

PROTECTING PRIVATE AND PUBLIC SECTOR INTEGRITY

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When people talk about graft and corruption, there is always a giver and a receiver. And the giver tends to be, in most cases, from the private sector. Integrity is, of course, inherently fundamental in the work that we do in the Commission.

We have actually begun work on the proposed strategic plan for the next seven years. One of the things we have done is we have engaged consultants to help us. Fortunately, we have donor partners who have been fully supportive of what we are doing. It is a thorough study. To date, we have already completed internal interviews. They have spoken with over 100 personnel from COA about issues and other concerns. Pretty soon, they will start talking to government agencies to get their feedback as well. We are hoping we will be able to finish the strategic plan by October or November and start implementing it beginning next year. Now among the things they are able to show us are what our current strengths are, what are our key challenges and emerging priorities. So in the interest of time, let me just skip the strengths and challenges and go to the priorities.

First is expanding the focus on impact. Now, the Commission's mandate is to examine, audit, and settle all accounts pertaining to revenue and receipts of, and expenditures or uses of government funds and property. So what kind of impact do we want to have? The obvious impact we want to see is with respect to the proper use of funds. And it is, you might say, in the negative way. In other words, if there is improper use, we point it out. So far, what we have seen is we find instances where public funds



On 20 August 2015, Commission on Audit Chairman Aguinaldo on the left and Overall Deputy Ombudsman and Investment Ombudsman Carandang on the right were the guests of honor at an Integrity Forum of the Integrity Initiative at the Fairmont Hotel, Makati City. Published here are excerpts from the keynote speeches and the open forum.

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CHAIRMAN MICHAEL G. AGUINALDO

are not used properly and we say this should be returned and some remedial measures should be taken. If you think there is criminal action, then it goes to the Office of the Ombudsman. That sets off a new round of investigations. Once they are done, if they find behavior there that deserves to be pursued in court, the case now has to be prosecuted. If you look at the timeline alone, it is quite a bit of time. Probably in cases like these, after several years people tend to forget what the case is all about and people begin to ask whatever happened to the case, because most likely something new comes along. That of course is one of the things that we want to impact.

Beyond that, we would also like to look at another mandate of COA. When we talk of au-

dit, there are three types of audit. The financial audit, which is what COA is known for doing, is about reviewing the financial state of these organizations and making sure that their finances are recorded properly. There is compliance audit which is also done. If there is some expenditure that is contrary to law, if there is a violation of the law, then that is something the COA points out. But then, there is another aspect which we don't often see, and that is performance audit. In this case, COA's role is to check or gauge the efficiency of actual plans, programs and activities. But we don't see these more often. Why? Because just financial and compliance audit alone take up so much time of our auditors. They are already undermanned as it is and then because of the sheer volume of what needs to be reviewed, they are not able to go that far or deeper. Just to give you a perspective, we have about 8,000 government entities that we audit. Does the Commission know the results of the audit of each one of these? No. There are 8,000 and every three years, you add about 44,000 barangays. You can see the sheer volume. How many auditors do we have to review these and submit reports? Only 4,000. So it is quite a challenge. When we talk of impact, we are really looking at more value-for-money impact. What do we mean by that? We now gauge the effectiveness

and efficiency of government programs and there we can pinpoint whether certain programs are achieving their results.

For example, for 25 or 27 years, we have the CARP. But has there been really an audit to determine how effective that program has been? Most of you, on the top of your head, would probably have an answer to that already. We want to look at something deeper, but it has not happened yet. Or people talk about the Conditional Cash Transfer. Has there really been an audit to determine whether it has been achieving its purpose? Mostly, the issue we see is whether the money reaches the proper recipient. But once you have established that, the next question is: Has it accomplished its goal? Are the kids really going to school? Are they really getting their degree? During the SONA, we did see one example of that, but again that is anecdotal. That is just one example. How do we determine whether the program as a whole has actually been effective or efficient? So that is one thing we hope to look at.

