 3 on *senior leaders are trained on corruption prevention and detection*, if training refers to formal training. The Assessor answered that this pertains to the formal training of the senior officers on corruption prevention and detection either conducted by OESPA-PN or OMB or other agencies.

For this particular achievement they said that "they have difficulty in determining if our leaders have undergone a formal training on corruption prevention and detection." Although the confirmed that all officers attended training and seminars conducted by OESPA-PN.

This concern was validated later by the list of trainings and seminars conducted by OESPA-PN as well as the list of participants.

The consensus rating is "3" with 50% to 60% deployment level.

Naval Forces Western Mindanao

The three (3) top most leaders at this site are the: Commander who is Admiral Emilio C. Marayag; Deputy Commander Francis Malahay, Jr.; and, Chief-of-Staff Elpidio F. Francisco. It should be noted that Commander Marayag is newly installed as Commander of the NFWM having assumed his position as such only sometime last 07 March 2007.

The discussion started with the brief presentation of the IDR Project to the participants. A focus on the IDA was highlighted to start the rating of the group. But even before the team can proceed with the group rating, there were concerns and clarifications on the following:

Start rating the organization where it already achieved the level of achievements. There's no need to examine one-by-one the rating. The Team responded that the rating is cumulative. In order to achieve the rating, the organization has to achieve the levels of achievements/indicators per rating.

The Assessors and the participants agreed to rate the Philippine Navy as a whole.



The consensus reached after discussions having been made is a “3” rating with 50% to 60% deployment. In order to graduate to the next level, it was perceived that the parameters provided for bullets 1 and 2 of level “4” should be addressed by the service; and, that bullet 3 thereof is considered as a strongpoint by the NFWM group.

1.3 The Assessors’ Validated Rating

The assessors believe that at the NFWM, the “3” rating with a 50-60% deployment on the leadership dimension is justified. While the issue of graft and corruption may be said to be generally included in the Navy’s norms of integrity building, it should be stressed that the infrastructure for prevention and detection of graft and corruption needs to be distinctly highlighted as a major dimension in the institution’s training/value formation initiatives.

1.4 Next Steps

The assessors believed that at the PN justified the “2” rating, having satisfied all the level of achievements required for this dimension, with a 50-60% deployment. While the issue of graft and corruption may be said to be generally included in the Navy’s norms of integrity building, it should be stressed that the infrastructure for prevention and detection of graft and corruption needs to be distinctly highlighted as a major dimension in the institution’s training/value formation initiatives.

Although corruption prevention is incorporated in the AFP Code of Ethics, specifically in section 4.3 Unethical Acts and 4.4 Corrupt Acts, the agency need to come up with very specific policy 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.

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 AFP-PN's Code of Ethics

The Armed Forces of the Philippines (AFP), in general, and in particular the Philippine Navy (PN) -- which is composed of the Philippine Fleet (PF) and the Philippine Marine Corps (PMC), are stringently guided by norms of behavior embodied in the Philippine Constitution, its customized Code of Ethics; the Articles of War; Republic Act No. 6713 (Ethical Standards of Public Officials); Republic Act No. 3019 (Anti-Graft Practices Act); Republic Act No. 6869 (Anti Coup d'etat Act); the Revised Penal Code of the Philippines; and, other principles of conduct (including the AFP Creed, "Panunumpa sa Kodigo ng Etika"⁹, the stylized "Marine Oath", and others). Being part of a military institution charged with the country's security and defense, the PN's success in performing its mandated functions is, and to a great degree, dependent on each of its member's strict adherence to the Code of Ethics, chains of command and responsibility, and professionalism -- both in times of peace, and especially, during war.

Notably, a soldier, prior to his assumption in the military service, must pledge his allegiance to, and undertake to strictly and continuously abide by, the AFP's Code of Ethics. His formation and every advancement/promotion as a career soldier involves a re-indoctrination and re-training in the ideals embodied in this code of conduct; and, is determined in a substantial way by his adherence, or otherwise, to its provisions.

The extreme importance of the Code of Ethics in the soldier's way of life is highlighted by the AFP's celebration of a Code of Ethics Day observed sometime on the 11th day of October of each year wherein the Oath of Allegiance to the Code of Ethics is openly recited by both civilian and military personnel during the Monday flag

⁹ translated as the "Oath of Allegiance to the Code of Ethics"



raising ceremonies. The foregoing is provided in Section 4.4 of Article VII of the Code. This year, the AFP shall be celebrating its 17th Anniversary of the Code of Ethics Day.

To ensure the implementation of and adherence to the Code of Ethics, four (4) offices are well in place in the AFP's organization. These are the Judge Advocate General's Office (JAGO), Office of the Provost Marshall (OPM), the Inspector General's Office (IGO), and, most importantly, the Office of Ethical Standards and Public Accountability (OESPA) which is a line office headed by the Vice-Chief of Staff, AFP. It should be stressed that it is the OESPA which ensures and monitors the submission by every employee of the AFP, civilian and military, of his/her Statement of Assets and Liabilities and Networth (SALN) each year. In the PN, the OESPA assigned is a Vice-Commodore and is a personal staff of the Flag Officer-In-Command (FOIC), the highest official of the PN. Being a personal staff officer of the FOIC, the OESPA is afforded easy access to the former.

The AFP's Code of Ethics in Focus: ¹⁰

Furnished in a pocket-sized handbook and printed format, the AFP's Code of Ethics contains the following: **"Panunumpa sa Kodigo ng Etika"**; Table of Contents; **the Preamble**; and the seven (7) governing Articles. Article I is on Identity (**Section 1 – Constitutional Mandate**; Section 2 – Organization and Chain of Command; **Section 3 – Soldier's Commitment, Measures and Standards**); Article II is on the AFP's History (Section 1 – Historical Perspective; Section 2 – Lessons Learned); **Article III is on the AFP Creed and Stand on Basic Issues (Section 1 – The AFP Core of Values of Honor, Loyalty, Valor, Duty and Solidarity**; Section 2 – The AFP Stand on Basic Issues on the AFP Organization, Supremacy of Civilian Authority, Chain of Command, Military Leadership, Research and Technology, People's Support, National Development, Partisan Politics, Mass Media, Spiritual Life, Family Life, Democracy, National Interest, Peace, War, Use of Armed Force, Social Justice, Human Rights, Enemies of the State, and Principled Critiques); Article IV is on Membership (Section 1 – General Statement; Section 2 – Procurement System; Section 3 – Membership Qualification for Commissioned Officers and Enlisted Personnel; **Section 4 – Education and Training**; Section 5 – Retention in Service; Section 6 – Promotion; Section 7 – Retirement and Separation Benefits; and, Section 8 – Death and Disability Benefits); **Article V is on Military Professionalism (Section 1 – General Statement; Section 2 – Standards of Military Professionalism which include Standards of Loyalty, Competence, Ethics and Morals; Section 4 – Unprofessional Acts of Disloyalty, Incompetence, Unethical Acts and Corrupt Acts; and, Section 5 – Penalties and Administrative Sanctions)**; Article VI is on the AFP Customs and Traditions (Section 1 – General Statement; Section 2 – Definition of Terms of Traditions and Customs; **Section 3 – Military Traditions of Valor, Duty, Honor, Solidarity and Loyalty**; Section 4 – Military Customs of the Salute; Flag Raising Ceremony; Retreat Ceremony; Three Volleys Over Graves; White Flag of Truce; Wearing of Decorations; Raising of the Right Hand in Taking Oath; Departing Officer; Ceremony Tendered to a Retiree; Trumpet or Bugle Calls; Courtesy Calls; Call of Newly Promoted Generals/Flag Officers; New Year's Call on the Commanding Officer; Happy Hour; Military Wedding; Patronage of the Officer's Club and EP's Club Houses; Ceremonies at Holiday Dinners; Christmas Holiday Entertainment; Rank Has its Privileges; Visiting the Sick; Survivor Assistance to Bereaved Family; "I Wish" and "I Want Desire" Statement; Place of Honor; and, Use of the Word "Sir"); and, **Article VII is on General Provisions (Section 1 – Legal Force; Section 2 – Moral Force; Section 3 – Compliance; Section 4 – Dissemination; Section 5 – Functional Creed**; Section 6 – Investigation Procedure; Section 7 – Penalties and Administrative Sanctions; Section 8 – Amnesty or Compromise; Section 9 – Amendment; Section 10 – Appropriations; **Section 11 – Public Accountability**; Section 12 – Miscellaneous; Section 13 – Separability Clause; Section 14 – Recission; and, Section 15 – Effectivity).

2.2 Assessment

The manner of assessment employed at all sites in this dimension, as in the other dimensions, was to elicit the opinion of senior officers holding key positions relative to the respective dimension being tackled.

¹⁰ *The emphasized portions directly deal with and affect norms of conduct and ideals involving integrity, corruption, etc. In order to fully grasp the provisions concerned, a visit of the AFP's Code of Ethics is suggested.*



The below ratings summarized the agency rating and deployment rating together with the validated rating of all the assessors per site. Likewise, final rating for the said dimension was provided based on the documentary evidences gathered.

Code of Conduct	HPN	PMC	NASSCOM	NFWM	Final
Agency IDA Rating	4	3	3	4	3
Deployment Rating	70%-80%	90%-100%	70%-80%	70%-80%	90%-100%
Validated Rating	4	4	4	4	

Headquarters Philippine Navy

The IDA for HPN was conducted on March 7, 2007. Captain Alano, being the Chair of the group first introduced the members of the HPN present in the round table. Likewise, Dr. Doy Romero, IDR Team Leader, introduced the members of the IDR team. He proceeded by presenting the IDA Self –Assessment Templates.

After discussions, the group arrived at a consensus rating of a “4” with a deployment of 70-80%.

In order to improve its rating to a “5”, the group perceived that a regular review of the Code of Ethics should be made which consequently will lead to the further strengthening thereof.

Philippine Marine Corps

After discussions, the group arrived at a consensus rating of a “3” with a deployment of 90-100%. The group considers bullet nos. 2 and 3 of rating “4” as their strong points and perceives that there should be an analysis of the SALN submissions with appropriate steps taken thereon in order that they can graduate to the next rating of a “4”.

Naval Forces Western Mindanao

The Philippine Fleet and the Philippine Marine Corps are both at the Naval Forces for Western Mindanao, Lower Calarian, Zamboanga City. After discussions, the consensus reached is a “4” rating with a 70-80% deployment.

Similar to their counterparts at the central headquarters, the group perceived that in order to reach a “5” rating, there should be a regular review of the Code of Ethics which would consequently lead to its strengthening.

2.3 The Assessors Validated and Final Rating

Having evaluated the documentary support gathered and submitted for this dimension, the IDR Assessors firmly believe that the Philippine Navy, as far as these sites are concerned, merit a “3” rating since all the parameters (bullets) which justify this rating are present.

The provisions on conflict of interest are reflected in contracts with third parties. In Section 4.4.5 of Article V (on Military Professionalism) of the AFP’s Code of Ethics, the following is considered as a corrupt act: “Allowing/tolerating military spouses and dependents or dummies to deal or participate in any form of transactions with the AFP including but not limited to biddings and the like.”

Also, the AFP’s Code of Ethics clearly provides the following in Article VII thereof (on “Dissemination”) the following: in Section 4.3 – entrance and promotional examinations would include questions that shall enhance knowledge and appreciation of the Code; in Section 4.5 – a seminar on the Code is a requirement for any officer



who would be designated to a key position; and, in Section 4.6 -- "Knowledge of the Code should be a requirement for promotion to the next higher grade for all officers and enlisted personnel."

Perhaps unknown at the PMC (which gave only a "3" rating for this dimension), the SALN submitted by all Navy personnel are analyzed and acted upon by the OESPA which investigates those who cannot properly account for their wealth and other financial interests. It should further be stressed that personnel transactions involving promotion, confirmation, retirement, resignation, reversion, schooling, leaves of absence, and overseas deployment all require clearances from the OESPA which will not be issued if the SALN requirements have not been complied with.

A 90-100% deployment is deemed justified for this dimension. Without meaning to be repetitious, it is reiterated that a soldier's acceptance in the service, formation and advancement/promotion in his career involves a re-indoctrination and re-training in the ideals embodied in this Code of Ethics; and, his success in the service is determined in a substantial way by his adherence, or otherwise, to the provisions of the foregoing. **Therefore, the deployment of this dimension in the AFP as a whole, and in the Philippine Navy in particular, is very extensive and with no perceivable gaps.**

2.4 Next Steps

In order to move to higher rating the following areas for improvement are necessary:

- Close monitoring of the results of OESPA survey conducted last March 2007 as to the action taken by the Philippine Navy management
- Check feedback mechanism as to effectiveness of the program
- SALN analysis and evaluation training for the OESPA personnel
- Dedicated OESPA personnel for the analysis and evaluation of SALN
- Regular review of the AFP Code of Ethics as to its responsiveness



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.

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 AFP-PN Gifts and Benefits Policy

The Agency has no written policy or guideline relevant to gifts, solicitations and donations. Although general provision on receiving gifts is stipulated in the AFP Code of Ethics, there is no clear-cut policy or customized policy or guidelines in receiving gifts and donations for the Philippine Navy.

3.2 Assessment

Leadership	HPN	PMC	NASSCOM	NFWM	Final
Agency IDA Rating	0	0	0	0	0
Deployment Rating	0				
Validated Rating	0	0	0	0	



Headquarters Philippine Navy, PMC, Naval Sea Systems Command, Naval Forces Western Mindanao

The Agency got a rating of zero (0) in all of the three (3) field sites and one (1) the headquarters, the HPN located at Roxas Boulevard, Manila.

There may have been pertinent provisions found in the AFP Code of Ethics pertaining to handling and treatment of gifts but nevertheless it cannot be considered as the written policy described in the levels of achievement in this dimension especially on the guidelines affecting donations and bribes. The same must be clearly defined specifying in particular the acts being prohibited and its accompanying sanctions and penalties.

No further discussion was made by the management except to cite the provision on the AFP Code of Ethics specifically under Section 4.4.8 citing as example of corrupt acts "the receiving, accepting, demanding or insinuating to receive gifts in any form on any occasion.

The provision found under the AFP Code of Ethics while maybe helpful in trying to regulate the acceptance of gifts, solicitations, and donations can be considered as strength of the Agency. However, the same are couched in general terms and as such cannot be considered as ideal in order to fully satisfy the levels of achievement under this dimension.

3.3 The Assessors Validated Rating

The Assessors believed that the PN in general deserves the rating of "0" in all the sites since there's no specific policy on this dimension; although, there's a general provision in the Code of Ethics as discussed above, there is a need for the agency to come up with specific policy on how to receive such gifts and benefits specifically from the clients.

3.4 Next Steps

The agency should provide a written policy or guidelines in regulating the acceptance of gifts, solicitations and donations. Such written policy or guidelines must specify the pertinent or particular acts prohibited and those that maybe allowed. The said policy must provide for the concomitant penalties and sanctions in violation of said rule or policy.

As practiced in other countries, it is recommended that a registry of gifts be put in place identifying the kind of gift or donation, the amount, the name of the giver, the date when the same was given, and how it was disposed of.

Said policy must be properly disseminated down the line of the agency and the same must be known to outside stakeholders. Furthermore, said policy must be integrated with other policy directives of other bureaus or departments within the agency for proper monitoring and measurement of its effectiveness.



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.

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 AFP-PN's Human Resource Management: Recruitment, Placement and Promotion of Personnel

AFP Membership

The AFP members make up the most important asset of all the organization's resources. Efforts shall, therefore, be exerted to attract only the best qualified and most deserving, in order to maintain the high standards set forth in this Code.



The AFP membership is composed of the Commissioned Officers and the enlisted personnel.

Procurement (Recruitment of Personnel) System

As stated in MC ____, "the AFP shall adopt an efficient system of procurement that shall ensure uniform and strict implementation of established policies and procedures in order to upgrade the quality of its members. **Extreme care must be made in the setting of criteria that shall not discriminate skilled and/or gifted applicants.** Procurement of personnel shall be proportionately taken from all regions of the archipelago in order to have an equitable regional representation nationwide."

For membership qualifications, the following shall be the minimum criteria in the selection of applicants:

Commissioned Officers – Granted by the President of the Philippines of a commission and rank appropriate to his/her line and expertise after meeting all the following requirements:

- Must be a natural born citizen, of good moral character, physically and mentally fit and within the age brackets prescribed by AFP regulations.
- Must at least be a Baccalaureate Degree holder.
- Must have gone through at least the basic commissioned officer's training in any of the service schools here and abroad or in any private or public educational institution duly authorized to conduct said training.
- Must have attained an above average IQ rating in the AFP Aptitude Test Battery prepared and administered in accordance with AFP Regulations

Enlisted Personnel

- Must be a natural born citizen of good moral character, physically and mentally fit, single, and within the age bracket of from 18 to 26 years of age;
- Must have earned at least **72 units in College or its equivalent.**
- Must have attained an average IQ rating in the general military classification test prepared and administered in accordance with AFP regulations.
- Must be of a minimum height as set forth in AFP regulation.

Education and Training

It shall be the responsibility of both the AFP as an organization and every member of the AFP as individuals for the purpose of enhancing proficiency in the service. Where there will be conflict between the organization and the individual's need, the exigency of the service shall prevail.

The thrust of military education and training shall include the continued build-up and sustenance of the core **values of honor, loyalty, valor, duty and solidarity and the maintenance of professionalism in the organization.**

Promotion

The AFP shall offer equal opportunities for its members of all ranks and specialties to develop their potentials. But only the best qualified and most deserving can be assured of: promotion and be guaranteed a progressive military career.

Promotion of officers shall be open and limited only to those who fully satisfy the criteria of seniority, competence, standard of accomplishment and soundness of character. A competitive promotional written and physical examination for each grade shall be administered to help determine the best qualified for promotion. Subjective criterion for selection like career reputation shall have limited equivalent weight in order to avoid abuse of discretion or influence of popularity on decisions.



Enlisted personnel shall be promoted according to the standardized criteria similar to that for officers set forth by AFP regulations. Meritorious promotion shall be awarded to those qualified, but limited only up to the grade of E-7 (MSg).

For the purpose of career development and advancement, no commissioned officers or enlisted personnel shall be assigned to any AFP unit without first undergoing the proper orientation and basic training being conducted by appropriate AFP training schools.

Criteria for Recruitment

The following is the Quantitative Criteria with each corresponding rating points allocation:

A. RESULTS OF EXAMINATIONS:		50 Pts
a. AFPATB	15	
b. IQ Examination	15	
c. Special Written Exam (SWE)	20	
*- Deduct 2 points from the total for every re-take in examinations		
B. BOARD INTERVIEW		30 Pts
a. General Knowledge	7	
b. Ability to Present Ideas	7	
c. Alertness/Enthusiasm	6	
d. Power of Oral Expression	6	
e. Appearance/Bearing	4	
C. PROFESSIONAL DEVELOPMENT, ELIGIBILITY HONORS, LEADERSHIP AWARDS		10 Pts
Graduate of Advance ROTC	2	
a. Board Passer	1	
b. Civil Service Eligible	1	
c. Honor Graduate in College	2	
1. Summa/Magna – (2)		
2. Cum Laude – (1)		
d. Leadership Awards/Recognition	2	
Allocate 0.5 pts each award		
e. EP in the Active Service/Former	2	
PMA Cadets with Honorable Discharge		
D. RESULT OF MEDICAL/PHYSICAL EXAM		10 Pts
a. Outrightly Qualified	10	
b. Re-evaluated	0	
	TOTAL	100 Pts

The composition of the Philippine Navy Officer Procurement Board (PNOPB) is as follows:

Chairman:	Director, NMDC
Vice Chairman	The Naval Adjutant
Members:	Deputy N1
	Deputy N2
	Deputy N3
	MC1
Secretary/Member:	Chief, Procurement & Attrition Br, NMDC



For AFP civilian employees, below are the selection process they undergo.

- 1 Selection of employees for appointment in the Armed Forces of the Philippines shall be open to all qualified men and women according to the principle of merit and fitness.
- 2 There shall be equal employment opportunity for men and women of all levels of positions in the AFP, provided they meet the minimum requirements of the position to be filled.
- 3 There shall be no discrimination in the selection of employees on account of gender, civil status, disability, religion, ethnicity, or political affiliation.

Promotion shall be made in accordance with the provisions of this Merit Selection/Promotions Plan (MSPP) taking into consideration the following policies:

1. When a vacancy occurs in the First Level position of the career service, the employees and the office who occupy the next lower positions in the occupational group under which the vacant position is classified, and in other functionally related occupational groups who are competent, qualified and with the appropriate civil service eligibility shall be considered for promotion.
2. When a vacancy occurs in the Second Level position of the career service, the employees in the AFP and government service who occupy the next lower position in the occupational group under which the vacant position is classified and in other functionally related occupational groups who are competent, qualified and with appropriate civil service eligibility may be considered for promotion.

A First Level position is in no instance considered as next-in-rank to a position in the Second Level.

3. All next-in-rank civilian officials and employees, who meet the minimum education and experience requirements of the vacant position, who possess the appropriate civil service eligibility and who are not on leave for six (6) months or more may be considered for promotion.
4. For reasons of equity and morale, the best qualified next-in-rank employee shall have first call upon promotional opportunities. In cases where the qualifications of employees are comparatively at par, preference shall be given to the employee in the organizational unit where the vacant position is located.

However, the appointing authority, i.e., the Secretary of National Defense may promote an employee who is not next-in-rank but, who possesses superior qualifications and competence, compared to a next-in-rank employee who merely meets the minimum requirements for promotion to the position.

5. When a position in the first of second level becomes vacant, applicants for employment who are competent, qualified and possess appropriate civil service eligibility shall be considered for permanent appointment.
6. For purpose of promotion, civil service and other awards for outstanding accomplishments shall be given due consideration. IN addition, only those with a Very Satisfactory Performance Rating for the last rating period shall be considered for promotion.
7. If the vacancy is not filled by promotion as provided herein, the same shall be filled by transfer of present employees in the government service, by reinstatement, by re-employment of persons separated through reduction in force or by appointment of persons with the appropriate civil service eligibility to the positions.
8. An employee may be promoted or transferred to a position which is not more than three (3) salary, pay or job grades higher than the employee's present position except in very meritorious cases, such as: if the vacant position is the next-in-rank as identified in the approved System of Ranking Positions (SRP), or the lone or entrance position indicated in the AFP staffing pattern.



9. All candidates for appointment to first and second level positions shall be screened by the Personnel Selection Board except the following:
 - a. Substitute appointment due to their short duration and emergency nature. However, should the position be filled by regular appointment, candidates for the position should be screened and passed upon by the Personnel Selection Board;
 - b. Appointment of faculty members and academic staff of state universities and colleges who belong to the closed career service;
 - c. Appointment to personal and primarily confidential positions.
 - d. Renewal of temporary appointment issued to the incumbent personnel.
10. In filling any new position except at the lowest levels, existing positions which are similar or allied to the new position shall be considered next-in-rank to the new position.
11. Lack of confidence shall not be accepted as a special reason for disqualifying an employee for promotion. The special reason must be real and substantial to be considered for his disqualification.
12. Pendency of an administrative case shall not disqualify respondent for promotion. For this purpose, a pending administrative case shall be construed as follows:
 - a. When the disciplining office has issued a formal charge, or
 - b. In case of a complaint filed by a private person, a prima facie case is found to exist by disciplining office.
13. Employees who are incumbents of next-in-rank positions who meet the qualification requirements for the position to be filled and who are on scholarship grants either local or abroad or on maternity leave may be considered for promotion.
14. Promotion within six (6) months prior to compulsory retirement shall not be allowed except as otherwise provided by law.

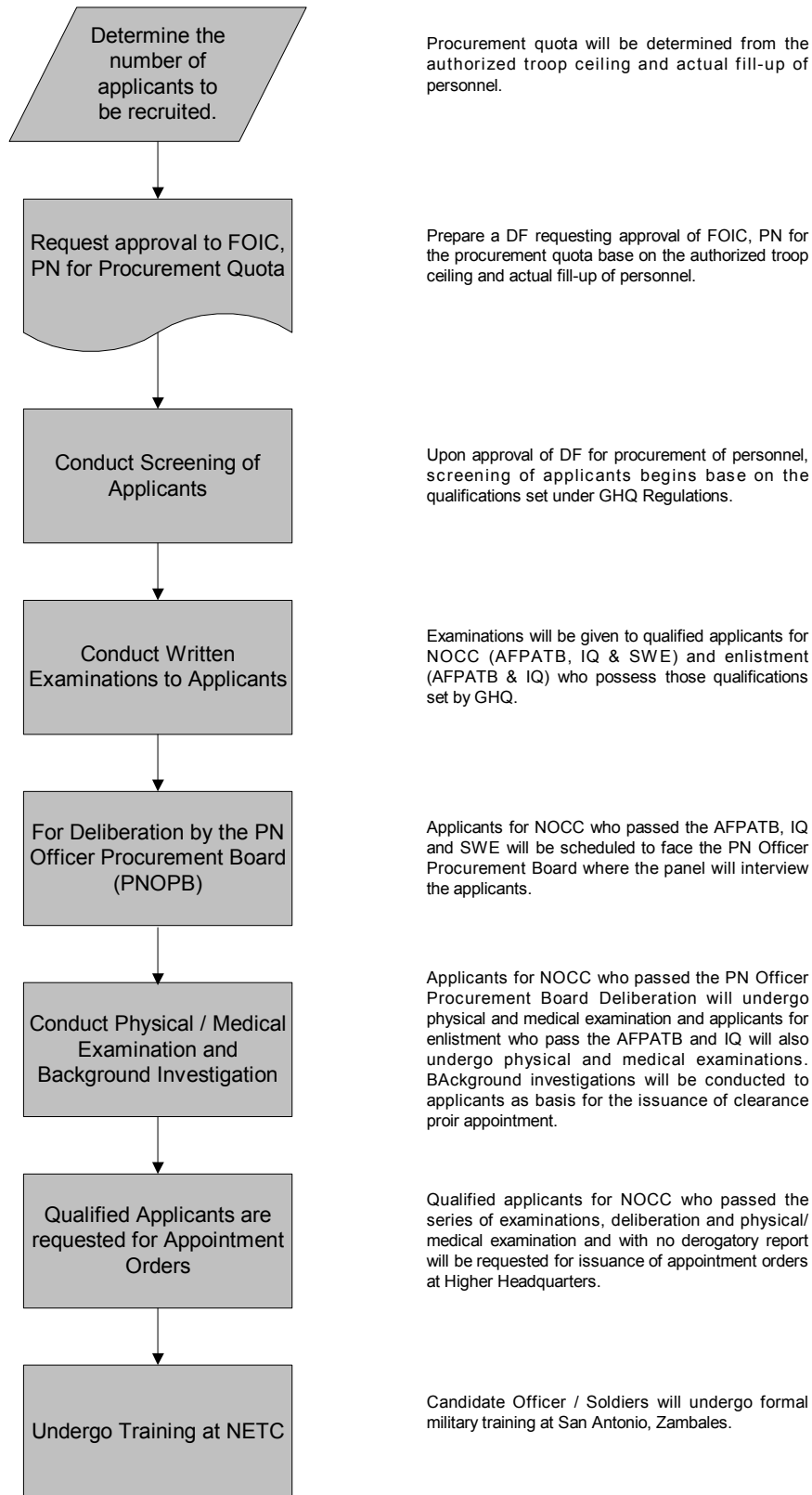
The composition of the **Civilian Personnel Selection Board (CPSB)** is as follows:

Chairman:	Deputy Commander
Member:	AC of S for Personnel/Admin Chief, Civilian Personnel Affairs Branch Representative for 2 nd Level Positions Representative for 1 st Level Positions
Secretariat/Recorder:	CPAB Personnel

Below flow chart illustrates the recruitment process, special promotion for outstanding student, placement or assignment of personnel, filling-up of civilian vacant position, special promotion for enlisted personnel of the year and regular promotion.

