Republic of the Philippines PAMBANSANG PANGASIWAAN NG PATUBIG (National Irrigation Administration) EDSA, Diliman, Quezon City

MC No. <u>34</u>, s. 2004

MEMORANDUM CIRCULAR

TO

DEPUTY ADMINISTRATOR, ASSISTANT DMINISTRATORS, **IRRIGATION MANAGERS, OPERATIONS** REGIONAL MANAGERS, PROJECT MANAGERS. PROVINCIAL IRRIGATION ENGINEERS. IRRIGATION SUPERINTENDENTS. **REGIONAL**/ PROJECT COA REGIONAL INTERNAL ACCOUNTANTS, AUDITORS, R.O. AUDITORS AND ALL OTHERS CONCERNED

SUBJECT : Strengthening Internal Control and Sanctions

The Central Office Management Composite Audit Team, which was created per MC No. 19, 2002, has the duty and authority to conduct a comprehensive audit of activities particularly compliance with established procedures relative to ISF collection such as ISF billing, collection and remittance, issuance of cash advances and other financial transactions that affect NIA's financial viability. In the course of reviewing audit reports submitted by the Audit Team, questions and issues raised were focused on the implementation of recommended sanctions.

It has been observed that in spite of issuance of COA and NIA memorandum circulars reiterating adherence to rules governing the said operations and activities, concerned personnel have yet to comply therewith. The same adverse findings of <u>weaknesses in internal control</u> <u>systems and procedures in violation of COA rules</u> were disclosed and found common in Luzon and Visayas areas such as, cash shortages up to about half a million, rampant/habitual split/delay in remittances of thousands of ISF collections, up to a maximum of five (5) months; millions of unliquidated cash advances dating back from 1988, unupdated irrigation fee registers, etc. All of these adversely affect the financial condition and viability of the field offices and the Agency as a whole.

Violations are becoming rampant in the field offices and had gone to an alarming point that the strong possibility of more irregularities in the future might exist among our field collectors and other accountable officers if corrective measures or sanctions will not be strictly enforced.

Henceforth, aimed:

- a) to put an end to the irregular practices disclosed above,
- b) to make the concerned Chiefs of field offices and accountable officers field collectors, cashiers and other collecting officers more responsible and efficient, and
- c)
- to reinforce rules and policies and ensure that they are strictly implemented.

The following rules and sanctions are laid down for the observance of all concerned. Under no circumstances shall deviation thereto shall be accepted. Any violation of these rules shall be sufficient cause for the filing of administrative or criminal case, against the erring official or employee.

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VIOLATIONS	PENALTY /SANCTIONS
Delay/split in ISF remit- tances in violation of MC 28, S. 1986.	<u>First Offense</u> : a) Restitute the amount of 10% discount granted to farmers for prompt payment of ISF. b) Reprimand
	Second Offense: a) Restitute the amount of 10% discount. b) Three (3) months suspension without pay.
	Third Offense: a) Restitute the amount of 10% discount. b) Dismissal from service.
Unupdated IFRs, in viola- tion of MC 19, s. 1968	 a) Install and operationalize the computerized billing system b) Create a Task Force to complete data updating. Timetable shall be two (2) months after audit. Failure to meet deadline, forward/inform the C.O. of reasons. Otherwise, this shall be ground for disciplinary action against the concerned Chief of Office.
Unliquidated Cash Advance, In violation of COA Circular No. 97-002 dated February 1997	a) Failure of the AO to liquidate his cash advance within the prescribed period shall constitute a valid cause for the withholding of his salary and the institution of other sanctions as provided for under pars. 9.2 and 9.3 of COA Circular No. 97-002 dated Feb. 27, 1992
	b) The deduction for each month, however, shall not be more than TEN PERCENT (10%) of the monthly basic salary and shall continue thereon until the whole amount of cash advance is completely settled.
	c) Item no. 9.3.3.2 of the COA circular states that: "No additional cash advance shall be allowed to any official or employee unless the previous cash advance given is first settled or a proper accounting thereof is made."

	Hence, the personnel in charge of issuing cash advances and the personnel to whem the cash advances are given found violating the above regulations shall likewise be held liable and therefore subject to disciplinary sanction of one month suspension from work without pay.
Very low collection efficiency of CIS amortizations	 a) Strict implementation of the terms and conditions as agreed upon such as: *regular audit of IA Treasurer and IA collectors *manage the CIS the way the NIS are supervised *charge and pro-rate penalties to delinquent payors *submit quarterly report to MSD.
	b) Tap LGU in the coordination with farmers to encourage payment of CIS amortizations.

Further, in order to strictly monitor/evaluate compliance with the established procedures on ISF collection and all matters relevant thereto as well as compliance with the implementation of the above governing rules, it is directed that the memorandum of the undersigned dated February 27, s. 2002 (Annex A) be instituted through the implementation of the above and incorporating the following provisions to strengthen the Internal Control and Monitoring Unit in field offices:

- a) Implementation of Budget Circular No. 2004-4 dated March 23, 2004 (Annex B) regarding Organization and Staffing of Internal Auditing Unit (IAU). The Chief, Finance and Administrative Division should coordinate with the Manager, Management Services Dept. for the purpose.
- b) The staffs of Internal Audit Unit in Regional Office should regularly report to the Manager, Management Services Dept. for:
 - •continuous coordination and control, submit reports

on status of implementation of audit recommendations as to:

*sanctions

- *systems & procedures
- c) Prioritize conduct of CO & FO joint field audit workshop/on the job training
- d) Audit of all accountable officers should be conducted every semester after every collection period or as the situation warrants.
- e) Provide the Internal Audit Unit a separate permanent office in the R.O.