We are working with several agencies, including the World Bank, in coming with what they call the Geo Store. Basically it is the use of satellite information, satellite imagery to help us monitor actual work being done. Now, most of you have cell phones with cameras. When you take a picture with that camera, it is likely that your cellphone is also GPS-enabled. Even if you do not have a cell phone signal; even if you do not have wifi; your GPS is actually activated. Through the Geo Store, any infrastructure project will now have its own space on that store. When the auditor goes there, he can take a picture and upload it in the store. The store will now determine whether the picture is of the actual site, because through the GPS coordinates, the picture taken has its own embedded data that gives the date, the

ABOUT THE SPEAKER

MICHAEL G. AGUINALDO

Chairman Aguinaldo is a lawyer with extensive legal, governance and administration expertise acquired from 23 years of professional work as private law practitioner, government official and professor. Prior to his appointment to COA, he was the Deputy Executive Secretary for Legal Affairs of the Office of the President. He also headed the Investigation and Adjudication Office and oversaw the implementation of integrity initiatives consistent with the United Nations Convention Against Corruption. Before joining government, Aguinaldo was a partner and member of the Executive Committee of the Romulo Mabanta Buenaventura Sayoc & de los Angeles law firm. ■

time and the exact location. So that the person monitoring the Geo Store can easily see that the picture is of that site and we will see what the progress is. And so when we send engineers there, we can send them for surprise inspections anytime of the week or the month and so on. But we can take it a step further. One of the requirements of COA whenever we have an infrastructure project is to post the name of the project, the timeline, the name of the contractor, the project cost, and so on. In reality, sometimes we see the picture of someone—what we call epal. The data is a COA requirement, the picture is not. We are thinking of doing the same thing online. Expose it in a Geo Store. If you want to be more colloquial about it, it is like having a Facebook page for each infrastructure project. And now we invite the public to share with us their photos of that site.

An English writer said, "To give real service, we must add something which cannot be bought or measured with money. And that is sincerity and integrity." I am very pleased to find, and to tell you today, that I find a lot of that in the Commission on Audit. And I hope that you and the general public will see that as well. ■

MELCHOR ARTHUR H. CARANGDANG

"While government is seriously pursuing anti-corruption efforts at the national level under the impulse of President Aquino, the lack of a unified vision dissipates the impact of many of these initiatives at the local level." This is the key finding by the joint mission undertaken by the Office of the Ombudsman, the United Nations Development Programme (UNDP), the UN Bangkok Regional Hub, and United Nations Office on Drugs and Crime (UN-

ODC) to undertake a Capacity Assessment of the Anti-corruption Infrastructure of the Philippines last 24 November to 1 December 2014. Taking off from the results of this assessment and its accompanying recommendations, I am pleased to share with you the efforts, gains, challenges and aspirations of a country reeling for decades from the grips of corruption.

The Office has adopted a three-pronged approach in discharging its Constitutional mandate that is through punitive, prevention, and promotional means.

PUNITIVE APPROACH

The punitive approach covers investigative and prosecutorial functions. It includes the duties to build up cases, initiate lifestyle checks, conduct preliminary investigation and administrative disciplinary proceedings, prosecute criminal and forfeiture cases in court, and monitor the implementation of penalties. Certainty of punishment aims to end the culture of impunity in corruption.

Four years into Ombudsman Morales' seven-year term, the Office has prioritized resolving almost all high-profile cases.

In terms of case disposition, the Office has resolved 6,232 criminal and administrative cases for the year 2014. The Office managed to trim down its year-end docket by 12% from roughly 9,800 by end of December 2013 to around 8,700 by end of December 2014, despite the increase of more than 7% in the number of new cases filed in 2014 (or from about 4,890 new cases in 2013 to roughly 5,250 new cases in 2014).

A total of 631 disposed criminal complaints resulted in the filing of informations in various courts, which represents a 15% increase in indictment from last year's 549 dispositions finding probable cause. And for the past two years, the Ombudsman has filed

around 1,400 informations with the Sandiganbayan alone.

