Composition of the Assessment Team

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Assessors [1]
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OMB-DAP Project Management Office
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[1] Initially **Antonio Gaba was involved.**

Pursuing **R**eforms thru **I**ntegrity **De**velopment
Thru Integrity Development Review

Overview of the Project

Integrity development 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 worth a pound of cure."

To be sure, there are various approaches to prevent corruption. One tested formula is that of Robert Klitgaard's---averting corruption by demonopolizing power, circumscribing discretion, and raising accountability. Another is a four-point approach i.e. 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 effectiveness of penalty and reward systems.

The Integrity Development Review (IDR) is a preventive measure against corruption. It aims to build institutional foundations to prevent corruption before it occurs. It entails a systematic diagnosis of the corruption resistance mechanisms in place in an agency and its vulnerabilities to corruption. The process is undertaken with the use of two major tools: corruption resistance review CRR) and corruption vulnerability assessment (CVA). A summary of these tools is shown in the table that follows.

TABLE 1. SUMMARY OF TOOLS USED IN IDR

Tools/Methodologies	Objective
Tool 1: Corruption Resistance Review (CRR) ▪ Integrity Development Assessment ▪ Survey of Employees	▪ Self-assess systems integrity, review relevant policies and procedures ▪ Assess deployment of integrity building measures and generate feedback from employees
Tool 2: Corruption Vulnerability Assessment ▪ Process Mapping ▪ Risk Assessment ▪ Evaluation of controls and safeguard	▪ Understand agency procedures ▪ Identify factors that can induce deceit, malfeasance, or abuse of power or position for private gain. ▪ Assess the adequacy of means in addressing risks

The IDR builds on the Corruption Resistance Review (CRR) approach developed by the Independent Commission Against Corruption (ICAC) of New South Wales and the Corruption Vulnerability Assessment (CVA) tool developed by the Development Academy of the Philippines. The CRR helps agencies assess their level of corruption resistance and progressively develop and implement corruption prevention measures to meet certain standards at every level for organizational integrity. Patterned after the vulnerability assessment guidelines of the United States Office of Budget and Management (US OMB), the CVA determines the susceptibility of agency systems to corruption and adequacy of safeguards to forestall wrongdoings. With the support of the World Bank, the CVA was pilot-tested in the Department of Budget and Management in 2002.

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PURSUING REFORMS THROUGH INTEGRITY DEVELOPMENT (PRIDE)

In its effort to improve governance in the public sector, the leadership of the Department of Budget and Management and the Office of the Ombudsman initiated Integrity Development Review also known as **Pursuing Reforms through Integrity Development (PRIDE).** The Development Academy of the Philippines, in collaboration with the United States Agency for International Development undertook the review of two agencies: the Office of the Ombudsman and the Department of Education with a view to a wider application of the IDR in other agencies in the future.

The project proceeded in five stages from November 2003 to April 2004. The tools and methodologies discussed above are outputs of the project. Twenty-six (26) assessors were selected, trained and tasked to conduct the IDR in the two pilot agencies.

The IDR, for this second cycle, is intended to assist the Office of the Ombudsman, together with its key partners in the corruption prevention program of the government, namely the Presidential Anti-Graft Commission (PAGC), Civil Service Commission (CSC), Commission on Audit (COA), Department of Budget and Management (DBM) and the Department of Education (DepEd, a pilot IDR line agency) in establishing a culture of professionalism and integrity in government, raising consciousness on corruption prevention, and providing practical corruption prevention tools to improve organizational and systems integrity in public sector agencies. The Development Academy of the Philippines is undertaking the review of selected agencies.

Under the European Commission – Office of the Ombudsman Corruption Prevention Project, sixteen (16) public sector agencies are scheduled to undergo the IDR, five of which started 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).

Just like before, the project will proceed in five stages from October 2005 to August 2006: (1) Project Initialization Phase; (2) Development of a Communications and Advocacy Plan; (3) Selection and Training of Assessment Teams; (4) Guided Integrity Development Review of Agencies; and (5) Development of Agency-Specific Action Plans. At least fifty-nine (59) assessors were selected and have been trained to compose the five Assessment Teams who undertook the field reviews.

Overview of the Participating Agency: The Land Transportation Office

The Land Transportation Office functions under the Department of Transportation and Communication (DOTC). At the top of the LTO's organizational structure is the Assistant Secretary who provides over-all guidance, supervision, and direction to all activities of its staff division and field offices and in the formulation of strategies to improve services to the general public. It enforces the rules and regulations on land transportation and administers and regulates motor vehicle registration and driver's licensing. The head of the agency monitors the performance of its staff divisions and regional/field offices, and provide policy and implementation recommendations to the DOTC Secretary for consideration.

Assisting the Assistant Secretary in formulating policies and strategies is the Executive Director. The Executive Director reviews and recommends procedures, rules and regulations, and operational plans on the agency's mandate, and exercises supervisory and central powers over all divisions and field offices under the Assistant Secretary. In addition, the Executive Director plays an important role in improving the systems and procedures as a result of his supervisory and control powers over the conduct of administrative investigation in the regional offices and audit in all field offices.

Under the Executive Director are the directors of the Traffic Adjudication Service (TAS) and the Law Enforcement Service (LES). The TAS Director establishes, implements, and maintains an effective system for handling, hearing, and deciding of cases; monitoring of violations and violators; and proper enforcement of penalties. The LES Director on the other hand, formulates policies and programs of action for the effective enforcement of land transportation rules and regulations. It is engaged in intelligence work for the purpose of containing unlawful activities and apprehending traffic violators, carnappers, and persons in manufacturing fake stickers and license plates. It is also engaged in the implementation of traffic safety education program.

Under these major offices are various divisions and units supporting the executive offices in formulating and implementing policies, programs, and projects as well as in operationalizing LTO's activities. Operating below are the regional offices headed by regional directors who are responsible for the over-all management and supervision of all programs, projects, and operations at the field levels.

Overall, the LTO has two (2) services, namely the Law Enforcement Service and Traffic Adjudication Service; seven divisions, which include the Operations Division, Management Information Division, Administrative Division, Intelligence and Investigation Division, Field Enforcement Division and Traffic Safety Division and Finance and Management Division (Refer to Figure 1: LTO Organizational Structure).

It has a network of 16 Regional Offices, under which, there are 142 Regular District Offices, 68 Extension Offices, 23 Licensing Centers, 7 Mobile Units, 4 One-Stop Shops and 5 Motor Vehicle Inspection Stations (MVIS).

Vision

LTO's vision is to be a model government agency showcasing excellent and quality public service for a progressive land transport sector.

Each of the regions assessed has their own vision and mission statements.

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Sectoral Policy Objectives

The LTO is guided by the policy of promoting and maintaining safe, efficient, comfortable and economical land transportation services throughout the country by providing a rationalized system of motor vehicle registration, driver's licenses and permits issuance, law enforcement and adjudication of traffic violation cases. All LTO activities are directed towards the support of the economic, industrial and social development of the country.

In line with the Office's sectoral policy, the following objectives are pursued:

- to elevate the level of road safety into a respectably higher plane;
- delivery of fast, effective, efficient and honest public service;
- the enhancement of the welfare and development of LTO personnel to improve their morale and productivity

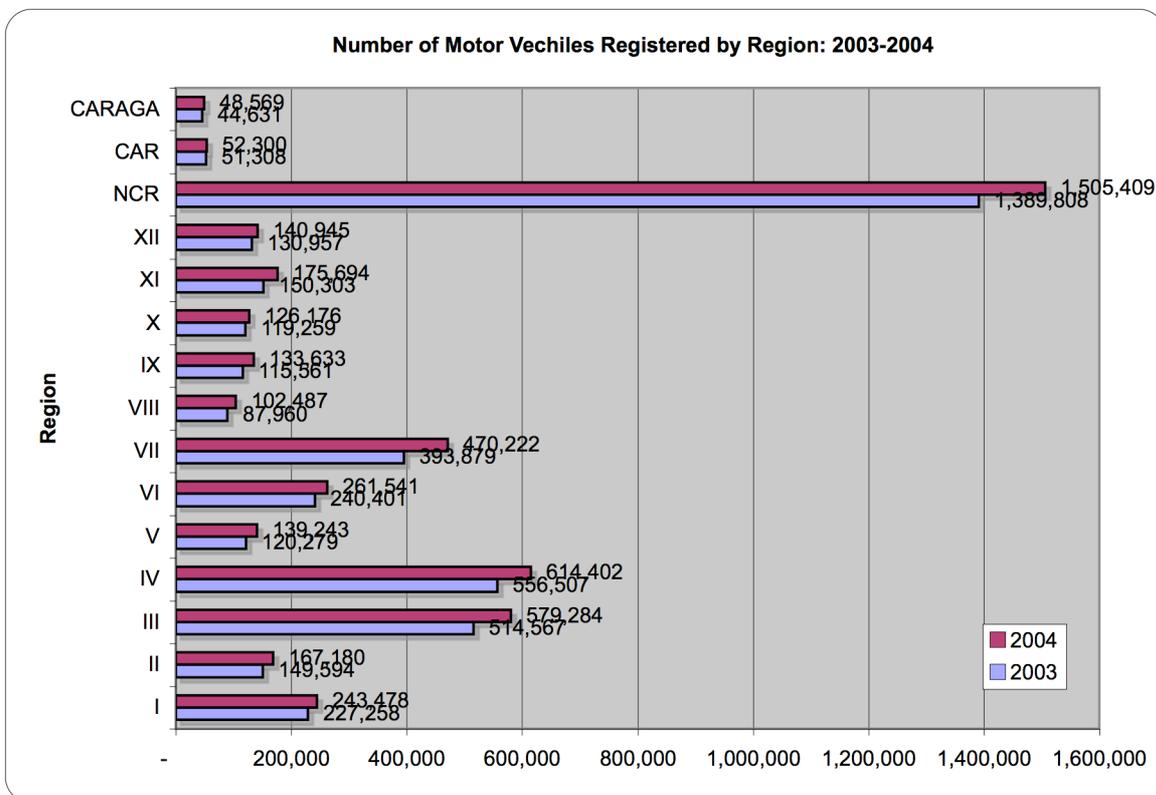**Figure 1.**
LTO Organizational Chart
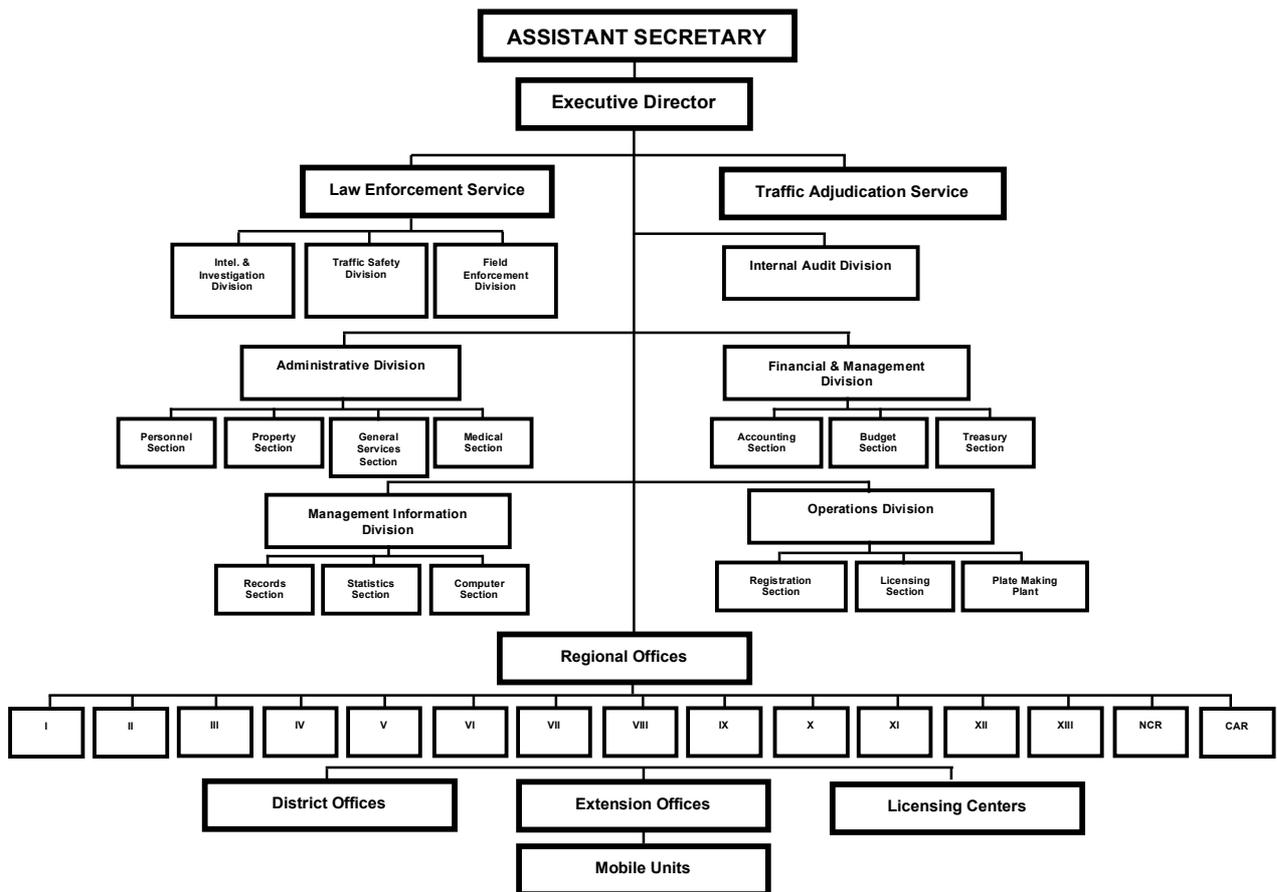
Operations

The revenue collection of the office in 2004 amounted to P8,866,804,709.00. There was an increase of Php1,361,297,627 or 18.14% compared with the same period for CY 2003. As for the volume of registered motor vehicles, it registered an aggregate total of 4,760,593, an improvement of 468,321 units or 10.91% with compared with last year's figure. A total of 7,162,082 registration transactions were handled in 2004 or 11.16% higher than the 2003 level of 6,443,143 transactions. These include transactions on motor vehicles registration and other miscellaneous transactions such as storage of motor vehicles, recording, change/chassis and transfer of ownership, among others.

The number of motor vehicles registered in both years by region is depicted in the figure below. The NCR had the greatest number of MV registered for both years, representing 32% of the total registration while Regions IV (13%) and III (12%) trail behind.

Approximately 80% of vehicles registered were private, 18.59% were for hire, 1.56% government owned and 0.11% were under diplomatic and tax-exempt classifications.

The improvement in this area can be attributed to the following activities:

- Extension of registration coverage to remote areas through the implementation of an outreach program;
- Extensive operations against unregistered and delinquent vehicles;
- Streamlined procedures in the registration of imported vehicles; and
- Strict implementation of the "no plate, no travel" policy.