Strict compliance is hereby enjoined.

JESUS EMMANUEL M. PARAS Administrator

Date: September 1, 2004



Republika ng Pilipinas

(NATIONAL IRRIGATION ADMINISTRATION)

Lungsod ng Quezon

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MEMORANDUM	OUR REFERENCE:	
ТО	ALL REGIONAL IRRIGATION MANAGERS	

	·	Regions CAR, 1-13 OPERATIONS MANAGERS UPRIIS and MRIIS This Agency
FROM	:	THE ADMINISTRATOR Same Agency
SUBJECT	:	MEASURES TO SUBSTANTIALLY INCREASE ISF COLLECTION
DATE	:	27 February 2002

The physical and financial targets for CY 2002 as committed during the recent Managers' Conference and as updated to date show satisfactory projections for the year. I appreciate your efforts and cooperation for that.

Understanding, however, the previous performance and the issues raised particularly on ISF collection, we are furnishing you a list of some relevant strategies currently applied and further aspects needing attention. These may help you in pursuing our targets and commitments. Other recommendations raised during The Managers' Conference are either under study or on the preparation stage. In addition to these, following are the measures to substantially increase ISF collection that we will enforce.

1. Creation and mobilization of ISF Audit Teams. All Regional Irrigation Offices, including UPRIIS and MRIIS, shall create ISF Audit Teams. These teams shall be responsible for monitoring/evaluating compliance to ISF Billing and Collection Procedures and identifying factors and constraints pertaining thereto. Membership shall consists of representatives from operations, finance, administrative and institutional units. Leadership shall be lodged to the representative of finance group with the representative of operations group as assistant leader. These to this shall conduct spot audit of ISF Collection in sample NISs per propping season either independently or jointly with Central Office ISF Audit Team. The latter, currently on planning stage, shall formulate plans, directions for

Annex "A"

operations, schen, for audit, roles and detailed task. and recommend sanctions and rewards based on evaluation. The Regional Offices including UPRIIS and MRIIS shall submit on or before March 15, 2002 to this office, Attention: the AA for Finance and Management, the composition of their ISF Audit Teams. The list shall include name, position and office represented.

- 2. Validation of Service Area. Regional Irrigation Offices including UPRIIS and MRIIS shall vigorously pursue the inventory of NISs as per MC 13, s. 2001. This shall be the basis for firming-up Service Areas. All inventories shall be completed by the end of dry cropping season, CY 2002.
- 3. O&M Exchange Program. Management and Staff with success records in different aspects of O&M and management shall be deployed to other offices for a period of not more than 20 working days. This will promote sharing through a "peer" development approach. The Program will start before the end of Dry Cropping Season, 2002. The Systems Management Department –Central Office shall identify personnel to be deployed, the target host offices and the scheme for peer development.
- 4. Sanctions on delinquent ISF payors. All offices are enjoined to strictly implement sanctions for delinquent ISF payors in accordance with existing rules and regulations. Intensive information campaign shall be done relative to this and should be properly documented. A report on actions taken and results shall be submitted to this office Attn: Systems Management Department by the end of collection period for Dry and Wet Cropping Season.
- 5. Optimum Use of Resources. For more cost-efficient implementation of activities and to save time, all offices shall optimize available resources, such as use of computers in Billing and Collection, careful programming of activities, etc.
- 6. Ensuring Staff Visibility and Commitment. Field O&M staff, particularly the WRFTs shall be in their area coverage unless they are otherwise required or authorized. This is to ensure farmers' accessibility to their post. WRFTs shall indicate in a locator Board their whereabouts. Irrigation Systems Offices shall devise a check and balance scheme to ensure appropriate response or feedback on any farmers' complaint within 24 hours.
- 7. Strengthening Internal Control and Sanctions. Regional Irrigation Managers/Operations Managers and Irrigation Superintendents are hereby enjoined to ensure conscientious implementation of ISF billing and collection procedures. They are likewise enjoined to enforce sanctions on staff violating existing rules/regulations such an non-remittance of ISF Collection, non-issuance of official receipts, etc.

- 8. Rewards and Incentives. The Agency shall improve staff motivation towards improved performance. A Task Force consisting of a multidisciplinary group shall soon be organized to formulate packages of incentives and rewards for good-performing staff.
- 9. Observance of Exemption Criteria on ISF. The exemption criteria embodied under <u>MC 26, s. 1980</u> shall be strictly followed in order to reduce the number of areas exempted from payment of ISF. It should be emphasized that only those which are widespread and maybe considered as <u>general calamity</u> beyond the control of farmers shall be favorably considered. Hence, plant pests and rat infestation which farmers can control should not be a basis for exemption.

It is understood that Regional Irrigation Offices (RIOs) have undertaken thorough assessment and evaluation of present performance taking into account the strengths, weaknesses, opportunities/potentials and threats. On case to case situations, the RIOs may cause rotation of chiefs of offices and other staff either for disciplinary or professional development reasons.

For compliance,

JESUS SMMANUEL M. PARAS Administrator

Kal/ADM-MCC6/measures.....