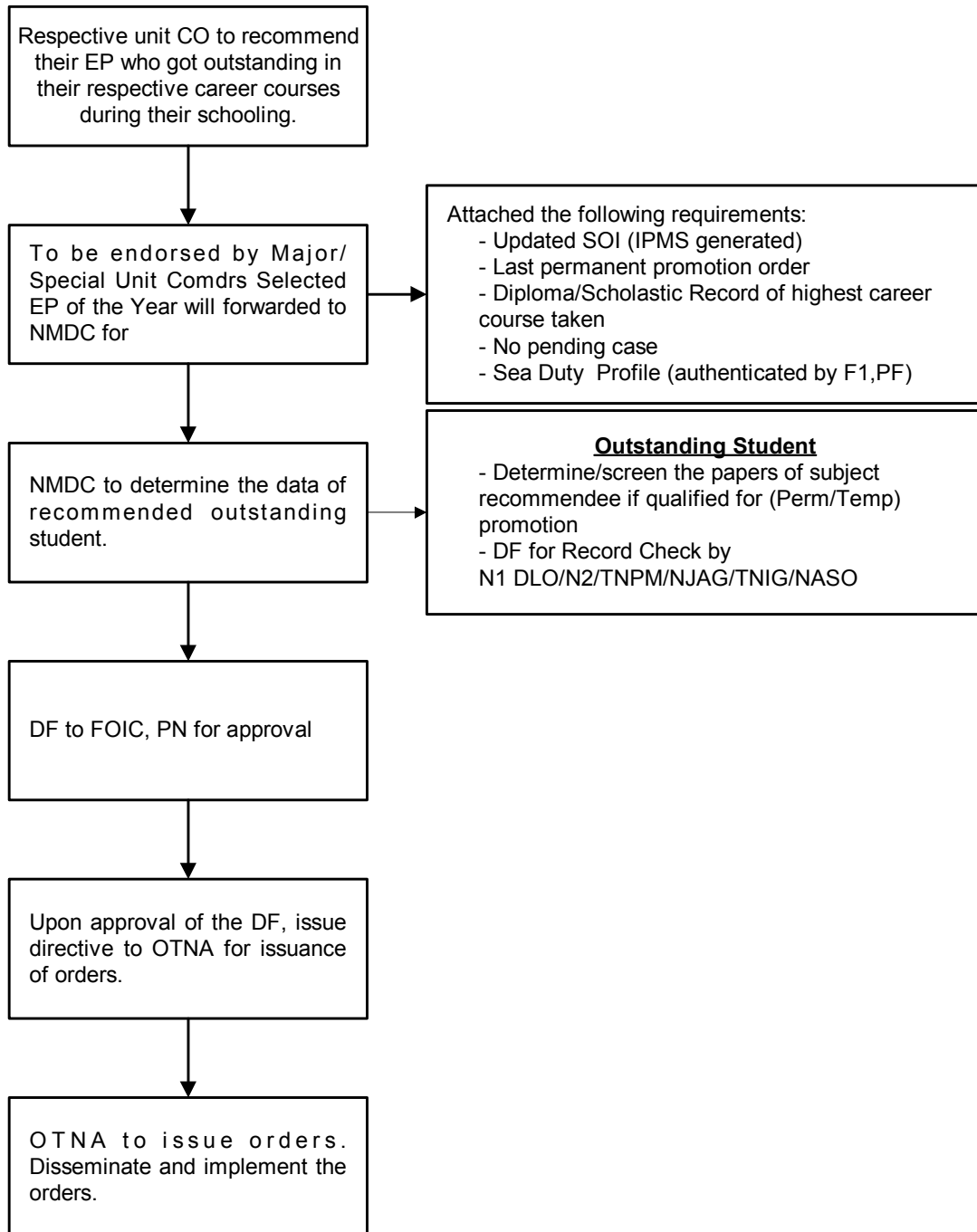


FLOW CHART (Recruitment Process)





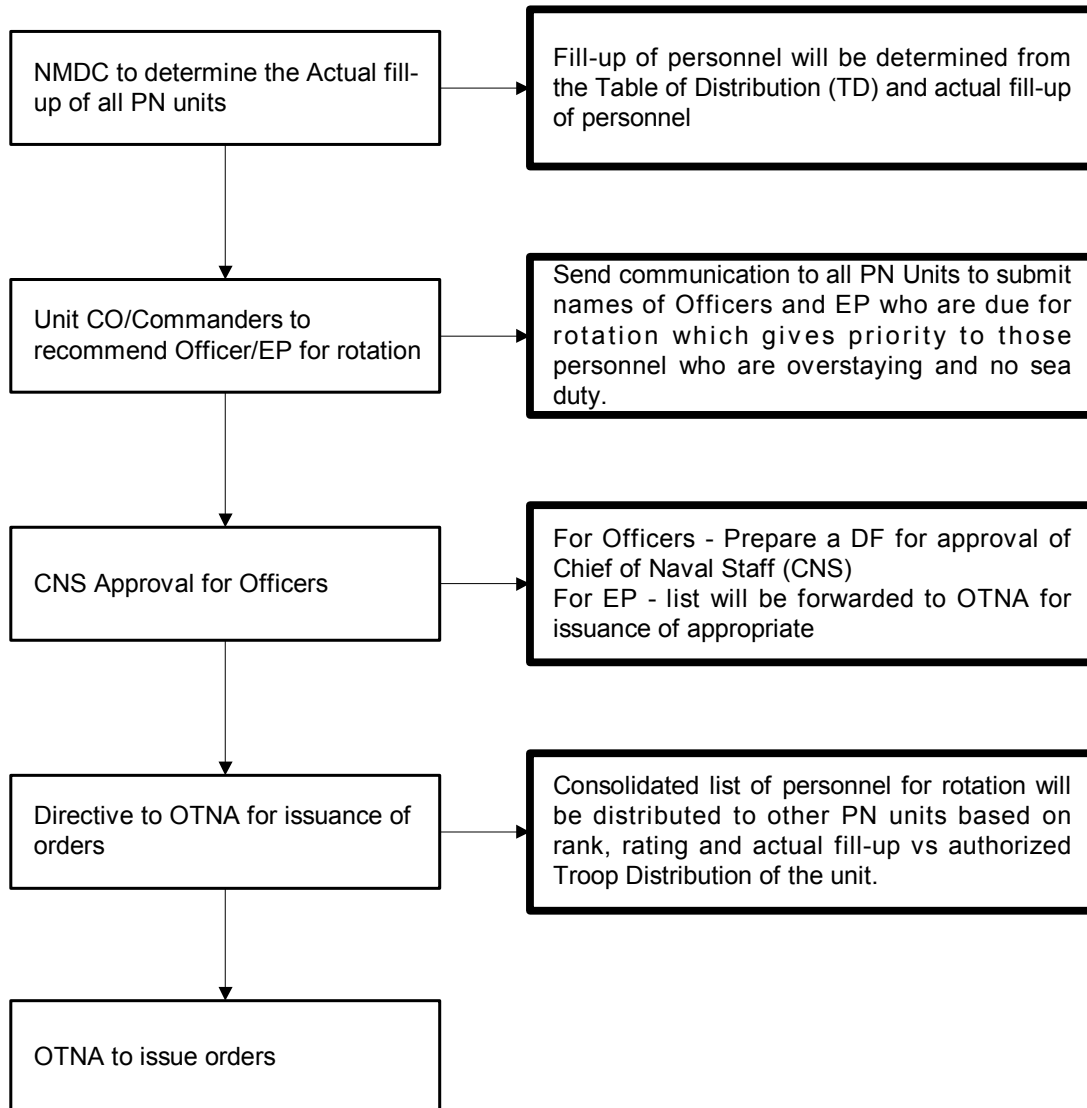
**PROMOTION FLOW CHART SPECIAL PROMOTION
(Outstanding Student)**



Rereferences: HPN Cir Nr 6 dtd 10 Apr 96 amd HPN Cir Nr 8 dtd 26 Nov 98

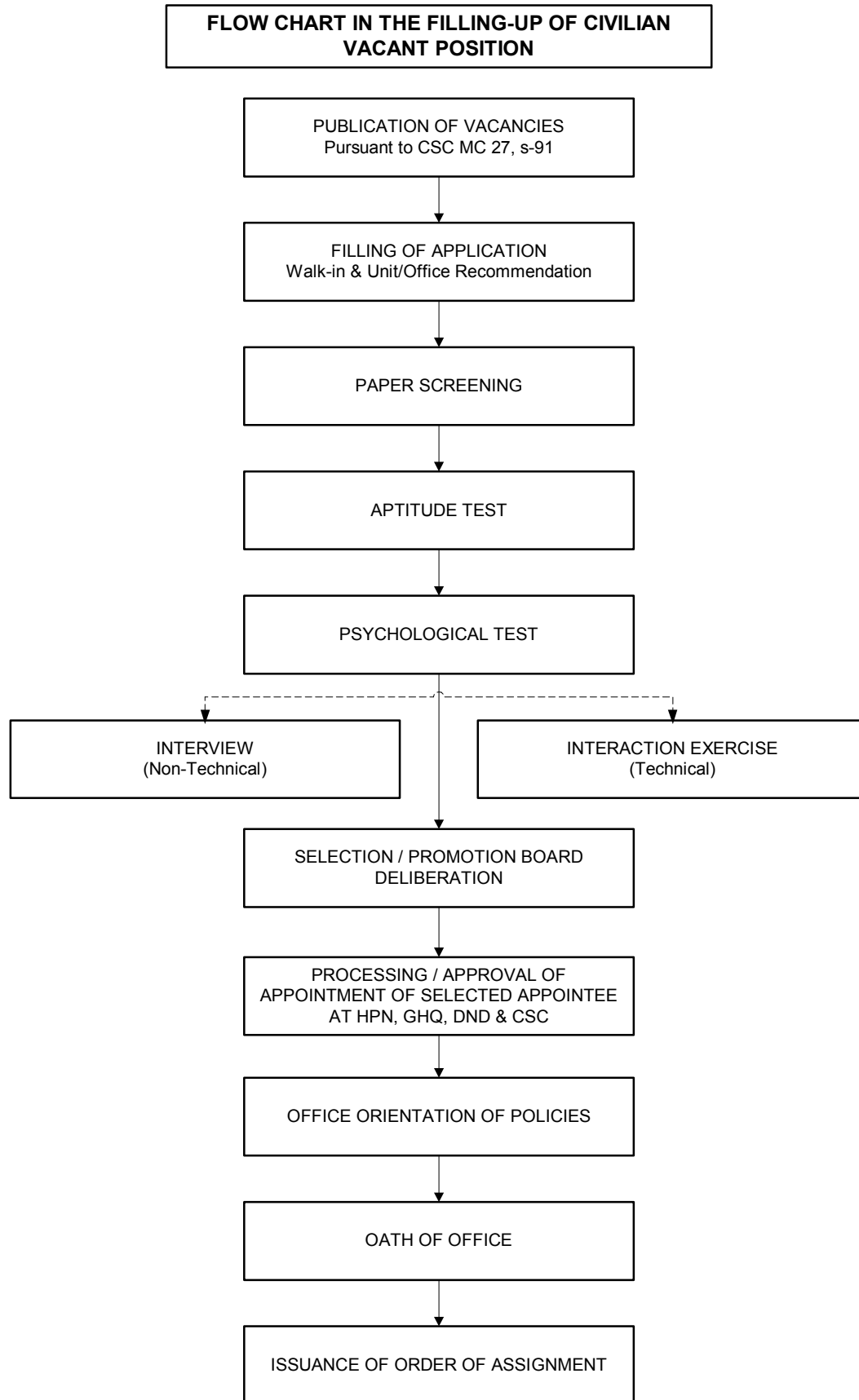


FLOW CHART AND NARRATIVE OF PLACEMENT OR ASSIGNMENT OF PERSONNEL



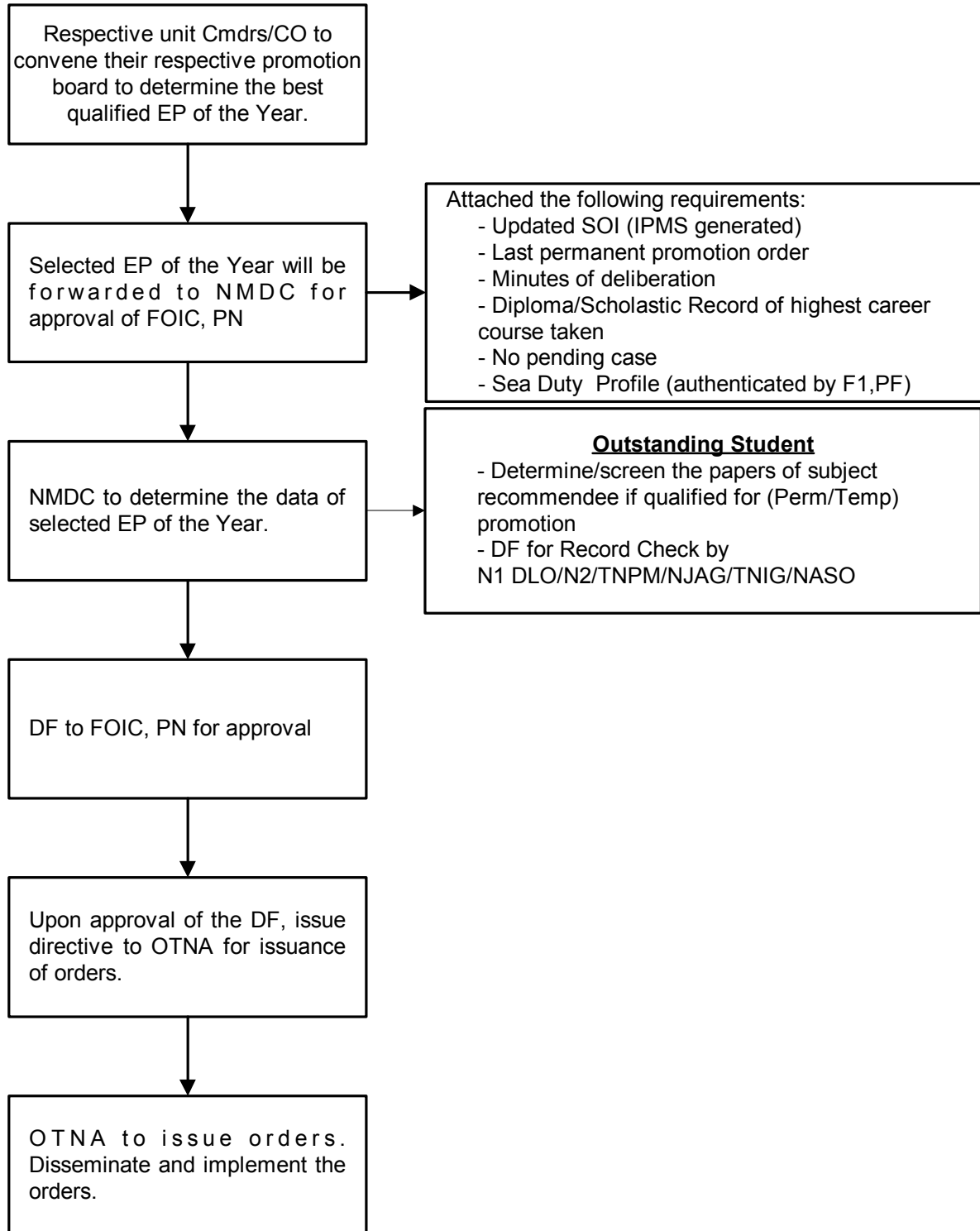
NOTE: Rotation of Personnel is in consonance with HPN Circular Nr 11 dtd 20 Mar 95 (Navy EP Career Development Program) and SOP Nr 11 HPN dtd 29 Jun 05 (Posting of Personnel) and PN Pers Directive Nr 03-73 dated 01 Dec 73.

Posting of Personnel - Specific period within the year where projected assignment of PN Personnel are generated by the Naval Manpower Development Center (NMDC). The first period starts every first Monday of May and ends 16 Oct of the calendar year. The second period starts every first Monday of November and ends every 16 April of the succeeding year.



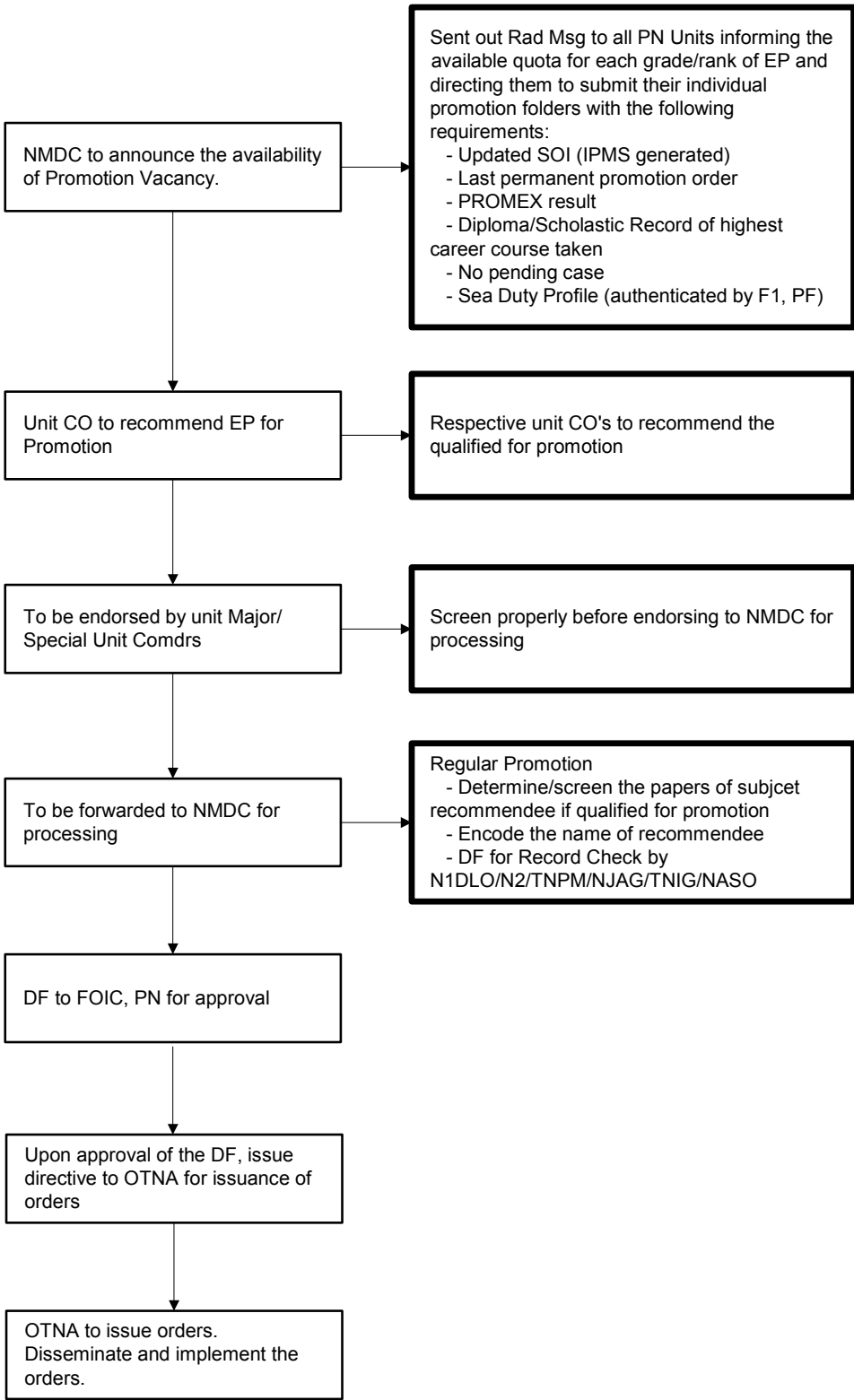


**PROMOTION FLOW CHART SPECIAL PROMOTION
(EP of the Year)**





**PROMOTION FLOW CHART
 REGULAR PROMOTION**





4.2 Assessment

Leadership	HPN	PMC	NASSCOM	NFWM	Team Rating
Agency IDA Rating	5	3	2	3	3
Deployment Rating	70% - 80%	90% - 100%	50% - 60%	70% - 80%	70% - 80%
Validated Rating	2	2	2	2	

Headquarter Philippine Navy

After a thorough discussion on this dimension, the consensus rating of the officers is high “5” with 70% to 80% deployment level; meaning, that approach is deployed in all units/work areas and there is no significant gaps. Although this rating was questioned several times by the assigned assessors, the officers confidently believed that they have satisfied the level of achievements. And even when the required documents were asked to prove their rating, they affirmed that all required documents can be prepared and submitted to the team.

Initially, the assessor accepted the rating but subject to the availability of the documents required for this dimension. It was also reiterated to the officers that this rating will still be subjected to validation at the different sites for which they all approved.

Philippine Marine Corps

After a series of review on the levels of achievement, the group agreed for a rating of “3” with 90% to 100% deployment level; meaning, that approach is deployed in all levels and units of organization. Following are their strengths:

- 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 conducts random checks of the decisions of the Boards.

Likewise, the below weakness was identified:

- The agency has no post employment policy for resigning/retiring personnel.

Naval Sea System Support Command

The consensus rating for this dimension is “2” with 50% to 60% deployment level. The Officers also clarified that in rating 1, bullet 2, that rank and file representative is being represented in the Selection and Promotions Board by the Command Master Chief (since enlisted personnel are represented as well by CMC). However, in the discussion of rating 3, bullet 1, they did not agree on the used of the word “consistently”. They believed that the word should not be used. Likewise, the following strengths were identified:

- The agency employs measures to prevent entry of corrupt employees.
- 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.

Naval Forces Western Mindanao

Consensus rating was 3 with strength only on “Results of performance evaluations and complaints involving moral turpitude are considered in the placement and promotion of employees”.



The following are the weaknesses:

- Bases of decisions on promotions and movements of personnel that deviate from the recommendations of the Boards are documented.
- The agency has no post employment policy for resigning/retiring personnel.
- The agency conducts random checks of the decisions of the Board.

4.3 The Assessors Validated Rating

Recruitment programs are directed toward new employees. It is desirable to give perspective employees information not only about the job but also about those aspects of the organization that affect the individual. Nevertheless, the Agency or the recruiter should, to the extent possible, convey factual information about such matters as pay and promotion policies and practices, objective characteristics of the group the recruit is likely to join, and other information that reflect the recruits concern.

The validated rating in all the sites is "2" because bullets 2 & 4 under rating 3 which states that: "The agency employs measures to prevent entry of corrupt employees" & "the agency has a mechanism to shield recruitment, placement and promotion of personnel from political intervention" were not satisfied or given due consideration. Although a background investigation was made prior to recruitment, it is pre-mature to detect and prevent entry of corrupt individuals. Also, agency has no written proof to shield or safeguard the recruitment, placement and promotion of personnel from political intervention.

The final rating of the team for this dimension is "3" with 70% to 80% deployment level. This is so because of the findings in the CVA that validated the following levels of achievements:

- The policies/guidelines on recruitment, placement and promotion are consistently enforced (e.g. for recruitment, personnel appointments are issued based on the provisions of the agency Merit Selection Plan; agency outside employment policy; 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 the recruitment, placement and promotion process from political intervention.

4.4 Next Steps

The Assessors have noted a number of good practices that would help the PN upgrade in a higher rating. These good practices, if regularly implemented would facilitate improvement of the system. Following are the good practices noted by the assessors:

- Stringent screening process for recruitment and promotion of officers and enlisted personnel
- Political intervention in requirement of officers and enlisted personnel are immediately denied through formal writing
- Waivers (for requirements/qualifications) are no longer accepted

And in order to upgrade in a higher rating, the following areas for improvement have to be addressed by the PN.

- Provide post employment policy for resigning/retiring military personnel
- Establish more control measures on political intervention
- Decentralize/regionalize training units for the career courses



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.

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 AFP-PN's Performance Management System

The AFP has two (2) aspects of performance management evaluation. One is the performance appraisal of individual personnel – officers, enlisted personnel and civilian employees; and the other is the unit/organizational Program Performance Review and Assessment (PPRA) which is the overall analysis of how the unit accomplished its mandated mission and functions.

Performance Appraisal of Individual Personnel

The standard systems and procedures on the performance appraisal of the personnel complement of the AFP – the officers, enlisted personnel and civilian employees are being followed and implemented not only in the Philippine Navy but in the entire components of the AFP.

The personnel complement of the Armed Forces of the Philippines (AFP) is composed of Officers, Enlisted Personnel and Civilian Employees. There is a standard Performance Appraisal System for its military and civilian personnel irrespective of their area of assignment, whether it be at the General Headquarters (GHQ), Unified Commands (UCs), AFP-Wide Support and Separate Units (AFPWSSUs) or at the different Major Service Commands: Philippine Army (PA), Philippine Air Force (PAF) or the Philippine Navy (PN). The systems and procedures of the Performance Appraisal for each type of personnel component of the AFP is published through pertinent policies/circulars, at the General Headquarters (GHQ) Armed Forces of the Philippines, thru its



administrative arm, the Office of The Adjutant General, for general dissemination and implementation of all Major Service Commands, Unified Commands (UCs), Key Budgetary Units (KBUs) and AFP-Wide Support and Separate Units (AFPWSSUs).

For Officers, the AFP Officer Appraisal System is governed by Circular Number 4 dated 5 May 2003, issued and published by GHQ, which rescinded Circular Number 22 dated 14 October 1987. This Circular prescribes the policies and procedures in evaluating and measuring the performance effectiveness and value of an officer to the service including the different report formats to be used for the said purpose.

Enlisted Personnel Evaluation Marks/Performance Evaluation however is governed by GHQ AFP Circular Number 16 dated 13 September 1993. It is designed to provide the AFP with a means of measuring the efficiency and effectiveness of an Enlisted Personnel (EP) in the performance of his job. Its purpose is to enhance professionalism among the AFP Enlisted Personnel and also provides an accurate measurement of performance of EP under them. The Enlisted Personnel Evaluation Marks (EPEM) shall be used as one of the criteria for promotion, reenlistment, schooling (local and abroad), selection for key positions and for retention/separation from the service.

Performance Rating for civilian personnel of the AFP on the other hand is based on the pertinent provisions of Civil Service Commission Resolution Number 991792, dated 11 August 1999, Subject: Revised Policies on the Performance Evaluation System and CSC Memorandum Circular Number 13, dated 17 August 1999, as implemented under GHQ AFP Standing Operating Procedure Number 1 dated 16 January 2001, Subject: Revised Performance Evaluation System for AFP Civilian Personnel.

Grant of Productivity Incentive Benefit (PIB)

As implemented under AFP Comptroller Letter Number 96-06 dated 1 April 1996 in compliance with DBM Circular Letter Nr 3-96 dated 15 January 1996 and DND Circular Nr 27 dated 18 January 1996, PIB is a financial reward given to military and civilian of the AFP for acceptable or exemplary performance which contributed to the attainment of Unit/Office targets and goals as evaluated and determined by the Chief of the Units/Offices of the AFP. Performance includes conduct and behavior in the discharge of the duties of a public office.

The amount of individual incentive that will be paid to deserving military personnel and civilian employees may vary for each personnel depending on their performance as provided for in Sec 3 of Administrative Order Nr 161. However, the total cost of incentive shall in no case exceed the total amount of P2,000.00 per occupied/filled position.

The reference to P2,000.00 per employee shall be for purposes only of determining the total cost of the incentive pay that will be utilized for that purpose and should not be construed to mean prescribing an across-the-board grant of said incentive.

Unit/Organizational Program Performance Review and Assessment (PPRA)

The unit/organizational Program Performance Review and Assessment is one way of gauging the performance of the various units in the AFP. The activity reflects the AFP's goal to facilitate efficient program implementation in an effort to enhance the entire AFP's mission and functions.

The PPRA as a management tool aims to assist the Commanders in their decision making process in order to optimize the utilization of AFP resources. Thus, the PPRA is presented in a more realistic and factual manner. The PPRA also present an analysis of the significant variances between target goals and budget versus actual accomplishments and expenditures.



The result of the PPRA is an important consideration of a unit in its future courses of action as well as in the formulation of the Operating Program and Budget (OPB) for the next calendar year.

General guidelines of the AFP Circular Number 4 dated 5 May 2003 and AFP Circular Number 16 dated 13 September 1993 is attached as Annex ____.

5.2 Assessment

The results of the IDA for the Performance Management Dimension on Headquarters Philippine Navy (HPN), Philippine Marine Corps (PMC), Naval Sea Systems Command (NASSCOM), and Naval Forces Western Mindanao (NFWM) are as shown:

Performance Management	HPN	PMC	NASSCOM	NFWM	Final Rating
Agency Rating	3	3	2	3	3
Deployment Score	70%-80%	90%-100%	70%-80%	50%-60%	70%-80%
Validated Rating	3	3	3	3	

Headquarters Philippine Navy

For HPN, the selected key personnel particularly the central staff and some personal staff who participated in the IDA, arrived at a consensus rating of "3" as they strongly believed that they have satisfied all the indicators required for the levels of achievement for this dimension. However, they admitted that the deployment score is only 70%-80% since not all personnel prepare performance targets and work plans based on the unit goals. Moreover, annual reports are not made available to the public to account for what the agency has accomplished vis-à-vis its targets due to the confidential nature of the naval operations which is true for the entire AFP.

It is interesting to note however, that HPN, although was not able to completely satisfy the indicators for levels of achievement to attain a rating of 4, the agency really links staff performance ratings with the attainment of its targets and level of performance as reported and indicated in their periodic Program Performance Review and Assessment, now Program and Budget Performance Review. This is a procedure already emplaced and made an integral part in the PN's internal control system, hence, must be considered a strength that can be a benchmark for further improving their corruption prevention efforts.

As validated, the IDR Team agreed on the rating of 3 and the deployment of 70%-80%. This rating was further confirmed by the survey result from 97 respondents, which registered a net rating of 1.64 or a highly positive net agreement, which means that the personnel at HPN are fully aware and have understood their performance/work targets. Same is true on the question of giving reward for outstanding performance with a net rating of 1.77 which also a high positive agreement. On the other hand, on the question of providing regular feedback as regards their performance, the respondents gave a net rating of 1.90 or a moderately positive agreement. A net rating of 1.97 was also obtained on the matter of giving yearly performance bonus regardless of how they performed, which is likewise within the range of a moderately positive agreement. Nevertheless, it is noteworthy that majority of the personnel are satisfied with their job as evidenced by the highly positive net agreement rating of 1.64.

Philippine Marine Corps

The PMC gave a self-rating of "3" with a deployment of 90%-100% and they were able to provide proofs that they have fully satisfied the indicators for the levels of achievement for such rating and percentage of deployment. Nevertheless, despite the availability of their annual reports which they provided to the IDR Team, these are not made public due to the secrecy being maintained as regards the results of their operations / accomplishments relative to their unit planned targets. It is worth mentioning that as per their PPRA/Annual Accomplishment Report for CY 2005, PMC awarded 3,103 medals out of 853 programmed; 72 badges out of 450



target; and 41 plaques and trophies. For the 1st Semester, CY 2006, out a program of 396, 69 medals were awarded; 202 badges out of a target of 140 were given and 17 plaques and trophies out 19 programmed were granted.

Despite their failure to reach a rating of four (4), PMC will only have to improve along the area of analyzing the unit's and individual's levels of performances in relation to corruption incidence. As evidenced by their annual accomplishment reports for CYs 2005 and 2006 where they translated the overall staff/functional performance ratings vis-à-vis the attainment of their unit targets and level of performance, the command has more than fully satisfied one of the two (2) indicators/requirements to reach this level of achievement.

Based on the documents gathered and results of the survey conducted on 155 respondents, the IDR Team agreed on the rating of "3" and 90%-100% deployment with due consideration on the overall nature of the mission and functions of the PMC being a combatant unit, since as such, their performance targets/goals for encounters/operations against the enemies of the state and the resulting battle casualties cannot be programmed or set. On clarity of performance targets and rewarding of outstanding performance, a highly positive net agreement rating of 1.64 and 1.77, respectively, were obtained from the survey result. However, on the matters of providing regular feedback regarding their performance and giving of yearly performance bonus regardless of how they performed, a moderately positive net agreement rating of 1.90 and 1.97, respectively, was registered. On job satisfaction, a highly positive net agreement rating of 1.46 was noted.

Naval Sea Systems Command

The NASSCOM had a consensus rating of "2 with a deployment of 70%-80%. The Command considered it as a weakness its failure to make its annual reports available to the public to account for what the unit has accomplished vis-à-vis its targets, hence, they unanimously agreed that their rating should only be "2" instead of a three "3". However, taking into account that the Command's annual reports which are prepared and submitted to HPN for consolidation and evaluation as basis for programming of budget requirements, are considered confidential in nature, which is true to all AFP units, NASSCOM could be given a higher rating of three (3) with the same percentage of deployment.