Number of Motor Vechiles Registered by Region: 2003-2004

Region	2004	2003
CARAGA	48,569	44,631
CAR	52,300	51,308
NCR	1,505,409	1,389,808
XII	140,945	130,957
XI	175,694	150,303
X	126,176	119,259
IX	133,633	115,561
VIII	102,487	87,960
VII	470,222	393,879
VI	261,541	240,401
V	139,243	120,279
IV	614,402	556,507
III	579,284	514,567
II	167,180	149,594
I	243,478	227,258

Source: LTO CY 2004 Annual Accomplishment Report

In terms of issuance of driver's licenses and permits, the LTO handled a total of 4,700,303 transactions (of which 3,284,170 were driver's licenses and permits) in 2004 representing an increase of 12.95% from its previous level. In contrast to 2003, driver's licenses and permits issuance surged by 10.28% or an increase of 306,047.
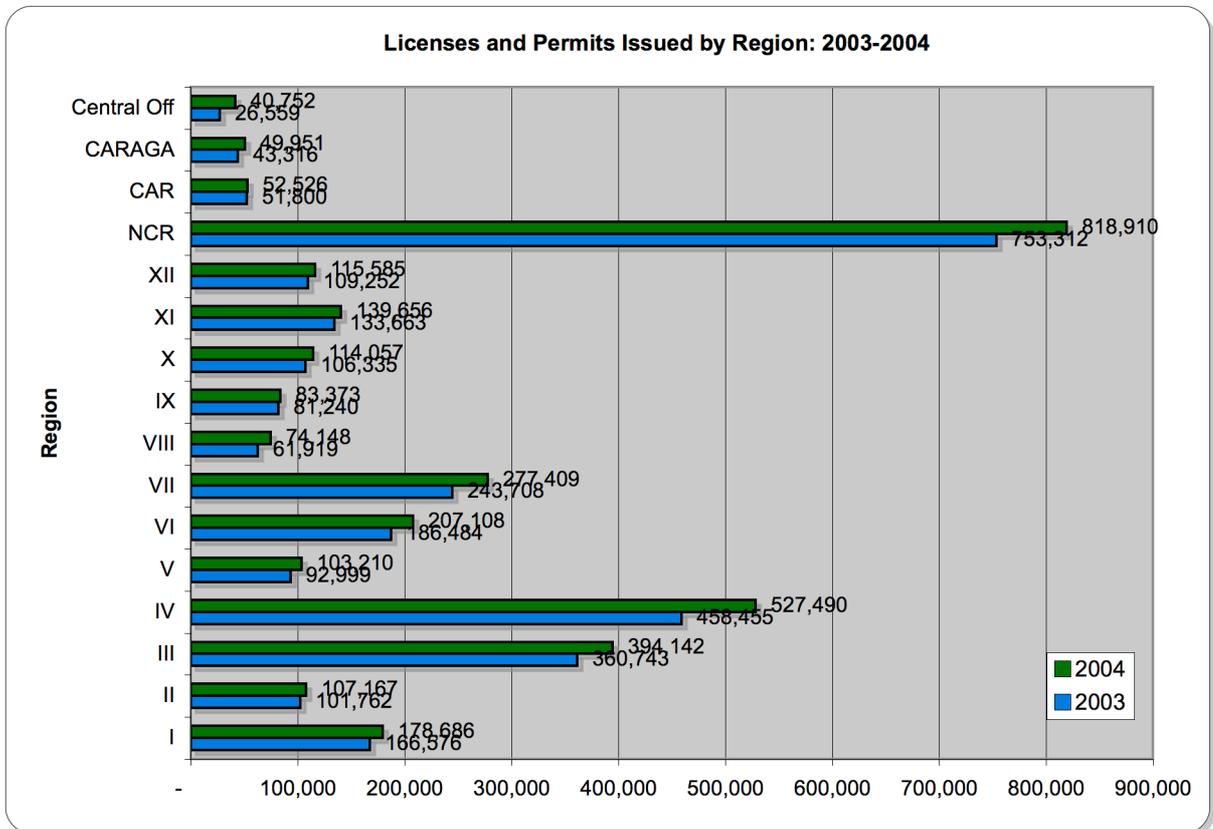
In terms of licenses and permits issued in 2004, there was a growth of 10.28%. These improvements may be attributed to the following activities:

- Continuous campaign against delinquent and inappropriate driver's license orders;
- Non-stop information dissemination campaign on the procedures and requirements in licensing of drivers and conductors; and
- Close supervision of licensing centers and accredited driving schools and physicians.

Of the total licenses and permits issued, 44.72% were professional drivers licenses, 35.11% were student permits, 19.61% non-professional drivers and 0.37% conductor's licenses.

Similar with the motor vehicle registration, the NCR posted the highest number of issuances with 25% of the total number, with Regions IV and III (12-16%) ranking 2nd and 3rd in terms of volume.

The aggregate revenue generated from this service amounted to Php536,252,766.65 in 2004. Collection of penalties imposed on clients for non-compliance of the rules and regulations amounted to PhP48,195,087.55 while income from miscellaneous transactions reached PhP91,428,878.51. Income from miscellaneous transactions includes application fees, payment made for the revision of records, additional restriction code and other licensing transactions.
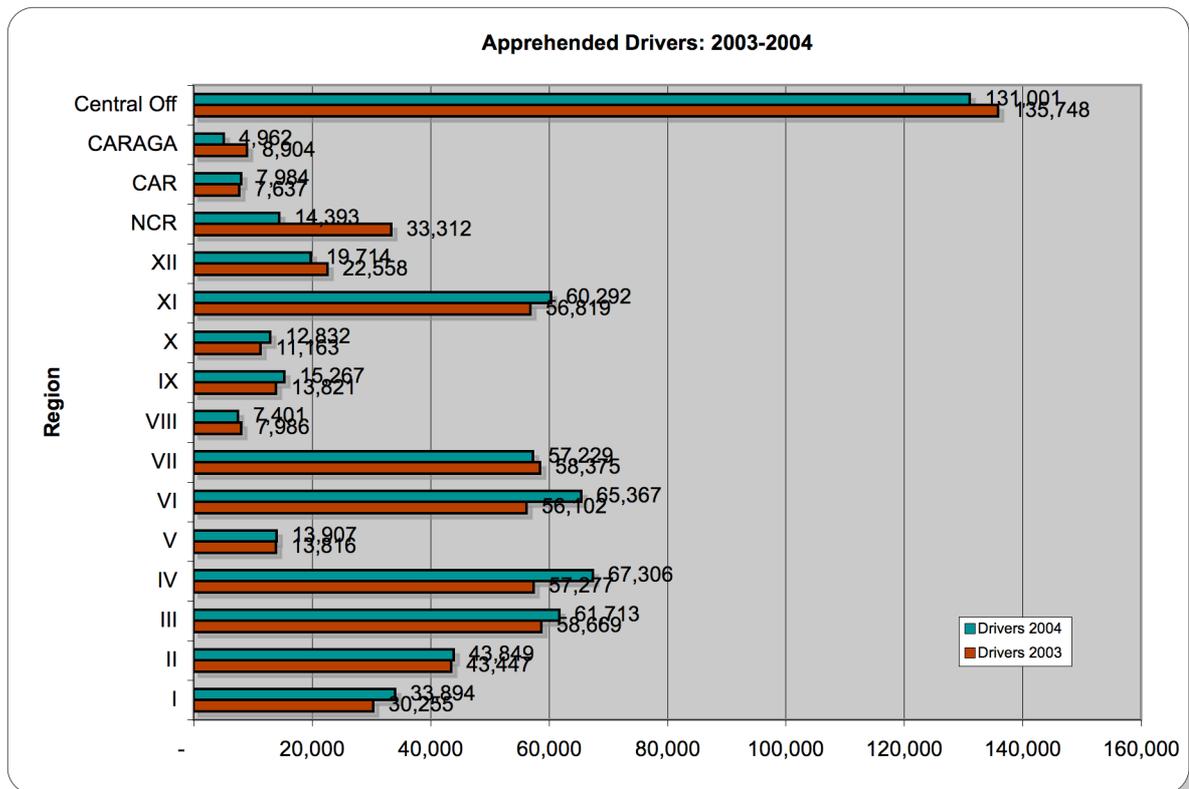
Licenses and Permits Issued by Region: 2003-2004

Region	2004	2003
Central Off	40,752	26,559
CARAGA	49,951	43,316
CAR	52,526	51,800
NCR	818,910	753,312
XII	115,585	109,252
XI	139,656	133,663
X	114,057	106,335
IX	83,373	81,240
VIII	74,148	61,919
VII	277,409	243,708
VI	207,108	186,484
V	103,210	92,999
IV	527,490	458,455
III	394,142	360,743
II	107,167	101,762
I	178,686	166,576

Source: LTO CY 2004 Annual Accomplishment Report

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With the combined efforts of organic LTO law enforces and deputized agents around the country, a total of 617,11 violators were apprehended in 2004, a measly increase of 0.20% from previous year 's level.

This improvement maybe be attributed to the successful education campaign to instill discipline among road users and the strict implementation of fines and penalties. This may also be a function of the performances of the law enforcement teams.

The highest number of violators came from the NCR (21%), Regions IV and VII (11% each) and Regions III and XI representing 10% each of the total number of cases.

Apprehended Drivers: 2003-2004

Region	Drivers 2004	Drivers 2003
Central Off	131,001	135,748
CARAGA	4,962	8,904
CAR	7,984	7,637
NCR	14,393	33,312
XII	19,714	22,558
XI	60,292	56,819
X	12,832	11,163
IX	15,267	13,821
VIII	7,401	7,986
VII	57,229	58,375
VI	65,367	56,102
V	13,907	13,816
IV	67,306	57,277
III	61,713	58,669
II	43,849	43,447
I	33,894	30,255

Source: LTO CY 2004 Annual Accomplishment Report

For the same year, a total of 19,334 vehicles were impounded on various violations.

The LTO, which is being manned by an estimated 2,969 officials/employees, was able to generate a total of Php8,866,804,709 in revenues in 2004. The total number of transactions handled by the LTO and the gross revenue collected from these transactions are provided in the summary table below.

Total Transactions at the LTO by Region: 2004

Region	Personnel Complement	Revenue Collected (PhP)	MV Reg Cases Handled	D/L & Permits Cases Handled	Apprehensions Handled	Total Transactions	Average Transactions
I	155	382,981,299	375,203	225,792	33,894	634,889	4,096
II	126	261,811,772	317,285	193,788	43,849	554,922	4,404
II	274	1,135,398,981	818,568	557,113	61,713	1,437,394	5,246
IV	277	1,149,036,952	899,555	797,280	67,306	1,764,141	6,369
V	138	209,775,503	307,835	149,395	13,907	471,137	3,414
VI	153	488,507,222	578,880	273,637	65,367	917,884	5,999
VII	153	704,837,134	657,704	364,980	57,229	1,079,913	7,058
VIII	131	157,911,961	259,468	105,365	7,401	372,234	2,841
IX	102	159,899,491	214,294	129,264	15,267	358,825	3,518
X	115	225,800,938	146,419	148,595	12,832	307,846	2,677
XI	128	299,175,924	211,733	190,531	60,292	462,556	3,614
XII	148	185,612,469	191,733	167,251	19,714	378,698	2,559
NCR	538	3,198,879,871	2,011,684	1,130,241	14,393	3,156,318	5,867
CAR	56	127,891,781	91,063	86,846	7,984	185,893	3,320
CARAGA	93	71,329,810	80,658	70,119	4,962	155,739	1,675
Central Off	382	107,953,601	-	110,106	131,001	241,107	631
TOTAL	2,969	8,866,804,709	7,162,082	4,700,303	617,111	12,479,496	4,203

Source: LTO CY 2004 Annual Accomplishment Report

The LTO's performance targets for 2005 were calculated by the Management Information Division (MID) per major function. The following were the targets set for 2005:

▪ Motor Vehicle Registration: an increase of 4,928,670 units or 168,077 or 3.50%. This is much higher than the 2004 set percentage increase of 2%. The conservative target then was attributed to the uncertainty on the public's reaction on the new policy of three-year year registration scheme for new motor vehicles. The number of unregistered vehicles (totaled to 125,986) was likewise considered in the 2005 performance target setting.

▪ Driver's License and Permits: recommended 4% increase; doubling the set increase in 2004, pegged at 2%.

▪ Apprehensions: to reach the targeted revenue collection on apprehensions for 2005, the LTO must handle 22,482 apprehensions for Clean-Air (96.49% increase), 109,274 for Seatbelt Use Act (10.89% increase) and 543,137 for D.O. 93-693 and Axle Overloading (7.10% increase). In totality, a 9.36% is set for apprehensions for 2005 to conform to DBM's target.

▪ Revenue Collection: revenue is set at P7,249,000,000 for Motor Vehicle Tax for 2005. This amount is lower than what LTO was able to achieve in 2004. As such, LTO is targeting an income of P8,344,311,000 for Motor Vehicle Tax for 2005. Incorporated in the projection is the amount to be generated from the implementation of the "three-year registration" scheme for New MVs.

Perception of Corruption at LTO

Based on the latest Social Weather Station (SWS) perception survey on corruption, the Land Transportation Office is improving with only three percent (3%) of those who were surveyed considered the Office corrupt, which is much lower that the posted 5% in the 2002 survey. While this is an improvement, there is much to be done to reverse this negative perception.

Agencies named as Corrupt, October 1999 to December 2004

Agency	Oct 99	Dec99	Mar00	Sep00	Nov02	Nov03	Dec04
GSIS		1			2	13	22
AFP			1		1		21
BIR	8	11	11	6	17	15	9
DPWH	14	15	20	12	16	16	9
PNP	11	11	9	4	4		6
DECS	7	8	8	13	6	7.6	5
BOC	8	15	8	5	8	11	5
SSS		1	2		5		5
NAPOCOR							3
DOH	2	3	6	2	2		1
DOLE	1	1	2	1	1		1
CONGRESS	2	5	4	1			4
MUNICIPAL GOVERNMENT		3	4	1	1		1
LTO	**4**	**5**	**4**	**1**	**5**		**3**
DENR	3	2	2		2		2
DSWD	1		1	1			.5
DILG	2	2	2	1	1		.3
NONE					32	8.4	26
DON'T KNOW/ CAN'T SAY	52	48	45	17	24	24	20
CAN'T RECALL						4.1	
REFUSED			2			2.6	.4

The survey of Enterprises on Corruption from 2000 to 2006 by the same outfit reveals that the LTO's net sincerity rating in fighting corruption posted a more favorable rating with is –38 in 2006 for 5 areas compared to the previous year's rating of –45. Thus, it can be said that the public perceives LTO as serious in its efforts against corruption.

The succeeding table shows the comprehensive net sincerity rating of the LTO compared to other government agencies.

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Net Sincerity in Fighting Corruption: 2000-2006

Agency	2000 (NCR)	2001 (NCR)	2003 (NCR)	2004 (NCR/C/D)	2005 (5 Areas)	2006 (5 Areas)
Senate	-3	-4	-10	-19	-13	-17
PAGC			+1	-1	-7	-17
AFP					-38	-19
DOJ		+32	+16	+22	+13	-20
DOTC						-22
DA						-24
DILG			-8	-14	-17	-32
PNP	-24	-51	-35	-48	-42	-36
LTO			**-23**	**-47**	**-45**	**-38**
DENR		-24	-30	-25	-44	-39
House of Reps	-29	-25	-23	-36	-28	-40
BIR	-74	-55	-51	-57	-59	-58
COMELEC						-59
DPWH	-68	-45	-59	-63	-66	-66
BOC	-83	-71	-65	-69	-75	-74

Administrative Cases at LTO

The case semestral report in 15 July 2005 indicates a total of 36 administrative cases against officials/staff pending at the LTO. The same cases were indicated in the ensuing semestral report (30 January 2006)

The reports points out that these cases have been filed between the period December 1999 and May 2005. Of this number, only two resolutions were made and are for signature of the Assistant Secretary[2] revealing that no cases were completely resolved in the past year.

There is no available data for the past three (3) years from which comparative analysis maybe done, including computation of disposition rate (cases filed against cases resolved). A case filed against an NCR employee in 1991 was only resolved in 2005, illustrating the length of time it takes to resolve a case at the agency.

Description of the Selected LTO Sites [3]

The LTO Offices assessed were pre-identified by the LTO. The agency presented the areas for review during the 2nd Advisory Group (AG) Meeting on January 2006, which was approved by the AG. The organizational structure and operational coverage of these sites are briefly discussed below.

1. Central Office (CO)

The Land Transportation Office is a sectoral office under the Department of Transportation and Communications. It is headed by Assistant Secretary Anneli R. Lontoc and is assisted by an Executive Director in the day-to-day operations of the Office.

As previously discussed, the Central Office has two (2) services, namely the LES and TAS which are headed by Service Directors who are presidential appointees. It has 8 Divisions: Traffic Safety Division

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[2] Lists of Pending Administrative Cases provided by the LTO Ombudsman.
[3] The description of the Central Office was taken from the LTO Presentation during the 1st AG Meeting, November 2005 while the description of the regional sites were lifted from the reports provided by these offices on March 2006.

(TSD), Intelligence and Investigation Division (IID), Field Enforcement Division (FED), Operations Division, Management Information Division (MID), Administrative Division, Finance and Management Division (FMD) and Internal Audit Division (IAD). The only Plate Making Plant (PMP), in-charge of the production of MV license plates is located at and supervised by the CO. The CO supervises and monitors 16 Regional Offices and 250 Field Offices.

The Central Office employs a total of 427 officials and personnel, 368 of which are permanent, 53 are casuals, 2 are temporary and 4 presidential appointees.

2. National Capital Region (NCR)

The LTO- National Capital Region is considered as the prime region in the whole LTO Organization since it caters to more than 45% of registration and licensing clientele nationwide. LTO – NCR is headed by a Regional Director and is supported by three divisions, namely: Administrative Division, Operations Division, and Finance and Management Division. Under its jurisdiction are 33 LTO Units: 17 District Offices, 10 Extension Offices, 4 Licensing Centers, and 2 Inspection Stations all located in Metro Manila and each of them is managed by either a Chief Transportation Regulation Officer (CTRO), Supervising Transportation Regulation Officer (Spvg TRO), Senior Transportation Regulation Officer (STRO) or an Officer-in-Charge (OIC).

The Regional Office has a total of 605 personnel consisting of 557 plantilla positions, 3 casual employees and 45 contractual employees.

3. Regional Office VI (Central Visayas)

At the helm of the regional office is the Regional Director (RD), assisted by the Assistant Regional Director (ARD).   The Regional Office provides registration, licensing, law enforcement and traffic adjudication through its various divisions, namely: Administrative Division, Finance and Management Division and the Operations Division. The LTO-Region VII has ten (10) District Offices, six (6) Extension Offices, two (2) Licensing Centers and one (1) Motor Vehicle Inspection Station (MVIS).

The RO is headed by RD Atty. Alex O. Leyson and ARD Edgar Cabase. The District Offices are located in Cebu City, Mandaue City, Carcar, Danao, Toledo, Dumaguete, Jagna, Siquijor, Tagbilaran, and Bais. The extension offices are in Lapu-Lapu, C.C. for Hire, Talisay, Medellin, Bayawan and Talibon. There is one (1) Motor Vehicle Inspection Station (MVIS) in the region and two (2) Licensing Centers located at Cebu City and Mandaue.