With respect to administrative complaints, a total of 825 cases resulted in the imposition of administrative penalties ranging from fine to dismissal from the service, compared to last year's 795 cases that found administrative liability.

All factors remaining constant, the Office is projecting to reach zero backlog by 2018 before the term of Ombudsman Morales ends. Moreover, by the end of 2015, the Office is targeting to finally resolve all its remaining cases docketed 2012 and earlier, if any are still left unresolved.

PREVENTIVE APPROACH

In the preventive approach, the Ombudsman is not acting as a prosecutor or a disciplining authority. This time, it goes by the dictum that an ounce of prevention is better than a pound of prosecution. Preventive measures aim to engage the various sectors of society in corruption prevention efforts.

Under this approach, the Office, through its Integrity Management Program, continues to review and assess systems and processes of key government agencies in terms of their risks and vulnerabilities to corruption, whereby the Ombudsman recommends corrective and preventive measures to the heads of agencies.

Two specialized programs on environmental concerns and investment matters have been revitalized under the concept of a quick response team.

In line with the anti-corruption policy and program coordination among several sectors, the Office has revisited and strengthened its guidelines in the accreditation of private sector, civil society and non-governmental organizations in becoming Corruption Prevention Units that identify and implement anti-corruption projects in partnership with the Office.

The Office has also improved the guidelines in accrediting Campus Integrity Crusaders. This program enhances the capacity of, and partnership with, and participation by the youth sector in promoting a culture of integrity by developing their leadership skills and instilling the values of social responsibility and good citizenship.

There is also the need to equip the governance sectors. The development of the Integrity, Transparency and Accountability Program under the newly created National Integrity Center answers the need for customized training modules for public officials and private individuals.

Another corruption prevention project is the enhancement of the income and asset declaration system in the country by improving the effectiveness of the system of filing and analyzing Statements of Assets, Liabilities and Net Worth.

PROMOTIONAL APPROACH

Lastly, advocacy initiatives have been made to spread information and foster awareness about the programs and projects of the Ombudsman as well as various regulations against corruption and bureaucratic red tape. Through lectures, trainings, and media exposure, the message of good governance is communicated not only to government employees but also to the general public.

LEGISLATIVE REFORMS

To complement these initiatives and capitalize on the opportunities for reform, the Office has submitted legislative proposals to Congress which aim to further strengthen anti-graft institutions, capacities and processes.

On 16 April 2015, President Benigno Aquino III signed into law Republic Act 10660, which strengthens the functional and structural organization of the Sandiganbayan, further amend-

ing Presidential Decree No. 1606. Under RA 10660, signed April 16, the Sandiganbayan will now have seven divisions, also with three members each. The new law allows a quorum to be constituted by two members instead of three. It also provides for the reduction of the jurisdiction of the Sandiganbayan, and prescribes a new procedure for decision by majority vote. To date, there are still at least seven pending bills in the 16th Congress on the matter of reforms in the Sandiganbayan. If passed into law, these provisions shall drastically reduce the average period of case disposition.

The other sets of proposed legislative measures aim to: (a) strengthen the human resources and fiscal autonomy of the Office; (b) enhance the Ombudsman's capacity for asset recovery; (c) improve the investigative capacity of the Ombudsman; and (d) increase the compliance with State obligations under the UNCAC. The Office also supports the passage of the Whistleblowers' Act, as well as a charter formally creating and strengthening the Inter-Agency Anti-Graft Coordinating Council. These legislative measures hold the key to nurture and institutionalize the sustainable gains thus far achieved. These measures correspond to the recommendations in the UNCAC Country Review Report as well as the proposals of the multi-sectoral clusters working on all the UNCAC chapters under review. The enactment of



OVERALL DEPUTY OMBUDSMAN
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such laws shall enable the Office to carry out its functions more effectively and free from any undue influence, thereby ultimately sustain the gains of good governance.