Additionally, one of the indicators to achieve a rating of "4", which is the linkage of staff performance ratings with the attainment of the unit's targets and level of performance, is already being regularly implemented in the preparation and submission of periodic PPRA reports. Thus, can be considered as strength of the unit. Its failure to analyze the levels of unit and individual performances in relation to corruption incidence in the Command is an area for improvement which can be easily accomplished upon realizing the need for it.

On the grounds of restriction on access to information because of security implication which is a standard consideration for all AFP units/commands, the process owner recommended a rating of "3" instead of the NASSCOM consensus rating 2. Hence, the validated rating of "3" was agreed upon by the IDR Team to be given to the Command. On the survey conducted among 65 personnel respondents majority of whom are civilian employees since the mission and functions of the Naval Sea Systems Command is more technical in nature which requires the employment of technically skilled civilian personnel, the following are the results:

- On clarity of performance targets, the personnel expressed a highly positive net agreement rating of 1.73.
- On rewarding outstanding performance, there is a moderately positive net agreement of 1.85.
- On providing regular feedback regarding their performance, the respondents gave a net rating of 1.97, an implication of little dissatisfaction but still within the scale of a moderately positive net agreement.
- On the giving of yearly performance bonus regardless of their performance, the net rating is 2.03 which is also an expression of dissatisfaction, nevertheless still within the range of a moderately positive net agreement.
- On job satisfaction, the rating is 1.60, a highly positive net agreement the highest rating obtained out of the 5 survey questions on Performance Management, which means that majority of the personnel are happy with their jobs.



Naval Forces Western Mindanao

The NFWM had a consensus rating of "3" with a deployment of only 50%-60%. Except for the annual reports which are not made available to the public on account of the confidential nature of the results of operations which may compromise the Command in the accomplishment of its mandated mission, the indicators to achieve the levels of achievement for the rating of 3 were more than fulfilled by the unit. However, the poor percentage of deployment could be attributed to the lack of officers assigned with the Command to perform staff functions. Presently, NFWM has only 26 officers against an authorized strength of 49, or a fill-up rate of only 53%.

Although the Command was not able to satisfy the two (2) requirements for the levels of achievement to reach a rating of "4", among its strengths lie on the fact that it always link staff performance with the attainment of its targets and level of performance expected of the unit. The results of operations for every functional activity are always monitored through the quarterly, semi-annually and annual Program Performance Review and Assessment consistently being done which is true to all AFP units.

The Program Performance Review and Assessment for First Semester CY 2005 of this Command details how the Naval Forces Western Mindanao actually performed and utilized fund resources made available for the period under review.

On Operational performance, the Command has conducted **15** surface territorial defense operations (TDO) patrols; **8** air territorial defense operations (TDO) patrols; **1,042** internal security operations (ISO) patrols; **196** maritime law enforcement (MARLEN) patrols; **185** maritime air operations patrols. On sealift missions, the Command undertook **202** missions, transported **4,091** military and 804 civilian passengers as well as **2,712.7** tons and **10** tons of military and civilian cargoes. For Maritime Law Enforcement (MARLEN), following were the results of operations: apprehended **29** watercraft engaged in smuggling; confiscated **126,150** sacks of rice; **6,450** sacks of sugar and other assorted taxable goods amounting to **P53.8M**; apprehended eight (8) watercraft for illegally transporting **103,817.68** bd ft logs, **200** tons and **800** sacks of tanbark with an approximate value of **Php 8,424,926.00**; confiscated **13** firearms and **42** rounds of assorted ammunition; confiscated two (2) radio equipment without permit. On illegal fishing, confiscated three (3) bottles of ammonium nitrate; one (1) each air compressor; and one (1) roll compressor hose (confiscated items were turned-over to CGS Jolo by PS38). For illegal entry/poaching, apprehended one (1) Malaysian F/B manned by four (4) Indonesian nationals.

Combat/Ground operations resulted in the surrender of ASG sub commander Mobin Hailil aka Comdr Kahumboh and 13 other ASG members, which also resulted in the KIA of Ismael and Tago Pingli (brothers) during an encounter with the troops O/A 050620H Feb 05 at Landang Laum, Sacol Island, Zamboanga city.

On **TRIAD Operations**, the Command through Naval Task Force 62 (MBLT11) accomplished the following; Apprehended ASG Ulongapo Karim aka Ulongapo and Abdulgani Dulahid for illegal possession of unlicensed firearms and recovered 1 M16 rifle and 20 rds of live ammunition, the surrender of Ben Sano/Saud aka Benladin as one of the abductors of three Indonesian crew last 30 March 05 at vicinity Mataking, Semporna, Sabah, Malaysia, apprehended a certain Alberto T Tamburani of Brgy Pag-Asa, Bongao, Tawi-Tawi in joint operation with MBLT11 and Tawi-Tawi Provincial Police Office for multiple murder and frustrated murder issued by the regional Trial Court of Bongao, Tawi-Tawi.

Other Command directed operation accomplishments (intelligence led) were the following: apprehension of ASG founding-leader Ustadz Namir Jamiri aka Abu Amama on 130530H Jan 05 at Tambulian Island, Pata, Sulu. The latter is listed number 9 in the ASG organization since it was organized in 1990. On 04 Mar 05, a joint operations team composed of NISG-WM, MIG9, ISU9, MARCC-MFS and TF Zamboanga were able to apprehend ASG member Rasidin Mohammad aka Rasam/Rasa/Rasim at 1st Camp Land, Arena Blanco, Zamboanga, a joint counter intel operations composed of NISU-Zambo, NISG-WM supported by personnel of RIID SOG/TG Turista ZAMPEN, PNP were able to apprehend two (2) persons and confiscate 5 units of M16 rifles (SN defaced) and M16 accessories: 79 plastic magazines; 6 prs hand guard; 6 pcs buffer with buffer spring; 6 pcs butts; and 12 receiver at Pambato Forwarders Incorporation bodega located at Veterans Avenue, Zamboanga City consigned to Mr Rodolfo Macapili. On 280500H Mar 05, joint elements of NTF61, NTG Stingray (PS 38), NISG-WM, MIG9, MARCC conducted amphibious raid at Saloro Island, Pilas Island, Lantawan, Basilan which resulted to seizure of



one (1) colored gray speedboat with two (2) 250HP OBM reportedly owned by ASG leader Engr Jainal Antel Sali aka Engr Apong/Solaiman.

Limited result of the Annual General Inspection conducted on NFWM by the Office of The Naval Inspector General in February 2007 regarding the accomplishments of the Command in CY 2006 were lifted/taken as follows:

On Personnel Administration, the programs for MILVED, MILE, Leave, Awards, Rest & Recreation and Commander's Time were accomplished. The administration and utilization of financial resources for the Morale and Welfare was excellent. Funds were used for programmed activities. Moreover, recognition of meritorious deeds and granting of privileges were fairly implemented. On Civilian Affairs, no training program and/or dialogue on latest policies and procedures to achieve effective personnel management were initiated due to unscheduled transfer of responsibilities of the previous HRMO to the current Acting Supervisor.

On Logistics, POL expenditure exceeded the program wherein actual expenditures was 139M against an APB of only 66.6M.

On Environmental Management and Civil Military Operations, all programmed activities were accomplished except Environmental Management in adherence to HPN SOP # 2 dated 15 Jan 05, Subject: PN Base Solid Waste Management.

In the absence of documents relative to the accomplishments of NFWM and due to the limited data that can be picked up from the AGI, performance evaluation of the Command for CY 2006 was made only as far as the availability of the data used.

The IDR Team agreed on the validated rating of "3" and percentage of deployment of 50%-60% due to lack of officers to handle key positions in the Command. Nevertheless, based on the survey results obtained from 50 respondents, the unit has the highest satisfaction rating among the four (4) areas where the survey was conducted, with all five (5) survey questions on Performance Management registering highly positive net agreements, as shown by the following results:

- On clarity of performance targets, the net rating is 1.47.
- On rewarding of outstanding performance, the net rating is 1.72 which is the highest among the 4 units where the survey was conducted.
- On providing regular feedback regarding their performance, the respondents gave a net rating of 1.73 which is again the highest among the 4 units.
- On giving of yearly performance bonus regardless of how they performed, the net rating of 1.81 was again the highest.
- On job satisfaction, the net rating of 1.34 was again the highest which is also an implication that the personnel of the Command are happy and very much satisfied with their respective job assignments.

5.3 The Assessors Validated and Final Rating

Based on the documents validated and gathered from HPN and its three (3) other units (sites) where the IDA and survey were conducted, the Philippine Navy can be given an overall rating of "3" and a deployment of 70%-80% on Performance Management. This rating was agreed upon by the IDR Team considering that the Annual General Inspection Reports resulting from the Annual General Inspections being conducted by the Office of The Naval Inspector General, provide detailed assessment of organizational efficiency and effectiveness, state of morale and welfare of personnel and resource management based on survey, ocular inspection and interviews of majority of the personnel of the units where the AGI is being conducted. Moreover, said rating is further confirmed by the registered results of the surveys conducted by the IDR Team at HPN and its three (3) selected major units/commands (PMC, NSSC and NFWM) with total respondents of three hundred sixty eight (368), with overall ratings relative to the five (5) questions on Performance Management, as shown:



- On clarity of performance targets, there is a highly positive net agreement rating of 1.63.
- On rewarding of outstanding performance, although it still within the scale of a highly positive net agreement rating of 1.78, it almost reached the limit of 1.79 which is the last rating point for said level.
- On providing regular feedback regarding their performance, there is a registered moderately positive net agreement rating of 1.86, an implication of generally slight dissatisfaction on the feedback mechanism system.
- On giving of yearly performance bonus regardless of how they performed, the result is also a moderately positive net agreement rating of 1.96 which is quite low, an implication that there is discontentment on the system of granting the Performance Incentive Bonus (PIB), which apparently, and based on documents gathered, is being distributed at a standard amount irrespective of the performance rating, thereby contrary to the policy and purpose of said benefit.
- On job satisfaction, significantly, the personnel are generally happy and satisfied with their jobs in view of the highly positive net agreement rating of 1.47.

The generally high rating obtained resulting from the survey conducted, is also manifested by the fact that PN has institutionalized the implementation of all pertinent policies which emanated from the AFP General Headquarters as cited and discussed in the preceding paragraphs. Officers, Enlisted Personnel and Civilian Employees are periodically rated in accordance with their individual performances of assigned duties and responsibilities. Based on random sampling conducted, for CY 2006, as a result of deliberations held by the PN EP Meritorious Promotion Board (PN-EPMPB), the following recommendations were made:

- a. Permanent promotion to the next higher rank of ten (1) Enlisted Personnel.
- b. Temporary promotion to the next higher rank of sixteen (16) EPs.
- c. Readjustment to permanent status of the temporary ranks of two (2).

Said personnel were granted meritorious promotion to the next grade on the following grounds:

- a. The services rendered were beyond the normal call of duty and so singular that an award was deemed insufficient to fully recognize the exceptional ability and leadership shown.
- b. The promotion was not an award for a job well done, but rather recognition of their great potential for leadership and/or increased ability in their chosen field as compared to others when exposed to the same situation.

Samples of Officer Appraisal Reports were also obtained as evidence that Individual Performance Appraisal is really conducted. Only samples were obtained due to their confidential nature and since this is one of the major requirements when being considered for promotion.

Likewise, only samples of Performance Evaluation Reports for Officers, Enlisted Personnel and Civilian Employees were gathered.

It was observed however, in the sites visited and PN as a whole, that the units have no consolidated records on the total number of officers, enlisted personnel and civilian employees who were granted Performance Appraisal ratings for each level. Hence, the IDR Team was not able to obtain the data needed.

It was also noted that despite the provisions on the grant of the Performance Incentive Bonus (PIB) that "For military officers, rating shall be based on their regular Officer Appraisal Report (OAR) and Enlisted Personnel Evaluation Marks (EPEM). For civilian employees, the basis is the Performance Evaluation Report (PER)" and "The amount of PIB shall be as follows:"



<u>Adjectival Rating</u>	<u>Numerical Rating</u>			<u>Amount of PIB</u>	
	<u>Officers</u>	<u>EPs</u>	<u>Civilian Personnel</u>	<u>Maximum</u>	<u>Minimum</u>
Outstanding	10	4.6 - 5.0	9.40 - 10.00	P3,000.00	P2,700.00
Superior/Excellent	9/8			2,500.00	2,000.00
Excellent		4.1 – 4.5		-do-	-do-
Very Satisfactory	7	3.6 – 4.0	7.60 – 9.39	2,500.00	2,000.00
Satisfactory	6	3.1 – 3.5	4.60 – 7.59	1,700.00	1,000.00

The PIB granted for CY 2006 was an across the board amount of P2,000.00 for all PN personnel (Officers, EPs and Civilian Employees) irrespective of their Performance Appraisal Ratings which defeated the purpose of such benefit.

5.4 Next Steps

Enumerated below are the recommended points of action for the PN to upgrade its rating to a higher level.

- PN units should have consolidated record of Rating Classification of assigned Officers, Enlisted Personnel and Civilian Employees in the unit as basis for analyzing individual performances in relation to corruption incidence in the area.
- HPN should have a centralized record of Rating Classification of all PN Officers, Enlisted Personnel and Civilian Employees for monitoring purposes.
- PN should implement the policy on the proper granting of Performance Incentive Bonus (PIB) for all PN personnel and not a standard amount for everybody in order not to defeat the purpose of the PIB as stipulated in the policy. Moreover, the practice of granting a standard amount of PIB is creating a discouraging effect on those who are performing their jobs efficiently and effectively since those who are not, are anyway receiving the same benefit .
- Units lacking with officers in key positions must be filled-up to solve the deployment problem/implementation of important policies/concerns that need to be monitored to achieve maximum results.
- The four (4) investigative bodies as well as OTNIA should be strengthened in terms of personnel capabilities and fund support for them to perform their respective mandates/functions more competently.



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.

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.

5.1 AFP-PN's Procurement Management

AFP Procurement Service (AFPPS)

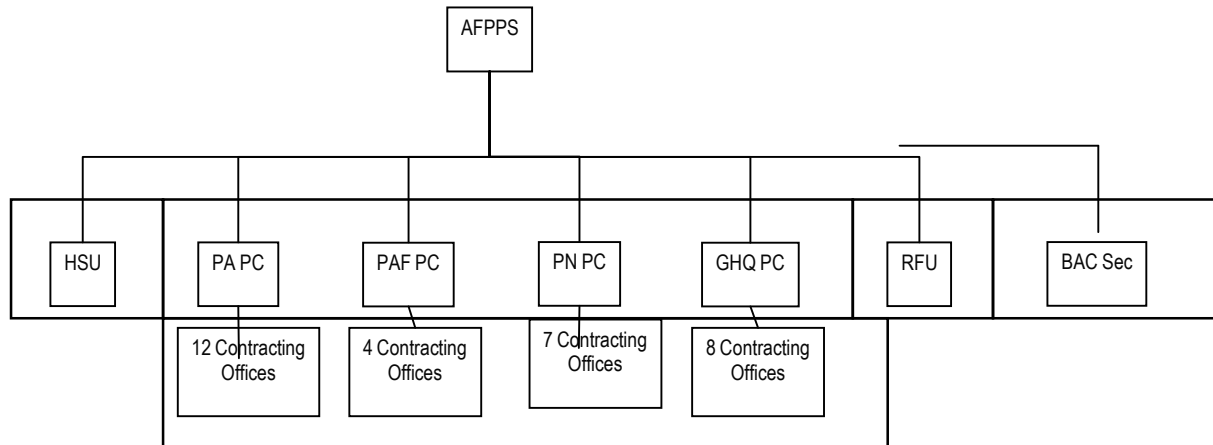
Procurement Management is centralized at the General Headquarters. AFPPS is an offshoot of the AFP force restructuring program. From AFP Logistics Command (AFPLOGCOM), AFPPS provided new leadership to AFP procurement system. In addition, AFPPS restructured procurement framework, policies and procedures. Its mission is "to conduct procurement operations in support of the logistical requirements of the AFP."

Its functions are to:

- Provide administrative support to the AFP BACs;
- Undertake procurements through alternative mode of procurement;
- Prepare the procurement documents;
- Monitor the implementation of contracts, resolutions and other documents in relation to procurement;
- Prepare documents for the payment of duly accepted supplies/services;
- Create, maintain, and update the registry of suppliers, contractors, and consultants;
- Create, maintain, and update a price-monitoring list of goods and services; and
- Administer the Reimbursable Fund Unit.



Below illustrates the structure of AFPPS.



Procurement Centers are housed at the following major AFP Major Services and GHQ.

- PA PC - Fort Bonifacio, Makati City
- PAF PC - Villamor Air Base, Pasay City
- PN PC - Bonifacio Naval Station, Makati City
- GHQ PC - Camp Aguinaldo, Quezon City

With a number of contracting offices.

- PA - 12 Contracting Offices
- PAF - 4 Contracting Offices
- PN - 7 Contracting Offices
- GHQ - 8 Contracting Offices

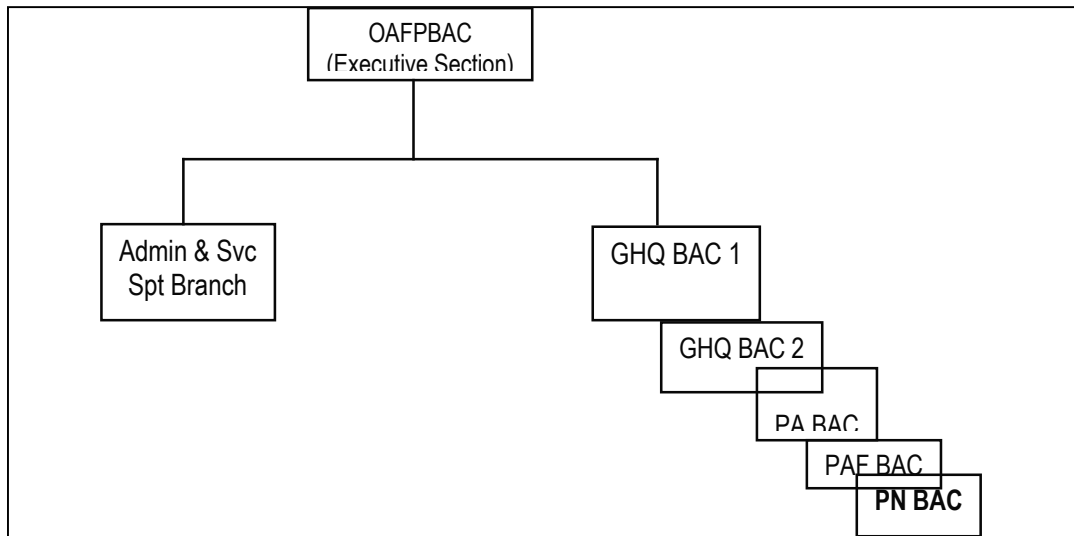
AFP Bids and Awards Committee

The creation and activation of first, GHQ Single Bids and Awards Committee (BAC) was in January 14, 2005 per EO 235 dtd 08 Sep 03. In July 17, 2006, additional BAC was created and activated per Sec 2, DO Nr 12 dtd 05 Apr 06.



Organization

The below shows the organization structure of the AFPBAC.



The Office of AFP BAC “advises the CSAFP on matters pertaining to public biddings in the AFP and shall provide admin support to the members of the AFP BACs.”¹¹ Its specific functions are as follows:

- Coordinates availability of the Chairmen and members of the AFPBACs
- Provides security to the Chairmen and members of the AFPBACs
- Plans, requisitions and manages the logistical requirements
- Plans and oversees the maintenance and repair of the OAFPBAC

On the other hand, the AFP BAC “ensures that all matters elevated by the respective offices/end-user units conform to the standards and procedures set forth by RA 9184 and IRR-A.”¹² It has also the following specific functions:

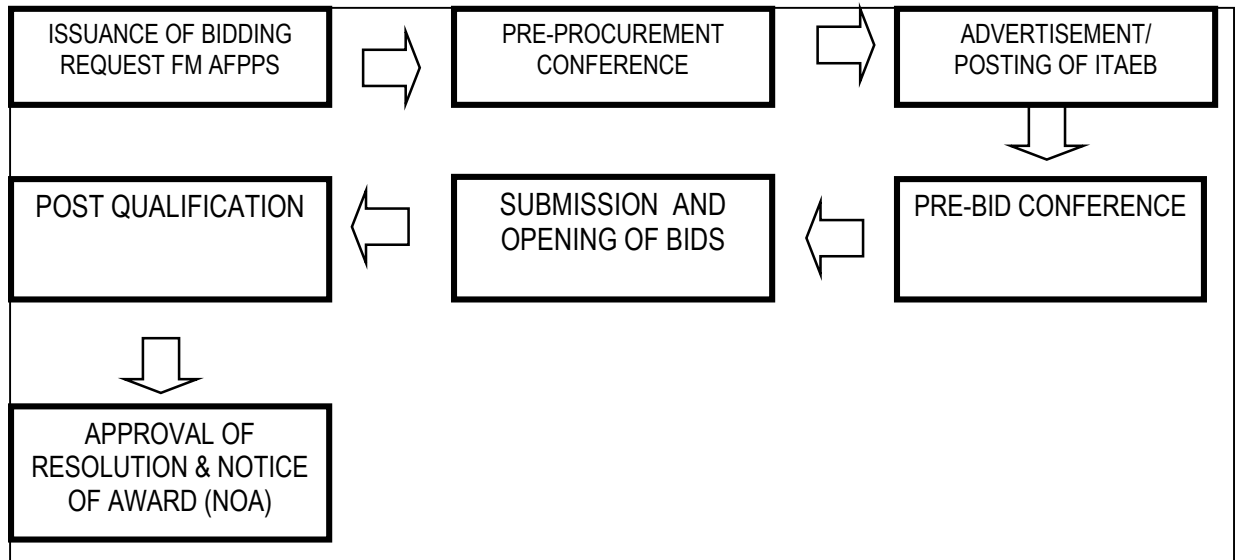
- Advertises and/or posts the invitation to bid, conducts pre-procurement and pre-bid conferences, determines the eligibility of the prospective bidders, receives bids, conducts the evaluation of bids, undertakes post qualification proceedings, resolves motions for consideration, recommends awards of contracts to the head of procuring entity or his duly authorized representative.
- GHQ BAC1 consolidates, evaluates and recommends to the CSAFP for approval of the PPMP/APP, SPP and amendments thereto of various AFP units.
- GHQ BAC1 with corresponding resolution recommends to the head of procuring entity the use of Alternative Methods of Procurement as provided for in Rule XVI, IRR of the RA 9184.
- Ensures that the procuring entity abides by the standards set forth by RA 9184 and its IRR and prepares procurement monitoring reports that shall be approved and submitted by the head of the procuring entity to the Government Procurement Policy Board (GPPB) on the semestral basis.

¹¹ GHQ Staff Memorandum Nr 3 dtd 16 June 2006

¹² *ibid*



Below flow chart and table enumerated the bidding processes and procedures; and bidding timelines per IRR-A of RA 9184.



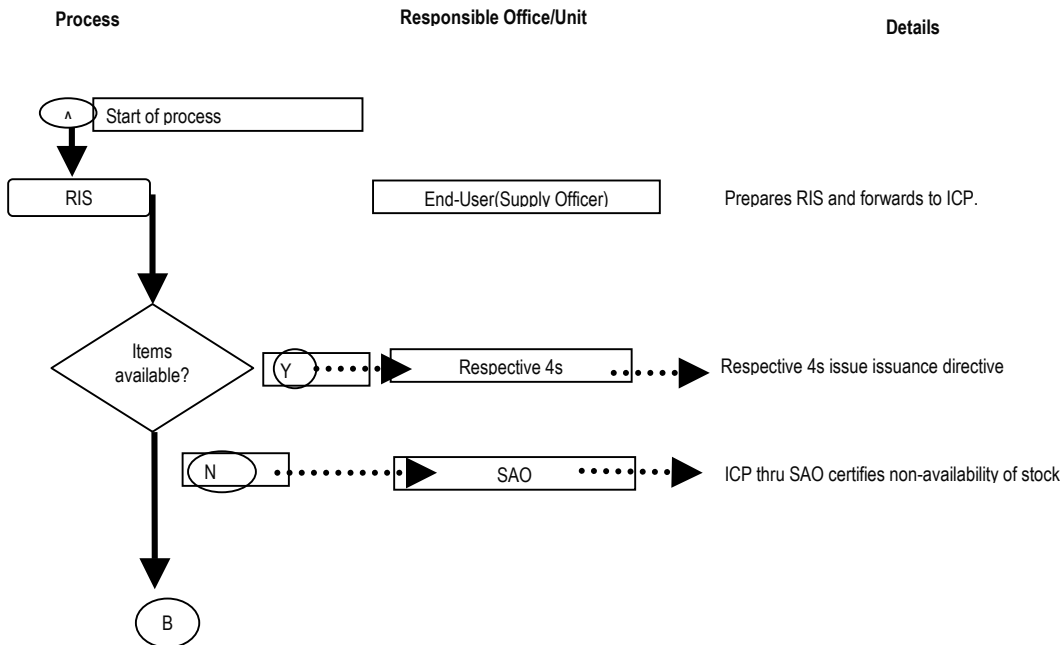
BIDDING TIMELINE (minimum)

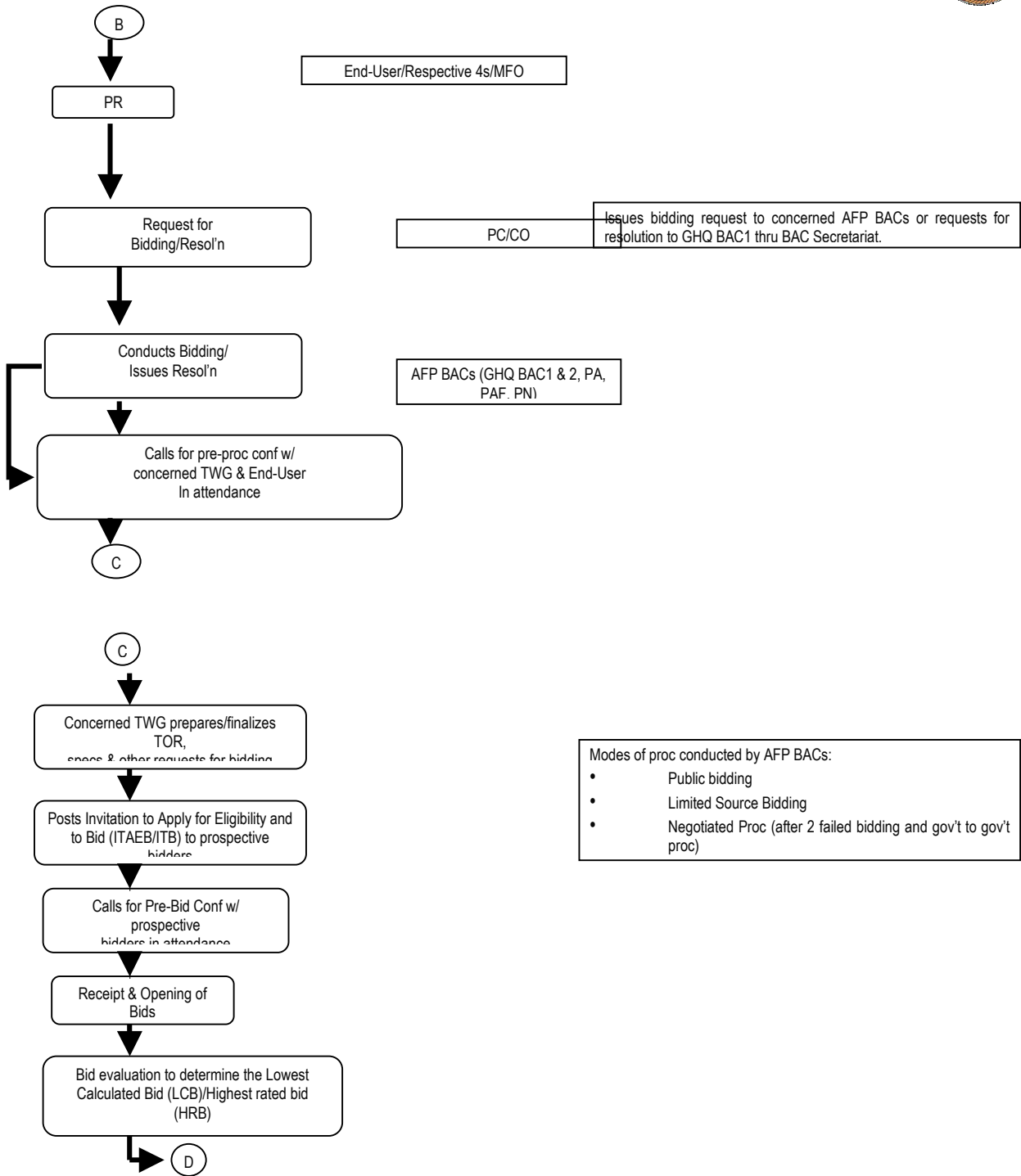
STAGE	ACTIVITIES	DEADLINE	GOODS	CIVIL WORKS	CONSULTING SVCS
1	ADVERTISEMENT		7 CD	7 CD	7 CD
2	LETTER OF INTENT	WITHIN 7 DAYS AFTER AD	N/A	7 CD	7 CD
3	ELIGIBILITY CHECK (CIVIL WORKS AND CONSULTING SERVICES/SHORT LISTING FOR CONSULTANTS)		REFER TO STAGE 6	1 CD	3 CD
4	ISSUANCE AND AVAILABILITY OF BIDDING DOCUMENTS	AVAILABLE FOR AT LEAST 7 CD FM THE DATE OF THE ICE/TAEC	REFER TO STAGE 1	7 CD	7 CD
5	PRE-BID CONFERENCE	12 CD BEFORE SUBMISSION OF BIDS	1 CD	1 CD	1 CD
	REQUEST FOR CLARIFICATION	10 CD B4 SUBMISSION OF BID			
	SUPPLEMENTAL / BID BULLETIN	7 CD BEFORE SUBMISSION OF BIDS			
6	SUBMISSION/OPENING OF BIDS		1 CD	1 CD	1CD
7	BID EVALUATION		1 CD	1 CD	2 CD
8	NOTIFICATION FOR NEGOTIATION		N/A		1 CD
9	NEGOTIATION				1 CD
10	POST QUALIFICATION		1 CD	1 CD	1 CD
11	APPROVAL OF RESOLUTION / ISSUANCE OF NOA		2 CD	2 CD	2 CD
12	CONTRACT PREPARATION AND SIGNING		2 CD	2 CD	2 CD
13	APPROVAL OF CONTRACT BY HIGHER AUTHORITY		1 CD	1 CD	1 CD
14	ISSUANCE OF NOTICE TO PROCEED		1 CD	1 CD	1 CD
TOTAL ESTIMATED EARLIEST POSSIBLE TIME			28 CD	43 CD	48 CD