Based on the Monthly MIS Reports, the region has a total of 153 personnel as of 2004.

4. Regional Office XI

The LTO Regional Office No. XI is located at Davao City and is headed by the Regional Director, Atty. Gomer J. Dy. At the time of the assessment, the Assistant Regional Director position is still vacant. Similar to Regional Office VII, the RO has the Financial and Management, Administrative and Operations Divisions. The region has seven (7) District Offices headed by a Chief Transportation Regulation Officer (CTRO)/Supervising Transportation Regulation Officer (STRO). The LTO District Offices are strategically located in the region. Two are in Davao City (Davao District Office and Central Blvd. District Office), one in Tagum City, Digos and Mati. The Extension Offices can be found in Samal Island and Compostela Valley.

At present, there are 110 plantilla positions, 98 are filled-up (permanent employees) and 2 are casuals.

Corruption Resistance Review

I.   Integrity Development Assessment (IDA)

The Integrity Development Assessment (IDA), the first activity under the Corruption Resistance Review, is a guided self- assessment that provides set standards or levels that each agency can itself do as regards its efforts to develop integrity in the workplace. It helps the agency identify the necessary steps in achieving a certain level of systems integrity. It provides a basis for the examination of agency operations against measures that prevent s any opportunity for corruption. These agency operations are categorized as the 10 dimensions for review:

For each dimension, agencies can assess their levels of achievement vis-à-vis a five-point scale. The assessment yields possible steps that the   agencies can undertake to advance to the next level. Improvement in the levels of an agency's institutional integrity redounds to limiting opportunities for corrupt transactions, reducing gains from corruption, increasing the probability of detection and paying penalties, and increasing the magnitude of penalties for corrupt behavior (based on the World Bank four-point framework to reduce corruption vulnerabilities).

The IDA was conducted in a focused group discussion (FGD) participated in by selected members of the management whose primary responsibility is to determine the level of the agency's efforts at corruption prevention in the dimensions. The group included, but may not be limited to, the following:

- ❑ Finance/Budget Officer
- ❑ Internal Auditor
- ❑ Planning Officer
- ❑ Procurement Officer
- ❑ Property Officer
- ❑ HRD Officer
- ❑ Head/s of Operations
- ❑ Senior Employee in the Operations Division (someone who directly interacts with clients)
- ❑ Officer of the Employees' Association
- ❑ Member of the Grievance Committee
- ❑ Chairman of the Bids and Awards Committee
- ❑ Identified stakeholder (optional)

The Five Point IDA Scale

The IDA adopts a five-point scale to gauge the agency's level of achievement in each dimension, with level 1 as the lowest, and level 5, the highest. In each dimension, the evaluation is based on two items: approach and deployment. An approach is generally considered good if it is systematic and documented. Deployment is generally good if the application of the approach covers all concerned units and offices within the agency.

The levels are structured to bring the agency's integrity systems to maturity:

- Measures under *level 1* represent the basic standards of having a written policy or procedure for a particular dimension. There are legal bases for some dimensions such as Code of Conduct, Procurement Management, and Financial Management, which are indispensable for the respective operational procedures.

- Measures under *level 2* represent the deployment of the written policies or procedures to the employees. Deployment here includes providing access to information and training to deepen understanding of relevant personnel. Information asymmetry or lack of information provides opportunities for rent seeking, often leading to corruption.

- Measures under *level 3* denote the enforcement of the integrity building policies and procedures. Enforcement means that the system with designated personnel is in place, the employees use the system, and the results of which are considered in decision-making.

- Measures under *level 4* signify employment of incentives and disincentives/sanctions. Integrating a system of incentives and disincentives reinforces good practices in agency operations, slowly enriching the environment and building a culture of integrity.

- Measures under *level 5* correspond to best practices, especially in the monitoring and evaluation of the system. Impact of a particular system changes as factors such as environment in the agency changes. Thus, it is important to review the systems on a regular basis.

By no means is the IDA a grading system for the agency. However, an average rate on the IDA provides a sense of the agency position in its employment of measures against corruption. For example, an average rate of 1 means that the agency, more often than not, merely adheres to legal requirements or written policies and procedures. The agency recognizes the need for the identified operations but has put little effort in developing them. On the other hand, an average rate of 2 means that the agency has taken steps in imparting the set guidelines to its employees. Policies are communicated and employees are provided basic training.

An average rate of 3 suggests that the agency has advanced in enforcing policies and procedures that build integrity on operations, while an average rate of 4 connotes that the agency integrates a system of incentives and disincentives. This indicates a more developed system, with a set or procedures that attempts to alter behavior and deepen ethical culture. An average rate of 5 means that the agency has reached a level of maturity in its systems integrity. The agency regularly undertakes monitoring and evaluation, with the aim of improving its policies and procedures.

The scaling is cumulative, i.e., to achieve level 3 an agency should also meet the standards set for levels one and two. For ratings that do not match the scaling system, the assessors can discuss among themselves and decide on the appropriate rating for the agency. For example, it is possible for an agency not to qualify for level 1 because it has not met all the requirements of level 1. The team may decide to place the agency in level zero even though the agency may have in place some of the measures in higher levels. In this case, the agency should list as its strengths those measures listed in higher levels (provided the claim is validated). This suggests that the agency takes steps in incorporating good practices but may not be systematic in employing them.

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IDA in the LTO Sites

The IDA in the LTO Central Office was participated by no less than the Assistant Secretary along with 3 stakeholders and 15 senior officials and process owners. The same level of participation was evident in the IDA of the regional offices with the presence and active participation of their heads and senior managers.[4] The NCR and Region VII IDA sessions included selected members of their stakeholder groups. The schedule and number of participants at these sites are as follows:

Site	Number of Participants	Date and Venue
1. Central Office	19, incl 3 stakeholders	27 January 2006, Central Office
2. National Capital Region	10, incl 1 stakeholder	2 February 2006, Regional Office
3. Region VII	29, inc 3 stakeholders	6 February 2006, Regional Office
4. Region XI	20	7 February 2006, Regional Office

The IDA sessions on all four selected LTO sites were done by r the LTO Assessment Team composed of 12 Assessors. Three (3) of the members are from the Project Management Team, five (5) members are from the different participating agencies and four (4) are from LTO as Internal Assessors.

During the IDA, the assigned team leader provided a briefing on the project and the guide for the IDA session. The ratings for the regional offices should be limited to their respective regional operations only, i.e. the financial management system of the region should be rated for the specific dimension and not the entire financial management system of LTO. This is true for all dimensions except for the dimension on Leadership where Regional Directors up to the Assistant Secretary Level were rated.

After each participant gave their rating and discuss their basis for rating, the participants in the group were asked to come up with a consensus rating for each dimension. The deployment score is provided for the final consensus rating per dimension.

The Assessment Team was divided to Sub-Groups to conduct the IDA at the regional sites, which were scheduled almost simultaneously. The assignment per dimension were as follows:

Dimension	CO	NCR	VII	XI
1. Leadership (Analyn)	Analyn	Analyn	Analyn	Bella
2. Code of Conduct (Bella)	Bella	Ver	Ver	Bella
3. Gifts and Benefits (Gie)	Gie	Gie	Gie	Lea
4. Human Resource (Grace)	Grace	Grace	Grace	Lou
5. Performance Mgt (Edna)	Edna	Edna	Grace	Lou
6. Procurement Mgt (Anabelle)	Anabelle	Anabelle	Anabelle	Lea
7. Financial Mgt (Lou)	Lou	Lou	Anabelle	Lou
8. Whistleblowing & Internal Reporting (Ver)	Ver	Ver	Ver	Bella
9. Corruption Risk Management (Pacing)	Pacing	Pacing	Gie	Pacing
10. Interface with External Environment (Tony)	Gie	Gie	Analyn	Pacing

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[4] The list of IDA participants in each site is provided in page __ (Annex).

Survey of Employees

The survey of employees was initiated by the sampling of 100 employees (proportionate, stratified random) from the list provided by the agency. The actual survey using the sealed envelope technique was conducted immediately after the focused group discussion for the IDA in all four sites. The survey took 1-1.5 days to implement at the Central Office and LTO NCR and 3 days each at Regions VII and XI.

Indicators Research

Validation of the ratings was done during the first field visit through observations, document reviews and collection of background and other pertinent organizational information. Additional information was requested for after ratings were calibrated. Team meetings were held to come up with validated ratings for each site a final team rating for each dimension.

The results of the assessment are found in the ensuing section.

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	▪ Senior leaders set organizational values, short and longer-term directions, and performance expectations. ▪ Senior leaders/managers articulate the importance for everyone in the organization to be ethical in their behavior and dealing with all stakeholders. ▪ Senior leaders/managers have clearly defined authorities and accountabilities.
2	▪ Senior leaders/managers deploy organizational values, short and longer-term directions, and performance expectations. ▪ Senior leaders/managers take proactive steps to discourage staff from engaging in corrupt practices.
3	▪ Senior leaders/managers have specific responsibilities for prevention and detection of corruption. ▪ Senior leaders/managers are trained on corruption prevention and detection.
4	▪ Practices and performance of senior leaders/managers in preventing and detecting corruption are reviewed/evaluated. ▪ Decisions/actions of senior leaders/managers are randomly checked for possible abuse of authority/discretion, conflict of interest. ▪ Integrity enhancement/corruption prevention are integrated in management functions (planning, leading, organizing, controlling).
5	▪ The agency reviews the effectiveness of senior leadership organization in enhancing integrity of the organization.

A. Policy/System relevant to the Dimension

Senior leaders/managers refer to those occupying director positions and above in the Land Transportation Office. These include incumbent Line and Staff Directors, Regional Directors and the Assistant Secretary.

B. Results of the Assessment

Leadership	CO	NCR	Region VII	Region XI	Final Rating
Agency's Rating	3	1	2	3	
Deployment Rating	50-60%	50-60%	70-80%	90-100%	
Assessor's Rating	2	1	2	2	2

Central Office. The rating of this site on this dimension is at level 3 with 50%-60% deployment rating. This particular dimension was the most debated among all the IDA dimensions with two contending ratings: at level 2 and at level 3. The area of contention was the second bullet of level 3, which pertains to the training of senior leaders/managers on corruption prevention and detection. Another point of contention was on the articulation of the importance for everyone in the organization to be ethical in their behavior and dealing with all stakeholders. In the end, all agreed that the agency merited the afore-mentioned rating.

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However, the validated rating is at level 2 with 90%-100% deployment rating. Senior leaders/managers do not have specific responsibilities in corruption detection. What the agency's code of conduct explicitly provided for pertains only to responsibilities of senior leaders/managers in corruption prevention. Also, although the agency has conducted the Ehem! Aha! Seminar-Workshop in the Central Office and in varying degrees in the region, wherein they have identified areas vulnerable to corruption and strategies to address these vulnerabilities, this only redounds to prevention of corrupt practices to occur in the agency. There is much to be done in training senior leaders/managers in corruption detection.

National Capital Region. The rating of this site on this dimension is level 1 with 50%-60% deployment rating. The leadership of the regional office admitted that although they have setup organizational values, short and long-term directions and performance expectations, they have yet to deploy these to lower offices. Achieving a consensus on this dimension had not been difficult because those, including a stakeholder, who gave a high rating, slide down to a level 1 rating.

Region VII. The rating of this site on this dimension is level 2 with 70%-80% deployment rating. This consensus rating is the result of a strict interpretation of having senior leaders/managers trained on corruption prevention and detection because some of their officials have yet to attend and participate the Ehem! Aha! Seminar-Workshop.

Region XI. The Regional Office rated themselves 3 with 90%-100% deployment in this dimension. Present senior leaders and officials have given serious attention on accountability and corruption prevention although it has not reached its fullest level; it effected a major improvement on the image of agency. Integrity enhancement/corruption prevention are integrated in management functions. The leadership rating covered the Asec to the RD level. Memos, circulars, issuances, statutes and the likes are distributed to the regions and are announced during flag ceremony. The regional management has likewise identified corruption vulnerabilities in their office. Officials at the CO are not known to the regions, though information about their activities are not being disseminated.

The actions of the senior leaders must be known up to the levels of the employees especially at the regional office as well as their personalities for familiarization. There is a need evaluation or review of the performance of some senior leaders in the prevention and detection of corruption.

Overall, the rating of the agency on this dimension is at level 2 with 50%-60% deployment rating. Aside from the existence of vision and mission of the agency down to the field levels, senior leaders/managers have likewise set up organizational values, short and long term directions, and performance expectations through the development of agenda and formulation of policies aimed at achieving agency goals.

They have formulated a 15-point agenda or the "Licensed to Drive" that is in support to the President's 10-point agenda wherein the Integrity Development Action Plan (IDAP) is incorporated. Also, they have formulated a quality policy that reflects the agency's commitment to quality service not only to the transacting public but also to its employees and partners in service delivery. In line with this, the agency likewise pursues welfare enhancement and personnel development to improve morale and productivity. Senior leaders/managers also have clearly defined authorities and responsibilities which can be readily viewed from the agency's website.

Moreover, senior leaders/managers spearhead the development and conduct of values formation seminars such as the Purpose-Driven Life Seminar at the Central Office, which was attended by ManCom members and rank-and-file employees. LTO-Region VII had been conducted a series of moral values seminars (four) with the Franciscan Fathers as speakers in order to inculcate moral values on employees and reiterate to

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them their basic obligation as public servants. Similarly, LTO-NCR has incorporated training on the awareness on employee's work ethics and human relations in its plans for the year 2006. These initiatives are aimed at articulating the importance for everyone in the organization to be ethical in their behavior and in dealing with their stakeholders.

Then again, this was one of the points of contention in the IDA in LTO NCR. Therefore, the management should consider embarking on monitoring and evaluation to ensure that employees are actually putting into practice what they have learned in these seminars.

Three of the sites assessed (CO, VII and XI) exhibited no difficulty in deploying organizational values, directions, and performance expectations to their staff divisions and field offices. There are indications of consistent policy pronouncements, implementation of plans and programs that indicate deployment of such organizational values. Quality policy frames are visible in these offices.

However, there is one curious arrangement at the LTO NCR - the designated Acting Regional Director is also the Assistant Secretary for Special Concerns of the Department of Transportation and Communication.

Overall, the Team has documented the following strengths of the LTO in this dimension:

- Senior leaders/managers take proactive steps in discouraging the staff from engaging in corrupt practices. Such initiatives include the conduct of values formation seminars wherein the attendance and participation of LTO officials and employees are required. There are directives that instruct employees not to receive money from the clients.

- The agency recently formulated the LTO Code of Conduct, which took effect on 16 January 2006. The Code defines the responsibilities of senior leaders/managers for the prevention and detection of corruption, including the establishment of information systems and networks to ensure transparency, the conduct of and required participation of all in values development programs aimed to strengthen commitment and integrity in public service.

- Senior leaders/managers are trained on corruption prevention through the Ehem! Aha! Seminar-Workshop wherein they have identified areas that are vulnerable to corruption and strategies or plan of action on how these will be addressed.

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	▪ The agency has a general code of conduct (RA 6713) ▪ Disclosure is promoted by monitoring employees' compliance with annual submission of Statement of Assets and Liabilities and Net Worth (SALN) and Disclosure of Business Interest and Financial Connection.
2	▪ The agency has a customized code of conduct includes concrete examples of ethically acceptable/non-acceptable practices and situations of conflicts of interests relevant to the different types of work carried out by the agency. ▪ The agency Code of Conduct is actively promoted inside the agency. ▪ All employees undergo orientation on the agency's Code of Conduct and other training programs to strengthen commitment to public service.
3	▪ The agency Code of Conduct is consistently enforced, with managers having clear tasks of promoting and monitoring compliance. ▪ Violations of the Code of Conduct are sanctioned. ▪ Rewards are given to employees who consistently exhibit behavior consistent with the agency Code of Conduct.
4	▪ The code of conduct has been integrated in key agency systems or mission critical functions. Applicable provisions of the code of conduct are included in contracts with external parties (e.g. suppliers). ▪ Employees' record of adherence to or violation of the agency Code of Conduct is used as basis for promotion. ▪ Disclosures of employees from SALN are analyzed and appropriate actions are taken.
5	▪ The agency code of conduct is regularly reviewed for effectiveness in specifying and promoting the desired behavior of employees and in preventing corruption.

A. Policy/System Relevant to the Dimension

Pursuant to the Declaration of Policy of the State to promote a high standard of ethics in public service, the Land Transportation Office consents/adheres to the Code of Conduct and Ethical Standards for Public Officials and Employees provided under Republic Act No. 6713.

The agency had drafted their own Code of Conduct in July 2005 and was presented to the ManCom and inputs were incorporated thereto. Through a memorandum to the managers, the Code of Conduct was discussed to the employees and after perusal of the said Code; they were asked to affix their signatures. This code of conduct was sent to the Regional offices for dissemination to the employees, likewise, it was presented to them and their signatures were sought also. There was a warning that any violation of the provisions of the said code will be sanctioned.