ENCOURAGING RESULTS

As an offshoot of these initiatives, the international community has noticed the country's development as reflected in positive growth figures, independent surveys, and investment upgrades.

With the firm and stable economic fundamentals primarily brought about by government reforms, the nation received another major credit upgrade last December from Moody's. The Philippines is now rated "Baa2," the same level as that of Italy and Brazil, and higher

ABOUT THE SPEAKER

MELCHOR ARTHUR H. CARANDANG

ODO Carandang Carandang started working at the Office of the Ombudsman in 1989 as a senior planning officer, while he was only in his fourth year in the college of law. He passed through the meritorious steps of promotion, occupying various positions. He served in various capacities as head of the Legal, Monitoring and Prosecution Division of the Fact Finding and Intelligence Bureau and of the Research and Special Studies Bureau before becoming the Assistant Ombudsman. ■

than that of India and Indonesia which are rated “Baa3”.

Meanwhile, the Philippines jumped seven notches in the 2014 global competitiveness report made by the World Economic Forum. From a ranking of 59 the previous year, the country now ranks 52 out of 144 countries.

In terms of ease of doing business, the World Bank’s 2014 rankings place the Philippines at 95 out of 189 economies, or 13 steps higher than last year’s 108th place.

Similarly, with its collective anti-corruption effort, the Philippines has been recognized by Transparency International (TI) in its latest Corruption Perceptions Index released this month. TI noted that the Philippines has advanced from a rank of 134 in 2010, to 129 in 2011, to 105 in 2012, to 94 in 2013, to a rank of 85 this year out of the 175 countries surveyed. In just a span of five years, it has improved by 49 notches.

Based on the 2013 Worldwide Governance Indicators report the World Bank released in December 2014, the Philippines improved its rankings in four out of six indicators, showing that the administration’s agenda on good governance is creating a positive impact on how the world sees the country.

Furthermore, in the 2015 Index of Economic Freedom by the Heritage Foundation, the Philippines continues its upward trend with an improvement of 21 notches in a span of two years, from 97 in 2013, to 89 in 2014, to 76th place this year.

THE WAY FORWARD

I humbly put forward the following recommendations which the Office of the Ombudsman thinks the private sector is in the best position to provide assistance:

- a. Invest more in anti-corruption measures. Develop more proactive programs within the business community that will: (a) encourage its members to promote and practice transparency, integrity and ethical business practices; and (b) discourage corrupt practices by putting in place better mechanisms to detect, deter and penalize such practices.
- b. Support public-private-partnerships anti-corruption initiatives.
- c. Finally, please support leaders with integrity. By choosing the right leaders, we strengthen the institutions they will shepherd. By strengthening the public



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institutions, we increase our investments on good governance and democracy.

Henry Ford said “Coming together is a beginning. Keeping together is progress. Working together is success.” As a final word, I encourage, if not challenge everyone in this room to continue to work together in fighting graft and corruption in this country. Let this be our commitment and legacy to succeeding generations of Filipinos. ■

Excerpts edited by
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Q&A

The GDP growth in the first quarter of 2015 slowed down and the cited reason is that some government agencies have not been spending enough, despite available financing, because of a fear of COA. Any reactions?

Aguinaldo: To a certain extent it’s probably true. However, we’ve actually done a bit of checking on our own. And what we found—which some of our donor-partners have also found—is that the challenge of slow spending is more due to the slow release of funds, rather than the unwillingness to spend.

There are instances wherein companies would want to report irregularities in some LGUs particularly in the area of permits, but are afraid of retaliation. What can these companies do in this situation?

Carandang: You can actually report it. We have our own investigators to build the case against the LGU’s officers or offices. The Office of the Investment Ombudsman has been set-up and has a secretariat. Just submit your concerns and queries to the team and they will be the one of act on it. You don’t need to come out in the open as it will be the investigators that will act as complainants. ■

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