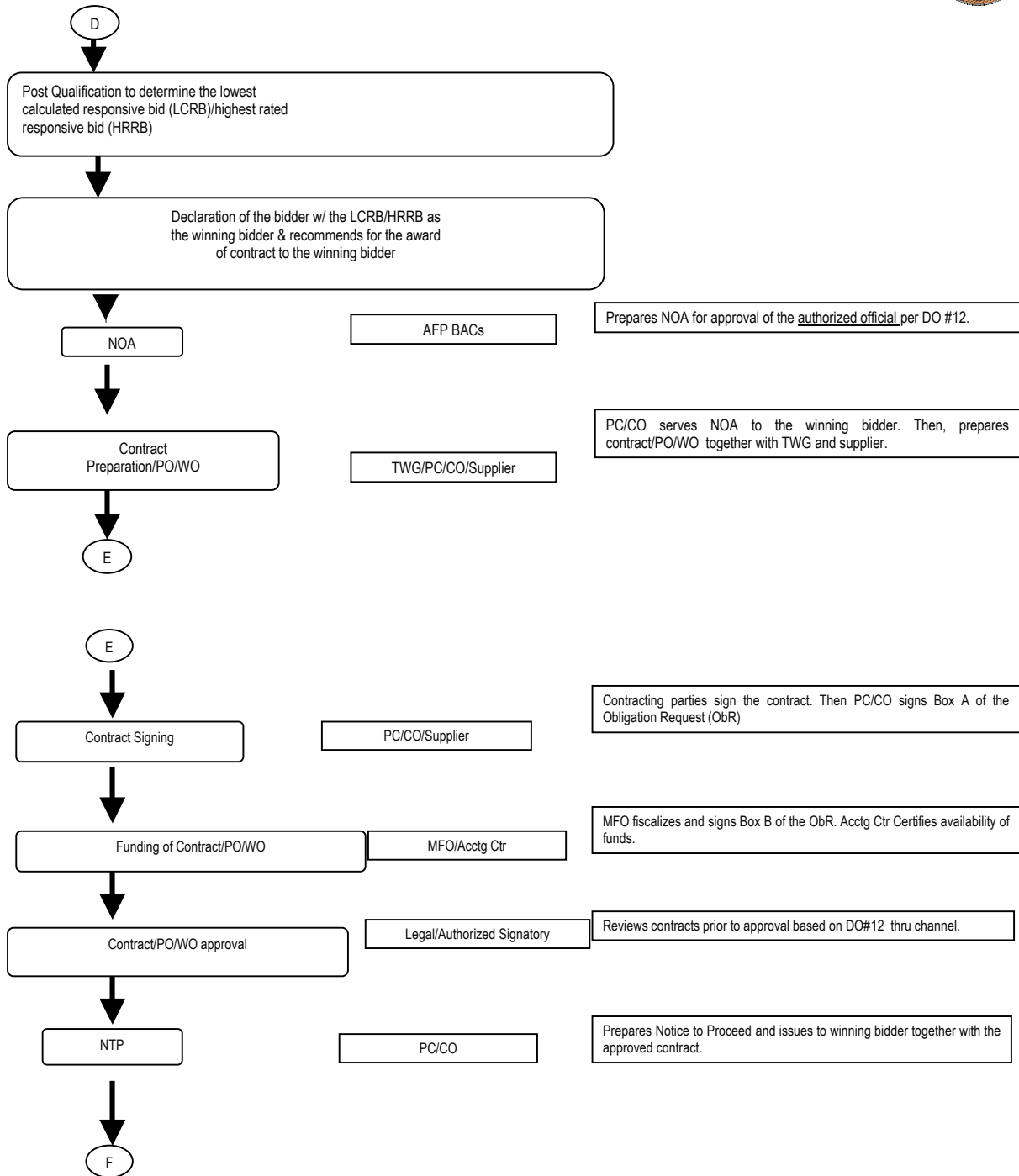


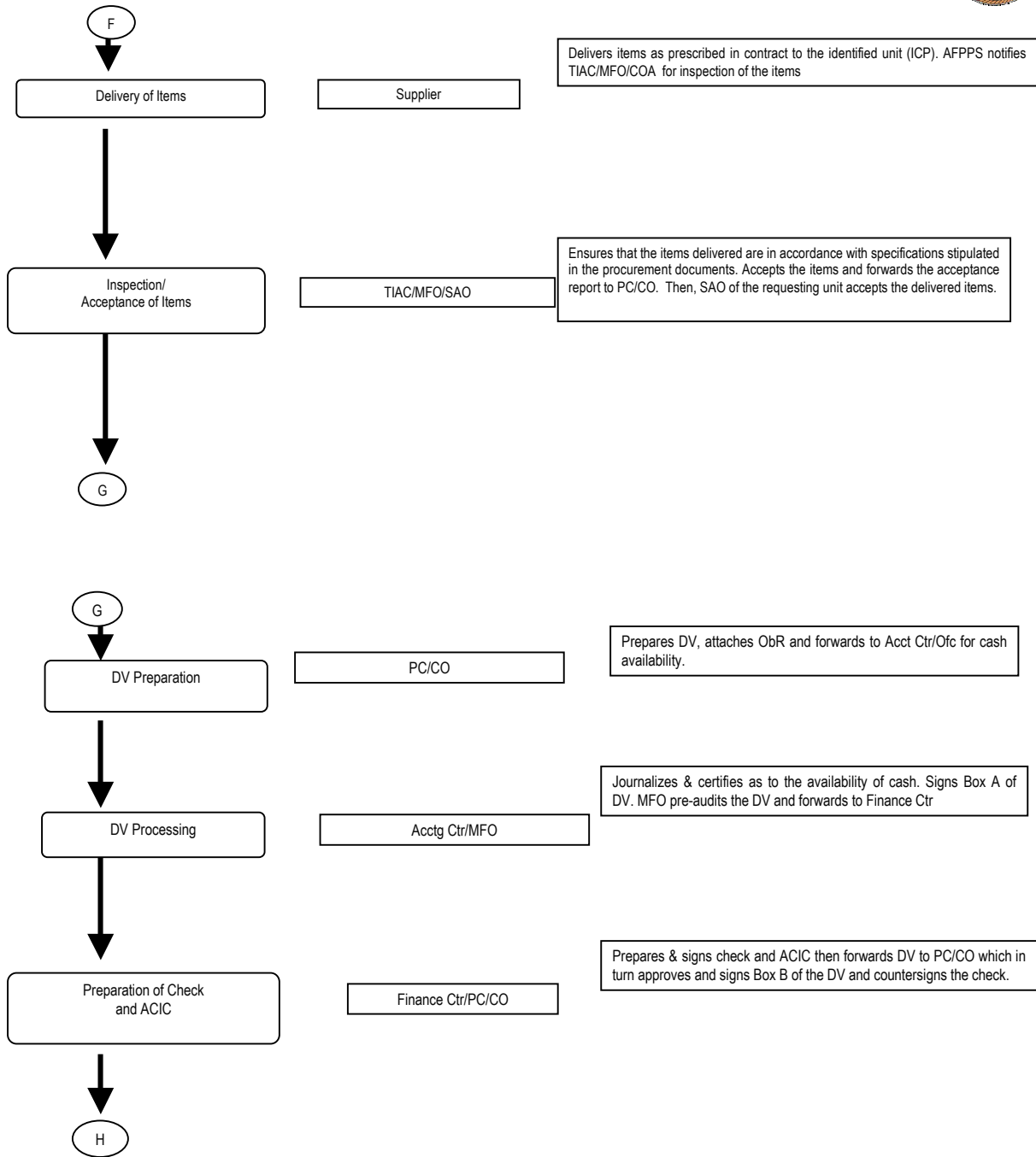
BIDDING TIMELINE (maximum)

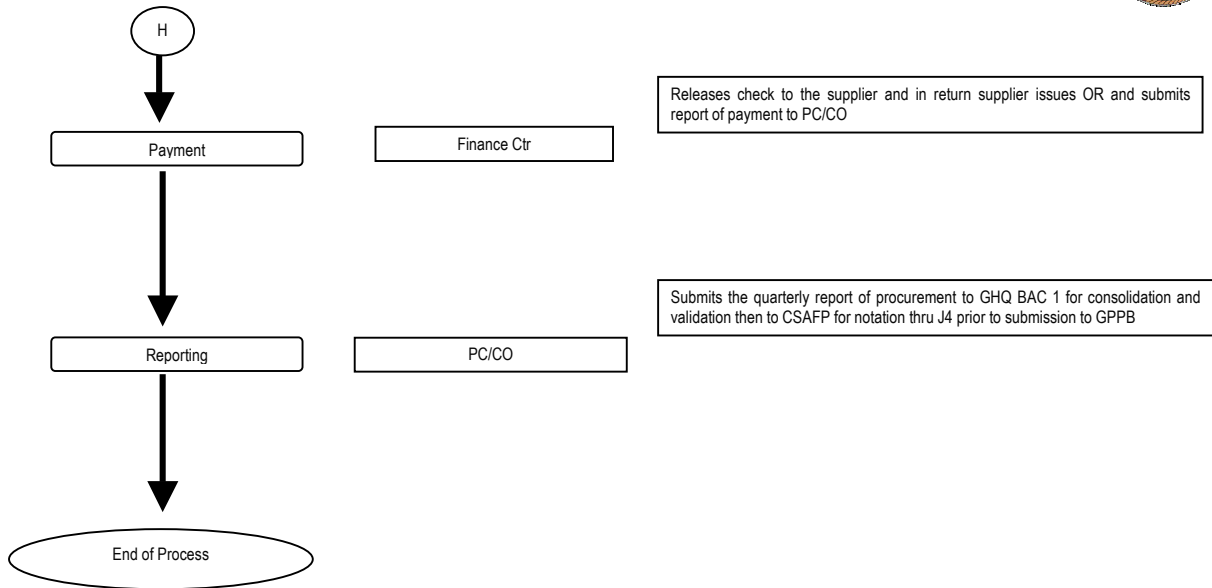
STAGE	ACTIVITIES	DEADLINE	GOODS	CIVIL WORKS		CONSULTING SERVICES	
				ABC 50M AND BELOW	ABC ABOVE 50M		
1	ADVERTISEMENT/POSTING OF IAEB						
2	LETTER OF INTENT	WITHIN 7 DAYS AFTER AD	N/A	7 CD	7 CD	7 CD	
3	ELIGIBILITY CHECK (CIVIL WORKS AND CONSULTING SERVICES)/SHORTLISTING FOR CONSULTING SERVICES)		REFER TO STAGE 1	3 CD	3 CD	20 CD	
4	ISSUANCE AND AVAILABILITY OF BIDDING DOCUMENTS	AVAILABLE FOR AT LEAST 7CD FROM THE DATE OF ISSUANCE		30 C	36 C	50 C	60 C
5	PRE-BID CONFERENCE	12 CD BEFORE SUBMISSION OF BID	1 CD	1 CD	1 CD	1 CD	
	REQUEST FOR CLARIFICATION	10 CD BEFORE SUBMISSION OF BID					
	SUPPLEMENTAL/BID BULLETIN	7 CD BEFORE SUBMISSION OF BID					
6	SUBMISSION/OPENING OF BIDS		1 CD	1 CD	1 CD	1 CD	
7	BID EVALUATION		7 CD	5 CD	7 CD	23 CD	
8	NOTIFICATION FOR NEGOTIATION		N/A			3 CD	
9	NEGOTIATION		N/A			10 CD	
10	POST-QUALIFICATION		7 CD	7 CD	7 CD	7 CD	
11	APPROVAL OF RESOLUTION/NOA		7 CD	4 CD	7 CD	7 CD	
12	CONTRACT PREP & SIGNING		10 CD	10 CD	10 CD	10 CD	
13	APPROVAL OF CONTRACT		15 CD	5 CD	15 CD	15 CD	
14	ISSUANCE OF NOTICE TO PROCEED		3 CD	2 CD	3 CD	3 CD	
TOTAL MAXIMUM PERIODS			80 CD	70 CD	100 CD	139 CD	





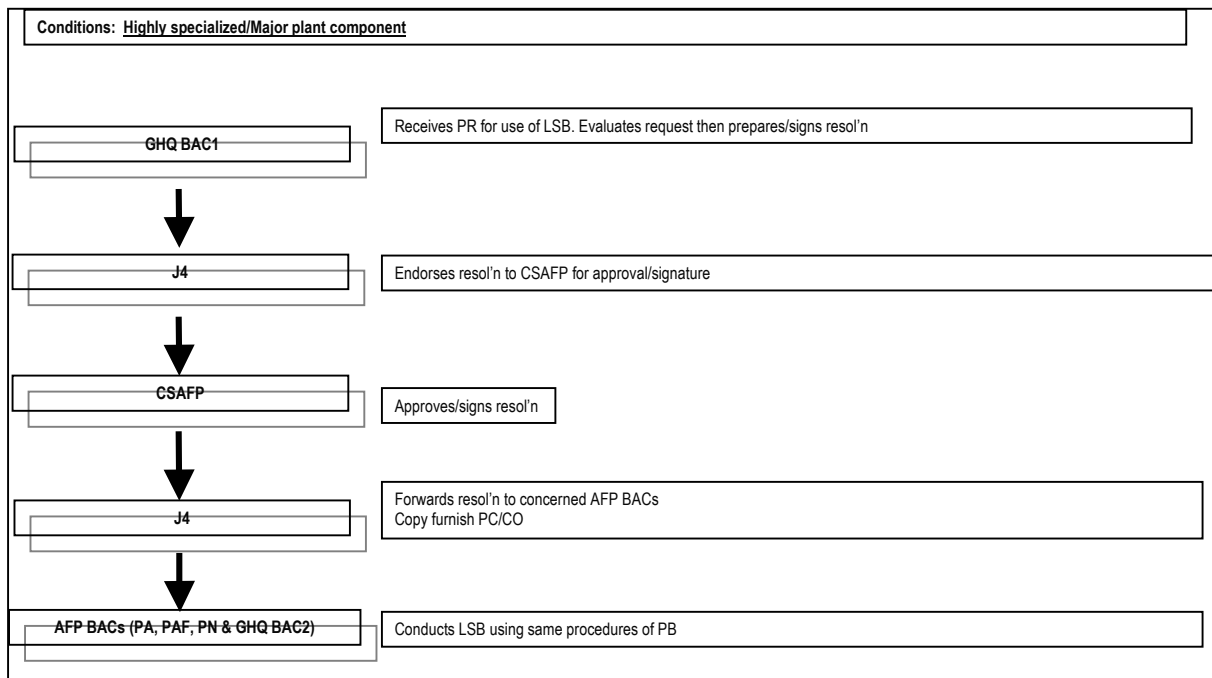






Limited Source Bidding

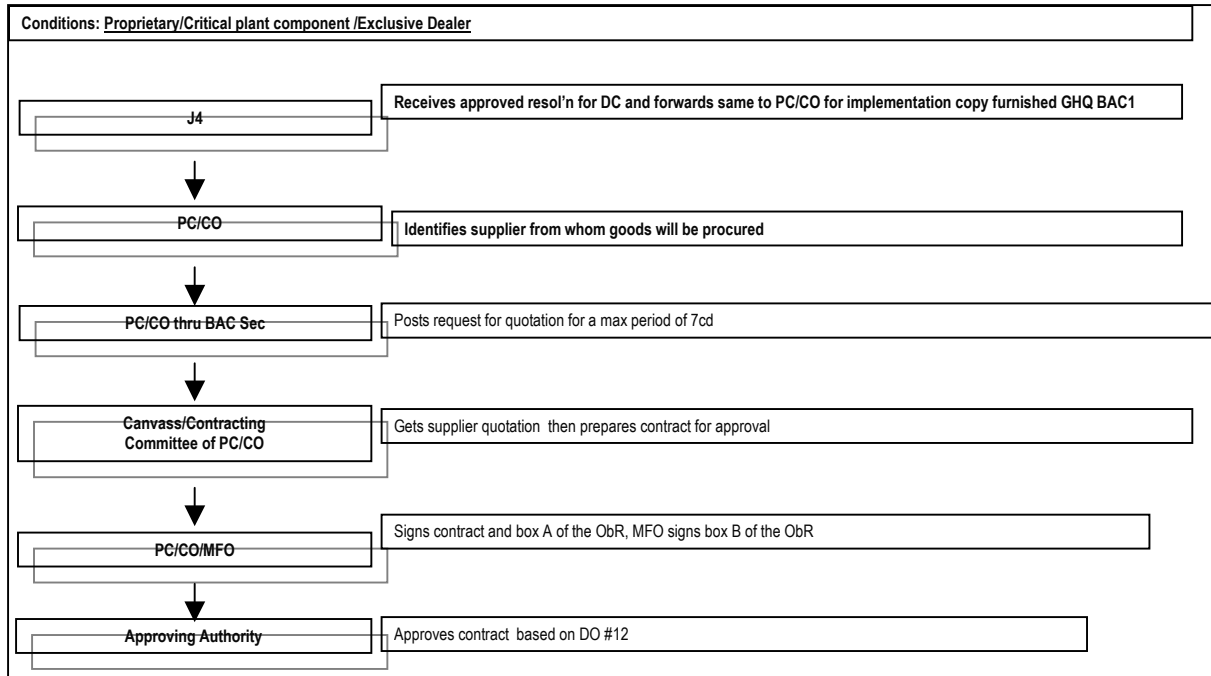
There are certain conditions wherein the AFPPS resort to the other modes of procurement as authorized in ARTICLE XVI OF RA 9184. For limited source bidding, otherwise known as selective bidding, a method of procurement that involves direct invitation to bid by the procuring entity from a set of pre selected suppliers or consultants with known experience and proven capability relative to the requirements of a particular contract; and this follow the below process and procedures.





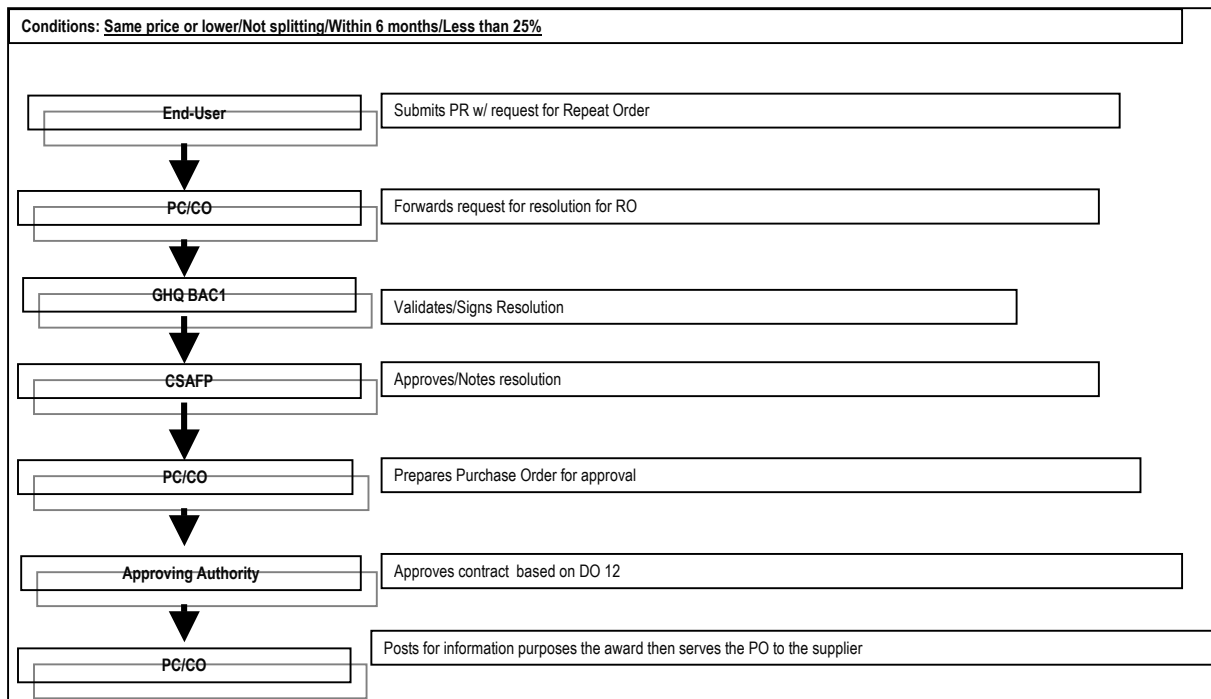
Direct Contracting

The direct contracting is also known as single source procurement in which the process does not need elaborate bidding documents because the supplier is simply asked to submit a price quotation or a pro-forma invoice together with the condition of sale, which offer may be accepted immediately after some negotiations.



Repeat Order

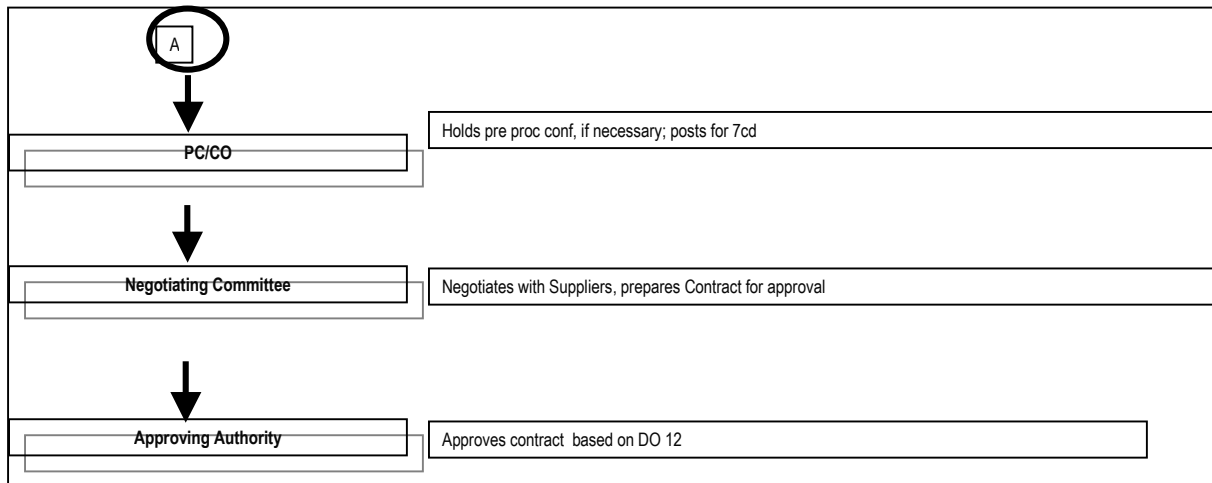
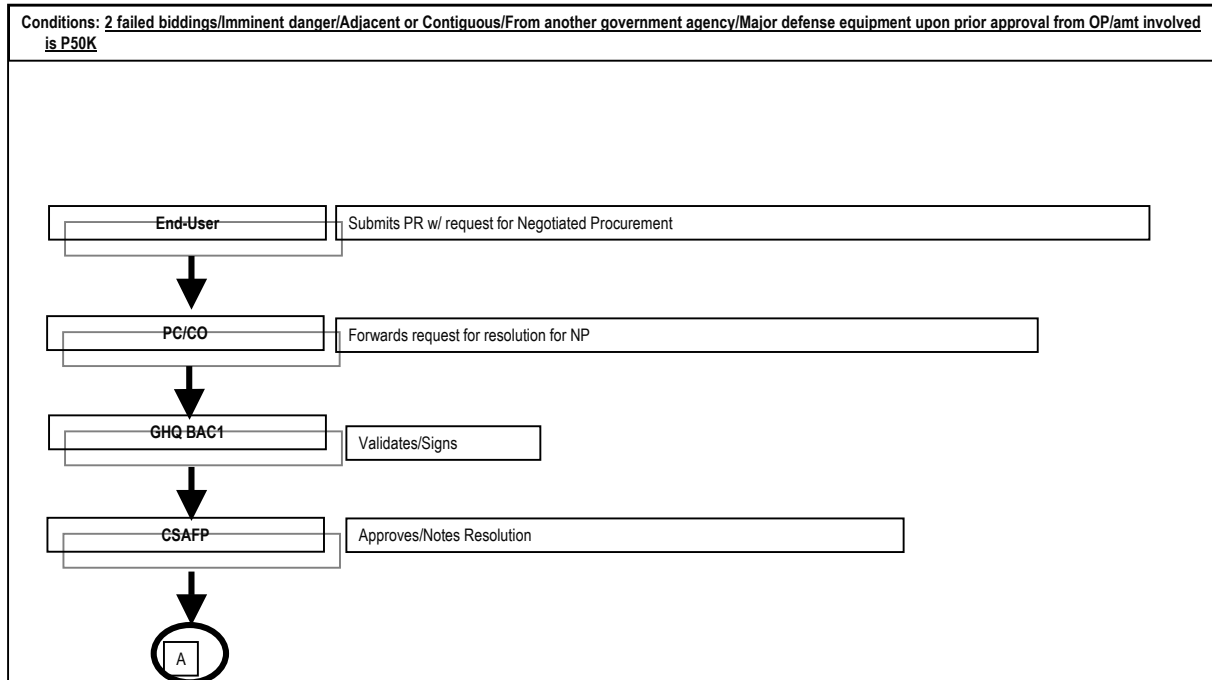
The repeat order involves a direct procurement of goods from the previous winning bidder, whenever there is a need to replenish goods procured under a contract previously awarded through competitive bidding.





Negotiated Procurement

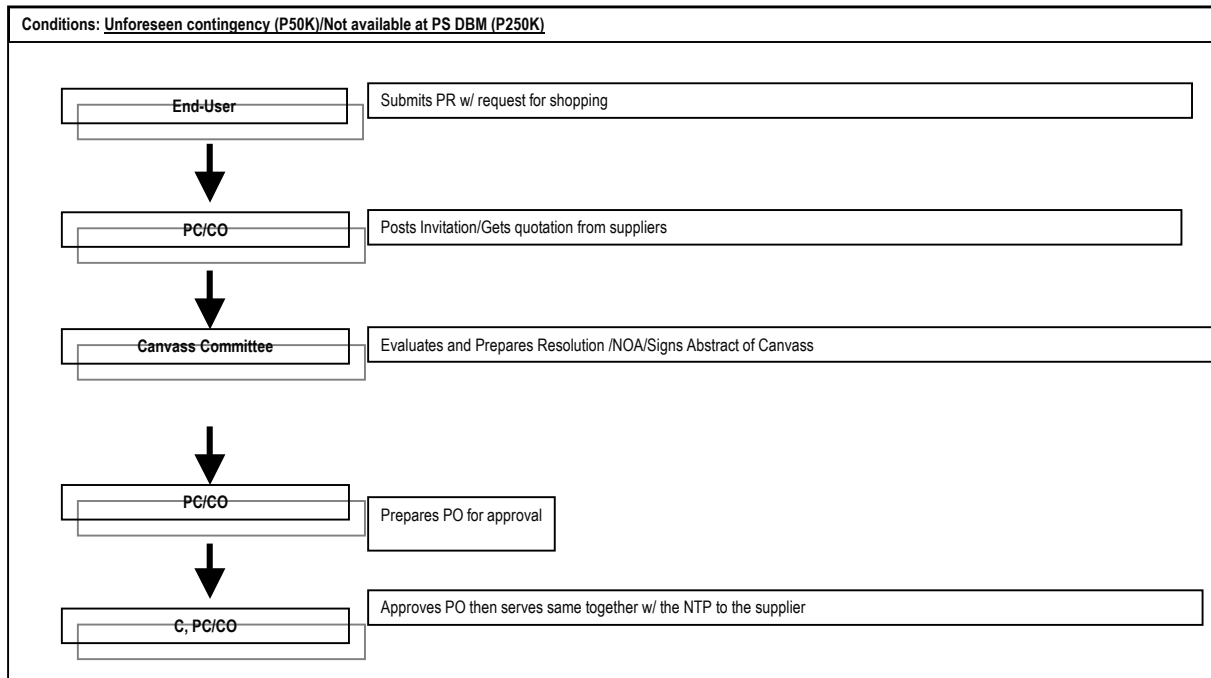
The negotiated procurement may be resorted to under extraordinary circumstances provided for in SEC 53 OF RA 9184, whereby the procuring entity directly negotiates a contract with a technically, legally and financially capable supplier, contractor or consultant.





Shopping

The procuring entity simply request for the submission of price quotations for readily available off-the-shelf goods or ordinary/regular equipment to be procured directly from the suppliers of known qualifications.



Assessment on the creation and activation of AFPPS

By and large, the unit fared well in accomplishing its desired administrative and operational targets. On Organization, all of our four (4) Procurement Centers, four (4) of 31 Contracting Offices, and the five (5) BAC Secretariats were activated and made operational during the last quarter of 2006 and the rest of the contracting offices on 1 January 2007. As of now, the AFPPS are looking into the possibility of merging some Contracting Offices which are located in contiguous areas to be more cost-effective.

Notwithstanding the low personnel fill-up, the 95 Officers, 291 EP and 137 Civilian employees for a total of 523 has attained a 59% fill-up for a readiness condition of R-2 (mission capable) as compared to 31% in 2005. Fitness of the AFPPS personnel to their assigned positions was greatly enhanced especially with the conduct of continuous training, Simulation and Workshop on Centralized Procurement and information drive to all personnel who are involved in the procurement process both in the organic and end-user units.

For the facilities and equipment, the unit relied mainly on the equipment and facilities of the former AFP LOGCOM and of the Major Service procurement offices. The capital outlay for 2007 was programmed for the initial equipment (computers and printers) of the units. The AFPPS had to wait for the compliance of the Major Services to the previously issued higher headquarters directive on the immediate turn over of these equipment and facilities to the unit.

Significantly however, the unit was instrumental in closing 1,088 purchase orders, work orders, and contracts worth Php 1.4B. This generated for the AFP a modest savings of Php 118M. The same report also showed a sharp increase in public bidding as the most used mode of procurement worth around Php633M while shopping had gone down to a mere Php 83M. Translating this into the intangible, the AFPPS foresee a wider acceptance among the AFP units of the procurement reform.