On June 20, 2005, Office Order No. 095-2005 was issued by the Assistant Secretary creating the Integrity Development Plan Committee consisting of 10 members with a Chairwoman, after the code of conduct was drafted, copies of the proposed code were sent to all regions for their comments.

B. Results of the Assessment

Code of Conduct	CO	NCR	Region VII	Region XI	Final Rating
Agency's Rating	1	1	1	1	
Deployment Rating	90-100%	90-100%	10-20%	90-100%	
Assessor's Rating	1	1	1	1	1

Central Office. In terms of deployment, memoranda, assembly of employees in a forum and announcements during the flag ceremonies were done.

The rating was almost 2, however, not all employees concurred or affixed their signatures on the Code of Conduct and not all employees had undergone the orientation on the agency's Code of Conduct.

NCR. The regional office rating was 1 with a 90-100% deployment rating. The rating was given unanimously. Since the Code has just been approved, the agency can easily move to level 2 considering that the requirements in the 2nd level can easily be complied with.

Region VII. There were 29 officials and stakeholders who attended. Out of them fourteen rated 2 and seven rated zero. When the bullets for level 1 were discussed thoroughly, those who rated 2 voluntarily slid down to 1 and those who scored zero moved up to 1. The consensus then of the agency was 1.

Region XI. The regional office has just drafted their customized Code of Conduct last 2005. It was confirmed/validated, as distribution to all employees in the region was made sure by affixing their signatures on a routing slip. But since it is still new, it has not yet been actively promoted. There are a number of seminars/orientations on public accountability, one of which was the Ehem! Aha!, an integrity and moral values enhancement seminar, which was attended by all. However, an orientation on the new Code is yet to be undertaken.

At the time of the IDA, people are still waiting for the final approval of the customized Code of Conduct, thus, full implementation and orientations have yet to be scheduled.

A copy of the approved Code of Conduct was secured including documents creating the committee that drafted it, its dissemination to the Regional Office, the letter to UP Law Center, etc. The Code was submitted to the UP Law Center of Publication on December 29, 2005 and it has been received on January 5, 2006 for immediate publication in the Official Gazette, the effectivity date was 20 February 2006.

Submission of the SALN was strictly complied with and monitored.

It was noted that there were 2 divisions/units at LTO whose employees did not commit (did not sign) to the code of conduct. Although the agency has already drafted a customized Code of Conduct, which has been disseminated at the time of assessment, the agency needs to develop an advocacy program for its implementation including provision of concrete examples on how it can be strictly implemented and monitored and identification of accountable units.

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3. GIFTS AND BENEFITS POLICY

Gifts and benefits are offered innocently or 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.

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

Rating	Levels of Achievement
1	- The agency has a written policy on solicitation and acceptance of gifts and benefits with relevant examples that is consistent with RA 6713. - The agency has written guidelines for donations. - The agency has a written policy on offer of bribes.
2	- The gifts and benefits policy is made known to all officials and staff, clients and suppliers of the agency. - The agency has a registry for gifts, donations, and institutional tokens. - All gifts and benefits received by the agency or through any of its officials and staff are documented in an official register.
3	- The policies on acceptance of gifts and benefits and offers of bribe are 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 officials and staff who report offers of bribes. - Sanctions are applied to officials and staff who fail to comply with the policy on gifts and benefits.
4	- The registry of gifts is available for examination by internal and external stakeholders. - Bidding documents issued by the agency inform potential suppliers/contractors that gifts and benefits should not be offered to employees. - The gifts in register and reported bribes are regularly reviewed and examined vis-à-vis decisions and treatment of agency's stakeholders.
5	- The agency's policy on solicitation and acceptance of gifts and benefits is regularly reviewed for effectiveness. - Results of the review are considered in strengthening the gifts and benefits policy of the agency.

A. Policy/System Relevant to the Dimension

Section 7 (d) of RA 6713 otherwise known as the Code of Conduct & Ethical Standards for Public Officials and Employees enumerates prohibited acts (one of which is acceptance of gifts) and transactions of government officials and employees relative to the performance of its officials' functions. In addition, there are provisions on direct bribery and indirect bribery, which are punishable under the Revised Penal Code.

There is now a move to temper this strict definition. A government agency is expected to come up with a policy that will outline the parameters of what gifts are deemed acceptable and what gifts are perceived to have nominal value, taking into consideration the frequency and the relationship between the

official/employee and the giver. Most important is that the agency/office has established measures to disseminate this essential policy to its transacting public/stakeholders.

B. Results of the Assessment

Gifts and Benefits Policy	CO	NCR	Region VII	Region XI	Team Rating
Agency's Rating	0	0	0	0	
Deployment Rating	0	0	0	0	
Assessor's Rating	0	0	0	0	0

Central Office, NCR and Reg VII. The Central office and the two (2) Regional offices of the LTO (NCR and Region VII**)** have no standing policy yet on gifts and benefits. Although, after the conduct of IDA, the Central office had come up with a draft on this[5] in order to address this area of vulnerability oftentimes encountered by officials and employees that is not just unique to LTO but to the entire bureaucracy.

Region XI. In spite of the absence of an explicit policy/guidelines on gift giving and donations, this LTO Regional Office claims that they follow the oversight policy on offer of bribes and on the solicitation and acceptance of gifts as provided for in RA 6713. However, since the agency does not satisfy any of the requirements in Level 1 as of the time of assessment**,** the respondents objectively rated themselves 0.

During the discussion, one of the respondents remarked that, "kung may no gifts policy, bakit kapag may bumibisitang managers, napipilitan kaming mag solicit sa iba kasi kulang kami ng pera para ma-accommodate sila" to that effect. When somebody asked whom, she mentioned, "taga COA". When an Assessor said that it is a form of corruption, one participant retorted, "hindi ganyan ang mga taga LTO, may mga RATA yan" to which another participant corroborated. This incidence however is isolated according to the IDA participants.

The agency maintains signages on strategic locations within the Office compound to discourage the public from engaging with "fixers" and a huge poster near the gate that says: "Ang corruption makaguba sa gobyerno undangon nato ang hiwi ng panlimbong sa sulod ug gawas sa pamahalaan," which means corruption destroys the government, lets stop corruption in government."

Cognizant of the high propensity of the transacting public to give gifts or tokens to LTO staff to facilitate their transactions, the current regional administration says that they regularly remind its officials and employees to be ethical in their jobs. This is done every Monday during the flag ceremony with particular focus provided on the discussion of feedback/complaints received through the Office's Text Messaging System. However, the impact of such exercise may or may not appeal to the staff's individual sense of integrity if not supported by strong institutional policy or pronouncement.

The regional leadership for its part plans to disseminate the Code to all employees as soon as possible to effect the necessary changes in the way the office and staff dispenses their work.

Not even one indicator of achievement was satisfied by any of the sites in this particular dimension, thus the final rating of zero (0).

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[5] On March 23, 2006, the Agency Code on Gifts and Policy was signed and transmitted to the Official Gazette for publication. However, this cannot retroact to the IDA period already conducted.

Nevertheless, the current administration has initiated the formulation of a Gifts Policy subsumed under its new LTO Code of Conduct, which took effect on 20 January 2006. The specific provisions from the Code that pertain to gifts and benefits are as follows:

- LTO officials and employees shall not use their official position to secure unwarranted benefits, privileges or exemptions for themselves or for others (Sec. 1, Art II)

- LTO officials and employees shall not accept any remuneration other than what they are entitled to in their official capacity (Sec 4, Art II)

- LTO officials and employees shall refrain from having any pecuniary interest directly or indirectly with any insurance company (specifically on acquisition of mandatory Third Party Liability Insurance for motor vehicle registration), Private Emission Testing Centers, Drug Testing Centers and other similar private service providers. (Sec 5, Art II)

- LTO officials and employees shall not engage in any unauthorized fundraising and solicitation activities nor organize foundations and private institutions to be used as front to circumvent the law that prohibits engaging in activities involving personal gain or conflict of interest. (Sec 9, Art II)

- LTO officials and employees shall not solicit directly or indirectly gifts and/or benefits for themselves or for others which may influence their official functions or which might be reasonably perceived as influencing or improperly relating to the performance of their official functions. (Sec 10, Art II)

It is however for the benefit of the agency, particularly in its implementation, if the provisions of the Code are made more explicit, well-defined in terms of coverage and clear identification of responsible units. An Implementing Rules and Regulations may satisfy any clarification on its content.

4. HUMAN RESOURCE MANAGEMENT: Recruitment, Selection & Promotion of Employees

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	- The agency has a written guideline for recruitment, selection, and promotion of personnel (e.g. Merit Selection/Promotion Plan following CSC guidelines). - The agency has a Personnel Selection Board with rank and file career employee representative. - The agency has complete set of job descriptions and qualification standards for all positions.
2	- Guidelines for recruitment, selection, and promotion are disseminated to all employees. - PSB members undergo orientation and workshop on the selection and promotion process, CSC policies on appointments, ethical considerations in making decisions on recruitment and promotion.
3	- The policies/guidelines on recruitment, selection, and promotion are consistently enforced. - 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 PSB. - Personnel appointments are issued based on the provisions of the agency Merit Selection Plan.
4	- Basis of decisions on promotions and movements (deployment) of personnel that deviate from the recommendations of the Personnel Selection Board are documented. - The agency conducts random checks of the process and decisions of the Personnel Selection Board. - The agency has a post employment policy for resigning/retiring personnel. - Blacklisting of erring personnel is practiced.
5	- 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 in enhancing the integrity of personnel recruitment, selection and promotion processes.

A. LTO's Recruitment, Selection and Promotion System

The recruitment, selection and promotion of personnel is being undertaken by the Human Resource Management Officer IV in the Central Office and by the Human Resource Management Officer III in the regional offices. The LTO Management is concerned with filling up of vacancies, far more than this is a larger aim of building an effective work force in the organization. To attain this, certain procedures have to be followed.

The procedural details in the recruitment and selection of employees are as follows:

1. The activity begins with the identification of unfilled positions, publication in newspapers and posting of the vacancies in conspicuous places in the agency.

2. A list of candidates is gathered from a variety of sources, which include walk-in applicants, recommendees of influential persons and qualified insiders. A preliminary interview is conducted to gather more information and personal impressions about applicant. Unusual behavior, facial expressions, gestures, tones of voice and posture can be observed during the interview.

3. In addition, an initial assessment is conducted to determine suitability of the applicant to the position to be filled. Educational background, work experience, relevant trainings/seminars and appropriate civil service eligibility are reviewed.

4. An IQ/Psychological and other relevant tests are administered to qualified applicants to measure their general ability, what they can actually do and their temperament and personality.

5. A list of qualified applicants is submitted to the Personnel Selection Board for review and evaluation.

6. The Personnel Selection Board (PSB) evaluates qualifications of applicants based on screening procedures and criteria set. When deemed necessary, the Board conducts a reference check on applicant/s work experience, school records and personal references. By checking the information stated in the Personal Data Sheet the Office has an opportunity not only to double check on facts but also to test the applicants accuracy and openness.

7. The PSB meets en banc and recommends in writing to the Assistant Secretary the names of applicants who may be considered to the vacant position together with justification. These are ranked but head of agency still has the discretion to choose from among the applicants provided qualified.

8. The Assistant Secretary assesses the merits of the recommendation of the Board and selects the applicant she deems best qualified to the position.

9. The Personnel Section prepares the appointment papers and other supporting documents of the candidates for signature of the Assistant Secretary.

10. The Assistant Secretary affixes her signature in the appointment papers.

11. The Personnel Section sees to it that the guidelines, requirements and procedures in the preparation and submission of appointments are observed. The appointment papers are submitted to the Civil Service Commission within 30 days from the date of issuance, otherwise, it becomes ineffective and disapproved.

Promotion. A promotion is a movement from an original position to a higher position usually accompanied by an increase in responsibility and salary. The promotion policy gives emphasis on competence in order to provide the organization with a continuous supply of better-qualified human resources.

To ensure objectivity in promotion a Selection Board is established to screen candidates for promotion. A Merit Promotion Plan (MPP) is also established including an orderly arrangement of positions on the basis of specified criteria.

In filling-up vacant positions, preference is given to employees occupying positions considered to be next in rank. However, employees who are not next in rank may be promoted if they possess superior qualifications when compared to a next in rank employee who merely meets the minimum requirements of the position.

The degree of competence is determined by the following factors:

- Performance – performance rating should not be lower than Satisfactory
- Education and Training – education and training relevant to the duties of the position to be filled shall be considered
- Experience and Outstanding Accomplishment – this is about work history, experience and accomplishments worthy of commendation

▪ Potential – it takes into account the capacity to perform higher responsibilities

Within 15 days from notice of the issuance of appointment, a next-in-rank employee who feels aggrieved may file a protest with the Agency Head who shall make a decision within 15 days from receipt of the protest. If the employee is not satisfied with the decision he may file appeal within 15 days from receipt to the Merit Systems Protection Board. If he is still not satisfied he may appeal to the Civil Service Commission within 15 days from the receipt of decision.

B. Results of the Assessment

Human Resource Management	CO	NCR	Region VII	Region XI	Team Rating
Agency's Rating	1	1	1	3	
Deployment Rating	90-100%	90-100%	50-60%	90-100%	
Assessor's Rating	1	1	1	1	1

Central Office. A rating of 1 was given to LTO considering that they were able to satisfy the requirements set in Level 1. A stakeholder also gave a rating of 1. According to him he did not give a grade of 2 because the guidelines on recruitment, selection and promotion are not followed. He further said that what is being implemented is the "whom you know" policy. If only the PSB were given training on the selection and promotion process, policies on appointments and ethical considerations in making decisions on recruitment and promotion, the Office would have scored a 2. However, the Office has strong points to their credit as the agency keeps a record of PSB meetings and decisions, deviation of the recommendation of the PSB is documented, appointments issued strictly followed provisions of the Merit Promotion Plan and erring personnel is blacklisted.

The Central Office gave a 90% to 100% deployment for this dimension since guidelines and policies were disseminated to all employees but were not fully explained to them. The Assistant Secretary stressed that they were not remiss in the dissemination of information only a lapse in its monitoring aspect.

The attainment of a higher rating can be attained if the following areas are given more emphasis:

▪ Training of PSB members on the selection/promotion process
▪ Consistent enforcement of policies and guidelines on recruitment, selection and promotion
▪ Employment of measures to prevent entry of corrupt employees through background check
▪ Establishment of post employment policy for retiring or resigning personnel
▪ Regular review of PSB processes and decisions and MPP's effectiveness in enhancing integrity and prevention of corruption in the recruitment, selection and promotion of employees

National Capital Region. The rating given on HRM by the NCR respondents is 1 because all the bullets were satisfied. According to one of the officers of the Regional Office, it cannot merit a score of 2 as the guidelines in recruitment, selection and promotion of employees is not disseminated to all employees. Secondly, the PSB members did not undergo training on the selection and promotion process. She further said that she has been a member of the PSB for many years but she did not remember having attended seminar on the selection/promotion process. Another mentioned that the policies and guidelines on promotion are disseminated to all employees as evidenced by the fact that she was not able to plan her career path. The ARD stated that after every TDO meetings, the District Heads are instructed to disseminate relevant information to their subordinates but admitted that he has not monitored compliance to his instruction.

The deployment was pegged at 90% to 100% since guidelines and policies were disseminated to all employees but were not fully explained to them. The ARD admitted there was a failure to monitor his instructions.

The participants identified some areas for improvement, which include:

- Personnel appointments should be issued based on the provisions of the agency MPP.
- Provisions of the MPP should be strictly followed.
- PSB and MPP processes should be reviewed.

Region VI. The rating given by officers of Region VII was 1 because the Agency satisfied the requirements in Level 1. Region VII, however, keeps records of meetings of the PSB; Personnel Appointments were issued based on the provisions of the Agency MPP.

In order to merit a rating of 2 the Agency should focus on the following:

- The guidelines for recruitment, selection and promotion should be disseminated to all the employees. The Agency should see to it that the policies are understood by all the employees.

- The PSB Members should undergo orientation and workshop, which may be formal or informal, on the selection/promotion process; CSC policies on appointments, ethical considerations in making decisions on recruitment/promotion process. By formal it means resource speakers will be invited to discuss the selection/promotion process. Informal training may be in the form of informational talks or conversations with officers who are knowledgeable on the areas or by distributing brochures, pamphlets, etc.

Deployment rating was 50% to 60% since not all the employees knew and understood the guidelines and policies on recruitment, selection and promotion due to geographical location of district offices.

Region XI. Region XI gave a rating of 3 in HRM. The ARD explained that they deserve the grade because they have a well—defined plan for recruitment, selection and promotion. Submission of NBI Clearances is required to prevent entry of corrupt employees; however, he admitted that they do not have a policy on post employment for retiring or resigning personnel.

The regional office should work on these:

- Establishment of post employment policy for retiring/resigning personnel
- Deviation from the recommendation of the PSB should be documented
- The Agency should review the PSB and MPP processes

The deployment rating of Region XI is 90% to 100%. During the FGD they insisted they have consistently enforced policies/guidelines on recruitment, selection and promotion.