5.2 Assessment

Leadership	HPN	PMC	NASSCOM	NFWM	Final
Agency IDA Rating	4	3	3	1	3
Deployment Rating	70%-80%	30%-40%	70%-80%	10%-20%	50%-60%
Validated Rating					



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.

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 analysed 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 AFP-PN's Financial Management System

Budget Preparation

The task of preparing the AFP Budget is the responsibility of the Program Directors and Project Administrators. It begins with the receipt of "Budget Call for Estimates" a document reminding the AFP to prepare budget in accordance with approved over-all budget ceilings and parameters from the DBM which contains the following informations:

- a. Budget Framework;
- b. Economic Fiscal Targets;
- c. Policy Guidelines;
- d. Submission of Requirements and Timetable; and
- e. Budget Preparation Calendar.

The AFP PPBG document is then prepared and issued by PBAC chaired by J3 to supplement the DBM guidelines in the preparation of the national budget. Based on the budget preparation calendar issued by DBM, the AFP Programming and Budgeting Activities is set to conform with the budget cycle. After the dynamic



preparations of estimates, to proposed AFP Budget is presented to Chief of Staff, Armed Forces of the Philippines and Secretary of National Defense. The approved budget proposal is submitted to DBM thru DND in prescribed DBM format using the AFP Budget Structure.

The Baseline Budgeting Approach shall be used by the AFP in the formulation of the AFP Budget. The baseline budget requirement is issued by DBM and will be computed in line with the Medium Term Expenditure Frameworks (MTEF).

Technical Budget Hearings are conducted by the DBM together with the Secretary of National Defense, Chief of Staff, AFP, Commanders of the Major Services, and other resource personnel to review and validate the budgetary proposals of the AFP. This provides opportunities for the AFP representatives to explain and defend their budget estimates. (In addition, to these hearings) **the conduct** of Preliminary and Final Evaluation Review Board (PERB/FERB) of DBM officials Technical Staff familiarizes with the agency's plans and programs and thus aid them decisively in integrating the AFP's objectives to the total national goal. The Department of Budget and Management submits the proposed budget to the President.

Budget Execution

Upon publication of the GAA. The AFP shall prepare the Final Program and Budget Guidance (FPBG). Based on the FPBG, the AFP shall prepare the Operating Program and Budget (OPB).

Moreover, GHQ/Major Services in consultation and coordination with DBM, shall prepare their respective overall budget Plan using the Agency Budget Matrix (ABM) format as basis for the release of obligational authority by the DBM.

Upon receipt of the copy of the obligational authority, GARO/SARO from the DBM, AFP may enter into contract or bind the government into an obligation to pay a certain sum of money in accordance with existing accounting rules and regulations. The GARO/SARO shall remain valid up to the end of the budget year. However, GARO/SARO covering allotments for capital out-lays or items treated as continuing appropriations shall remain valid up to the end of the succeeding year.

GHQ/Major Services shall prepare an annual Cash Program which shall serve as the basis of DBM in determining the cash allocation requirement vis-à-vis available obligational authority.

The NCA's are issued on a monthly basis corresponding to the financial requirement of the GHQ and Major Services as indicated in their Annual Cash Program. The NCA specifies the maximum amount of withdrawal that a unit can make from its depository bank which is the Land Bank of the Philippines for the month indicated.

The Deputy Chief of Staff for Comptrollership, J6 and Comptrollers of Major Services and Key Budgetary Units upon receipt of the GARO/SARO, issues Allotment Advice/Sub-Allotment Advice to their subordinate units designated as Project Administrators, the basis of which is their approved OPB. Corollary to this, the Notice of Transfer of Allocation (NTA) is issued to cover fund requirement of their subordinate units.

Budget Accountability

This last phase of the budget cycle consists primarily of periodic reporting by AFP units/offices of performances under their approved budgets, management control of the **units/offices' activities** and fiscal and policy formulations as guided by auditing, accounting regulations and AFP management policies



The following reports are required in the accountability phase by the AFP:

a. Physical Report of Operations

The Physical Report of Operations (Budget Accountability Form Nr 305) **is submitted** quarterly, semi-annually, and annual by the Major Services/Unified Commands and AFPWSSUs to DCS for Comptrollership, J6 for consolidation and subsequently forwarded to the Department of Budget and Management (DBM) to evaluate the performance of the Unit/Office.

b. Program Performance Review and Assessment (PPRA)

PPRA is the self-analysis of a unit without the intervention of outside observers. It is a cost effectiveness analysis of the program resources consumed to result to a change or beneficial outcome whose basis is the authorized unit operating program budget document.

The PPRA shall be undertaken quarterly on a cumulative basis with the semi-annual PPRA document containing the first and second quarters and the annual report covering the four quarter of the calendar year. It shall use the comparative method of analysis of the desired objectives compared with the actual **outcome** of performance of the programmed resources in addition to functions and/or activities as against the actual consumption or application. The comparison shall be in term of volume unit of measurement and in peso value of expenditures. In case of objectives not clearly stated, the resources, function and/or activities become the surrogates for determining the cost effectiveness indications.

c. Management Audit

Management Audit is a tool used to determine the following:

1. Whether the entity is managing and utilizing its resources (such as personnel, property, space) economically and efficiently
2. The causes of inefficiencies or uneconomical practices, and
3. Whether the entity has complied with laws and regulations concerning matters of economy and efficiency.

It focuses on the relationship between resource inputs and product or service outputs and examines the economy and efficiency with which resources are acquired, managed and used by an entity. In the AFP Management Audit, it is defined as “the comprehensive and constructive examination of the organization structure of a unit and its components, the organization plans and policies, financial controls, its method of operation, and the use of human and physical facilities.” It serves as a **check** in the abilities of management at all levels.

The main objective of the management audit is to reveal the defects or irregularities in any of the elements examined in that portion of the organization that is under study and to indicate possible improvement. A management audit may cover a unit as a whole or an organizational component down to the lowest level of supervision.

The **conduct of such service** is designed to determine potential danger spots, thereby highlighting opportunities to eliminate waste or unnecessary loss. It is a necessary means of ascertaining whether or not



national and local government regulations adhered to, of assuring management that office policies and procedures are complied with.

d. Pre-Audit/Fiscal Control

Pre-audit or fiscal control is the examination of a financial transaction before payment whether through cash, warrants, checks or other instruments. With the withdrawal of pre-audit by COA except for certain transactions mandated by law, the AFP management assumed full responsibility for the propriety of transactions entered into by its units/offices. In this regard, Major Service Commanders shall strengthen the review procedures of the Comptroller, Accounting, Finance and Logistics offices. In lieu of the COA pre-audit, the management staff or fiscal control assistants under the AFP Comptrollers shall perform final examination or fiscal control on AFP financial transactions prior to payment. The management staffs of the Major Services and other AFP units shall fall within the purview of PEMRAD, OJ6 with regards to technical matters, standardization and monitoring of fiscal control activities. The management staff and fiscal control assistants shall be selected by the comptrollers based on their knowledge of auditorial procedures, integrity, and mission orientation.

e. Post-Audit

Post-audit is the examination of a financial transaction after payment and the recording thereof. It involves the tracing of the transaction to the pertinent books of accounts. The scope of the post-audit/work embraces the **three components of comprehensive audit** namely: **financial compliance, efficiency and economy, and program results of effectiveness**. With the issuance of COA Cir Nr95-006 dated 18 May 1995, subject "**Total Lifting of Pre-Audit on Government Transaction,**" COA now focuses on the post-audit. This post-audit activity is carried through the **Certificate of Settlement and Balances**. The Certificate has been devised to **apprise** the accountable officer and the Head of the Agency concerned of any deficiency found in the audit and settlement of the former's account and of giving him an opportunity to explain such deficiencies promptly. It enables the COA to determine the disallowances found in the audit of the accounts as well as the official or officials liable thereof.

GHQ and Major Services shall submit periodic reports to the Office of the President, copy furnish the Department of Budget and Management, and the Department of Finance on the status of funds utilization in accordance with the provisions of DBM Circular Letter No. 92-6 dated 27 June 1992.

On Naval Management and Fiscal Letter Nr2007-01 subject: Fiscal Control of PN Financial Transactions prescribes the policies and procedures in order to ensure fiscal control on PN transaction in line with the establishment of the Procurement Service (PS) in the AFP-----

The Headquarters Philippine Navy scored 3 in consensus rating for financial management in Integrity Development Assessment. As a Major Service Command of the Armed Forces of the Philippines, the Director, Naval Management and Fiscal Office is the overall Program Director on budgetary operation and fiscal control for the Philippine Navy including the Philippine Marines. All required financial recording and reporting by the AFP and other agencies (Congress, DBM, DND, COA, LBP) are regularly submitted and complied with as basis for succeeding fund releases as well as monitoring of fiscal and auditing controls.

Its strength is highlighted in its playing a significant role in Program and Budget Performance Review (PBPR) in coordination with Naval Staff for Operations (N3) and Program and Budget Advisory Council (PBAC) aimed to assess organizational performance, accomplishment and actual budget. The said management tool is very effective in determining organizational efficiency and effectiveness based on allotted budget.

COA Audit Report for CY 2005 on Unliquidated Cash Advances, Unrecorded Receivables, Unrecorded Receivables Insurance Proceeds, Undelivered Procurement from the PS-DBM, Unreconciled Records of the Supply and Accounting Units, Inaccurate Balance of Gasoline Oil and Lubricants Inventory and Guaranty Deposits, Unreliable Balances of PPE Accounts, non-provision of depreciation of PPE, Procurement not in conformity with RA 9184 in getting the most advantageous price. Said findings had already been corrected and monitored for CY 2006 onward in order to ensure adherence to existing financial controls on PN transactions.



results of the review of the existing financial system are regularly reviewed as vital indicator of institutionalizing financial reforms in the AFP through recommendation of the Philippine Navy.

NATURE OF EXPENDITURE

<u>CY</u>	<u>PS</u>	<u>MOOE</u>	<u>CAPITAL OUTLAY</u>	<u>TOTAL EXPENDITURE</u>
2005	P 5,799,681,000.00	P 2,135,542,000.00	P 10,000,000.00	P 7,945,233,000.00
2006	7,324,833,012.01	2,484,785,981.00	301,240,437.00	10,347,665,910.64

PN total appropriations for CY 2006 increased by 31% or P 2,502,432,910.64 as compared to CY 2005 budget. A big slice of the budget 71% goes to PS fund while the remaining 24% goes to MOOE. The other hand capital outlay fund increase by 2912% or P 291,240,437.00 from 10,000,000.00 in CY 2005. However, the increase is insufficient enough to support the various equipment requirement of the PN and PM in order to maintain the operational readiness and capabilities, Policy guidelines on receipt income and expenditures are specified in General Provisions, General Appropriations Act (CAA) for certain calendar year. Likewise, Special Provisions applicable to the AFP indicate limitation on the use of training appropriations for payment of Death Gratuity and Disability Pensions of Reserve Officers Training Course (ROTC) Cadets and Reservists, allowances of Civilians utilized during Military Operations, Use of Savings, Intelligence and Confidential Funds, Purchase of Medicines and Security Information, restrictions of AFP expenditures, combat expenses and allowances, among others, is the desire of PN to increase the performance target of 65%-70% for maintenance readiness, 75% for equipment readiness, 80% for facility readiness and big budget for capital outlay in order to sustain the Command's Mobility, Firepower, Communication's, Quartermaster, Engineering and Special Equipment, Electronics and Info System, Health Care, Others as indicated in the Multi-Year Capability Planning System. The Capital Outlay Fund for CY 2006 is increased to P 291,240,437.00 which are sourced from Modernization Fund GHQ (P 50,558,171.00) and BCDA funds (P 106,999,510.00)

On financial Program to PN Operating Program and Budget for Fiscal Year 2005-2006, Net Working Appropriations (NWA) remain the basis of expenditures, Unit Commanders shall not incur expenditures exceeding the allotment received, only programs, projects and activities included in the Operating Program and Budget shall be supported with funds, mandatory expenditures shall be disbursed solely for such items of expenditures. On Financial Modernization Operations, the Program Directorship and Administratorship Concept shall continue to govern financial management and Operation of funds among their sub units and offices and transparency shall be emphasized in all aspects of financial operations. Other guidelines include Program Directors and Project Administrators to refrain from realignment of funds. In case of necessity, memo on realignment of SAA dtd 26 April 2004 shall be adhered to; request for fund release by Program Directors shall be addressed to NWMFO and shall be covered by an accomplished Request for Release of Fund (RRF) form and advanced deliveries of good and services are prohibited.

The deployment rate is 70-80% primarily due to the centralized management of funds at the Headquarters, Phil Navy. Budget preparation, Legislation and Execution are administered by DNMF as the Program Director for Budget and Fiscal Operations of the entire Phil Navy. All budget release coming from DBM, GHQ and other sources are coursed thru DNMF for fiscalization and distribution to all units under PN. Post Units and Operating Units received their respective allocations through Sub Allotment Advice and Liquidated cleared by respective Disbursing Officers (DO,s) under supervision and joint accountability with the Unit Commanders. Relatedly, all the Program Directors (Personnel, Intelligence, Operations, Logistics, Plans, Civil Military Operations, Communications and Reservist Affairs) are actively involved in the programming of their respective functional concerns. On areas for improvement, the deployment rate can be increased to higher level, 90-100% if the rank and file, the troops have increased awareness/well informed on budgetary, fiscal, cash management and accounting operations and control. In the process, there will be no gaps in transparency in the Phil Navy Budget. Also, the monitoring device on resources management has to be strengthened to ensure time delivery of funds, accounting of property assets in support of unit operation and logistics requirement.



5.2 The Assessment

Leadership	HPN	PMC	NSSC (NASSCOM)	NFWM	Final
Agency IDA Rating	3	3	3	3	2
Deployment Rating	70%-80%	50%-60%	70%-80%	50%-60%	50%-60%
Validated Rating	3	3	3	3	

The overall rating for all the sites is “3”; however, differences occur in the deployment level per site. For HPN and NFWM, the officers rated the agency with 70% to 80% deployment level while in PMC and NSSC(NASSCOM) the deployment level is 50% to 60%. This differences can be attributed to the below explanations on the assessment of the assessor fort this dimension basing on the interviews and documents review conducted by the team.

Headquarters Philippine Navy

The consensus rating is “3” with 70% to 80% deployment level.

Philippine Marines Corps

SOP Nrt 01 dtd 6 Jan 2005, subject: Management and Utilization of Imprest Funds for PN Operating Units is implemented purposely to a.) To allocate an Imprest Funds (IF) to all PN operating units in order to support the Over-the-Counter Purchase (OCP) of supplies/materials/services that are not readily available at any supply activity ashore or PN Major Units at the time of the need. b) To provide flexibility to the Commanding Officer of PN operating units in addressing administrative and operational needs in their respective areas of deployment. c) To prescribe the policies and procedures in the management of Imprest Funds given to PN operating units for their OCP requirements. On policies: a) The Imprest Fund shall operate under the general ambit of the Cash Advance System of disbursement and payment. To ensure its continuous operation, the Command will given as much as practicable, priority in assigning Cash Allocation to the programmed Imprest Fund. b) The Command shall program and allocate an Imprest Funds (IF) for all PN operating units in order to ensure continuous support in their day-to-day operations. This program shall be an integral part of the annual PN Operating Program and Budget (OPB). In no case shall the allocated Imprest Funds for the current year be lower than the next succeeding year. Furthermore, except upon prior approval of the FOIC, PN, programmed IF allocation shall not be rescheduled/reallocated by the concerned PN Major Unit. c) The Imprest Fund shall be released by the Command to the concerned PN Major Unit on a quarterly basis as a Direct Support Fund (DSF) for subsequent distribution to the pre-identified Operating Units through their respective Agent Officer’s designated for that purpose. d) The Imprest Fund shall be strictly used to purchase in cash small and low-value items and services which are emergency in nature and which could not be immediately provided by the concerned PN Major Unit or any supply activity ashore at the time of the need and are necessary for the continuous conduct of operation by the operating units in their areas of deployment. It shall not be used to pay regular expenses such as subscriptions, power and water utilities, insurance, travel and other personal services. Additionally, payments out of the Imprest Fund shall be allowed only for amounts not exceeding P 15,000.00 for each transaction/receipt. Splitting of transactions to avoid exceeding the ceiling shall not be allowed. e) All transactions/disbursements of the IF must be supported by an acceptable evidence of receipt of payment in COA Circular Nr 2004-006 dtd 09 September 2004. Acceptable evidence of payment, in whatever form, must contain the following minimum data as follows:

1. Name of Disbursing Officer making the payment
2. Date of Payment
3. Name of Recipient
4. Address of the Recipient
5. Purpose of the Payment
6. Amount of the Payment Received



f) Transfer of funds from one Agent Officer to another is not allowed. Uncleared cash advances for the monthly IF allocation of his/her unit shall be enough cause for his exclusion as an Agent Officer of the unit without prejudice to such other punishment that may be found applicable. The uncleared cash advance shall be deducted from his/her Pay and Allowances. g) The concerned PN Major Unit shall utilize the designated Special Disbursing Officer (SDO) for MOOE as, SDO for the Imprest Fund and shall provide him/her with adequate working capital as cash outlay for the Imprest Fund. h) Any officer, except the Unit Commanding Officer, of the identified PN Operating Unit may be designated as Agent Officer who shall be bonded in accordance with Sec 182, GAAM and GHQ Comptroller Letter Nr 80-29 dtd 01 August 1980. As much as possible, the Executive Officer or the second in command shall be the first choice for such position and when not available, the next in the line in the command shall be designated as such. On Procedures: a) HPN shall release the programmed IF on a quarterly basis to the concerned PN Major Unit. b) Agent Officer shall initially cash advance their allocated IF from the designated SDO preferably during the first week of January. At no case shall the granted cash advance exceed the monthly IF allocation prescribed for a particular unit in the IF program that is incorporated in the PN OPB for the year. c) All transactions must be recorded in a separate IF Cash Book that will be maintained by the Agent Officer strictly for that purpose. d) Released of subsequent monthly IF, in part or in whole, will be made only upon the liquidation/clearing of at least 75% of the previously cash advanced amount. e) SDOs/AOs shall clear their respective Cash Advances IAW COA Circular Nr 90-331 dtd 03 May 1990 and such other accounting and auditing provisions that may be imposed.

The Command Staff of Phil Marines consensus rating for financial management is 3 for having satisfied the documentary requirements to check on the internal check, accounting and administrative control. The periodic financial reports required by the Phil Navy, DBM, LBP, COA other agencies were submitted on time as an indicator for budget execution. The accountabilities of PM personnel were identified and followed up for liquidation purposes. However, the deployment score was 50-60% only because only the resource managers and Commanders were fully aware of the budget cycle (budget preparation, execution accountability). Specifically, the MFO is the Program Director for all financial management concerns, budget operation and fiscalization. Fund allocation to Post and Field Units are based on Unit program through Approved Program of Expenditure (POE) and Annual Procurement Plan (APP). The achievement level shall be increased to the next level if the computerization system plus the security control is in placed and fully operational. Relatedly, the deployment score will also increase if all the PM military and civilian personnel are uniformed on Unit Fund's Allocation and Utilization, said area for improvement can be maximized through regular conduct of Troop Information and Education in order to emphasize transparency as one of financial reforms in the Armed Forces of the Philippines (AFP).

Nature of Expenditure

<u>CY</u>	<u>PS</u>	<u>MOOE</u>	<u>CAPITAL OUTLAY</u>	<u>TOTAL EXPENDITURE</u>
2005				
2006	P 20,589,925.21	P 173,080,382.50	0	P 212,275,317.13

On financial resources P 20,589,925.21 was released for Personal Services out of the Programmed amount of P 1,740,924,000.00 intended for pay and allowances of 14,463 military and civilian personnel of the Philippine Marine (PM). The existing Troop Ceiling fall short of 176 Officer and 455 Enlisted Personnel. Out of the P 173,080,382.50 and other Operating expenses (MOOE) funds, P 48,173,865.00 was utilized to sustain Unit Readiness while P 124,365,893.50 supported the operational activities. Also, the PM received P13,031,631.32 releases from Higher Headquarters and another P 5,685,750.00 from other sources to support other activities Unit Readiness fund is about 89.54% to attain the capability to deliver the unit's mission (personnel, training equipment, maintenance, facility) and Operational Readiness is 123.25% in order to enhance Internal Security Operations, Disaster Relief, International Command and Control, Support and Training.

The Marine Corps Management and Fiscal Office (MCMFO) assists the Commandant, Philippine Marine Corps for the efficient administration and utilization of PMC appropriations and other resources of funds, establishes and implement the PMC Internal System, pre-audit of financial transactions and the formulation of



fiscal policies and procedures. Its strength include among others, the ability of the PMC to realistically fiscalize the fund resources allotted by HPN for distributions to different units and offices. The yearly plans and programs are well defined and implemented based on the multi-year capability planning system. Despite the limitations in fund resources, PMC was able to accomplish its mission during the period covered CY2005-2006. however, increasing the personnel fill-up from 90% to 100% and acquisition/upgrade of some mobility and communication equipment will highly contribute to the unit operational efficiency and effectiveness.

On adherence to existing accounting and auditing rules and regulations, the Marine Corps respond immediately to correct deficiencies by COA such as the submission of complete documents for the dropping of lost firearms and other equipment, and the need to insure newly rehabilitated facilities:

As a whole, PMC was able to perform its mission and functions its budget share of 7% out of the total Phil Navy appropriation could hardly cope up and address the unprogrammed ISO related activities. Compounding the problem is the absence of capital outlay fund to procure the much needed equipment to beef up and sustain its operational readiness.

On areas of improvement, the computerization of PMC financial resources has yet to be started awaiting implementing guidance from Headquarters Phil Navy on e-NGAS full implementation. Also increased awareness of military personnel on unit fund utilization shall institutionalize transparency, prevent fund irregularities, mismanagement and systematize accountability of personnel on fund management.

Naval Forces Western Mindanao (NFWM)

The Command Staff had a consensus rating of “3” for adopting the NGAS (Chart of Account), compliance to existing accounting and auditing rules and regulations, and established budgetary and fiscal controls. The Naval Forces Western Mindanao (NFWM) thru its Management and Fiscal Office (MFO) is primarily responsible for planning, programming, and fiscalization functions. Its Program and Budget Advisory Council (PBAC) is active in monitoring and review of budget performance by calendar year. Internal control through regular conduct of audit is a preventive auditing tool to determine the utilization and liquidation of allotted resources. COA audit findings are immediately acted upon that required the adjustment of entry in Book of Accounts for two watercraft assets and conduct of post-repair inspection by Command Engineer and the dropping of one caliber .45 Pistol.

The agency’s financial management system is strengthened by semi-annual review of its budget and accomplishment of on-line projects/activities. Cost effectiveness in financial resources serve as benchmark for units/offices financial performance. On cash handling by Special Disbursing Officer (SDO), no additional cash advances is given unless 75% of previous cash advances are fully liquidated. However, the computerization of its financial transactions has yet to be implemented because the Headquarters Philippine Navy is still in the process of data gathering for the implementation of the electronic New Government Accounting System (eNGAS). It has the deployment of 50-60% only because the budgeting and fiscal controls on financial resources involve the active participation of top and middle management level and requirement determination by line unit. Commanders and not the rank and file, individual soldiers as basis of budgeting and preparation of Annual Procurement Plan.

Nature of Expenditure

CY	PS	MOOE	CAPITAL OUTLAY	TOTAL EXPENDITURE
2005	P 5,799,681.00	P 2,135,542.00	P 10,000,000.00	P 7,945,223.00
2006	P 1,372,979.46	P 29,539,161.89		P 30,912,141.35

Comparative analysis of the NFWM budget for CY 2005 and CY 2006 shows an increase of 4.65% or P 1,372,979.46 that is attributed to the enhancement of the operational capability such as Internal Security Operations, Territorial Defense, Disaster Relief, Support to National Development, International Defense and



Security Engagement, International Humanitarian Assistant and Peacekeeping Operations and Force Level Command and Control, Support and Training as well as the logistics support for repair maintenance of floating and mobility assets, and structures. POL allocation is well provided at depot level in order not to jeopardize the operational activities of floating assets.

In CY 2005, P 10 M was released by DBM for capital outlay to address some of the equipment requirement of the Command Post and field units. Personal services budget is reduced by about 23.67% from P 5.79M to P 1.372M due to force reduction and transfer to other Navy units while Maintenance and Operational Expenditures is increased by P 27,403,619.89, from P 2.13M to P 29.53M. The increase in MOOE fund support is aimed to address the operational, logistics and administrative requirements of NFWM.

On accounting operation the aging unliquidated accounts of NFWM military and civilian personnel representing Travel Expenses from CY 1996 - CY 2006 amounted to P66,772.95. On the contrary, Fund Accountable Officers had no unliquidated cash advances.

On areas of improvement, NFWM has to send demand letters to concerned military/civilian personnel with outstanding unliquidated cash advances to include other receivables, Financial Management System can be sustained, monitored, and secured/protected if the necessary accounting data are updated and complete and forwarded to Accounting Services, Phil Navy in preparation for roll-out of e-NGAS implementation. Accounting control should be exercised in all command financial transactions

The budget execution of NFWM is compliance with Phil Navy Policy Guidance on Phil Navy Operating Program and Budget (OPB) under General Appropriation Act (GAA) for the period covered CY 2005 - CY 2006. The expenditures per OPB shall not exceed 75% allocation for each Program, Project and Activity and remaining 25% may be utilized only, upon completion of the performance Evaluation on Phil Navy operation being conducted by DBM at the end of 2nd semester, FY 2005 - FY 2006

D.O Nr 12 dtd 5 April 2006, subject: Creation of the Bids and Awards Committees and the Procurement Service in the AFP indicates the policy requiring public bidding. The creation of AFP BAC under Exec. Order Nr 235 dtd 11 Sept 2003 is renamed as GHQ BAC 1, Also CS, AFP is hereby authorized to create four (4) additional Bids and awards committees to handle procurement of GHQ/AFPWSSU and the three (3) major services (AFP BACS) with respect to procurement contracts with approved budget of the contract (ABC) as shown:

BAC	AMOUNT OF AUTHORITY	PROCURING UNIT
GHQBAC2	Not exceeding P 25M	GHQ,AFPMC,PMA, PSG, other AFPWSSUS
PA BAC	Not exceeding P 25M	Phil Army
PAF BAC	Not exceeding P25M	Phil Air Force
PN BAC	Not exceeding P25M	Phil Navy

Composition of the BAC with (5) members, duty status, term, functions as well as the creation of a secretariat to provide administrative support to AFP BACs under AFP Procurement Service and the approval of Annual Procurement Plan are also cited. The salient feature of D.O. #12 is the establishment of the AFP Procurement Service with four (4) procurement centers as follows:

PA Procurement Center	Ft Bonifacio, Makati City
PAF Procurement Center	Villamor Air Base, Pasay City
PN Procurement Center	Ft Bonifacio Naval Station, Makati City
GHQ Procurement Center	Camp Aguinaldo, Quezon City

On Approval of Procurement Contracts, The following officials shall have the authority to approve and sign Purchase Orders, Job Orders, Work Orders, Contract for the procurement of goods, service, and infrastructure projects, with corresponding amount



	Amount (in any one transaction)
Chief of Staff, AFP	up to P50M
Vice-Chief of staff	up to P25M
Major Service Commanders	up to P25M
CO, Procurement Centers, AFPPS	up to P1M
Chief, Contracting Officers, AFPPS	up to P1M

5.3 The Assessors Validate and Final Rating

The restrictive monetary and fiscal policies of the government placed the AFP in general and the PN in particular in a difficult situation that is not responsive to the agency's budgetary requirements in order to accomplish its mission and functions efficiently and effectively and practice cost effectiveness in resource management. The Capital Outlay budget is very minimal and not directly proportional to the agency's mission essential requirements to sustain and increase the operational tempo, and the complexity of the PN organization to include the PM that is composite in nature for having sea, air and ground unit components. Another constraint is the restrictive provisions of RA 9184 (Government Procurement Reform Act) that are not applicable/responsive to AFP procurements, thus causing delay in the delivery of much needed goods and services especially the operating units.

Recommend for the concerned offices the Congress and DBM to rationalize the AFP Budget wherein the Capital Outlay shall be increased to a reasonable/acceptable level, for flexibility of Commanders and strict adherence to existing financial laws rules and regulations. Also for COA to review amend/revise COA Circulars for effectiveness of application to the AFP and not circumventing policies and procedures in lieu of mission accomplishment.

5.4 Next Steps

The following areas for improvement for the PN are suggested.

- Regular review of financial, accounting and administrative controls/systems to ensure effectiveness in preventing corruption and enhancing integrity.
- Results of the review should be fully utilized for purposes of planning and budgeting and to strengthen the agency's financial management system.
- Policy on liquidation of cash advances should be strictly implemented.

General recommendations was also suggested for the PN to consider.

- Recommend for the concerned offices the Congress and DBM to rationalize the AFP Budget wherein the Capital Outlay shall be increased to a reasonable/acceptable level, for flexibility of Commanders and strict adherence to existing financial laws rules and regulations. Also for COA to review amend/revise COA Circulars for effectiveness of application to the AFP and not circumventing policies and procedures in lieu of mission accomplishment.



8. Whistleblowing, 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.

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 <u>all</u> 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 AFP-PN's Whistleblowing, Internal Reporting and Investigation

The PN has no written policy or guideline relevant on whistleblowing; however, internal reporting and investigation is subsumed under the functions of offices as describes under the dimension on corruption risk management; these offices are: 1) Office of the Naval Internal Auditor (O/TNIA), 2) Office of Ethical Standards and Public Accountability (PN-OESPA), 3) Office of the Naval Judge Advocate (O/NJA), Office of the Naval Inspector General (O/TNIG), 4) Office of the Naval Provost Marshal (O/TNPM).

8.2 The Assessment

Leadership	HPN	PMC	NASSCOM	NFWM	Final
Agency IDA Rating	0	0	0	0	0
Deployment Rating	0	0	0	0	
Validated Rating	0	0	0	0	



HPN, PMC, NSSC(NASSCOM) and NFWM

The Agency got a uniform rating of zero (0) in all the three field sites and headquarters that is HPN.

It appears that a written policy on whistleblowing, internal reporting and investigation are not in place although the Agency is open to receiving internal complaints affecting the human complement and the existing system currently operating within the Agency.

To validate the foregoing openness to receiving complaints, the Agency anchors its internal reporting on a program launched by the management dubbed as "i-TEXT mo si FOIC" the purpose of which is to allow complaints of any wrongdoing in the service against any erring official or military serviceman in the Philippine Navy especially those pertaining to corruption-related activities. The initiative is geared furthermore towards reporting the same directly to the Flag Officer in-Command in order to avoid getting reports on complaints of wrongdoings and misbehaviors and/or receiving the same through the grapevines.

8.3 The Assessors Validated and Final Rating

The Assessors validated and final rating for this dimension is "O" because this is claimed to be newly been installed although there are some measures being undertaken in the different concerned units of PN.

8.4 Next Steps

Areas for Improvement

While it is true that the Agency in order to foster activities inclined to curtail or at least minimize the incidence of corruption, makes use the provisions found under the AFP Code of Ethics on investigation of wrongdoings in particular, it is respectfully submitted that the same are statements couched in general terms and as such are as wanting with respect to the guidelines enunciated by the IDR program.

The following next steps are recommended to upgrade the rating of the PN.

- The agency should provide a written policy or guidelines in the conduct of whistleblowing, internal reporting and investigation of information and reports on corruption and should be disseminated down the line of the employees to make them aware that such policy guidelines are in place.
- Relevant personnel must be trained to handle investigation of reports and sanctions should be imposed to erring employees and officials on reported cases. On the other hand, incentives and protection should be given to whistleblowers.
- Statistics should be provided with respect to cases reported and filed and its status.



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.

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.

9.2 AFP-PN's Corruption Risk Management

Internal reporting and investigation lies in the following offices: 1) Office of the Naval Internal Auditor (O/TNIA), 2) Office of Ethical Standards and Public Accountability (PN-OESPA), 3) Office of the Naval Judge Advocate (O/NJA), Office of the Naval Inspector General (O/TNIG), 4) Office of the Naval Provost Marshal (O/TNPM). These offices performs specific functions (as discussed below) with regards to the conduct of internal reporting and investigation.

The Office Of The Naval Internal Auditor (O/TNIA)

1. AUTHORITY AND LEGAL BASES:

- a. RA No. 3456, an act provisions for the creation, organization, and operation of Internal Audit Services in all Departments, Bureaus, and Offices of the National Government, as amended by RA 4177, an Act to amend Sections two, three and four of RA 3456, known as "Internal Auditing Act of 1962."
- b. Administrative Order No 119 dated 29 March 1989, Subject: Directing the Strengthening of the Internal Control Systems of Government Offices, Agencies, Government-owned or controlled corporations and Local Government units in their Fiscal Operations.
- c. Administrative Order No 278 dated 28 April 1992, Subject: Directing the Strengthening of the Internal Control Systems of Government Offices, Agencies, Government-owned and/or controlled corporations, including Government Financial Institutions and Local Government units in their operations.



2. MISSION:

To study, research, plan, audit, recommend and advise the Flag Officer In Command, Philippine Navy (FOIC, PN) on Internal Auditing functions in order to achieve an efficient and effective fiscal administration and performance of agency affairs and functions.

3. FUNCTIONS:

a. The Naval Internal Auditor shall assist the Command/Management to achieve an efficient administration and effective handling of funds and properties of the Philippine Navy.

b. The Naval Internal Auditor shall provide staff advice on all matters pertaining to unsettled or overdue accountabilities of former Special Disbursing Officers, and Supply Accountable Officers and actuate early settlement thereof. If possible, he shall undertake steps to determine civil, administrative or criminal liability/liabilities of personnel involved and/or concerned.

4. ORGANIZATIONAL STRUCTURE:

The Office of the Naval Internal Auditor is organized as follows:

- a. Audit Operations Branch (AOB)
- b. Accountability and Liquidation Assistance Branch (ALAB)
- c. Administrative Branch

5. FUNCTIONAL RELATIONSHIP:

The Naval Internal Auditor is responsible to the Flag Officer In Command, Philippine Navy for the effective and efficient operation of the Office of the Naval Internal Auditor.

6. DUTIES AND RESPONSIBILITIES:

a. The Naval Internal Auditor:

1) Responsible for the over-all accomplishment of the mission of the office. Pursuant to AO Nr 278, he is mandated to undertake the following:

a) Ascertain the extent to which the assets and other resources of the Philippine Navy are accounted for and safeguarded from losses of all kinds; and

b) Review and evaluate the soundness, adequacy and application of accounting, financial and other operating controls and promoting the most effective control at reasonable cost.

2) Perform other functions as directed.

b. Chief, Audit Operations Branch:

1) Act as Deputy Naval Internal Auditor.

2) Prepare work program relative to the financial audit of PN units.

3) Prepare financial and property audit program for each area, Navy-wide.

4) Conducts terminal and special audits



- 5) Conduct random inspection of all deliveries for all PN centrally managed items, HPN emergency purchase authority (EPA), and over-the-counter purchase (OCP) miscellaneous transactions.
- 6) Conduct financial and program audit of all PN units and accounting records of Field Accounting Service Unit and Central Accounting Service Branch, Office of the Naval Management and Fiscal Office.
- 7) In coordination with ALAB, conduct audit and/or investigation of records and accounts of all accountable and responsible officers for funds and properties of the Navy at least once every quarter or as often as necessary.
- 8) Provide necessary protective and constructive measures for the handling of funds of the Navy.
- 9) Conduct follow-up audit on the implementation of corrective measures at the end of each calendar year.
- 10) Perform other functions as directed.

c. Chief, Accountability and Liquidation Assistance Branch

- 1) Analyze, evaluate, review and monitor status of outstanding accountability of PN personnel for proper disposition.
- 2) Prepare and transmit confirmation demand or reminder letters to all military and civilian personnel with outstanding accounts.
- 3) Issue clearances on ETAD, promotion, separation and retirement of personnel.
- 4) Conduct verification of PN assets and properties for inclusion in unit CO's vessels and stations.
- 5) Recommend legal action and or dropping of accountability as the case maybe.
- 6) Provide necessary protecting and constructive measures for the handling of properties of the Navy.
- 7) Undertake terminal audit of relieved Accountable Officers on fund and property accountability to determined liability thereof and expedite liquidation process.
- 8) Analyze, evaluate the request for the designation/redesignation of all Dos/SDOs/RSOs/SAOs to determine their maximum cash/property accountability (MCA/MPA).
- 9) Undertake research and special studies relative to fund and property accountability.

d. Chief, Administrative Branch

- 1) In coordination with AOB and ALAB prepare all correspondences of the office.
- 1) Prepare monthly personnel Report and Quarterly Accomplishment Report.
- 2) Prepare all reports emanating from O/TNIA in coordination with Head of Branches.



- 3) Prepare schedule of detail of personnel of O/TNIA relative to its daily operation.
- 4) Maintain logbooks for all incoming and outgoing communications.
- 5) Perform all other duties as directed by The Naval Internal Auditor.

Office of Ethical Standards and Public Accountability-Pn (OESPA)

1. COMMAND RELATIONSHIP:

a) The Vice Commander, PN in concurrent capacity, shall be the Chief of the Office of Ethical Standards and Public Accountability-Philippine Navy and shall be under the direct control of the FOIC, PN as personal staff.

b) All Deputies or Executive Officers of all units at all levels shall be designated ESPA Officers to undertake the ESPA functions of propagation and monitoring at their levels.

2. MISSION:

To enhance professionalism, promote honesty and integrity in the military service, instill ethics standards and indicate a strong sense of public accountability among military and civilian personnel in the pursuit of a common commitment against graft and corruption in the Armed Forces of the Philippines.

3. FUNCTIONS:

a) To ensure the implementation of the AFP Code of Ethics especially its integration, internalization and institutionalization.

b) To pursue a continuous organizational development process to suit AFP's ultimate vision to eradicate graft and corruption in the military establishment.

c) To conduct continuous education and information dissemination program towards the professionalization of the AFP.

d) To collect, analyze and compile all sworn statements of assets and liabilities of military personnel and permanent civilian employees of the PN.

e) To receive complaints/reports, to inquire into the same and to conduct overt/covert investigation on violations by military and civilian personnel of the PN of the following laws, rules and regulations:

e1. RA 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees) and the implementing rules thereof:

e2. RA 3019, as amended (Anti-Graft & Corrupt Practices Act);

e3. RA1379, as amended (An Act Declaring Forfeiture in favor of the State any property Found to Have Been Unlawfully Acquired);

e4. Revised Penal Code, Title Seven Crimes Committed by Public Officers in relation AW 94 (Various Crimes) and AW95 (Fraud Against the Government) with regard to active and retired military personnel.



- e5. And such other allied laws, AFP regulations and existing policies.
- f. To evaluate, prosecute and monitor civil, criminal and administrative cases related to acts violative of the laws mentioned in paragraph 2e, hereof.
- g. To integrate and synthesize for the FOIC, PN all policies and regulations, as well as, pertinent data gathered from field units that have direct bearing on OEASPA's mission.
- h. To process and issue appropriate clearances.
- i. To carry out such functions as the FOIC, PN may direct.

3. DUTIES AND RESPONSIBILITIES:

A. Chief, ESPA-PN

1. Responsible directly to the FOIC, PN on matters relative to the enforcement of anti-graft laws and the implementation of the AFP Code of Ethics to include but not limited to the following:
 - a. Advices the FOIC, PN on the status of investigation and/or prosecution of graft cases and other significant projects/activities within the cognizance of the office.
 - b. Oversees the receipt, collection and evaluation of sworn statements of assets and liabilities of all military and permanent civilian personnel of the PN as required by laws.
 - c. Conducts periodic conferences on all problems, objectives, plans and policies pertaining to the mission of the office.
 - e. Exercises overall supervision of administrative and security matters relevant to the office.
 - f. Consolidates reports from Major Units, ESPA and submits periodic accomplishment reports to the FOIC, PN.
2. Exercises technical supervision over Units and shall promulgate policies and guidelines as approved by the FOIC, PN.
3. Performs such other duties as the FOIC, PN may direct.

B. Deputy Chief

1. Assists the Chief, OESPA in carrying out his duties and responsibilities and acts in his absence.
2. Responsible for the general supervision and coordination of respective functions by the chiefs of the different divisions and branches.
3. Serves as head adviser to Chief, ESPA-PN.
4. Assures that all instructions, policies, plans and guidelines of the Chief, ESPA, PN are carried out efficiently.
5. Develops and maintains competent liaison and communication network with the various Major Units OESPA.



6. Performs such other duties as the Chief, ESPA, PN may direct.

C. Executive Officer

1. Integrates and coordinates the activities of the different divisions.
2. Studies and formulates office policies for approval by C, ESPA-PN and ensures implementation.
3. Informs the Chief, ESPA-PN and Deputy Chief of the various office activities undertaken from time to time.
4. Reviews office actions to ensure that they are adequate, coordinated and complete.
5. Performs such other duties as the Chief, ESPA-PN may direct.

D. PERSONNEL AND ADMINISTRATIVE BRANCH

1. Provides efficient manpower, logistical financial and administrative support requirements in the accomplishment of OESPA's mission.
2. Procures the enhancement of career development and overall morale and welfare of personnel.
3. Prepares and pursues personnel, budgetary and logistical requirements of the office.
4. Maintains adequate and systematic record-keeping procedure.
5. Develops and provides expeditious processing and issuing of appropriate clearances.
6. Supervises the maintenance and the upkeep of office facilities and clearances.
7. Collates, processes and submits office accomplishment reports to Chief, ESPA, PN (thru C, ESPA).
8. Gathers, compiles and disseminate all directives, policies, memoranda and the like for the information and strict compliance of concerned personnel.
9. Acts as liaison to OESPA-AFP, Ombudsman and Office of the Human Rights for purposes of securing clearances.
10. Performs such other duties as Chief, ESPA, PN may direct.

E. PROFESSIONAL AND GRAFT PREVENTION BRANCH

1. Plans, executes and manages OESPA-PN projects and programs related to the professionalization of the AFP.
2. Initiates projects and evolves appropriate training program and doctrines to enhance military professionalism and instill ethical standards in accordance with the AFP Code of Ethics.
3. Ensures the effective and efficient implementation, integration and institutionalization of the AFP Code of Ethics by facilitating researches on the following:
 - a. System Review and Improvement
 - b. Organizational Climate/Culture Building
 - c. Quality of life Improvement/Self-Reliance



d. Organizational Development/Renewal Action

4. Establishes and maintains a Secretarial chaired by C, ESPA-PN that is representative of the major services OESPA and such cognizant AFP units to include civilian-bases consultants.
5. Performs such other duties as the Chief, ESPA-PN may direct.

F. STATEMENT OF ASSETS AND LIABILITIES (SAL) BRANCH

1. Collects and complies SAL of all military and permanent civilian personnel of the PN as required by laws.
2. Ensures that SAL are filed on time, providing adequate filing system and procedures and maintaining a 10-year SAL record and transmitting to Office of the Naval Adjutant (ONA) all SAL that are more than ten (10) years old.
3. Requires for the completeness of SAL for evaluation as basis for the issuance of appropriate clearance when warranted.
4. Conducts a cash flow analysis of SAL of all PN personnel who are under investigation for graft related offenses and pursuant to the Chief of Staff, AFP directive on periodic review SAL.
5. Recommends the investigation of PN personnel found initially liable for possible unexplained wealth after a cash flow analysis and for prosecution against those who failed to file their SAL.
6. Educates PN personnel on the correct filing of SAL.
7. Performs such other duties as C, ESPA-PN may direct.

G. INVESTIGATION AND INTELLIGENCE BRANCH

1. Receives complaints and investigates cases of unethical and corrupt practices including cases discovered during inspections and intelligence operations.
2. Prepares actions plans for an effective investigation to include the technical review of financial analysis and sworn statements of assets and liabilities, the appraisal evaluation of properties and the examination of documentary evidences.
3. Undertakes liaisoning activities with various government, non-government and intelligence agencies.
4. Conducts counter-intelligence operations.
5. Responsible for the preparation and/or service of all process.
6. Gathers, collects and safeguards evidences.
7. Assigns intelligence operatives for the gathering of information and evidences related to unconfirmed reports of unethical and/or corrupt practices against PN personnel.
8. Investigates and recommends to OESPA-AFP filing of cases before appropriate courts and monitor its conclusion.
8. Performs such other duties as Chief, ESPA, PN may direct.



H. LEGAL BRANCH:

1. Reviews and evaluates evidence and, if warranted, files and prosecutes cases before appropriate bodies, monitoring them towards its conclusion.
2. Conducts legal researches as well as prepares the necessary and competent legal opinion as basis for OESPA action.
3. Recommends for the procurement, and responsible for the compilation, of pertinent legal documents and such allied reference materials as may be necessary.
4. Refers cases to proper cognizant offices/units of the PN and other agencies.
5. Acts as Chief, Legal Counsel of Chief, ESPA, PN and provides legal assistance to organic OESPA personnel.
6. Maintains for the safekeeping of evidence on cases filed.
7. Establishes liaison linkages with various legal agencies and such other similar bodies.
8. Performs such other duties as the C, ESPA, PN may direct.

Office of the Naval Judge Advocate (O/NJA)

1. FUNCTIONS:

- a) Furnishes legal assistance and representation before the civil courts to PN personnel.
- b) Renders legal advice and assistance to the FOIC, PN on matters concerning PN- Wide plans and PN, the drafting of and determination of pertinent bills, executive orders, statutes, decrees, letter of instructions as may be required by the Command and renders legal opinion on contracts and legal status of military personnel, i.e., appointments, promotion, pay and allowances, line of duty determination and retirement of military personnel in separate units directly under the PN.
- c) Exercises functions pertaining to the settlement of the estate of deceased military personnel and the distribution of certain benefits incident to death of military personnel while on active military service.
- d) Exercises technical supervision, professional guidance, and training of all judge advocates in the PN.
- e) Maintains the Military Law Library.

2. BROAD FUNCTIONS:

The Office of the Naval Judge Advocate is the Legal Officer of the Philippine Navy and Legal Adviser of the FOIC, PN and supervises the military justice system in the AFP.

3. SPECIFIC FUNCTIONS:

- a. Renders legal advice and assistance to the FOIC, PN on the following:
 - 1) PN-Wide plans and policies
 - 2) Interpretation of applicable laws and regulation



- 3) Drafting of and determination of pertinent bills, executive orders, statutes, decrees, letter of instructions
- 4) Renders legal opinions on contract and legal status of military personnel, i.e., appointments, promotion, pay and allowances, line of duty determination and retirement of military personnel
- b. Provides legal assistance and representation to PN personnel before the civilian courts.
- c. Acts as the Staff Judge Advocate of FOIC, PN in the review of cases decided by PN General Court Martial.
- d. Exercises functions pertaining to the settlement of the estate of deceased military personnel and the distribution of certain benefits incident to death while on the military service.
- e. Exercises functional supervision, professional guidance, and training of all judge advocates in the PN.
- f. Maintains the Military Law Library

4. DUTIES AND RESPONSIBILITIES:

A. The Naval Judge Advocate:

- a. Enforcement and administration of military justice within the Command, under the provisions of the Articles of War and presidential Decrees, General Orders, and instructions issued pursuant to PP 1081.
 - b. Renders legal opinions on matters affecting the PN and legal services on matters pertaining to naval affairs throughout the Command.
- c. Renders legal advice and professional service/assistance in all civil, criminal, or administrative cases involving the Command or any of its personnel, charged with law violation committed in the performance of duty.
- d. Evaluates Investigation Report of investigations units of the AFP, conducts PTI thru advice of court-martial proceedings and reviews records of trial by courts-martial as required by the Articles of War and submits recommendations or dispositions thereof to the Convening Authority.
- e. Studies and prepares drafts of memoranda, circulars, regulations, executive proclamation, executive orders, and proposes legislation relative to the administration of military justice, naval affairs and the law enforcement functions of the Command.
- f. Recommends and proposes action/s for the proper and efficient administration of military justice under the Articles of War.
- g. Rendition of legal advice and legal services throughout the naval establishment, on all matters involving or related to the Command, including technical assistance over its law enforcement functions and professional services.
- h. Planning and supervision of personnel training of his office and, in coordination with N-1, the exercise of staff responsibility for legal training within the Command.
- i. Prescribes and supervises policies and administration, operation and functions of the office.
- j. Supervises the maintenance and rendition of necessary reports, records, returns, and statistics, pertaining to the activities of the office.



- k. Coordinates and supervises the activities of the different personnel of the office.
- l. Maintains morale, good order, and discipline among the personnel of the office.
- m. Ensures liaison with the Judge Advocate General, AFP.
- n. Performs such other duties as FOIC, PN may direct.

B. Deputy/Executive Officer, O/NJA:

- a. Acts for and in behalf of the NJA in the absence of the latter.
- b. Supervises and/or makes necessary coordination with Action Officers of the different branches, respecting the work assigned to each of them.
- c. Reviews all work of the different branches before endorsement for approval of the NJA.
- d. Performs such other duties as the NJA may direct.

C. Administrative Branch:

- a. Provides services and facilities for the procurement of supplies and equipment;
- b. Assists the Naval Judge Advocate in providing administrative support to all PN Court-Martial;
- c. Facilitates the repair of the office equipment;
- d. Prepares periodic reports required of the office;
- e. Performs budgetary and fiscalizing functions for the office.

D. Military Justice Branch:

- a. Studies, formulates and recommends general policies regarding the administration of military justice within the Command.
- b. Studies and prepares for publication SOPs and guides for the implementation of laws and regulations pertaining to military justice.
- c. Evaluates/processes courts-martial charge and recommend appropriate action to the NJA.
- d. Reviews the legal sufficiency of records of trial of court-martial, and administrative boards and recommends appropriate disposition thereof.
- e. Performs such other functions as the Naval Judge Advocate may direct.

E. Military Affairs Branch:

- a. Studies and prepares legal opinion on matters regarding procurements, appointments, enlistment, pay and allowances, status, leave of absence, promotions, discharge, retirements, separations and organizations of the Command both in their military and civil phases.
- b. Studies, and reviews actions/proceedings of other PN boards/committees, including Bids and Award committees and other fact-finding boards.



- c. Studies, prepares and renders opinion on the legal and formal sufficiency of contracts draft of bills, executive orders, proclamations, regulations, circulars, etc., affecting the military affairs of the Command.
- d. Examines for the purposes of determining legality, sufficiency, and basis, claims of all personnel, both naval and civilian of the Command regarding gratuities, benefits, retirement pay, pensions and other privileges under the Philippine Laws.
- e. Performs such other functions as the Naval Judge Advocate may direct.

F. Professional and Legal Service Branch:

- a. Renders opinion and interpretations of Laws and regulations concerning the law enforcement functions of the Command.
- b. Examines and reviews apprehension reports for compliance to policies and for legal sufficiency of procedures adopted and recommends correctional measures that may be warranted.
- c. Provides whenever requested legal assistance on matters concerning the law enforcement functions of the Command.
- d. Renders legal advice and represents the Command; as well as its personnel involved in civil, criminal or administrative cases, in cases connected with the performance of functions.
- e. Studies and prepares recommendations proposing for amendments or revision of laws and regulations or the law enforcement functions of the Command.
- f. Performs such other functions as the Naval Judge Advocate may direct.

G. Claims Branch:

- a. Exercises functions pertaining to the settlement of the estate of deceased military personnel and the distribution of certain benefits intended for survivors of military personnel who die while on active military service.

Office of the Naval Inspector General (O/TNIG):

Section 1. Functions and Organization

To inquire into and report upon matters pertaining to the performance of mission, the estate of morale and discipline and the efficiency and economy in the utilization of resources of the Philippine Navy.

General Functions:

The Office of the Naval Inspector General advises the Flag Officer In Command, Philippine Navy on matters relevant to IGS activities to include significant observations involving the performance of the mission, state of morale and discipline, efficiency and economy in the utilization of resources of the Philippine Navy.

Specific Functions:

The Office of the Naval Inspector General shall perform the following:

- a. Conducts inspection, readiness evaluation, investigation, research, surveys and studies in consonance with existing regulations or as directed by FOIC, PN



- b. Follow-up action taken by inspected PN units on approved recommendations arising from the previously conducted inspections and ORSITE.
- c. Recommends remedial measures to correct deficiencies and recognizes the outstanding performance noted during the conduct of inspection.
- d. Formulates policies to improve the PN Inspector General Service and develops training programs/instructions seminars to enhance the skills and qualifications of personnel.
- e. Determines/assigns/coordinates jurisdictional areas of inspection and investigation to ensure that all PN units and installations and activities of the PN are periodically covered.
- f. Coordinates with HPN Staff to obtain from their items on matters of special interest that may be included in the IGS scope of activities and provide them feedback on the result of observation noted.

Organization:

The Naval Inspector General Office is organized as follows:

1. Administrative & Personnel Branch
 - a. Personnel Section
 - b. Support Section
2. Investigation Branch
3. Readiness & Evaluation Branch
 - a. Admin & Supply Section
 - b. Operations/Training/Readiness Section
4. Inspection Branch
 - a. Admin Section
 - b. Supply Section
 - c. Inspection/MADS Section
5. Doctrines Branch
 - a. Clearance/Verification Section
 - b. Statistics/Records Section

Functional Relationship:

The Naval Inspector General is a Personal Staff of the Flag Officer In Command, PN.

Section 2. Duties and Responsibilities:

1. Administrative & Personnel Branch:

- a. Coordinates with other Branch Chiefs and other HPN Staff on matters pertaining to the administrative and logistical support/requirements of the office.
- b. Prepares recommendation for awards and decorations of deserving personnel and attend to other matters pertaining to morale and welfare of OTNIG personnel.
- c. Controls the flow of correspondence to ensure proper receipt, filing distribution and prompt action.
- d. Assists TNIG in the formulation and dissemination of policies concerning the IGS activities of the unit.



2. Investigation Branch:

- a. Plans, coordinates, directs, administers and supervises the activities of the Investigation Branch.
- b. Evaluates various complaints, grievances, and allegations or irregularities, conduct investigation of valid complaints and advises TNIG of major issues being investigated.
- c. Investigates or assists in the investigation of "SCALAWAGS" that involve a large group of military personnel in a particular unit.
- d. Issues record checks/clearances to military and civilian personnel and/or as requested and/or as directed.
- e. Prepares and submits monthly, quarterly and yearly reports on received, resolved/solved and pending IG cases to TIG, AFP.
- f. Maintains a registry book of NIG investigated cases including those submitted by PN Major/Special Units.

3. Inspection Branch:

- a. Plans, coordinates, directs, administers and supervises the activities of the Inspection Division.
- b. Conducts Annual General Inspection (AGI), Morale and Discipline Survey (MADS) and Spot Inspection to all PN Major/Special Units, and advises TNIG of the observations noted.
- c. Prepares inspection report, evaluates findings derives conclusions and submit recommendations on the result of inspection conducted.
- d. Recommends on the spot corrective measures and monitors action taken on deficiencies noted in the conduct of inspections.

4. Doctrines Branch:

- a. Formulates plans, programs, policies and procedures pertaining to PNIGS in particular and the PN/AFP in general.
- b. Conducts researches and studies on matters relevant to the mission and function of OTNIG and PNIGS.
- c. Responsible for the preparation of clearance for promotions, retirement, reenlistment, schooling, etc.

5. Readiness and Evaluation Branch:

- a. Plans, coordinates, directs, administers and supervises the activities of the Readiness and Evaluation Division.
- b. Acts as controller on the ORSITE conducted on units inspected.
- c. Responsible to the Division Head for the preparation of training and ORSITE Plans/Scenarios.



Office of the Naval Provost Marshal (O/TNPM)

1. MISSION:

To instill military discipline among all naval personnel in order to attain a lawful environment through the promulgation and enforcement of laws, rules and regulations responsive to the overall objective of the Philippine Navy.

2. FUNCTIONS:

- a. Advises and assists the FOIC, PN on matters pertaining to promulgation and enforcement of laws, rules and regulations.
- b. Formulates plans and policies relative to the implementation of laws, rules and regulations.
- c. Develops policies, plans and programs and exercise supervision in the proper administration of naval personnel detained or confined to stockades, brigs and disciplinary barracks and to provide guidance and assistance in these matters.
- d. Receives complaints and investigates cases involving offenses against person and property, disturbance of peace and public safety, vehicular accidents, traffic violations and other offenses vis-à-vis military laws and regulations and to the expeditious solutions of cases under investigation.
- e. Coordinates and establishes liaison with other police agencies in the collection and exchange of information vital to the expeditious solutions of cases under investigation.
- f. Establishes and implements policies and procedures in the registration of PN vehicles and to exercise supervision in implementation of land transportation and traffic code to include AFP rules and regulations pertaining to the proper utilization and dispatch of such vehicles.
- g. Establishes and maintains an updated, orderly and centralized record of all PN vehicles and to render periodic reports of said vehicles to higher headquarters.
- h. Compiles statistical/miscellaneous reference data on the navy-wide disciplinary cases and render assessment/periodic reports.
- i. Performs other functions as the FOIC, PN

3. ORGANIZATION:

The Office of the Naval Provost Marshal (OTNPM) is one of the special staff of the FOIC, PN and shall be organized as follows:

- a) The Naval Provost Marshal
- b) Deputy, Provost Marshal
 - c) Chief, Admin and Supply Branch
 - d) Chief, Intelligence and Investigation Branch
 - e) Chief, Operations and Policy Branch
 - f) Chief, Research and Statistics Branch

4. FUNCTIONAL RELATIONSHIP:

The Naval Provost Marshal as a Special Staff in under the functional supervision of Assistant Chief of Naval Staff for Personnel Administration, N1.



5. DUTIES AND RESPONSIBILITIES:

a) The Naval Provost Marshal (TNPM):

- 1) Responsible to the FOIC,PN in the promulgation and enforcement of laws, rules and regulations pertaining to the implementation of military discipline of all the naval personnel and maintenance of good order in all camps, bases and naval stations.
- 2) Investigates and recommends disposition of administrative, criminal and civil cases involving military personnel and monitor/maintain a centralized record of such cases.
- 3) Refers disciplinary cases received from higher headquarters, Office of the Ombudsman and other law enforcement agencies to subordinate PN unit staff Provost Marshal Offices for appropriate action and makes corresponding reviews of case dispositions prior to the approval of the FOIC, PN.
- 4) Performs such other duties as the FOIC, PN may direct.

b) Deputy Naval Provost Marshal (DNPM):

- 1) Assists the Naval Provost Marshal in the overall execution of the functions of the Office of the Naval Provost Marshal.
- 2) Performs the duties and responsibilities of the TNPM in his absence.
- 3) Performs such other functions as the TNPM may direct.

c) Chief, Administrative and Supply Branch (NPM-A):

- 1) Plans and coordinates all administrative matters affecting the O/TNPM in order to ensure efficient and smooth functioning of its office.
- 2) Responsible for the fiscal budgeting, programming and control of maintenance and operating expenses and other related finances.
- 3) Maintains and operates an orderly and current administrative/personnel records for ready reference.
- 4) Operates the message center for receiving, recording and dispatching of all incoming and outgoing communications.
- 5) Prepares and submits periodic administrative reports.
- 6) Enforces observance of office regulations and discipline among enlisted personnel and civilian employee assigned the office.
- 7) Process, maintains and issues appropriate office supplies and equipment and other requirements necessary for the effective and efficient operations of its office.
- 8) Performs such other functions as the TNPM may direct.



d) Chief, Intelligence and Investigation Branch (NPM-B):

- 1) Issues summons and investigates cases of the naval personnel involved in offenses against persons and properties, vehicular accidents, violations of military rules and regulations and to submit findings and recommendations pertinent thereto.
- 2) Maintains a case record and status of current investigation as well as case logbook.
- 3) Periodically reviews pending cases and provide guidance relative to such investigation and maintain case progress report of all investigations conducted.
- 4) Ensures that all evidences are processed, safeguarded and disposed in accordance with investigation procedures.
- 5) Conducts background investigation and collects intelligence information and evidences as an aid to the on-going investigation.
- 6) Issues clearance for enlistment, reenlistment, retirement, promotion, separation/discharge, reinstatement, CAD, ETAD and for other purposes as directed.
- 7) Maintains liaison with NJAG and other law enforcement agencies in order to obtain additional information/evidences with regards to on-going investigations.
- 8) Ensures that investigators received professional training on investigation techniques and procedures to enhance their individual knowledge and skills.
- 9) Maintains consolidated, orderly and systematic records of all PN vehicles and to render periodic reports to higher headquarters regarding the status of their registration.
- 11) Responsible in the supervision and control of all personnel, resources and activities in the Intelligence and Investigation Branch.

e) Chief, Operations and Policy Branch (NPM-C):

- 1) Formulates policies, laws and regulations in the maintenance of order and discipline among military personnel and to make plans in the execution and implementation of such policies, rules and regulations.
- 2) Reviews existing policies, rules and regulations and recommends changes and revision of such policies, rules and regulations to TNPM.
- 3) Formulates plans in the administration and operations of PN detention centers, stockades, brigs and disciplinary barracks.
- 4) Plans, coordinates and supervises the rehabilitation and retraining program of detained military personnel and wartime prisoners.
- 5) Issues general alarm for the apprehension of deserters and AWOL naval personnel to include insular prisoners and escaped military personnel.
- 6) Plans and programs for the upgrade of Provost Marshal and Military Police services and the training of the unit staff Provost Marshal and Military Police offices.
- 7) Performs other functions and duties as the TNPM may direct.



e) Chief, Research and Statistics Branch (NPM-D)

- 1) Keeps and maintains a complete, current and centralized record of disciplinary cases of all naval personnel and to render periodic reports o the FOIC, PN and higher headquarters regarding the status of such cases.
- 2) Compiles and monitors statistical and miscellaneous reference data and trends of the Navy-wide disciplinary cases and to conduct research and studies of such cases and render assessment and analysis to include recommendation/corrective action in order to minimize if not to prevent the commission of similar cases/offenses.
- 3) Conducts studies and researches of AFP Laws, rules and regulations, policies, circulars, SOPs, directives and memoranda pertaining to discipline, law and order to determine and assess its applicability/currency and to recommend its amendment to revisions and changes that maybe deemed necessary.
- 4) Responsible for the supervision and control of all personnel, resources and activities in the Branch.
- 5) Performs other functions and duties as the TNPM may direct.