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	▪ The agency has set organization goals, targets and performance indicators. ▪ Performance targets and work plans at the unit and individual levels are based on these goals.
2	▪ The agency has a performance management and evaluation system in place. ▪ Managers and supervisors are trained on performance evaluation and management. ▪ The basis of performance monitoring and evaluation are made known to all employees.
3	▪ The agency regularly prepares reports (e.g. annual report, agency performance 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.
4	▪ The agency links staff performance ratings with the attainment of their unit's targets and level of performance. ▪ Levels of agency/individual performance are analyzed to relate with corruption incidence in the agency. ▪ Agency annual reports made available to the public to account for what the agency has accomplished vis-à-vis its targets and disclose what it plans for the future.
5	▪ The agency regularly reviews the effectiveness of its performance management system in enhancing integrity and preventing corruption. ▪ Results are used to improve the agency's performance evaluation and management system.

A. LTO Performance Management System/Processes

LTO adopts the Performance Evaluation System (PES), referred to as LTOPES, in line with the revised policies on Performance Evaluation System enunciated under CSC Resolution No. 99 1792 and CSC MC No. 13, s. 1999. The LTOPES aims to:

(a) Continuously foster improvement of employee performance and efficiency;
(b) Enhance organizational effectiveness and productivity; and,
(c) Provide an objective performance rating which serves as basis for personnel actions, incentives and rewards, and administrative sanctions.

One major aspect/procedure that must be observed in implementing the LTOPES is performance targets and standards setting, both at the organization/agency level (organizational targets) and individual level (employee targets). Performance targets and standards must be well planned and agreed upon by management, supervisors and employees.

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Organizational targets refer to short-range (annual or semi-annual) expected accomplishments set to achieve objectives. The preparation and setting of organizational targets is done not later than the last quarter immediately preceding the rating period. Organizational targets are attuned to the vision and mission of the agency/organization. Agency values may also be considered.

As for the employee targets, each employee prepares performance targets based on the organizational targets set by the agency and the work program of the division or organizational unit where the employee belongs. All targets relate to job duties and organizational needs.

Employee Performance Target refers to the duties or work assignments given by a competent authority (rater) to the employee (ratee), with the work output of each duty clearly stated and understood by the ratee. These are measured with a standard (quantity, quality and time) set either by the agency or as mutually agreed by the rater and the ratee.

The procedure details as regards Performance Evaluation is written in the Procedure Manual of LTO. The objective of the Performance Evaluation Procedure Manual is to ensure that performance evaluations are undertaken in accordance with the prescribed Improved Performance Appraisal System (IPAS) of LTO. The procedure details include the following:

1. The ExeCom/ManCom conducts an Annual Planning Session and reviews/updates plans mid-year.

2. Targets or expected output are set at the national level and translated to regional and district levels and finally to individual targets. Supervisor and staff agree on these targets, using the standards set in the Annual Planning Session.

3. The supervisor and staff conduct a quarterly feedback session to guide semestral performances more objectively. Critical incidents (whether positive or negative) are noted for easy recall during the rating period.

4. At the end of the rating period, the ratee makes a self-assessment of actual performance, which shall be measured using the three dimensions, namely: quantity, quality, and time. This shall be reflected in the accomplishment of the IPAS form. The supervisor reviews the accomplished IPAS and discusses its contents with the ratee.

5. The supervisor and ratee agree on the performance rating. The accomplished IPAS form is submitted to the HRMO.

6. The HRMO endorses the submitted IPAS forms to the PARC. The PARC convenes and calibrates the performance appraisals of all employees. The PARC ensures that ratings given are standardized across the different centers/areas in the Region. The PARC may modify ratings as a result of its calibration.

7. The PARC recommends a Development Action Plan. The calibrated IPAS is endorsed to the HRMO for reference in the preparation of the training plan.

B. Results of the Assessment

Performance Management	CO	NCR	Region VII	Region XI	Team Rating
Agency's Rating	2	2	2	3	

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Deployment Rating	90-100%	90-100%	50-60%	70-80%	
Assessor's Rating	1	1	1	2	1

Central Office. The group arrived at a consensus rating of 2 and with a 90%-100% deployment rating. The initial rating given by the participants was just a toss between the score of 1 or 2, but majority rated 2. One stakeholder even initially gave a rating of 5 because he believes that agencies like LTO must have satisfied all the levels of achievement to merit a score of 5. But after hearing the comments or explanations provided by the other members of management, the group including the stakeholders agreed with the final rating of 2 for the Performance Management dimension.

The group gave the rating of 2, almost nearing the rating of 3, because they said they satisfy all the indicators indicated in level 2. They also mentioned that the Central Office regularly prepares reports, such as annual reports, to assess accomplishment of their goals and targets and regularly evaluates individual performance. But they said they fall short on the last indicator for level 3 that refers to the item on "consistently rewards good performance and sanctions poor performance and negligence of duty". As such, the group failed to merit a score of 3.

As for the deployment, the group scored a 90%-100% since the group believed that the approach is fully deployed considering that they almost got a rating of 3.

Based on the discussion and validation, the following items can be considered strengths in this dimension:

- LTO has set organizational goals, targets and performance indicators and that performance targets and work plans at the unit and individual levels are based on the agency's goals. These are all indicated in their annual reports.
- LTO has a performance management and evaluation system in place. In fact, the evaluation system in place is not just for individual level but regional level as well.
- The criteria for performance monitoring evaluation are made known to the employees.
- LTO regularly prepares reports (e.g. annual report) to assess accomplishment of its goals and targets and LTO regularly evaluates individual performance through their New Performance Appraisal System (NPAS).

Agency Performance[6]

As for the assessors rating, it was deemed that LTO Central Office merits a score of 1. The agency has set organizational goals, targets and performance indicators. LTO Central Office has pictured itself to be a model government agency showcasing excellent and quality public service for a progressive land transport sector. The office is guided by the policy of promoting and maintaining safe, efficient, comfortable and economical land transportation services throughout the country by providing a rationalized system of motor vehicle registration, driver's licenses and permits issuance, law enforcement and adjudication of traffic violation cases. All LTO activities are directed towards the support of the economic, industrial and social development of the country (see also discussion on Operations right at the beginning of this report).

As for its revenue enhancement initiatives, LTO aims to generate additional revenues as well as for the government. As such, the office has pursued the following revenue enhancement initiatives for CY 2004: (a) Implementation of Fines and Penalties for Axle Overloading; (b) Issuance of Vanity License Plates; (c) Special Plates Project; (d) Continuing coordination with other government agencies (LTFRB, BIR, BOC, MMDA) and other law enforcement agencies for streamlined operation and efficiency in revenue collection;

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[6] While performance management dimension refers mainly to employees' performance, there is a hint from the IDA of NCR (at least) that individual performance is linked tightly to agency performance targets which in this case are revenue targets revolving around LETAS, licensing and registration without forgetting Clean-Air and MAIDs.

and, (e) Streamlined operations for the registration of used imported vehicles (e.g. Subic) which enabled the government to collect VAT from sales generated.

As reported in the previous section, the LTO's MID in the CO with the Finance and Management Division prepares the performance targets of the agency and its regional offices. The targets are being used in budget hearings and in the assessment of LTO's accomplishments in relation with the office's performance objective. In case when the performance target prepared by DBM is different from the agency's targets (which is usually higher that the DBM's), the % difference is divided among the central and regional offices based on the % share of transactions/volume of transactions and revenue.

With the implementation of the LTOPES, the CO satisfies the requirements under Level 2, particularly on the setting up a performance evaluation system, the basis of which are made known to its employees.

The Performance Evaluation Rating template/form used by the Central Office, which clearly shows the duties and responsibilities expressed as work outputs per specific position, is a clear indicator that the basis of performance monitoring evaluation are translated down to individual levels. (Sample Performance Evaluation Report Form was provided)

IDA participants of the focus group discussion mentioned that their managers and supervisors were trained on performance evaluation and management but it was a long time ago. However, we were not able to validate this claim as LTO-Central Office was not able to provide samples of Certificates of Recognition, or attendance of participants, or even Office Order regarding such training. This is despite the effort of searching such documents from the General Services Section and even the 201 files. In this vein, Central Office can only merit the rating of 1.

On the other hand, according to the Administrative Division, there's a plan to formulate another Performance Evaluation System for managers, subordinates and even clients (as of the moment, there's an approved new performance evaluation system by DOTC) and the Central Office have lined-up a training on this for 2006. This will surely help the agency achieve the next higher rating.

Noteworthy are those requirements in level 3, which the CO were able to satisfy, except for that which pertains to the consistent rewarding/sanctioning of good/bad performances and negligence of duty.

It was noted that the office has its own share of awards or certificates of recognition (e.g. Certificate of Recognition given in January 2006 - LTO Law Enforcement Officer of the Year 2005 Anti-Colorum Campaign Category) and the awarding of the usual Performance Incentive Bonuses (PIBs).

The distribution of the PIB indicates if performances are effectively measured. However, upon review of the PIB, it revealed that the ratings are skewed towards the highest rating.

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Performance Evaluation Report for CY 2004 for LTO-Central Office

Rating	No. of Employees
Very Outstanding	316
Outstanding	15
Satisfactory	1
Unsatisfactory	0
Poor	0
Total Recipient of PIB for 2004	332

Another proof is the memorandum of LTO last January 2006 circulated to all officials and employees of the Central and Regional Offices pertaining to the implementation of the LTO Code of Conduct, particularly on the provision on Incentives and Rewards System (Article VI), and the approval of the Program on Awards and Incentives for Service Excellence (PRAISE) which LTO adopted in line with the Revised Policies on Employee Suggestions and Incentive Awards System (ESIAS) provided under CSC Resolution No. 01-0112 and CSC MC No. 01 S. 2001. The agency claims they grant incentives and rewards to officials and employees who have demonstrated exemplary service and conduct on the basis of their observance of the norms of conduct laid down by the CSC (good performance).

As regard giving sanctions on poor performances and negligence of duty, the Central Office has also sample cases filed at Regional Arbitration and Adjudication Board (RAAB), which includes a case for grave misconduct and gross negligence. However, no final resolution has made on the case. One major contributory factor in the slow resolution of cases is the lack of manpower that will attend to and handle the cases.

National Capital Region. The participants arrived at the consensus rating of 2 and with a 90%-100% deployment.

The Regional Office has set organizational goals; targets and performance indicators, which are translated to targets and work plans at the unit and individual levels. The Central Office gives performance targets, which are based from the regions' previous target and their volume of transaction/average rate.

It has a performance management and evaluation system in place, e.g. NPAS. Employees will not be given their PIB's if the supervisors do not monitor the ratings of their employees.

While it is recognized that the Regional Office was able to satisfy most of the indicators in level 3, the group only gave a rating of 2. The LTO-NCR do consistently give rewards for good performance, though the word "consistent" for them does not necessarily mean yearly or for a certain time frame. They only give rewards if an employee deserves a reward.

The group said they do not promote erring employees and charges erring employees. They even recommend sanctions for erring employees and report to their RAAB (Regional Arbitration and Adjudication Board) but then the outcome is out of their control.

The assessor's rating for NCR is also 1. The following are justifications why NCR only merited a score of 1:

The agency has set organizational goals, targets and performance indicators, including a vision and mission statement. [7]

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[7] The LTO-NCR's mission is to rationalize the land transportation services and facilities and to implement effectively the various transportation laws, rules and regulations. It becomes a major responsibility for those involved in public service to be more vigilant

The Regional Office adheres to the performance targets set by the Central Office, which are based on the regions' previous target and volume of transaction (average rate). Considered as the prime region in the whole LTO organization, catering approximately 45% of registration and licensing clientele nationwide, NCR is expected to end the year with a high note. It has exceeded CY 2003's mark and even surpassed the set target for CY 2004. As far as revenue collection is concerned, 2004 was an impressive year where registration and licensing transactions increased quarter after quarter.

The decline of license transactions in 2002 & 2003 was primarily because of the strict enforcement of Drug Testing and Medical Examinations to license applicants. Drivers, specifically tricycle and jeepney drivers, opted to avoid the risk of cruising the highways with delinquent licenses to save the amount of the costly fees of licenses. However, in 2004, with the intensified Law Enforcement and Adjudication Program of NCR and with the launching of the "Operation Trikes and Jeeps", law enforcers went scouring from the major highways to the most concealed terminals to apprehend unlicensed drivers and holders of delinquent license and unregistered motor vehicles. As such, the license transactions handled in 2004 scaled up by 11.11%. Proportionate increase took place on the total number of license issued, displaying an increase of 8.97%

The Accomplishment Monitoring template/form used by NCR, which clearly shows the specific assigned tasks per a specific position, is a clear indicator that the basis of performance monitoring evaluation are indeed made known to the employees. (Sample filled-out Accomplishment Monitoring Report Form was provided)

The group said that not all their managers and supervisors are 'formally trained" on performance evaluation and management but are actually self-trained (through self-study) or mentored by their colleagues. (Through self-study or mentoring they were able to rate themselves or their subordinates). It is for this reason that NCR only merited a score of 1 because they failed to satisfy this item on level 2. NCR was not able to provide documents to validate the claim that their managers and supervisors were trained on performance evaluation and management (documents such as sample certificates of those who attended performance evaluation training, or the list of attendees, or even Memorandum or Office Orders requesting participants to attend such training).

On the other hand, NCR was able to satisfy most but not all of the indicators in level 3. NCR regularly prepares reports to assess accomplishment of its goals and targets (such as annual reports) and regularly evaluates individual performance and their accomplishments. The IDA participants even said that employees will not be given their PIB's if the agency doesn't monitor the ratings of their employees (referring to the performance and accomplishments of individuals).

As for the item "consistently rewards good performance and sanctions poor performance and negligence of duty", the word "consistent" was the major point of contention. LTO-NCR does give rewards for good performances, though the word "consistently" was not properly operationalized.[8]

On "consistently" sanctions poor performance and negligence of duty, the group said they do not promote erring employees and charges erring employees. They even recommend sanctions for erring employees and report it to the RAAB. This was validated as the office provided a document (memorandum) regarding

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of their part in the over-all development of scheme of the national leadership … hence promotion of safety and comfort in the land travel is LTO's continuing commitment.

[8] To substantiate the claim, NCR also provided sample documents (such as Memorandum to specific employees) regarding exemplary performance of a public service and sample Certificate of Recognition for invaluable service rendered by an employee (sample certificate for Ms. Edna Garvida). Another proof is the document provided by NCR as regards the system established by the PRAISE Committee on giving incentives and awards to recognize and motivate employees for their performance and conduct. (PRAISE Committee Resolution No. 1, S. 2005)

the dismissal from the service of an employee in March 2005. This is a resolution to an administrative case filed in December 1991.[9]

Non-promotion cannot be considered as sanction to employees who performed poorly or have neglected their duty. As per CSC rule, promotion is more of a reward for good performers and not a sanction to poor performance. While are formally charged and progress to resolution, it takes too much time as illustrated in the case mentioned owing to the inadequacy of manpower to undertake adjudication. Thus, according to the IDA participants, while there is an effort to sanction to erring employees, the slow resolution limits such measure. Nonetheless, while this is noted, it is for the benefit of the office if non-performers are actually appropriately sanctioned.

Region VII. The group arrived at the consensus rating of 2 with a 50%-60% deployment rating. Region VII (Central Visayas), only satisfied the minimum standards as regards observance of laws, rules and regulations, and statement of policies or general guidelines. This is substantiated because the office has a set of organizational goals, performance indicators, and performance targets both at the unit and individuals levels.

As for the strengths of Region VII, the group said that they have a performance management and evaluation system in place and they regularly prepare reports and evaluate individual performances.

The assessors rating for LTO Region VII is 1. The goal to provide utmost service to their clientele increase collection of revenues for the government is clearly captured in their vision, especially in their mission.[10]

Given the performance target set by the Central Office for the regions, LTO - Region VII was able to considerably contribute to LTO's commendable growth rate in the volume of motor vehicles registered, number of licenses and permits issued and the number of apprehensions handled. In fact Region VII was able to generate P704,837,133.95 in revenue collection in 2004, a 23.27% increase from their 2003 level - the second highest % increase in revenue collection among regional office in CY 2004. It ranked 1st in terms of % increase in motor vehicles registration (19.38%). A total of 657,704 registration transactions in 2004 were handled by the region, a 16.87% increase compared transactions handled in 2003.

In addition, Region VII issued 277,409 driver's licenses (growth of 13.83%)and permits in CY 2004 and handled 364,980 licenses and permits cases (growth of 17.98%).

On the other hand, apprehensions handled in 2004 slightly decreased by 1.96%. LTO-Region VII apprehended 57,229 drivers, compared to 58,375 apprehensions handled in 2003. However, Region VII was able to have a 109.26% increase in the number of impounded vehicles in 2004 with 3,210 impounded vehicles compared to 1,534 in 2003.