9.3 Assessment

Dimension	HPN	PMC	NSSC	NFWM	Final Rating
Agency Rating	1	0	0	0	0
Deployment Score	30%-40%	0	0	0	0
Validated Rating	1	0	0	0	0

Headquarters Philippine Navy

The consensus rating is “1” with 30% to 40% deployment level; meaning, approach is deployed in selected areas although some areas or work units are in early stages of deployment. This is so because PN recognizes the role of internal audit in the prevention and detection of fraud and corruption.

The following findings were also considered:

- The identified high-risk function is procurement.
- There is an office which undertakes assessment of corruption risk areas.
- It was also noted that regular attendance of personnel to AGIA and GHQ seminars is a strength of the agency.

Philippine Marine Corps, Naval Sea Systems Command and Naval Forces Western Mindanao

The consensus rating for this site is “0”. Although the agency adheres to Administrative Order Nr 278 on Internal Audit and Administrative Nr 270, they claimed that they have to identify high-risk operations and operations.

9.3 The Assessors Validation and Final Rating



Headquarters Philippine Navy

On Corruption Risk Management dimension, HPN & HSG was given a validated rating of one (1). The evaluation was based on two items such as approach and deployment. The Agency adheres to Administrative Order#278 on Internal Audit and Administrative Order#270. For level of achievement, rating of 1 means that the Agency recognizes the role of internal audit in the prevention and detection of fraud and corruption. The Agency has identified high-risk operations and functions.

There is an OESPA office which undertakes matters relative to the enforcement of anti-graft laws and the implementation of the AFP Code of Ethics. With the mission of enhancing professionalism, promoting honesty and integrity in the military service and commitment against graft and corruption, the OESPA-PN has taken the initiative to conduct a 3 day seminar on the AFP Code of Ethics, proper filing of Statement of Assets and Liabilities (SAL) and Executive Answerability seminar in all PN Units nationwide.

Moreover, OESPA-PN initiated the publication of OESPA Tagalog Komiks vols, 1 & 2 featuring the PN Core Values and the production of posters to constantly remind the members on the negative effects of graft and corruption.

Also, OESPA-PN conducted a thorough investigation on eight (8) anonymous complaints and cases against PN personnel.

They also conducted seminar on proper Preparation of SAL and Cash Flow Analysis in anticipation for the annual filing of Statement of Assets and Liabilities (SAL).

OESPA-PN is very active in the propagation of PN-Core values for the moral regeneration of PN members.

- For strengths, relevant agency personnel are regularly attending the Association of Government Internal Auditor (AGIA) and GHQ seminars on corruption risk assessment and corruption prevention planning.
- For Deployment, HPN & HSG was given a 30%-40% score which is deployed in selected areas although, some areas or work units are in early stages of deployment.

Philippine Marine Corps, Naval Sea Systems Command and Naval Forces Western Mindanao

The validated and final rating of these units is "0". Although findings proved that "the agency recognizes the role of internal audit in the prevention and detection of fraud and corruption, the agency did not observe any mechanism and controls yet in identifying its high-risk operations and functions. It was noted though that there was an increased on the role of OESPA on the solution of cases (as indicated in the OESPA report from 2005 to 2006).

9.4 Next Steps

The following areas of improvement are recommended to upgrade the rating on this dimension.

- Identify high-risk functions operations and functions in the organization (PN wide)
- There should be proactive assessment of corruption risk areas
- Corruption risk assessment and corruption prevention planning should be part of the training to be given to the relevant personnel
- Come up with corruption risk management/corruption prevention plan to address the identified risks



10. Managing Interaction 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.

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.

10.1AFP-PN’s Managing Interaction with External Environment

Interaction with external environment is lodged under the Civil Military Operation (CMO). External clients are referred to general public, the employees- military officers, enlisted personnel, civilian employees, families, and retirees. The different processes in dealing with these clients are promoted at designated offices.

10.2Assessment

Leadership	HPN	PMC	NASSCOM	NFWM	Final
Agency IDA Rating	3	3	1	3	1
Deployment Rating	50%-60%	70%-80%	10%20%	50%-60%	50%-60%
Validated Rating	1	1	1	1	

Headquarter Philippine Navy

Before proceeding with rating the HPN based on the levels of achievement, the Facilitator first identified the clients of PN which both includes the “mamamayang pilipino” or general public, the employees- military officers, enlisted personnel, civilian employees, families, and retirees where they are providing their service. There were some clarifications on the meaning of the levels of achievement as the participants move from one level of achievement to the other until they come up with their rating.

The participants were given yellow sheet of paper wherein they will initially self-rate their agency based on the level of achievement. They were given five (5) minutes for this and afterwards, all individual ratings were consolidated and presented in plenary. With the help of the Dimension Facilitator, she led the group in coming



with the consensus rating based on the documentary evidences as stated by the participants. All participants were given opportunities to depend their rating.

The consensus rating for this dimension is "3" with 50% to 60% deployment percentage. The officers strongly believed that PN has "a mechanism to check that the published rules, procedures, and standards are being met (e.g. client complaints/feedback mechanism, service charter)," as this is the very function of Provost Marshall and JAGO. But this rating is still subject to validation of documentary evidences.

Philippine Marine Corps

The consensus rating for this dimension is "3" with 70% to 80% deployment percentage. The following strengths were also identified:

- The agency has full and complete record of complaints and feedback from clients. Complaints and feedback from clients are analyzed to identify possible incidence of corruption. Compilation of these cases are documented and filed at the Office of the Provost Marshall.
- The agency has mechanism to provide redress for failure to comply with its service guarantees through the Grievance Committee Board.

At the same time, "records of releases of information are examined. Results of analysis are correlated with incidence of corruption (in relation to suppliers)," is an area for improvement.

Naval Sea Systems Command

The consensus rating is "1" with 10% to 20% deployment level. The levels of achievement for this rating are lodged in the Civil Military Operation unit of PN.

Naval Forces Western Mindanao

The rating for this dimension is "3" with 50% to 60% deployment level. The Officers believed that all levels of achievement for this rating were satisfied and all data needed for validation will be made available for the team.

10.3 The Assessors Validated and Final Rating

The validated rating and final rating for this dimension is "1" with 50% to 60% deployment level. The following strengths were identified: 1) relevant personnel are given training on how to handle and resolve complaints; and, 2) managers monitor compliance with service standards and ensures transactions are isolated from undue interference (i.e., patronage, bribery).

Also, the following good practices were noted:

- Complaints or feedback can be posted anytime through the PN website
- Information is proactively disseminated through civil military operation and civil relations service
- Separate public information office is responsible for relevant information dissemination

10.4 Next Steps

For the PN to proceed to the next level, the following are areas for improvement are proposed.

- Complete record of complaints and feedback from clients should be documented properly to be used for analyzing corruption incidence in the agency and in coming up with comprehensive plan.
- Examine records of releases of information
- Review the agency's system of managing interface with external environment for effectiveness in preventing corruption and enhancing integrity.



V. Corruption Vulnerability Assessment

The following are the areas that were subjected to CVA with corresponding description of the process and findings of the IDR Team.

A. Human Resources Management

The CVA on the area of Human Resources focuses on the recruitment of Naval Officer Candidate Course (NOCC) officer candidates and Naval (White Caps) and Philippine Marine Corps candidate soldiers, as well as the promotion of officers, enlisted personnel and civilian employees.

This report deals on the Promotion of Naval Officers. Candidates for promotion to any officer grade in the Philippine Navy is evaluated and passed upon by the following Selection Boards:

- a. Board of Senior Officers (BOSO) - For promotion to 0-6 (Captain/Colonel) and 0-7 (Rear Admiral/BGen)
- b. Selection Board "A" - For promotion to 0-4 (Lieutenant Commander/Major and 0 (Commander/Lieutenant Colonel)
- c. Selection Board "B" - For promotion to 0-2 (Lieutenant Junior Grade/First Lieutenant and 0-3 (Lieutenant Senior Grade/Captain)

The PN Board of Senior Officers (BOSO) is composed of not less than five (5) and not more than seven (7) voting members, where at least one whom is assigned at the General Headquarters, AFP. All of them are at least 0-7 in grade/rank. The most senior member of them acts as the Chairman of the Board while the Asst Chief of Naval Staff for Personnel, N1 serves as the Secretary and non-voting member.

Selection Board "A" is composed of nine (9) permanent members and three (3) alternate members while Selection Board "B" is composed of not less than five (5) and not more than seven (7) permanent members plus two (2) alternate members. The most senior and the most junior permanent members of each Selection Board act as the Chairman and Member-Recorder, respectively.

Members of the PN Selection Boards are appointed by the Secretary of National Defense upon the recommendation of the Chief of Staff, AFP based on the list submitted by the FOIC, PN.

Each Selection Board shall serve for a period of one (1) year commencing on 01 January and terminating on 31 December of every calendar year; provided, however, that a member who is appointed to a Selection Board as replacement of another member shall serve only the unexpired term of the member replaced.

The Naval Assistant Chief of Staff for Personnel, N1 and The Naval Adjutant establish/create their respective Secretariat for the BOSO and Selection Boards, respectively, that operates under their supervision. The Selection Board Secretariats provide basic support and general administrative services to the promotion boards of their concern. Their functions are as follows.

1. Secure and prepare the particular promotion lists needed by the selection boards.
2. Provide the selection Boards with information regarding officers included in the zone of consideration as provided for in the SOP on Promotion of Officers.
3. Secure and consolidate the following records concerning each individual officer to be considered for promotion and submit them to the appropriate selection board:
 - a. Current Summary of Information
 - Last three (3) Officer Evaluation Reports
 - Career Course Completion Order



- Statement of Service (only for promotion to 0-2 and 0-3)
- Extension of Tour of Active Duty (ETAD) for officers not covered by Executive Order
- No 79, s-86, Security of Tenure
- Others as required

4. Secure in behalf of each officer considered for promotion, and furnish to the selection board, the following clearances:

- a. Intelligence Clearance
- b. Money/Property Accountability Clearance
- c. Inspector General (IG) Clearance
- d. Judge Advocate General Service (JAGS) Clearance
- e. Ethical Standards and Public Accountability Clearance
- f. Medical Clearance
- g. Physical Fitness Clearance

5. Serve as the depository and repository of the selection boards.

6. Perform such other functions as may be required or needed by the selection boards.

ELIGIBILITY FOR PROMOTION

I. QUALIFICATIONS

Following are the prescribed minimum qualifications for an officer to be eligible for promotion to the next higher grade:

A. TIME-IN-GRADE (TIG)

1. The required minimum TIG for promotion to each grade, unless prescribed differently in the SOP, shall be as indicated:

GRADE	TIME-IN-GRADE	Regular Officers	Reserve Officers (Active)
0-2	3 yrs Active Comsn Svc	3 yrs Active Cmsn Svc	
0-3	7 yrs Active Comsn Svc	7 yrs Active Cmsn Svc	
0-4	No TIG as 0-3	2 yrs as 0-3	
0-5	No TIG as 0-4	2 yrs as 0-4	
0-6	1 yr as 0-5	2 yrs as 0-5	
0-7	1 yr as 0-6	2 yrs as 0-6	

2. Unless subsequently provided for by law, the CSAFP shall prescribe the minimum TIG requirements for promotion to grades above 0-7.

3. Computation of TIG. The counting of the TIG shall commence from the effective date of the last permanent promotion or appointment to the active service, up to the effective date of the contemplated promotion to the next higher permanent grade. However, in case of a break in active commissioned service, the gap in the active service shall not be credited as time spent in the grade.



B. CAREER COURSES

1. An officer for promotion must have satisfactorily completed the required mandatory career courses for promotion to the grades as indicated:

GRADE	CAREER COURSES
0-1 (Commission)	Pre-Entry/Pre-Commission Course
0-3	Basic Course
0-4 and 0-5	Advance Course
0-6	Command and General Staff Course/Technical Service Command and Staff Course
07	MNSA or equivalent Masters/Doctorate Degree

2. Technical Service officers are covered by the provisions of GHQ Cir 8, dated 22 Oct 84, Subject: Military Education and Training Requirements for Promotion of AFP Officers.

3. The regular Command and General Staff Course (CGSC)/Technical Service Command and Staff Course (TSCSC), for the purpose a mandatory requirement for promotion, shall not any equivalent course undertaken from civilian educational institutions. Request for accreditation of military courses, local or foreign, as equivalent to CGSC/TSGSC shall be passed upon by the AFP Education and Training Board and approved by the CSAFP.

4. Officers who were granted GSC eligibility by virtue of either having successfully completed the regular or TSGSC or having undertaken similar courses from foreign military schools are deemed to have satisfied the military career course requirement for promotion to 0-6 and 0-7.

5. Officers who were conferred upon the GSC equivalent by virtue of either having finished a civilian masters or doctorate course as passed upon the AFP Education and Training Board and approved by the CSAFP prior to the termination of the granting of GSC equivalent in December 1990, or having completed certain foreign military courses accredited as GSC equivalent are deemed to have satisfied the military career course requirement for promotion to 0-6 and 0-7.

6. Individual request for accreditation of Masters/Doctorate degree as equivalent to MNSA shall be submitted to and be favorably indorsed by the Major Service Commander concerned to the CSAFP, thru the Deputy Chief of Staff for Education and Training, J8, for approval.

7. As a transition period, the MNSA or Masters/Doctorate Degree requirement for promotion to the grade of 0-7 is waived for officers in the grade of 0-6 who were promoted to grade 0-6 before 1 July 1986 and have successfully completed the regular Command and General/Technical Service Command and Staff Course.

C. ZONE OF CONSIDERATION

An officer to be eligible for promotion must have his name within the zone of consideration prescribed for each grade. No officer shall be considered and recommended for promotion to any permanent grade unless his name appears in the zone of consideration prescribed for that permanent grade.

D. POSITION ELIGIBILITY

An officer to be eligible for promotion to the next higher grade must be eligible to position assignments authorized to that next higher grade.



II. DISQUALIFICATIONS

A. The following officers are outrightly not considered for promotion and shall not be deliberated upon nor evaluated for purposes of promotion:

1. Officers who are on missing-in-action (MIA) status
2. Officers due for separation, as follows:
 - a. For retirement or separation, and are on terminal leave
 - b. For being physically and/or medically unfit for military service
 - c. For being deferred twice of promotion to the same rank
 - d. By virtue of their names having been twice removed by the President (for promotion to the same grade) from the list of officers recommended for promotion.
 - e. By virtue of the removal by the President of their names from the list of officers recommended for promotion, and their being considered/deliberated upon but not selected by the next succeeding Selection Board.
 - f. For being deferred once in grade 0-1
 - g. Convicted by Court Martial whose sentences include dismissal from the service.

B. The following officers who are considered with administrative impediments to their promotion, are not fully qualified for promotion and are classified as "not on promotable status" and shall be placed under the not considered for promotion category:

1. Those whose names are carried in the Morning Report as Absent Without Leave (AWOL)
2. Those under arrest or confinement.
3. Those who have escaped arrest or confinement.
4. Those sick not in line of duty.
5. Those with pending cases until such cases have been dismissed or withdrawn or the individual has been tried and acquitted.
6. Those who are facing administrative proceedings aimed at determining their suitability for retention in the AFP.
7. Those meted punishment under AW 105 within one (1) year upon being considered for promotion.
8. Those with unliquidated outstanding accountabilities.
9. Those without the required military career courses.

Guidelines on Impediments to Promotion:

a. **Pending Case** – The following guidelines shall be observed:

- 1) For the purpose of determining whether an officer is on non-promotable status:
 - a) A court-martial case becomes pending from the date of referral of the charge to the Trial Judge Advocate for trial.
 - b) A criminal case becomes pending from the date the criminal information is filed in court and a warrant is issued.



c) An administrative case is one referred to an Efficiency and Separation Board or a discharge board, and such case becomes pending upon its referral to the Board by the appropriate authority.

2) Any of the following situations may occur anywhere between action by the promotion board and actual submission of its recommendation:

a) An officer was categorized "not considered for promotion" by the board due to a pending case and the case is terminated and the impediment removed after the board has submitted its recommendation.

b) An officer who did not have a pending case, was considered and recommended by the board, is accused/respondent in a case, thereby placing him on non-promotable status after the board has submitted its recommendation.

c) An existing pending case against the officer is not known to a selection board and the latter considered and recommended said officer. After submission of the board's recommendation, the pending case is discovered.

3) In situation (a), the officer concerned shall be considered in the next promotion cycle, and if no other impediments exist will be recommended for promotion. In situations (b) and (c), the Chief of Staff, AFP, after recital of the concerned facts/circumstances, shall advise the President that the officer affected should be deemed deleted from the recommended list submitted by the selection board on the ground that said officer is on non-promotable status, instead of recommending his removal from the recommended list, since by virtue of the Presidential statutory power of removal, this could have the legal effect of a deferment.

b. Unliquidated Accountabilities

1) The following are the guidelines on the promotion status of officers with unliquidated outstanding money and/or property accountabilities.

a) Having unliquidated outstanding money/property accountability, the incurrance of which is in accordance with pertinent policies and regulations, and the failure to liquidate the same is definitely not through subject officer's own fault or neglect shall be a ground for deferment.

b) Having unliquidated outstanding money/property accountability, the incurrance of which is in accordance with pertinent policies and regulations and the failure to liquidate the same is definitely not through subject officer's own fault or neglect shall not be a ground for deferment or non-consideration, and the officer may be deliberated upon for promotion.

c) Having unliquidated money/property accountability, the determination as to whether or not the incurrance of which and/or failure to liquidate the same is through subject officer's fault or neglect is still pending, shall be sufficient cause for "not considered" category.

2) The PN Chief Accountant shall immediately determine the fault/neglect, or lack thereof, of all PN officers who have unliquidated outstanding money and/or property accountabilities and are due for promotion during the current year and shall furnish result of such determination and furnish not later than the end of January, either directly or through the promotion boards concerned, list of officers with unliquidated outstanding money/property accountabilities as of the 1st of January, indicating therein which of the aforementioned categories each of the officers falls.

3) The determination in any particular case shall not go beyond a period of one (1) promotion cycle, i.e., no officer shall fall under the third category (determination pending) for more than one promotion cycle for the same accountability, unless there are valid and acceptable reasons for such category.



c. Punishment Under AW 105

1) Disciplinary punishment under AW 105 imposed against an officer will have the consequence of rendering him on non-promotable status for a period of one year from date of imposition of punishment, only if the same is imposed by an officer exercising General Court Martial (GCM) jurisdiction or a general or flag rank in command.

2) One or even two disciplinary punishments meted against an erring officer under AW 105 by an officer exercising GCM jurisdiction or a general or flag rank in command within a span of 3 years next preceding the consideration for promotion of the former cannot be a ground for deferment from promotion of respondent officer.

3) Three (3) or more disciplinary punishments imposed against an errant officer under AW 105 by an officer exercising GCM jurisdiction or general or flag rank in command within a period of 3 years next preceding the consideration for promotion of the former, shall constitute a ground for deferment of promotion.

4) The term "non-promotable" simply means that the officer concerned cannot be considered for promotion within a period of one (1) year from the date of the imposition of a disciplinary punishment under AW 105.

c. Career Courses

1) An officer who is taking up or attending a career course required for his promotion to the next higher grade at the time he is due for consideration for promotion to the next higher grade, and in fact is considered, is deemed as having not satisfied the required career course for promotion to that grade.

2) An officer who failed to qualify for promotion due to lack of a career course, and again fails to qualify for promotion to the same grade for lack of the same career course on account of his own fault or negligence, shall be sufficient ground for recommendation for deferment.

3) An officer who fails to qualify for promotion due to lack of a career course, and such lack of a career course was due to his inability to successfully complete such course or his failure to satisfactorily comply to the requirements and standards of such course, or otherwise returned to his unit while taking the course for breach of discipline or serious violation of school regulations, shall be sufficient ground for recommendation for deferment.

SELECTION PROCESS

A. GENERAL

1. Unless expressly provided for by law, officers of the AFP shall be selected for permanent promotion to grades 0-2 to 0-7 only when favorably passed upon for promotion to those grades by a selection board created for the purpose.

2. Selection boards are required to justify in writing their selection of officers for promotions or otherwise, setting forth the reason or reasons for such.

3. Any list of officers recommended for promotion by any board shall not be altered just to place an officer ahead of any officer whose name appears above his on such list.

B. FACTORS FOR SELECTION

1. Aside from his relative seniority as reflected in the particular promotion list, the professional attributes, demonstrated performance and behavior, and the indicated potentials of an officer for outstanding



service in the next higher grade shall be the principal criteria in his selection for promotion. In the determination of such qualities, the following factors for selection are prescribed:

a. **Seniority and Maturity.** It connotes the exercise of authority by one officer over another, and flows from top to bottom; that as an officer grows and matures in his military career, he acquires the knowledge, the wealth of experience, and the wisdom of age which give him distinct advantage over his juniors, and which, when used properly and wisely, enhance his value to the organization and his potential for further service; and an AFP officer, whether in official functions or in his personal capacity, is expected to act and behave in a manner befitting his rank and position.

b. **Physical Fitness and Appearance.** AFP policy requires that every individual officer must be physically and medically fit regardless of age or duty assignment. On the other hand, the AFP recognizes also that waivers may be granted to officers with certain medical profiles and partial disabilities which are the results of disease, wound or injury sustained in line of duty, but which do not interfere with the officers' performance of duty. In all instances, an officer's appearance and bearing, and his adherence to the AFP's policies and regulations on physical and medical fitness minimum requirements, shall be given prominent consideration in the selection process for promotion.

c. **Record of Performance.** Every officer is expected to contribute to the overall mission of the AFP, in general, and to the mission of his unit, in particular. An officer's record of performance provides a gauge of his overall value and potential for continued service to the AFP.

d. **Professional Preparation and Development.** The kind of education and training that an officer obtained from both civilian and military institutions, as well as his scholastic performance and the efforts he has given in acquiring this education and training will indicate the kind of professional preparation he has acquired for the next higher grade. The professional background and qualities of an officer can give a fairly accurate prediction of his future performance.

e. **Professional Ethics.** This is the most intangible among the factors for the selection of an officer for promotion, yet it provides the real foundation for successful leadership. It refers to an officer's dedication to duty, professional deportment, desire to excel, and adherence to the professional military attributes of loyalty, chivalry, courage, integrity, moral responsibility, selfless service, and such other attributes which distinguishes him from the other professionals.

f. **Service Reputation.** This is the general impression that an officer builds up for himself throughout his career, and it is the sum total of all the factors prescribed in the evaluation and assessment of an officer and his eventual selection for promotion. It is a summary profile of an officer's acceptance to his subordinates, contemporaries and superior in terms of his value to the organization and the accomplishment of its mission.

2. Since the selection process is inherently a product of summary evaluation of an officer, the factors for selection should be given weights in their order of importance to the grade to which an officer is being considered for promotion. However, the greater emphasis in applying these factors must be placed on an officer's more recent performance in his career field.

3. Where the evaluation results in all the factors for selection are more or less equal among two or more candidates for promotion, or the relative order of precedence of officers in a particular grade, shall serve as the main criterion by which selection for promotion shall be based, and the one senior shall be recommended for promotion ahead of the one junior.



C. RATING STANDARDS

1. Purpose – Rating standards are promulgated in precise and measurable terms to ensure that all officers considered for promotion are assessed and evaluated using the same AFP-wide set of standards. This provides fair and equal opportunity among officers considered for promotion. It also allows them to concentrate on improvements in those areas which are significant in increasing their promotion potentials, and in those areas where they are evaluated in comparison to their contemporaries.

2. Rating Scales

a. Each officer considered for promotions to grades 0-2 to 0-5 shall be rated in a scale of one (1) to six (6) in each of the six factors for selection, as follows:

- 6.0 - Outstanding (Stands out among contemporaries)
- 5.0 – Superior (Rarely equaled by contemporaries)
- 4.0 – Excellent (Equaled by few of contemporaries)
- 3.0 – Satisfactory (Equaled by majority of contemporaries)
- 2.0 – Barely Satisfactory (Meets the minimum requirements and job standards)
- 1.0 – Unsatisfactory (Fails to meet minimum requirement and job standards)

b. Rating standards for promotion to grades 0-6 and 0-7, in addition to the factors for selection, are divided into qualitative and quantitative criteria.

Qualitative Criteria:

- 1) Physical Fitness and Physical Ability
- 2) Professional Development
- 3) Record of Performance
- 4) Professional Attributes and Ethics
- 5) Maturity

Quantitative Criteria:

- | | |
|-----------------------------|---------------|
| 1) Seniority | 12 pts |
| 2) Geographical Assignments | 8 pts |
| 3) Type of Assignments | 12 pts |
| 4) Troop Command | 16 pts |
| 5) Educational Attainment | 12 pts |
| 6) Awards | 10 pts |
| 7) Service Reputation | <u>30 pts</u> |
| Total | 100 pts |

I. SELECTION FOR PROMOTION TO GRADES 0-2 AND 0-3

Irrespective of the existence of any vacancies, each officer in the appropriate promotion list in the permanent grades of 0-1 and 0-2 shall be considered by the appropriate Selection Board for promotions to the grades 0-2 and 03 sufficiently in advance of the date on which he shall have completed three (3) and seven (7) years active commissioned service, respectively, so that such officer as recommended by the Selection Board may be promoted to and appointed in such grade on the date on which he shall have completed such length of service.

Officers in grades 0-1 and 0-2 who shall complete the years of active commissioned service as prescribed in the foregoing during the pertinent promotion cycle shall be considered by the appropriate selection boards.

When an officer in permanent grades 0-1 and 0-2 in any promotion list must be considered for promotion by reason of the completion of years as prescribed, the selection boards shall consider officers of that grade whose names appear above his in that promotion list, irrespective of the existence of any vacancy in the next higher



grade in that promotion list. Officers, who, as a result of their having active commissioned service as Reserve Officers prior to their Commission in the Regular Force satisfy the length of service requirements for promotions to grades 0-2 and 0-3, but their names appear below officers who were appointed ahead in the Regular Force and have not yet completed the same, shall not be considered for promotion until the latter satisfy the time-in-grade requirements for promotion.

The zones of consideration for promotions to grades 0-2 and 0-3 in each of the promotion lists shall be composed of all officers in the permanent grades 0-1 and 0-2, respectively, who satisfy the time-in-grade or length of active commissioned service requirements in those grades. However, officers who are included in such zones of consideration and who are missing-in-action status or pending separation as defined above shall be categorized as outrightly not considered for promotion and shall be recommended as such.

SELECTION PROCEDURES

1. The concerned selection board initially shall initially assess and evaluate all the officers considered for promotion based on the records made available to the board, and on such other information as may be collectively known to the members, and determine who among these officers considered can be evaluated and rated based on the prescribed criteria without the need to appear before the board for interview, except as provided for in the SOP. All the other officers considered must appear before the board for interview and further evaluation.

2. After the interview and ensuing evaluation and assessment of the candidates and the thorough evaluation of their records, each member of the selection board, using the Selection Board Individual Member's Rating Sheet, shall rate each candidate of the factors for selection, with the best officer and the worst officer in each factor getting ratings of "6.0" and "1.0 to 3.0", respectively, depending on how the worst officer fared with the best officer. Each candidate shall be compared with the best and/or the worst officer in each of the factors for selection. If a candidate is comparable with the best, he shall be rated "6.0". On the other hand, if he is comparable with the worst, he shall be rated the same as the worst. If he is somewhere in between, his rating shall be interpolated accordingly.

3. Those officers getting a rating of at least "3.0" in each of the factors for selection shall be voted as "P" (Promote), while those officers who obtained a rating of less than "3.0" in any of the selection factors shall be voted as "NP" (Not Promote).

4. The selection board chairman, using the Selection Board Rating Tally Sheet, shall then tabulate the votes of each of the board members. Those officers who obtain a majority of "P" votes from the members of the selection board shall be remarked as "Promote", while those who obtained a majority of "NP" votes shall be remarked as "Not Promote".

5. Any or all of the officers remarked "Not Promote" shall be called upon by the board for further interview, if necessary. All those officers remarked "Not Promote" shall again be evaluated and rated by the board using the same procedures. Those subsequently voted by majority of the members of the board as "P" after the re-evaluation shall be remarked as "Promote", those still voted by the majority as "NP" shall be remarked "Not Promote", and they shall be categorized as "deferred of promotion" and be recommended as such.

6. All those officers with remarked "Promote" shall be further examined by the board, and those determined to have Administrative Impediments for Promotion shall be categorized as not considered for promotion, or otherwise in consonance with the Guidelines on Impediments to Promotion as cited herein, and shall be recommended as such.

7. All those remaining officers with remarked "Promote" and determined to have no impediments to their promotion shall be recommended for promotion in their order of relative seniority.



II. SELECTION FOR PROMOTIONS TO GRADES 0-4 AND 0-5

Officers in the permanent grades of 0-3 and 0-4 in any promotion list shall be considered and be recommended by the appropriate selection boards for promotion to the permanent grades 0-4 and 0-5, respectively.

SELECTION PROCEDURES:

1. Allocation of vacancies - The distribution of the promotion vacancies in each grade and service between the Regular and Reserve components shall be announced by the Deputy Chief of Staff for Personnel, J1, as prescribed by the Chief of Staff, AFP, in consideration of the following factors:

- a. Effects on organizational morale.
- b. Comparison among the services in the number of officers with the prescribed time-in-grade and accumulated commissioned service.
- c. Comparison in the relative standing among contemporaries in the different promotion lists of the Services.

2. Upon certification by the CSAFP of the existence of promotion vacancies for the grades 0-4 and 0-5, the concerned selection board shall implement the distribution of those vacancies to the regular and reserve components in those grades, as warranted, and based on the foregoing factors.

3. The board shall then establish the zones of consideration for each of the regular and reserve components based on such allocation. The zone of consideration shall be broken down in its primary and secondary zones of consideration.

4. The board shall take note of those outrightly not considered for promotion in the same manner as in the selection for promotions to grades 0-2 and 0-3, and their records shall be returned to the secretariat. These officers shall be eventually placed under "outrightly not considered for promotion" category.

5. The Board shall then assess and evaluate all the officers considered for promotion based on the thorough examinations and evaluations of all the records and other relevant information made available or collectively known to the members of the Board, and determine who among these officers can be evaluated and rated based on the prescribed criteria without the need to appear before the Board for interview, except as provided for in the SOP. All the other officers in the zone of consideration must appear before the Board for interview and further evaluation.

6. After the interview, the Board shall proceed to a thorough examination of the records, and the evaluation and deliberation of each candidate:

- a. Rating and Ranking – After completely examining and evaluating the entire records of all the candidates, the Selection Board shall be reconfigured into three (3) panels of three (3) permanent and one (1) alternate members each. Each member in each panel shall rate the candidates in each of the factors for selection. Using the Selection Board Panel Member's Evaluation Sheet, each member shall rate initially all officers in the primary zone in a scale of one (lowest) to six (highest). Each candidate shall be compared with the best and/or worst officer in each factor. If a candidate can compare with the best, he shall be rated "6.0". On the other hand, if he is comparable with the worst, he shall be rated the same as the worst. If he is somewhere in between, his rating shall be interpolated accordingly. After a member has rated all those in the primary zone, he shall rank them according to their ratings. The candidate with the highest rating shall be ranked as No 1, the second highest as No 2 and so on. In instances where there are more than one who receive the same rating, they shall be ranked in the order of their relative seniority within that rating.



b. Based on the ranking he established in the primary zone, a panel member shall vote "P" (Promote) those belonging to the top two-third (2/3) and vote "NP" (Not Promote) those belonging to the bottom one-third (1/3).

c. Determination of the Best Qualified from the Primary Zone. An officer who receives a majority vote of "P" in a panel shall be considered selected by the panel for promotion, and be remarked "S" (Selected). On the other hand, an officer who receives a majority vote of "NP" in a panel shall be considered as "not selected" and be remarked as "NS". Those who are selected by the three (3) panels (triple select) shall be additionally considered for filling up "third vacancy" positions; while those who are not selected unanimously (triple-non-select) by all the three (3) panels shall be considered for "deferment".

d. Determination of the Best Qualified from the Secondary Zone. Whenever there are double-selects (DS), single-selects (SS), and/or triple-non-selects (TNS) in the primary zone, the Selection Board members shall also examine the entire records and the whole person of those in the secondary zone. Similarly, the triple-non-selects (TNS) from the primary zone and the officers in the secondary zone shall be reconstituted, and together, shall be rated and ranked in the same manner as the primary zone. Based on the ranking that a panel member established of the officers in the reconstituted secondary zone (TNS in the primary zone and the officers in the original secondary zone), he shall vote "P" (Promote) those belonging to the top 1/3 and vote "NP" (Not Promote) those belonging to the bottom 2/3. The votes of the panels shall again be consolidated to determine those who are selected and not selected in the secondary zone. Those from the original primary zone who will not come out as triple select-select when evaluated and compared to those in the secondary zone shall be recommended for deferment, or attrition, as appropriate; while those re-evaluated as triple-select shall be recommended for promotion, and when made to re-occupy their original positions in the original primary zone, shall be remarked as "SS" as if they were originally Single-Selects. This is to preclude them from being considered for third vacancy positions. On the other hand, the triple-selects (TS) from the original secondary zone shall be considered for filling-up of third vacancy positions. Triple non-selects on the original secondary zone shall not be considered as a deferred officer.

7. Determination of Third Vacancy Positions. After all the board members voted on all officers in the primary zone, the panels shall independently count their own votes and the panel chairman shall accomplish the Panel Tally Sheet and submit the same to the Board Chairman. Upon receipt of all panel tally sheets, the Board Chairman assembles the members and prepares the Selection Board Evaluation Tally Sheet and the partial list of recommendees. The list shall be composed of the triple-select, double-select, single-select and reconsidered triple-non-select who have satisfied the eligibilities for promotion as provided for in the SOP. Every number in the list which is divisible by three (3) shall be considered as a third vacancy position.

8. Should a panel member find that a candidate has been voted too low, he may request that the candidate be revoted on. Gross deviations between votes of panel members should be brought to the attention of the panel chairman for further discussion and voting, if necessary.

9. Filling Up of Third Vacancy Positions. The most senior triple-select shall be considered for filling up the first third vacancy position which could be filled; the second most senior triple-select for the second third vacancy position and so on. A triple-select from the secondary zone shall be made to "jump" only if he is comparable with the triple-select from the primary zone.

10. Evaluation of the Final List of Recommendees. Having determined the "jumpers" and the third vacancy positions they will fill up, the board examines each of those to be recommended to determine who are with administrative to their promotion and therefore to be categorized as "not considered for promotion", or otherwise in consonance with the Guidelines on Impediments to Promotions. The Board then prepares its report to the President. Vacancies created by deferment shall normally be filled up via the third vacancy rule. However, if after the application of the third vacancy rule there are still unfilled vacancies due to deferment and non-consideration for promotion, these vacancies can only be filled up by recommending the most senior and so on, in the secondary zone; Provided, they are triple-select and comparable with the officers who belong to the best 1/3 of the primary zone, and will not "jump over" any double-select or single-select in the process.



11. In the event that after the selection process, there are still unfilled vacancies created by deferment or no n-consideration for promotion of some officers, and cannot be filled up by officers from the secondary zone via the third vacancy rule, or through the preceding paragraph 10, the selection board may recommend in their order of relative seniority and in a separate report to the President, through the CSAFP, the temporary promotion of those officers in the secondary zone who are found to be the best qualified (triple-selects) for promotion to the next higher grade; Provided, that the number of officers to be recommended shall not be more than the number of unfilled vacancies due to deferment and non-consideration for promotion. This scheme is necessary to ensure that officers not qualified for third vacancy positions are given equal opportunities for pro motion without unnecessarily disturbing the seniority which has already been established.

12. In the event that after the selection process, more than 1/3 of the declared promotion vacancies are left unfilled as a result of deferment and non-consideration for promotion of officers in the zone of consideration, the Selection Board, with the approval of the CSAFP (Attn: J1) may constitute the zone of consideration as follows:

a. If after evaluation of the primary zone, the number of Triple-Select(s), Double-Select (s) and Single-Select(s) is less than 2/3 of the declared promotion vacancies because of the unusual number of officers who are Triple-Non-Selects (TNS), and are deferred and of officers not considered for promotion, the Selection Board may reconstitute the zone of consideration by including other officers who have the same time-in-grade as the most junior in the original zone of consideration,

b. Having reconstituted the zone of consideration, the Selection Board evaluates the new primary and secondary zones using the prescribed Selection Board procedures to determine who will be recommended for promotion.

c. Triple-Non-Selects of the original primary zone shall be included in the new secondary zone.

III. SELECTION FOR PROMOTIONS TO GRADES 0-6 AND 0-7

1. PN officers in the permanent grades of 0-5 and 0-6 in their respective promotion lists shall be initially screened and evaluated for promotion to the next corresponding higher grade, or be recommended otherwise, by the PN Board of Senior Officers created for the purpose.

2. From the list of those PN officers in the permanent grades 0-5 and 0-6 initially screened and evaluated, and subsequently submitted by the PN BOSO, the FOIC, PN shall select those whom, by his own evaluation and assessment, are to be deliberated and passed upon for promotion or otherwise, by the AFP Board of Generals.

3. Based upon the number of promotion vacancies for PN officers, existing and anticipated, in any promotion list for grades 0-6 and 0-7, the AFP Board of Generals shall pass upon and recommend from among the list of PN officers submitted for promotion by the FOIC, PN those whom, by its own evaluations and assessments, are best qualified to be promoted to grades 0-6 and 0-7. The AFP Board of Generals shall likewise deliberate and pass upon those recommended by the FOIC, PN for lateral attrition.

4. Eligibility Requirements – Officers in grades 0-5 and 0-6 must satisfy the following eligibility requirements for promotion to the corresponding next higher grades:

a. The eligibility for promotion as previously discussed.

b. Occupying positions for which the next higher grade is authorized for at least the past three (3) months cumulative prior to their consideration.

c. For promotion to 0-7, only an officer who has at least one (1) year remaining to serve prior to compulsory retirement reckoned from the date such officer assumed a position calling for the rank of



General/Flag Officer in the AFP Table of Organization, shall be considered provided that he has occupied such positions for at least three (3) months cumulative when recommended by the BOSO of the Major/Technical Service.

5. Zone of Consideration

a. Size. The zone of consideration for promotion to the permanent grades 0-6 and 0-7 shall not be more than four times the number of promotion vacancies declared by the SND for those grades and allocated to each of the Regular and Reserve components. Provided, that all officers included in the zone of consideration must satisfy the time-in-grade requirements; all officers holding temporary grade, regardless of the aforementioned limitations on number and time in permanent grade, shall be added as part of the zone of consideration. Those on the uppermost portion of the zone of consideration equivalent in number to the declared promotion vacancies shall comprise the primary zone of consideration, while the rest shall comprise the secondary zone of consideration.

b. In establishing the zone of consideration for promotion to grade 0-7, aside from the names of those missing-in-action and due for separation, the names of those not occupying positions for which the grade of 0-7 is authorized shall likewise be passed over.

SELECTION PROCEDURES

1. Upon certification by the CSAFP of the existence of promotion vacancies for PN grades 0-6 and 0-7, the PN BOSO shall determine the allocation and distribution of those vacancies to the Regular and Reserve components in each grade, as warranted.

2. After determining the allocation, the PN BOSO shall establish the zones of consideration for both the Regular and Reserve components, as appropriate.

3. The Board shall then initially assess and evaluate all the officers considered for promotion based on the records and other relevant information made available or collectively known to the members of the Board, and determine who among these officers can be evaluated and rated based on the prescribed criteria without the need to appear before the Board for interview, except as provided for in the SOP. All the other officers in the zone of consideration must appear before the Board for interview and further evaluation.

4. After the interview, and the ensuing evaluation and assessment of the candidates for promotion and the thorough evaluations of their records, each member of the Board, using the Board of Senior Officers Individual Members Qualitative Rating Worksheet, shall rate each candidate in each of the qualitative criteria with the best officer and the worst officer in each criterion getting ratings of "6.0" and "1.0 to 3.0", respectively, depending on how the worst officer fared with the best officer. Each candidate shall be compared with the best and/or worst officer in each of the criterion. If a candidate is comparable with the best, he shall be rated "6.0". On the other hand, if he is comparable with the worst, he shall be rated the same as the worst. If he is in between, his rating shall be interpolated accordingly.

5. Those officers getting a rating of at least "3.0" in each of the criteria shall be voted as "S" (Select) while those who obtained a rating of less than "3.0" in any of the criteria shall be voted as "NS" (Not Select).

6. The BOSO Chairman, using the BOSO Qualitative Rating Tally Sheet, shall then tabulate the votes of each of the Board members. Those officers who obtained a majority of "S" votes from the Board members shall be remarked as "Select" while those who obtained a majority of "NS" shall be remarked as "Not Select".

7. Any or all of the officers remarked "Not Select" shall be called upon for further interview, if necessary. All those remarked "Not Select" shall again be evaluated and rated by the Board using the same procedures. Those eventually voted by majority of the Board members as "S" shall be remarked as "Select"; while those still voted by majority as "NS" shall be remarked as "Not Select", and if they belong to the primary zone, shall be



determined as to whether the provision on separation apply to them; if so, they shall be recommended for separation.

8. The Board shall then examine the list of the "Select" candidates and determine those with administrative impediments to their promotion. Their names shall be deleted from the list of candidates.

9. All those officers with remarked "Select" and without impediments to their promotion, shall be consolidated into a list and shall be evaluated and assessed in terms of the quantitative criteria.

10. Using the BOSO Individual Members Quantitative Rating Sheet, each candidate for promotion shall be rated by each members of the BOSO.

11. The Chairman shall examine all the ratings given by the Board members to each of the candidates for promotion, and any substantial difference or deviation between the rating given by one member and the ratings given by the majority of the members to the same candidate, the Chairman, as necessary, may call on the Board members to deliberate upon, and to evaluate and rate anew such candidate. This is to preclude the rating given by one member overwhelming or overruling the ratings given by the majority of the members.

12. The Chairman shall then tabulate the ratings of each candidate using the BOSO Quantitative Evaluation Tally Sheet, determine the total and average ratings of each candidate.

13. A ranking of the candidates shall be made based on the ratings, with the officers getting the highest rating as being ranked No. 1 and so on down the line. When there are more than one candidate who received the same rating, they shall be ranked in the order of their relative seniority within that rating.

14. The PN BOSO shall then submit to the FOIC, PN a list of those candidates obtaining the highest ratings and best rankings but whose number shall not exceed more than three times the declared promotion vacancies for the PN.

15. From the list of those candidates submitted by the PN BOSO, FOIC, PN, by his own evaluation and assessment, shall select the number of PN officers not more than 1-1/2 the declared promotion vacancies for PN whom he shall recommend to be deliberated and passed upon for promotion by the AFP Board of Generals. He shall likewise indorse, with his concurrence, to the Board of Generals the list of those officers recommended by the PN BOSO for lateral attrition.

16. The lists of candidates for promotion to be submitted by the Major Service Commanders shall be arranged in their order of priority for selection.

17. When submitting his list of candidates, the Major Service Commanders shall include the records of ratings and evaluation sheets, and the records of deliberations of the BOSO, and such other records as to assist the Board of Generals in its functions.

AFP BOARD OF GENERALS

1. The Board of Generals shall initially assess and evaluate the lists of candidates for promotion submitted by the Major Service Commanders based on the records and other relevant information made available or collectively known to the members, and determine who among those in each list of officers submitted by each Major Service Commander can be evaluated and rated based on the prescribed criteria without the need to appear before the Board for interview, except as provided for in the SOP. All the other officers in each list, to include those to be recommended for lateral attrition, must appear before the Board for interview and further evaluation.

2. The Board may formulate additional guidelines for evaluation and selection, and the procedures for the conduct of the interview.



3. After the interview, each member of the Board shall rate each candidate for promotion on the bases of the results of its interview, and the factors for selection as prescribed in the SOP using the Board of Generals Individual Member's Rating Sheet. The rating points prescribed for each factor shall be as follows:

- a. Interview - 6 to 10 points
- b. Seniority and Maturity - 10 to 15 points
- c. Physical Fitness and Ability - 10 to 15 points
- d. Record of Performance - 10 to 15 points
- e. Professional Ethics - 10 to 15 points
- f. Professional Preparation and Development - 10 to 15 points
- g. Service Reputation - 10 to 15 points

Total 66 to 100 points

4. The ratings of each Board member for each candidate shall be tabulated by the Board Secretary using the Board of Generals Rating Tally Sheet. The ratings of each candidate shall be added and averaged.

5. The average ratings given by the Board of Generals, the quantified ratings given by the Major Service BOSO, the individual ratings given by the CSAFP and by the Major Service Commander concerned on each of the candidate for promotion shall be tabulated using the Board of Generals Consolidated Rating Sheet, and then be multiplied by 40%, 30%, 20% and 10%, respectively, and entered into the corresponding spaces provided for in the said Rating Sheet. (Note: The CSAFP and the Major Service Commander ratings will be counted twice in this method; one, as part of the Board of Generals averaged ratings, and two, on their individual capacities by virtue of their command responsibilities on the selection process).

6. The ratings of each candidate as multiplied by the given percentages shall be added, and the candidates shall be ranked accordingly. Any two or more candidates receiving the same total rating shall be ranked in accordance with the order of their relative seniority within that total rating.

7. Using the results of the rating process as guide, the Board of Generals shall proceed to deliberate on and pass upon each candidate, and select who among them shall be recommended for promotion.

FINDINGS AND ANALYSIS

1. The promotion vacancies for the PN as recommended by the CSAFP and approved by the SND for CY 2005 and CY 2006, are as shown:

GRADES	REGULAR COMPONENT	RESERVE COMPONENT	TOTAL
CY 2005			
0-6	6	10	16
0-5	41	60	101
0-4	39	55	94
TOTAL	86	125	211
CY 2006			
0-6	28	12	40
0-5	38	58	96
0-4	42	61	103
TOTAL	108	131	239



Strictly following the procedures and criteria prescribed in the deliberation and evaluation of officers considered for promotion to their respective next higher ranks, the following promotions were approved by the President as recommended by the concerned PN Selection Boards:

2. For CY 2005, FOIC, PN recommended/approved for promotion to the next permanent grade of 0-6 (CAPTAIN/COLONEL) in the order of their priority, nine (9) Regular and fifteen (15) Reserve Officers out of which, the approved promotion vacancies of six (6) Regular and ten (10) Reserve officers were finally approved and issued corresponding promotion orders following their order of priority.

For the permanent rank of COMMANDER/LIEUTENANT COLONEL (0-5), forty one (41) Regular Officers and sixty (60) Reserve Officers were recommended for promotion in consonance with the approved promotion vacancies. On the other hand, thirty nine (39) Regular Officers and fifty five (55) Reserve Officers were recommended/approved for promotion to the permanent rank of LIEUTENANT COMMANDER/MAJOR (0-4), following the approved promotion vacancies for said grade.

Since there is no promotion quota for the ranks of LIEUTENANT JUNIOR GRADE/FIRST LIEUTENANT (0-2) and LIEUTENANT/CAPTAIN (0-3), all PN/PMC officers in grades 0-1 and 0-2 who had no impediments to their promotion were promoted to the next permanent ranks of 0-2 and 0-3, respectively.

3. For CY 2006, thirty six (36) PN Regular and seventeen (17) Reserve Officers were recommended for promotion to the next permanent grade of 0-6 (CAPTAIN/COLONEL) in the order of their priority. However, the final approval of promotees to said rank will only be within the authorized number of approved promotion vacancies for said grade.

Under the rank of COMMANDER/LIEUTENANT COLONEL (0-5), as per approved vacancies for promotion for said grade, thirty eight (38) Regular and fifty eight (58) Reserve Officers without any impediment to their promotion, were recommended.

For the rank of LIEUTENANT COMMANDER/MAJOR (0-4), forty two (42) Regular and fifty seven (57) Reserve Officers were recommended for promotion. However, since there were four (4) unfilled quota for 0-4 from the Reserve component, the Board further recommended its realignment to the Regular component due to the following:

a. Most Officers in the Secondary zone of the Reserve component who are qualified for promotion are rated either Single Select or Double Select compared with their counterparts in the Regular component who were evaluated Triple Select.

b. Most Officers in the Secondary zone of the Reserve component have less accumulated commissioned serve than their counterparts in the Regular component.

4. The perceived risk factors on promotion of officers like "Bata-Bata" System, interventions, subjective ratings of Selection Board members on the candidates for promotion, Commander's prerogative which are deemed low in likelihood and high in significance of impact, are considered unfounded. Based on documents gathered, the deliberations made by concerned PN Selection Boards (Selection Board "A", Selection Board "B" and the BOSO) were all in accordance with the prescribed procedures, criteria and factors for promotion. The Rating System was strictly followed and only those deserving were recommended for promotion. In fact, more than enough control activities/safeguards are already in place to ensure that promotions of officers are within the bounds of prescribed policies and regulations. Although copies of deliberations and actual results of ratings were not provided due to strict confidentiality of said documents, the IDR Sub-Team on CVA on the Area of Human Resources was allowed to scan/read them to confirm/substantiate their authenticity.

5. As evaluated, the issues/vulnerability areas in the promotion of officers are only in the conduct of records checks due to the possible connivance with issuing units/offices and the conduct of interview/deliberation by the concerned Selection Boards.



The purpose of records checks on officers who are candidates for promotion is to ensure that they have no impediments for promotion like pending cases, outstanding accountabilities, administrative proceedings, lack of required career courses, etc. The likelihood of occurrence and significance of impact of the possibility of connivance with issuing units/offices are both considered low. This is so because aside from the fact that the Board Secretariats are the ones requesting and collating clearances as the candidates are not allowed to individually obtain the same, the issuing units/offices strictly observe the policy on disclosure of relevant information for purposes of promotion. Copies of Records Checks provided to the Team substantiate this finding.

In the area of Board deliberation/interview, its purpose is to determine the mental alertness and total personality of the candidates. The concern for the possibility of personal bias of the Board members to the candidates is considered unfounded since the Board has several members and the rating standards are strictly followed whereby any unusual rating given by any member can be easily detected and therefore, immediately redeliberated.

6. As lengthily discussed in the preceding sections/paragraphs, the selection processes, criteria and factors being followed and implemented are products of in-depth studies. Any attempt to circumvent the provisions of the SOP on Promotion of Officers is bound to fail since enough internal control measures are already in place and stringently executed by those given the responsibility, who are chosen for their integrity and honor.

B. Financial Management

The financial management system or agency budget is highly dependent on the budgetary priorities and activities guided by our National Development Plan within the ceilings or constraints imposed by available revenues and borrowing limits. Relatedly, Financial Management System and Procurement System are correlated and inter-dependent.

In the financial process, the following activities constitute highly Corruption Vulnerable in terms of likelihood and significance: The processing and payment of financial transactions is in line with D.O. Nr 12 and the Cash Advance System.

1. Verify by RMO if included in the program (APB).
2. Conduct of inspection on deliveries.
3. Preparation of documents by mode of procurement and submission to Accounting Office of journalization and certification as to availability of fund.
4. Preparation and signature of checks
5. For obligation of the CA
6. Rendering of Certificate of Acceptance and submission of RSMI by RSO in the liquidation of CA.
7. Proof of inspection of procured items.

The delay in the approval of the General Appropriation Act (GAA) that resulted in reenacted budget CY 2004 and CY 2006 two (2) times and also the delay in the approval of the CY 2007 last April has some negative implication on the timely procurement of PN goods and services. The imbalance created in the government budgeting system, the shift in defense priorities, the limitation in the allocation of fund, the widely dispersal of units and funds not released in bulk are affecting factors in the execution of APB and procurements based on APP.

As a consequence, there are some instances wherein the PN unit, particularly the operating units (PFLT, PM) have to request for other operating requirements, not included in the APP to FOIC to support directed activities/projects/programs that are unprogrammed and have no corresponding funding. The classification of expenditure and its frequency destabilize the status of funds especially the funds intended for specific purpose that are contained in APB and APP respectively. In effect, the financial decisions are limited to few personalities, thus, compromising the transparency in financial transactions.



The inspection of delivered items by Pre-Audit, MFO inspector as contained in Inspection Report cast doubt as to reliability on technical and quantitative specifications requirements, hence, highly vulnerable to corrupt practices. The role of the TIAC, MFO and SAO are very critical indicators prior to processing of payment documents in favor of supplier/dealer.

Considering that CO/AFPPS is the one in-charge in the preparation and processing of Disbursement Vouchers (DVs) to include signatory to the checks, possible collusion with supplier/dealers are highly possible. The absence of monitoring and control mechanism in this procedure jeopardize the legality and priority of the transaction of the procurements made using different modes of procurement. The PN units have no direct operational control over CO/AFPPS being a GHQ unit, hence, becomes an additional problem to the timely receipt of items by the end-user unit. The failure to establish control in this regard will render payment of claimant even with default/deficiencies in deliveries. There is no internal check over CO/AFPPS performance and no established audit at unit level, notwithstanding the lack of personnel to process the voluminous transactions required to commensurate procurement

The possibility of advance issuance of check prior to delivery of items is high in occurrence and have significant impact. Considering that only one (1) check is issued, the problem in repair transactions (spare or repair) defective and/or not included in the contract are sometimes not attended by the awarded supplier but paid ultimately.

In the processing of the Cash Advance System through Special Disbursing Officer (DO), procurements made intended for emergency requirements within the allowable petty operating expense at P15,000.00 per transaction and P250,000.00 ceiling for shopping mode have to be validated accordingly as to the real type of expenditures. Relatedly, the discretionary power of unit commander in fund utilization need to be examined/audited accordingly. It is in this type of financial transaction that the direct relationship between SDO and Unit Commander is highlighted.

Under the present set-up, the HPN allows the use of Imprest Fund Allocation and Utilization purposely to support the emergency requirements of the unit or such other requirements not readily available in the nearest naval supply unit. Among PN Units, only the PMC and PFLT avail of said fund which is released quarterly by HPN, MFO. In PMC, the following are the allowable expenses to be incurred by operating unit with the corresponding amount/percentage from the monthly IFA:

Item/Supply/Services	Marine Rifle Company level	Battalion level	Brigade level
Repair and spare parts	25% of the IFA	30% of the IFA	30% of the IFA
Office/janitorial supplies	15% of the IFA	10% of the IFA	10% of the IFA
Batteries/Commel	25% of the IFA	20% of the IFA	20% of the IFA
Troop hutment	10% of the IFA	5% of the IFA	5% of the IFA
Medicine	20% of the IFA	25% of the IFA	25% of the IFA
Other expenses	5% of the IFA	10% of the IFA	10% of the IFA

The realignment of the corresponding amount/percentage from the monthly IFA is authorized, provided that such expense falls under emergency operational requirements.

In the liquidation of CA considered high risk are the issuance of Certificate of Acceptance and submission of Report of Supplies and Materials Issued (RSMI) by Responsible Supply Officer (RSO as proof of actual deliveries. Also, there is a need of clearing instrument that show proof of procured item.

A typical example of the Cash Advance System is the use of Unit Fund, NWMC to support Election-related Activity, Pres GMA directed while awaiting release of COMELEC Fund, an Inter-Agency Transferred



Fund from COMELEC. The delay in the release of COMELEC Fund from Source Agency that was received after the Election, unable the SDO to liquidate the unit fund that has to be replenished and intended for other specific purposes.

Another example is the reported unliquidated cash advances by SDO of Phil Fleet in the COA Annual Audit Report, PN CY 2006 in the amount of P3,631,218.44. The increasing incidence of unliquidated CA need to be controlled accordingly. Although there are Accounting Offices delegated to perform accounting Controls, the monitoring mechanism is not properly in placed to immediately detect CA of respective SDOs to include the imposition of corresponding admin/legal sanctions.

RECOMMENDATION:

Short-term

- A. There is a need to come-up with a realistic and more responsive planning and programming that is executed through APB and truly reflective of PN needs/requirements.
- B. Financial Reforms must emphasize Transparency in financial transactions access/information through well-secured e-NGAS and other financial control
- C. Beefing-up of Internal Check and Safeguard of Assets/Inventories together with Accounting and Administrative Controls.
- D. There is a need to review/reassess and address the infirmities in antiquated policies and procedures.
- E. Reassess the present organization of AFP financial structure intended to synchronize the budget and fiscal operation.
- F. There should be a proper delineation of function to clearly identify accountability and responsibility and span of control
- G. Direct linkages and coordination relationship among offices involved in the processing and payment of financial transactions especially the Accounting Office and Finance Unit should be reinstalled for check and balance and monitoring purposes.
- H. Resource Managers to consider affecting variables/intervening factors in budget planning and programming such as life span of items, cost-effectiveness, availability of spares of repairable floating asset, etc.

Medium-Term

- I. In line with organizational change for the AFP to take cognizance of the creation of auditing units at field units to administer internal control and immediately detect occurrence of fund mismanagement/irregularity

Long-Term

- J. Legislature to appropriate regular Capital Outlay Fund commensurate to Territorial Defense requirements.
- K. Plans and Programs covered under long-term capability development must be pursued continuously, and eventually implemented especially on Materiel Acquisition and Upgrade aimed to address PN Modernization.
- L. PS, DBM to reclassify repairs falling under procurement of goods into procurement of services

C. Procurement Management System

The Procurement Management is centralized in the General Headquarters and description of the process is summarized and discussed in detailed in the section of CRR of this report. However, the results of the CVA for this area is summarized in the matrix attached in Annex B.



VI. Summary of Recommendations based on the IDR

The following are the major recommendations of the IDR Team for the AFP-PN.

- Financial management must be included as a mandatory generic managerial tool for all commissioned officers of the AFP integrated in all levels of training beginning with the PMA. Part of the responsibility of the officers is to ensure that all financial transactions in their units are transparent and above board even if they are not serving directly as finance/logistics officers.
- All financial documents of the units should routinely be made available to all unit officers.
- The role of AFP PS as a central unit in the procurement system was a response to specific corruption cases and may need to be reexamined over the long term to ensure its overall effectiveness. Specific issues to be examined are:
 - Should the office be organized at the GHQ level therefore maybe too highly centralized for effective response to field unit requirements
 - Staffing and logistical requirements so far have not been met and may prove to be an unnecessary long-term problem`
- The Defense Planning Guidance (DPG) and the Annual Procurement Plan (APP) as central crucial outputs need clarification as to their top-down or bottom-up formulation processes for the guidance of all concerned. This is a long-term doctrinal concern, which has implications on the immediate procurement process.
- As a long-term mechanism for monitoring and systems improvement, the quest for an ISO 9001:2000 QMS Certification for the PN Procurement system should be seriously considered. Alternatively, the PN Procurement System can be enrolled in the PQA process to obtain free organizational and consultancy services.
- Systematically document the procurement difficulties under RA9184 for policy response at three levels: 1) coming up with customized IRR for AFP; 2) another parallel law that takes into consideration the special logistical requirements and circumstances of the AFP, and 3) training of personnel only.