As regards the target performance of Region VII for 2005, target revenue collection is 507,123,000. Per their summary of performance from January to September 2005, the actual revenue collected by Region VII is 671,826,957.45. Improvements in their performance can be attributed to the following: focus on their HRD (created a pool of future leaders trained on management, supervision and LTO functions); LTO Office Improvements (good filing system, presentable and organized work stations, following a systematized transaction flow); and Discipline (a strengthened RIAS headed by the ARD conducting a year round audit and supervision).

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[9] Case No. NCR-94-001: Dishonesty Thru Malversation of Government Funds, Falsification of Official Documents and Violations of Reasonable Office Rules and Regulations (Dec 1991).
[10] To be able to harmonize clientele satisfaction and increase collection of revenues for the government with better and efficient service… To promote professionalism among co-employees, upgrade the level of consciousness on road etiquette wherein road users religiously abide by the traffic laws.

Indicators to merit a rating of 2 were satisfied by Region VII on the following items: agency has a performance evaluation system in place and the basis of performance monitoring and evaluation is made known to the employees. It likewise adopts the LTOPES. The same Performance Evaluation Rating template/form is used by Region VII, a sample of which is provided for validation.

During the focus group discussion on IDA, the group mentioned that their managers and supervisors were trained on performance evaluation and management. The word "trained" was even verified by the group if we are referring to formal training or not. Be it a formal or informal training, we were not able to validate this claim as Region VII was not able to provide samples of Certificates of Recognition, or attendance of those who participated the said training, or even an Office Order requesting participants to attend training on performance evaluation and management. If only Region VII has clear proof that the managers and supervisors were trained on performance evaluation and management, Region VII would easily score a rating of 2.

However, credit should also be given to Region VII for satisfying most of the indicators in level 3. The same as in Central Office, the region failed to satisfy the indicator that requires consistency in the application of rewards or sanctions. There may be cases filed, an indicator of giving sanctions to poor performances or even negligence of work. However, that there was an instance that a specific employee was able to be promoted even with a presence of a case disqualifies such statement.

Region XI. The group has reached a consensus rating of 3 with a 70%-80% deployment. They said all the indicators to merit a rating of 3 were met including the item on consistency of rewards and sanctions. This rating or level of achievement means that the Regional Office practices that characterizes consistency in application of policies/implementation of systems and the existence of application of rewards and sanctions.

The following are some of the justifications given by the group:

- On the item that the Agency's basis of performance and monitoring are made known to all employees, the HR Officer defended that they have distributed to all employees their New Performance Appraisal System (NPAS)

- As regards having a performance management and evaluation system in place, the group said their system is not only for the individual employee but also for the whole LTO's performance.

- The group said their HR managers/process owners were able to attend a training on performance evaluation and management and was re-echoed to their supervisors.

- The group also insisted their belief that they are consistently rewarding good performance and sanctions poor performance and negligence of duty. Their reasoning on the sanction is that those employees who have poor performance do not get promoted.

As for the assessor's rating, while the assessors only gave a rating of 2, it is the highest among all the sites assessed. As indicated in their 2004 Annual Accomplishment Report, Region XI had consistently pursued its aim in achieving optimum level in the delivery of its basic services. Improved system and policies have resulted in a significant increase in the Office's revenue collection which amounted to PhP299,176,674.59. Region XI had surpassed the target PhP282,556,000.00 given by the Central Office, with a 5.88% increase in the set target.

Likewise, collections from the registration of motor vehicles had the highest share at PhP249,686,674.57 or a percentage share of 83.46; revenue from the issuance of licenses and permits to drivers and conductors amounted to PhP28,378,230.00 with a percentage share of 9.49; 6.74% or a total of PhP20,160,680.02

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came from law enforcement activities; while the remaining 0.32% (PhP951,090.00) came from Legal Research Fund collected by the Regional Office.

As for the plans and programs of Region XI for 2005, it is still the goal and objective of Region XI to increase their revenue collection and continuously improve their service to their clients. This is through the implementation of specific systematic programs designed to enhance the efficiency of motor vehicle registration and drivers' licensing services and through implementation of law enforcement programs to enhance safety in transportation, protection of passengers, contain pollution, and make the highways safe for the motorists.

Performance targets are given by the Central Office and statistics show that LTO Region XI's revenue target for year 2005 is PhP208,783,556.00 for Motor Vehicle User's Charge (MVUC) and PhP101,043,808.00 for the other revenue transactions.

As for the agency having a performance management and evaluation system in place, LTO adopts the same LTOPES. The mechanics on performance rating (document provided) of Region XI also provide additional inputs to them as regards performance evaluation. Again, the sample rating template/form provided by Region XI with specific work/activity per specific position clearly shows that the basis of performance monitoring evaluation are indeed translated and made known to the employees.

As for the training on performance evaluation and management, managers particularly the HR process owners were trained on performance evaluation and management which were re-echoed to supervisors of other divisions. The re-echoing was even formalized through an Office Order. The latest Office Order was issued in 2001 requesting all regional office personnel to attend the Personnel Evaluation System (PES) Workshop in order to come-up with a uniformed interpretation and application on the revised PES. Another reference given was the Travel Order from the Regional Director in 1999 directing the HRMO III and company to conduct Personnel Audit and Re-Orientation on the new form of Personnel Appraisal System (PAS), PDS, and Statement of Assets and Liabilities in the district offices of Mati, Tagum, Digos, Koronadal, Surallah and Gen. Santos City. Sample Certificates of Attendance/Certificate of Training on the revised Performance Evaluation System (PES) were provided.

Region XI also regularly prepares reports, such as regional annual reports (Region XI 2004 Annual Accomplishment Report was provided) to assess accomplishment of its goals and targets and periodic evaluation of unit and individual performances. However, Region XI fell short of having a score of 3 since they were not able to satisfy all the indicators in level 3 particularly on the item of "consistently rewards good performance and sanctions poor performance and negligence of duty".

In the Central Office, since the training on performance evaluation and management was done a long time ago, the planned workshop on this must be pushed through to update concerned personnel. Records keeping should be strengthened as documentation is lacking, like list of participants or samples of certificates provided. Such files/records are important in order to have valid proofs on the indicator "managers and supervisors are trained on performance evaluation and management". In so doing, it would be easy to validate and justify the indicators in level 2. Same goes with the NCR and Region VII.

For Region XI, the agency should be able to respond to and strictly observe the item on "consistently rewards good performance and sanctions poor performance and negligence of duty" to merit the higher rating of 3.

As stated, LTOPES aims to provide an objective performance rating which serves as basis for personnel actions, incentives and rewards, and administrative sanctions. There is no denying that LTO does not fell short in giving incentives and awards to deserving offices and individuals/employees. And the latest

issuance on the customized Code of Conduct is a testament to the proactive measures taken by the management to improve its performance management processes.

However, like most agencies, the do not really rate their employees "objectively". Generally, there is a tendency to rate subordinates "satisfactory" regardless of performance thus the awarding of the Performance Incentive Bonus remains even across the board. In the same vein, the LTO does not strictly sanctions poor performers, while some progress to the filing of cases, it is not indicative that these are consistently done.

6. Procurement Management

The procurement system covers Planning, Bidding, Selection, Delivery and Inspection in 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.

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Rating	Levels of Achievement
1	▪ The agency has adopted the new procurement management system (RA 9184). ▪ The agency has an Annual Procurement Plan. ▪ Third party observers are invited to witness procurement process (e.g. bidding evaluation, delivery, and inspection of goods).
2	▪ The agency has written procedures on different modes of procurement, and checkpoints for receiving and inspection of goods and services procured. ▪ Members of the 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	▪ BAC decisions and processes are well planned and documented. ▪ The agency strictly monitors performance of suppliers and contractors against obligations e.g. adherence to budget, price, time factors and quality standards. ▪ Sanctions/penalties are applied for non-performing suppliers.
4	▪ Blacklisting of suppliers/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. ▪ Code of conduct integrated in bidding documents. ▪ BAC decisions and other procurement decisions and outcomes are audited.
5	▪ 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 enhancing integrity and preventing corruption. ▪ Results are used to strengthen the agency's procurement management system.

A. LTO Procurement Process

The Land Transportation Office is adopting the new Procurement Management System pursuant to Republic Act No. 9184, otherwise known as the Government Procurement Reform Act.

All procurement undertaken by the agency is in accordance with the Annual Procurement Plan (APP) and within the approved budget. The guidelines in the agency's procurement process includes the following:

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a. *Procurement Planning.* Requisitioning Office shall submit an Annual Procurement Plan for office supplies, accountable and non-accountable forms, motor vehicle (MV) stickers, MV plates, equipment and other materials duly certified by the Chief of the Office. The Annual Procurement Plan shall serve as the basis of the Bids and Awards Committee (BAC) for planning the purchase of the above items and to ensure that goods are available when needed. The APP may be amended by deletion, cancellation or substitution as approved by the Executive Director.

b. *Organization.* The Assistant Secretary, in order to ensure an effective and efficient procurement management system created the Bids and Awards Committee (BAC) which shall undertake the following functions: advertise and/or post the invitation to bid, conduct pre-procurement and pre-bid conferences, determine the eligibility of prospective bidders, receive bids, conduct the evaluation of bids, undertake post-qualification proceedings, recommend award of contracts to the Assistant Secretary, and perform such other related functions as may be necessary, including the creation of a Technical Working Group from a pool of technical, financial and/or legal experts to assist in the procurement process.

c. *Preparation of Requisition and Issue Voucher (RIV).* RIV for supplies, accountable and non-accountable forms, MV stickers, MV plates, equipment and other materials, for the use of Central and Regional Offices for the whole year shall be prepared after the APP has been evaluated by the BAC. The said RIV shall be forwarded to the Finance and Management Division for funding and to the office of the Executive Director for approval.

d. *Methods of Procurement*

   - Procurement from the Procurement Service (PS) and National Printing Office (NPO). Procurement from Procurement Service shall be resorted to when the items to be purchased are available from said office. Executive Order (E.O.) 359 dated June 2, 1989, prescribes the guidelines and procurement system for the purchase of commonly use office supplies.

   - Procurement of Accountable and Non-Accountable forms shall be done through the National Printing Office as per E.O. 285 and Memorandum Order No. 38.

   - Competitive Bidding. All procurement shall be done through competitive bidding, except as provided in Rule XVI of the IRR of RA 9184, which are the Alternative Methods of Procurement.

   - Procurement through Cash Advance involves (1) procurement of readily off-the-shelf goods with standard specifications and lesser value, (2) procurement for necessary and urgently needed items to be used in connection with a project or activity that cannot be delayed without causing detriment to public service, (3) emergency repair of equipment and that the amount involve is P1.00 to P10,000.00.

   - Other Alternative Methods of Procurement. Other methods include limited source bidding, direct contracting, repeat order, shopping, and negotiated procurement as prescribed under RA No. 9184.

B. Results of the Assessment

Procurement Management	CO	NCR	Region VII	Region XI	Team Rating
Agency's Rating	2	1	1	1	
Deployment Rating	90-100%	90-100% [11]	50-60%	90-100%	
Assessor's Rating	1	1	0	0	1

Central Office. The LTO CO adopts the new procurement management system as prescribed under Republic Act No. 9184, otherwise known as the Government Procurement Reform Act. All procurement is done through competitive bidding or through other alternative methods of procurement, such as Limited Source Bidding, Direct Contracting, Repeat Order, Shopping and Negotiated Procurement.

The LTO Bids and Awards Committee is composed of five (5) members chaired by the Executive Director. All the BAC members have undergone training on the Government Electronic Procurement System (G-EPS) conducted by the Procurement Service of the Department of Budget and Management.

The Procuring Office through the Property Section, Administrative Division prepares the Annual Procurement Plan for office supplies, accountable and non-accountable forms, MV windshield and validation stickers, plates and other materials. Office supplies and/or basic commodities are being procured at the Procurement Service (PS) while accountable and non-accountable forms are procured at the National Printing Office (NPO). For MV stickers, MV plates and other materials, these are acquired through public bidding and/or through other alternative methods of procurement.

The Central Office's rating in this dimension is 2. Out of 19 respondents, 8 of them gave a rating of 0, 5 gave a rating of 1, 5 for a rating of 2 and 1 for a rating of 3. During the IDA the respondents declared that the agency's rating is nearing 3 considering that bullet 3.1 and 3.3 are being applied except for 3.2 wherein the agency does not strictly monitor the performance of suppliers.

The following can be considered strengths of the Central Office:

- BAC decisions and processes are well planed and documented.
- Sanctions/penalties are applied for non-performing suppliers.

The assessor's validated rating is 1. Although the agency rated themselves 2 in this dimension, the Assessor upon validation of documents found out that the BAC and other relevant personnel are not trained on the new procurement law. The certificates they have submitted showed that what they have attended was the Government Electronic Procurement System's (GEPS) training conducted by the Procurement Service.

National Capital Region. The National Capital Region, like the Co adopts the new procurement management system as prescribed under Republic Act No. 9184.

The National Capital Region's procurement is limited to the purchase of supplies, equipment and other materials including security services. Office supplies are being procured at the Procurement Service (PS). Supplies, equipment and other materials not available in the PS are procured through shopping.

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[11] Tally sheet shows this to be 90-100% not as previously recorded in the Rating sheet Matrix as 50-60%.

The Office prepares the Annual Procurement Plan for supplies, accountable and non-accountable forms, MV stickers, MV plates and other materials. The annual procurement plan for accountable and non-accountable forms, MV stickers and MV plates are submitted to the Central Office, to serve as the basis of CO procurement plan for said items.

The Office rated themselves 1 in this dimension with some significant achievements on other levels. They are nearing 2 as bullet 2.1, 2.3 & 2.4 are satisfied. It is evident during the IDA discussion that the procurement is only being done in the Regional Office and most of the personnel from the district offices have no knowledge on the procurement process undertaken in the regional office.

Region VII. Region VII also adopts the new procurement management system as prescribed under Republic Act No. 9184.The Regional Office's procurement is limited only to the procurement of office supplies, equipment and other materials, including security services. They are procuring office supplies through shopping and they are bidding out the security services.

The Office prepares an Annual Procurement Plan for office supplies, accountable and non-accountable forms, MV stickers, MV plates and other materials. The annual procurement plan for accountable and non-accountable forms, MV stickers and MV plates are submitted to the Central Office.

The Office rated themselves 1 in this dimension with some significant achievements on the other levels. It is evident during the IDA discussion that the procurement process is concentrated at the Regional Office and most of the personnel of the district offices have no knowledge of the procurement system being undertaken by the regional office.

The assessors gave Region VII a rating of 0 in this dimension due to the reason that the agency cannot produce any document showing that the BAC/Property Officer had invited a third party observer during the procurement process, thus, they have not complied all the bullets of level 1.

Region XI. The regional Office adopts the new procurement management system as prescribed under Republic Act No. 9184. The Regional Office's procurement is limited to the procurement of office supplies, equipment and security services. It undertakes shopping for procurement of office supplies while employs bidding for the contracting of security services. The office rated themselves 1 in this dimension with some significant achievements on other levels. It is evident during the IDA discussion that the procurement processes is concentrated on the Regional Offices with periodic inputs from its District Offices.

The Office prepares an Annual Procurement Plan for Office Equipment and Supplies, maintains a list of suppliers for commonly procured items like office supplies (15), equipment and appliances (16) and fire extinguisher and other fire safety system (8) on top of the DBM's Government E-Procurement System. Comparison products in terms of prices and quality are shared responsibility among staff and comments are reported to the procuring officer for consideration on future purchases. There is an Inspection and Acceptance Repot form filled out during deliveries.

All six members of the Bids and Awards Committee (BAC) received training on the Philippine Bidding Documents sponsored by the DBM and conducted by DAP sa Mindanao.

As part of the validation process, the Office provided us the documentation of their last bidding, that is, for the provision of security services to the Regional Office, District Offices and Extension Office for CY 2006. The documents provided indicates adherence to the prescribed process and the completeness of reporting requirements. Initially, the bid prices appeared curious as four (4) of the six (6) pre-qualified bidders indicated the same bid price, but upon consultation with the counterpart team, it was clarified that the same bid price was an expected consequence of the strict adherence to one PADPAO rate. However, in consideration of the Office's limited budget, which the BAC disclosed during the Opening of the Bids,

adjustments on the rates have to be made. Consequently, only two agencies signified to continue their bids. One offered to provide the security for the offices in Davao City while the other offered to cater the requirements of other district and extension offices.

The Minutes and resolution made during the bidding proceedings are made available to the Assessor.

In view of these observation and despite the satisfaction of some higher levels of achievements for this particular dimension, with the absence of a third party observer during the bidding process or any semblance of notice or invitation to that effect for its last bid transaction; the Office's rating was downgraded to 0.

LTO XI Types of Procurement

Item	Annual budget	Average amount of purchase order/contract	Maximum amount of purchase order/contract
101	Php 1,290,000	Php 1,661,347	
MVUC	Php 1,987,519	Php 989,462	
Seatbelt	Php 63,341	Php 3,519,700	
Infrastructure	Not applicable		

It is worthy to include the initiative undertaken by current oversight administration to further strengthen its procurement process. The newly adopted LTO Code of Conduct includes the following provision to guide official and staff:

▪ That LTO Officials and employees shall in no case engage in fixing activities, otherwise they shall be considered as fixer-employees. For purposes of this Code, a fixer employee is a person who, for a consideration other than his usual salary, performs outside of his official function the following acts in behalf of an individuals, organization/association, partnership, corporation or any other entity (Sec 8, Art II):

  a. Registration of Motor Vehicles
  b. Issuance of Driver's License and Conductor's
  c. Apprehension and Adjudication of Traffic Violations
  d. Accreditation of MAIDs (Manufacturer, Assemblers, Importers and Dealers)
  e. Authorization of PETCs (Private Emission Testing Center)
  f. Any similar transaction involving other private services providers

▪ It is the collective responsibility of the Sectoral Head, regional directors, assistant regional directors, agency heads and other employees concerned to ensure that procurement of supplies, equipment, infrastructure projects and other related activities are in line with ISO 9001:2000 quality management system and in accordance with the provision or RA No. 9184, otherwise known as the Government Procurement Reform At, and its IRR and other related issuances. (Art III, Sec 1)

An article on interest and divestment of interest (Art IV), though generally stated is likewise provided.

Area for Improvement. Regarding the ICT provider, the company is usually not named in the documents; even in the Report on the Sectoral Performance Audit of the LTO-IT BOT Project Report.[12] It seems from

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[12] Perhaps because it is just an executive summary for CY 2004 that we have a copy of. Interesting is the following Audit Conclusion: "The LTO IT project was not efficiently and effectively implemented and both government and public interest were not adequately protected under the contract. xx The accomplishment is even questionable as there were still 68 out of 256 sites

field reports that there is a problem with this provider in terms of public image (i.e. image on non-performance).

nationwide that were not automated". "Management's Reaction to Audit Observations: xx Both LTO and the proponent [unnamed in the Executive Summary] justified their actions on the deficiencies noted by the team and committed to consider some proposed recommendations."

7. FINANCIAL MANAGEMENT

Any financial transaction is 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.

Financial Management dimension covers mainly budgeting, accounting and cash handling, and which aims to determine the agency's adoption of the prescribed government budgeting and accounting guidelines, establishment of control systems to ensure protection for its financial resources and definition of financial accountabilities.

This dimension also aims to determine the extent of the employees' awareness of the existing budgeting and accounting guidelines and their obligations in the proper handling of the agency's resources.

Also, it aims to determine if management and relevant personnel's capabilities were developed in order to implement the system. This dimension checks on the strict and consistent enforcement of budgeting and accounting policies and guidelines, the timely and complete preparation /submission of financial reports, reconciliations and compliance to audit recommendations. It also aims to monitor linkage with other system being in place in the agency and ultimately it aims to measure improvement by evaluating the effectiveness of the system in preventing corruption.

Rating	Levels of Achievement
1	▪ 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 are defined.
2	▪ Budgeting and accounting guidelines are disseminated to all concerned units. ▪ The agency takes proactive steps to make all employees are aware of their obligations not to use agency's resources for private purposes. ▪ Management and relevant personnel are trained on budgeting, accounting, and financial management.
3	▪ The agency strictly/consistently enforces budgeting and accounting policies and guidelines (e.g. immediate liquidation of cash advances, etc) ▪ 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. ▪ Reconciliations are regularly conducted. Appropriate follow up action are taken on any findings as maybe necessary.
4	▪ Computer systems have been integrated and provided with security (access codes) to ensure that fraud and other financial risks are managed and minimized. ▪ COA audit findings are immediately acted upon by management. ▪ The agency's financial reports are published/made available for public inspection. COA audit findings are made available to the public.
5	▪ Financial controls/systems are regularly reviewed to ensure effectiveness in preventing fraud. ▪ Results of review are used to strengthen the agency's financial management system.

A. LTO Financial Management System

This process is under the Financial and Management Division at the Central Office headed by a Financial and Management Officer to man the three sections under her namely; 1) Accounting Section; 2) Budget Section; and the 3) Treasury Section.

1. The Accounting Section is headed by the Chief Accountant whose primary function is to supervise and guide her subordinates in the work methods and procedures in the implementation of administrative and financial policies. This Section has two (2) units namely: Bookkeeping Unit and Financial Analysis Unit.

   The Bookkeeping Unit is composed of nine (8) personnel. This unit is mainly responsible in the implementation and documentation of disbursement/ expenditures of the office in accordance with the accounting and auditing rules and regulations.

   The following is the workflow of the disbursement voucher:

   a. All disbursement vouchers, payroll and liquidation vouchers received from Administrative Division and Budget Section are processed, reviewed, evaluated and journalized.

   b. If supporting documents are incomplete, these will be returned to Administrative Division/Budget Section or concerned offices for compliance.

   c. If complete, the disbursement voucher with all its supporting documents will be certified by the Chief Accountant, then forwarded to the Chief, Finance and Management Division for review prior to approval and to the Executive Director and assistant Secretary for approval.

   Other responsibilities are the preparation of financial reports, communications, remittance certification and letter request for release of Notice of Cash Allocation (NCA) to DBM.

   The Financial Analysis Unit (FAU) is also composed of nine (8) personnel. The main function of this unit is to provide management with the financial information of the office that is in conformity with the generally accepted state accounting principles. The FAU is in charge of the following:

   a. Analysis and preparation of Financial Reports of Sectoral Head Office (SHO).
   b. Preparation of Bank Reconciliation for Fund 101, 151 (Seat Belt and MVUC), Revolving Fund and Escrow Account.
   c. Analysis and consolidation of LTO Regional Offices.

2. The Budget Section is headed by a Budget Officer IV. It has two (2) units namely: Budget Preparation Unit and Budget Operation Unit, with 4 and 3 personnel respectively.

   The responsibilities of this Section cover the following, to wit:

   a. Receives supporting documents from Admin / concerned offices/ personnel;
   b. Verifies completeness of the documents;
   c. Verifies availability of allotment and prepares Obligation Slip (OS) in 3 copies and records the same in the logbook maintained;
   d. Forward OS and attached supporting documents to Administrative Division for review and signature;

    e.   Receives OS and attached supporting documents from Admin. And affixes signature under Funds Available box (B);

    f.   Forwards to the chief of Finance Division for review and signature; &

    g.   Forwards all copies of the OS and supporting documents to the Accounting Unit for processing.

3.   The Treasury Section is headed by a Cashier IV. This Section has two (2) units namely: Collection Unit and the Disbursement Unit

The Collection Unit is composed of 12 personnel wherein three (3) of them are holder of Cashier positions. The responsibilities of the Cashier cover the following:

    a.   Collects payment for the following:

- Law Enforcement Traffic Adjudication System (LETAS)- Fines and Penalties Fees
- Manufacturers, Assemblers, Importers and Dealers (MAIDs) Fees
- Optional Motor Vehicle Special Plates (OMVSP)
- Vanity License Plates
- Clearance Fees
- Other Miscellaneous Fees

    b.   Preparation of Abstract of Collection.

    c.   Remittance of daily collections the next day at the authorized depository bank.

    d.   Preparation of the monthly reports for submission to COA and Accounting Section:

- Report of Collection and Deposits
- Prepares Monthly Report of Accountability

The Disbursement Unit is composed of five (5) personnel and their responsibilities cover the following:

    a.   Receives Disbursement Vouchers / Obligation Slip and attached supporting documents from the Accounting Section.

    b.   Verifies completeness of signatures on the Disbursement Voucher.

    c.   Checks new balance of NCA/Bank Account and prepares check.

    d.   Records in the check disbursements.

    e.   Record and sign the check.

    f.   Forward check with the supporting documents to the Authorized Official for counter signature.

    g.   Releases the original of check to the payee and attaches Official Receipt/Invoice to the Disbursement Voucher.

    h.   Prepares Report of Checks Issued on a monthly basis for submission to the Accounting Unit as basis for Journal Entry Voucher (JEV) preparation.

B. Results of the Assessment

Summary of Ratings: Financial Management

Dimension	CO	NCR	Region VII	Region XI	Team Rating
Agency IDA Rating	3	2	2	3	
Deployment Rating	50%-60%	90%-100%	70%-80%	90%-100%	
Assessor's Validated Rating	3	2	2	3	2

Central Office. The IDA at the LTO-Central Office which was conducted on January 27, 2006. Out of the 19 participants, 6 of them gave a rating of 0; another 6 participants gave a rating of 1, and the other 7 participants gave a rating of 3.

After the guided deliberation on every bullet of this particular dimension, the participants all agreed to give their consensus rating of 3 with a 50% - 60% deployment. It was revealed from the deliberation that those who gave lower ratings ranging from 0 to 1 are those who were not familiar with the dimension as they belong to other divisions and some were stakeholders who are not familiar with the agency's Financial Management.

As per the assessor's validation based on the documents submitted, LTO-Central Office merited their claim for a score of 3.

LTO-Central Office satisfies all the bullets from levels 1 to 3. However, it is worth mentioning that during validation the rating almost slides to 1 for the mere reason that there was no document to satisfy bullet number 2 of level 2 wherein the agency takes proactive step to make all employees aware of their obligations not to use agency's resources for private purposes.

However, a manifestation of the agency's measure with regards to this was depicted on Memoranda dated November 7, 2005 and January 23, 2006 from Assistant Secretary Anneli R. Lontoc to All Regional Directors, Assistant Regional Directors, Heads of District Offices/Licensing Centers/Extension Offices, Heads of Service/Division/Section/Unit Offices and Employees Concerned re: Deletion of PC Games and Reiteration on the Deletion of PC Games, respectively. The Assessor treated this as a proactive step that also satisfies bullet 2 of level 2 although the purpose of the Memoranda was for productivity improvement; this is also one way to ensure that computers and electricity were used solely for government purpose rather than for private purposes.

The following are the claimed strengths, which were validated based on the documents submitted, to wit:

- The Agency regularly prepares financial reports. They were even the recipient of the Most Outstanding Accounting Office Award for CY 2002 given by the Association of Government Accountants of the Philippines (AGAP) on November 24, 2003 for having exemplary met the criteria of accuracy, timeliness, reliability and compliance to accounting rules and regulations as set by the Committee on Awards. The said award was evidenced by a trophy being displayed at the office of the Chief Accountant;

- Bank Reconciliation and Reconciliation for all funds are regularly prepared;

- Resident COA Auditors regularly conducts their audit on the financial transactions of the Agency and monitors compliance to their recommendations;

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- The Agency consistently adheres to the policy on cash advance liquidation. They do not grant cash advance to anybody whose previous cash advance has not yet been liquidated. This is validated per inquiry with the Assistant Auditor assigned at LTO Office on March 23, 2006. However, this is not yet documented because the Annual Audit Report for CY 2005 of LTO-CO is still at the COA Central Office for review by the Cluster Director.

The Agency's effort may be geared towards the attainment of rating 4 and then eventually rating 5 in order to attain an ideal objective of a good Financial Management wherein it could be able to determine the existence and effectiveness of controls to prevent fraud and misuse of agency's finances. Its ultimate outcome would be enhanced financial accountability. To attain such the agency has to do the following:

- Computer system to be integrated and provided with security (access code) to ensure that fraud and other financial risks are managed and minimized. The Agency has to comply with the checklist as provided by COA regarding the computerization of its accounting system or the e-NGAS;
- COA audit findings to be immediately acted upon;
- The agency's financial reports to be published/made available for public inspection and COA audit findings are made available to the public;
- Financial controls/systems are regularly reviewed to ensure effectiveness in preventing fraud; and
- Results of review are used to strengthen the agency's financial management system.

National Capital Region. The IDA at LTO-NCR was participated in by 10 participants, one (1) of which was a stakeholder. There were 3 stakeholders at the start but only one remained for the FGD. Initially 3 participants gave a rating of 4; 1 participant gave a rating of 3 and 6 participants gave a rating of 2.

The Agency's consensus rating in this dimension is at level 2 with a deployment of 90% - 100%. Somebody from the participants commented that for this dimension, they almost reach a perfect rating of 5 except that in level 3 and 4 they were not able to satisfy 1 bullet each. For level 3 they were not able to satisfy bullet no. 4 which is the requirement for regular reconciliation and for level 4 they were not able to satisfy bullet no. 1 which is the computerization of their accounting system or the e-NGAS.

It has surfaced during the FGD that they were not able to do regular reconciliation for reason that there are only 10 personnel in the Finance Department. The process owner even stressed that the fact that NCR is a prime Region and collecting revenues amounting to ₱100M a month [13], it is really hard to satisfy bullet no. 4 of level 3. She stressed further that with the smaller number of personnel at the Finance Department they cannot handle all aspects of the financial details including the reconciliation of cash accounts. However, she pointed out that confirmation from the Land Bank of the Philippines, their depository bank, is regularly made. According to her they also have quarterly meetings with the cashiers and internal control measures were imposed.

As for the assessor's validated rating, LTO-NCR deserves their claim for a score of 2.

Although the Agency has no proactive steps of its own to make their employees aware of their obligations not to use government resources for private purposes, the assessor take the Memoranda of Asec Lontoc dated November 7, 2005 and January 23, 2006 to All Regional Directors, Assistant Regional Directors, Heads of District Offices / Licensing Centers / Extension Offices, Heads of Service/Division/Section/Unit Offices and Employees Concerned re: re Deletion of PC Games and Reiteration of PC Games, respectively,

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[13] During the NCR IDA, it was the Team Leader who noted that there is a P100Million unreconciled amount over a year period but he was alone in this interpretation, what stuck for the rest of the team was P100M a month revenue, a point that was emphasized during the CVA Refresher Course. However, it was not until much later that document bears this out: "COA noted an unreconciled amount of P123, 640, 848.88 on the 2005 books of accounts against cash in bank" – LTO Powerpoint presentation copy citing a COA Audit Report on NCR.

to be enough proof that it is a proactive step taken by the Agency to ensure that government resources such as computers and electricity are used solely for official use. Hence, they deserve to get a rating of 2.

The following are the validated strengths claimed by the participants, to wit:

- The Agency observes the policy on immediate liquidation of cash advances. This is validated per inquiry from the Audit Team Member assigned at LTO-NCR on March 24, 2006. According to the Auditor the Agency is zero balance with regards to cash advances. However, I cannot get yet the document for this because the 2005 Annual Audit Report for LTO-NCR is still at COA Central Office for review by their Cluster Director;
- The Agency regularly prepares financial reports;
- COA Audit findings are immediately acted upon. This is also confirmed by the COA Auditor.

Region VII. Eleven (11) participants gave a rating of 0; ten (10) of them gave a rating of 1; six participants gave a rating of 2 and One (1) each gave a rating of 3 and 5. The gap is wide which a scale from 0 to 5. Two (2) stakeholders gave a rating of 0 while the other one (1) gave a rating of 5. Eventually they have reached a consensus rating of 2 with 70% - 80% deployment. They failed to attain a rating of 3 because they were not able to satisfy bullet 1 of level 3 more specifically the immediate liquidation of cash advances.

From the assessor's validation based on the available documents, LTO-Region VII was entitled to a score of 2.

Like the LTO-NCR, Region VII satisfies bullet 2 of level 2 regarding the proactive steps of the agency to make all employees aware of their obligations not to use agency's resources for private purposes for the reason that they are also one of the recipients of the Memoranda of Asec Lontoc re: Deletion of PC Games for the purpose of improving the agency's productivity but incidentally it also redounds to ensuring that government's resources were used solely for official purposes.

The following are the strengths claimed by the participants, which in turn are validated through the documents that they have submitted, to wit:

- 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; and
- The Agency provides full audit trail for major financial transactions. Random audits are carried out, with reports and recommendations for action provided to management.

Region XI. The IDA at Region XI was conducted on February 7, 2007 through the 20 participants, all of whom were selected LTO managers and process owners. They did not invite stakeholders. The initial ratings recorded in the self assessments of the participants were as follows: 1 gave a rating of 5; 1 also gave a rating of 4; 9 participants gave a rating of 3; 2 gave a rating of 2; 4 gave a rating of 1; and 2 gave a rating of 0 while 1 participant abstained from giving a rating. Again, this is a case where the gap is wide which is from the scale of 0 to 5.

The Assessor managed the participants to go through every bullet for them to be able to reassess their initial answers and for the process owners to make some elaborations on their claims more specifically for the benefit of those who have given the lowest or the highest rating and to those who were not familiar with the dimension. The group ended in a consensus rating of 3 with 90% - 100% deployment.

The Agency's claim for a rating of 3 was validated. Aside from the Memoranda from Asec Lontoc that indicated a proactive step making all employees aware of their obligations not to use government resources for private purposes, there are other issuances provided at the Regional Office that even precedes the

oversight polices. Samples of which are the: Memorandum of former LTO Region XI Director, dated June 28, 2001 re: Energy Conservation; Regional Circular, LEO dated June 17, 200 to All District Office Heads, Chief of Divisions and Personnel Concerned re: Reiteration of M.O. XI-97-015 that provides Guidelines in the Use of Office Telephone for Long Distance Calls; Memorandum dated March 24, 200 to All Officials and Employees Concerned of LTO Region XI re: Judicious Charging of Xerox/Reproduction of Official Documents/Reports.[14]

The following are the strengths claimed by the participants, to wit:

- COA Audit findings are immediately acted upon;
- COA Audit findings are made available to the public. (Annual Audit Reports are also available at the COA web);
- Financial controls/system are regularly reviewed to ensure effectiveness in preventing fraud;
- Results of review are used to strengthen the agency's financial management system.

It can be gleaned from the table that LTO-Central Office and Regional Office No. XI both has a self-rating of 3 in this dimension with the levels of deployment of 50%-60% and 90%-100%, respectively. On the other hand NCR and Region VII have a self rating of 2 with levels of deployment of 90%-100% and 70% -80%, respectively.

The measures under rating 3 denote the enforcement of the integrity building policies and procedures. Enforcement means that the system with designated personnel is in place, the employees use the system, and the results of which are considered in decision-making. On the other hand the measures under rating 2 represent the deployment of the written policies or procedures to the employees. Deployment here includes providing access to information and training to deepen understanding of relevant personnel. Information asymmetry or lack of information provides opportunities for rent seeking, often leading to corruption.

For the deployment, the 50% - 60% deployment means that their approach is well deployed in key areas although deployment may vary in some areas or work units. The 70% - 80% deployment means that the approach is well deployed with no significant gaps, while the 90% - 100% deployment means that the approach is fully deployed.

The Team rating, for some time was set at 3, the highest rated among the dimension. This made it a priority area for CVA based on ratings criteria (the other two are very low rating and great variability in ratings among the different offices). The team rating was changed to level 2 afterwards.

Areas for Improvement: A reading of the Annual Audit Reports from 2002 to 2004 shows the preponderance of recommendations that are hoped to be acted upon by management (i.e. repeats of the same type of recommendations, year in year out; e.g. "we look forward to…", "not implemented", "reiterated as an audit observation" etc…). To be fair, the present head of the agency was not yet around during those years while the Audit report for 2005 (which should reflect on her administration) is not yet available for this assessment (as mentioned in point 4 of the Strengths for Central Office).[15]

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[14] Names have been deleted in conformity with PRIDE Manual (p.8)
[15] Comment from Team Leader

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	- The agency has a written policy or guideline on internal reporting and investigation of information and reports of corruption or unethical behavior. - The policy or 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	- The agency disseminates the policy on internal reporting and investigation to all employees. - Employees are trained on how to report corruption. - Relevant personnel receive training in the handling and investigating reports of corruption.
3	- The agency initiates investigations of reported corruption and tracks complaints/cases until final action is taken. - The agency keeps full and complete record 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	- The agency regularly monitors progress and outcomes of every investigation. - The agency imposes appropriate sanctions to erring employees and officials (includes 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 system.
5	- The agency regularly assesses the effectiveness of the internal reporting and investigation system in enhancing integrity and preventing corruption. - Results of the review are used to strengthen management systems and enhance internal reporting and investigation processes.

A. Agency System/Processes Relevant to the Dimension

There is no manifestation of a system nor process in the LTO for this particular dimension.

B. Results of the Assessment

Whistleblowing, Internal Reporting and Investigation	CO	NCR	Region VII	Region XI	Team Rating
Agency IDA Rating	0	0	0	0	
Deployment Rating	0	0	0	0	
Assessor's Validated Rating	0	0	0	0	0

Central Office, NCR, Region VII. Although there is no system, or process in this dimension, which merited a rating of zero, whistleblowing or internal reporting could take the place with just the filing of an anonymous complaint. At present anonymous complaints are filed directly with Secretary Mendoza (DOTC), Resident Ombudsman Office and sometimes at the office of ASec Lontoc. The complaint are evaluated and a fact-

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finding on the issue raised is conducted. If the pieces of evidence gathered during the fact-finding stage warrant the filing of a complaint, then the investigator of the Ombudsman will act as the nominal complainant and a preliminary investigation will proceed.

Not until the proposed Whistleblowing and Protection Act which we drafted and at present pending in Congress is passed, this dimension will only be a dream. Fear of reprisal was cited by would be whistleblowers, that is why they remain silent observers instead of challenging significant government officials' misconduct that they personally witnessed.

Region XI. The Office got a rating 0. Written policies on whistleblowing and internal reporting has not yet been put in place, however, the agency initiates investigation, keep full and complete records of all reports which they receive. Complaints form from CSC is utilized as a tool for reporting corrupt practices. There is a proper recording of text messages or on the hotline numbers on reported behaviors or suspicions of corruption.

Relevant personnel were trained to handle investigation of reports. The agency imposes sanctions to erring employees and officials on reported cases.

The agency should provide a written policy or guidelines in the conduct of internal reporting of information and reports on corruption and should be disseminated to all employees to make them aware that such policy guidelines exist.

Quasi-judicial Functions, Region XI (most recent)

Type of Quasi-Judicial Function	Agency Powers	No. of Cases Filed	No. of Cases Resolved
Traffic Adjudication	Adjudication of Apprehension Cases	59,377	33,607
Administrative (RAAB)	Investigation of Administrative Cases	1	1

Employee Complaints, Region XI (most recent but no date)

Type/Nature of Complaints	No. of Complaints Annually	Agency Response
Text complaints – long queues/processing	659	Complaints forwarded to concerned employees for action
Written complaints – improper conduct/delay of processing	28	Memo: reprimand/warning/ explanation

Incidents or Allegations of Corruption, Region XI (Last 3 Years)

Type of Corruption	No. of incidents reported	Sanctions applied
Asking for monetary considerations for fast processing	7	Cases investigated: one (1) suspended; others, investigated and given stern warnings

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	▪ 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	▪ The agency proactively undertakes assessment of corruption risk areas. ▪ Relevant personnel are trained on corruption risk assessment and corruption prevention planning. ▪ Results of risk assessment are reported to management. Corruption and fraud risks identified are made known to employees.
3	▪ 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	▪ 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	▪ 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/corruption prevention strategies of the agency.

A. Agency System/Process Relevant to the Dimension

One of the management tools in the detection of fraud and corruption is risk assessment, which is being undertaken by the Internal Audit Division (IAD). The IAD replaced the Management Services Section (MSS), Finance and Management Division pursuant to Malacañang Administrative Order No. 70 dated April 14, 2003 and the DBM Circular No 244 dated March 22, 2004 as the implementing guidelines. Institutionalization of the Internal Audit Division is one of the commitments of the LTO Assistant Secretary as indicated in the LTO Integrity Development Action Plan (IDAP). Thus, upgrading of the MSS was approved by DBM on November 1, 2004 with the issuance of the Notice of Organization, Staffing and Compensation Action (NOSCA).

One of the functions of the IAD is to conduct periodic examination of financial transactions of 16 regional offices and 251 district/extension offices and licensing centers nationwide. Audit reports are submitted to top management who in turned forward them to the Intelligence and Investigation Division (IID) for appropriate action. Compliance to adverse audit findings is being monitored by the IAD in coordination with the IID. However with the limited personnel complement of the IAD (14 Personnel), audit are sometimes undertaken based on the reported irregularities not only from within but also from our customers. In fact, in 2005 IAD has discovered a total of Php 18 million undeposited collections of field offices in Region 12. Some of the

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adverse findings ranges from the registration of incomplete documentary requirements, unaccounted plates, stickers, accountable forms, undercollections and undeposited collections, etc.

Based on the adverse audit findings of the IAD, the thrust of the management is to focus on the district/extension offices and licensing centers with various deficiencies and to closely monitor the performance of the respective regional office pursuant to existing guidelines.

B. Results of the Assessment

Corruption Risk Management	CO	NCR	Region VII	Region XI	Team Rating
Agency IDA Rating	1	1	1	1	
Deployment Rating	50- 60%	30- 40%	30- 40%	90- 100%	
Assessor's Validated Rating	1	0	0	1	0

Gleaning on the above table, LTO Central Office and the three regional sites have the same self-rating of 1 in this dimension. On deployment NCR and Region VII have the same which is 30% to 40%. Likewise, LTO CO is 50% to 60% and Region XI, 90% to 100%.

Central Office: IDA was conducted on January 27, 2006. There were 19 respondents including 4 stakeholders from the transport groups, the Assistant Secretary, Division/Section Chiefs and other supervisors. This is the first Integrity Development Assessment conducted by the group composed of three members from the Development Academy of the Philippines (DAP), four from LTO as internal assessors, one from the Commission on Audit and four from other participating agencies.

An overview of the process was presented by our Team Leader from the Development Academy of the Philippines and explained to the respondents that the rating is cumulative, meaning that you cannot go to a certain level of achievement without satisfying all the bullets of a particular level. Dimension owners assist in the self-assessment and in the focus group discussion. The FGD is very interesting as the Division Chiefs are active and cooperative so also with the other respondents like one stakeholder from the transport group.

NCR. IDA was carried out with ten respondents including one stakeholder from the Drug Test Center and the Assistant Regional Director. During the FGD, the Internal Auditor mentioned that they lack manpower as she is only one performing the job in internal auditing as the other employee was designated as OIC of the Personnel Section of the region. The Chief of the Administrative Division informed the body that they are conducting seminar workshop on "Ehem! Aha" which is one of the management tools in corruption prevention. On this particular dimension, eight of the respondents rated themselves 1 and two respondents rated 0. Their consensus is 1 and deployment is 30% to 40%.

Region VII. They rated the agency 1 for this dimension but they cannot provide documents to validate such rating. The agency however recognizes the role of internal audit in the prevention and detection of fraud and corruption. How exactly they recognize role of IA did not show in the IDA.

Region XI. The Assistant Regional Director who was the Officer In Charge at that time led the discussion. The Office gave itself a rating is 1 on the basis that rating not all key personnel had undertaken/trained on corruption risk assessment. They claim that the agency's corruption prevention plan is supported/integrated in the corporate plan and other management plan and that they are focusing on the improvement of their management functions, policies, systems and procedures, levels of achievement under level 4.

However, since the Regional Office has not fully satisfied the requirements in levels 2-3, it cannot merit a rating higher than level 1.

10. INTERFACE WITH EXTERNAL ENVIRONMENT[16]

This dimension tackles mainly on how the agency deals its transacting public including what measures are being taken or established in order to prevent corruption that involves external party/parties.

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	▪ 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	▪ 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. ▪ Employees are given training on how to interact with clients/stakeholders in appropriate and ethical manner.
3	▪ The agency has mechanism to check that the published rules, procedures, and standards are being met (e.g. client complaints/feedback mechanisms) ▪ Relevant personnel are given training on how to handle and resolve complaints. ▪ Managers monitor compliance with service standards.
4	▪ The agency has full and complete record of complaints and feedback from clients, and how these were resolved. ▪ Complaints and feedback from clients are analyzed to identify possible incidence of corruption. ▪ Records of releases of information are examined.
5	▪ The agency regularly reviews its system of managing interface with external environment for effectiveness in preventing corruption. ▪ Results of evaluation are used to strengthen policies/systems on disclosure of information/dealing with external parties.

A. Agency System/Process Relevant to the Dimension

The Central Office has established an information system where basic information relevant to its services to the public (e.g. agency profile, plans and programs, fees and charges, and fines and penalties) is posted. Conspicuously posted in bold letters is the notice that says: " do not deal with fixers" to remind clients to transact business directly with the LTO personnel. In dealing with the public, employees are reminded to be "LTO", i.e. L for Leadership, T for Total Customer Relations and O for Organization Excellence, all the time.

With respect to the above-mentioned Regional Offices, each has its own workflow charts as to guide the stakeholders on their operations, systems and procedures. List of requirements are posted in conspicuous places for all services that the agency renders, specifically the three major frontline services, to wit: licensing, registration and the law enforcement.

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[16] The dimension owner is Tony Gaba III, but because of his prolonged leave of absence due to his ill health and his wife's, the report for this dimension was instead consolidated by Georgette Abis from various persons involved, Tony (for Central Office and NCR), Analyn Lopez for Reg. VII and Pacita Polig for Reg. XI

B. Results of the Assessment

Interface with the External Environment	CO	NCR	Region VII	Region XI	Team Rating
Agency IDA Rating	2	1	1	4	
Deployment Rating	90-100%	90-100%	70-80%	90-100%	
Assessor's Validated Rating	0	0	0	0	1 *

* The Team rating (as opposed to the individual assessor's rating (see Validated Ratings) was arrived in quite a prolonged discussion [17] , centering on whether "The agency has a policy on disclosure of information to the public", being one of the bullets of level 1. It was agreed that no written policy on disclosure as a whole is equal to no policy (which would make it at zero level). However, certain information like one on plates has guidelines on disclosure. So that the rating became a hesitant "1" because it would also, if the team had wanted to go back, *create the floodgates of giving exceptions to every bullet of every level of every dimension in the whole IDR system*. In other dimensions, there was strict adherence to the wordings of the bullets; "mere", "consistently", etc.

As can be seen from the agency's ratings, there is among the offices a great variability of ratings (which is one of the three criteria based on rating for choosing a dimension due for CVA[18], the other two being that of lowest rated dimension and of being the one with the highest in the ratings). Its three major transactions with the public, namely: Licensing, Registration and Law enforcement and Traffic Adjudication were chosen by the Team as it priority suggestions for CVA subject to approval. They are manifestations of the 10th Dimension.

Notes on this dimension are sparse. From recall, the Team Leader who was handling the FGD can recall the main point discussed which was on how the media is handled. First, information to the public through the media must be coursed through and referred to the Head; second, not all information can be disclosed to all. Some information can only have limited audience, as is the practice in any agency.

Region XI got the highest rating (4) among offices among the several dimensions, one of the basis of such was that it has a written policy on disclosure (in level 1), personnel are given training in client relations (in level 2) and training on handling complaints (in level 3) and it has a complete record of complaints and feedback (in level 4) among others satisfied conditions.

NCR. Signages are posted on strategic locations within the Office compound to discourage the public from engaging with "fixers [19] as well as inform them of the procedure. Windows are marked and a public address system is present.

Region VII. An Office Order has been issued directing all employees to wear I.D. and proper attire inside the office premises and the strict implementation of wearing visitor's I.D. inside the LTO, as a way of reminding the transacting public to do business only with the proper LTO personnel. A Public Assistance Center to act on complaints has been put up as well to address client's issues and concerns.

It has been a significant observation that the Regional Office-VII is lenient to the transacting public. While people could freely come and go inside the office premises and could easily get inside the office of the Regional Director, indicates liberality in bringing the office closer to the public, this might be

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[17] Like in the Financial Management Dimension, this Team rating for this dimension was arrived at on April 6, 2006 after already this dimension had been chosen as a priority for the CVA based on ratings.
[18] As emphasized in the CVA Refresher Course of March 21, 2006 at DAP
[19] Although fixers "welcome" the public by waving at them near the road but inside the provincial compound leading to the LTO where a mini gate served to limit their loiter further.

disadvantageous in terms of security to documents and facilities and worse, corruption resistance. This practice may create an environment of corruption opportunities.

Region XI. They devised a system wherein windows are numbered for the receiving and the releasing of contested and uncontested cases and a cashier nearby for payment of fines and penalties. Anent the complaints and responses of the stakeholders, they can file it thru "LTO TEXT".

During the indicator's research the administrative division provides several memoranda relative to the eradication of fixers. Also, some of it enjoins employees to refrain from committing graft and corrupt practices.

Despite all the measures and strategies undertaken by the Central Office and the three (3) Regional Offices, no specific policy on disclosure of information was shown in order for these offices to satisfy bullet number two (2) in the first level of achievement. Thus, it is the consensus of the respective offices' dimension owners to give the agency the rating of 0 but with several strengths in the different levels of achievement.

Summary of IDA Ratings

Dimension	CO	NCR	VII	XI	Final Team Rating
1. Leadership	3 (50-60%)	1 (50-60%)	2 (70-80%)	3 (90-100%)	
Validated Rating	3	1	2	2	2
2. Code of Conduct	1 (90-100%)	1 (90-100%)	1 (10-20%)	1 (90-100%)	
Validated Rating	1	1	1	1	1
3. Gifts and Benefits	0	0	0	0	
Validated Rating	0	0	0	0	0
4. Human Resource	1 (90-100%)	1 (90-100%)	1 (50-60%)	3 (90-100%)	
Validated Rating	1	1	1	1	1
5. Performance Mgt	2 (90-100%)	2 (90-100%)	2 (50-60%)	3 (70-80%)	
Validated Rating	1	1	1	2	1
6. Procurement Mgt	2 (50-60%)	1 (90-100%)	1 (50-60%)	1 (70-80%)	
Validated Rating	1	1	0	0	1
7. Financial Mgt	3 (50-60%)	2 (90-100%)	2 (70-80%)	3 (90-100%)	
Validated Rating	3	2		3	2
8. Whistleblowing & Internal Reporting	0	0	0	0	
Validated Rating	0	0	0	0	0
9. Corruption Risk Management	1 (50-60%)	1 (30-40%)	1 (30-40%)	1 (90-100%)	
Validated Rating	1	0	0	1	0
10. Interface with External Environment	2 (90-100%)	1 (90-100%)	1 (70-80%)	4 (90-100%)	
Validated Rating	0	0	0	0	1