

Performance is the yardstick

THE INCREASED emphasis that is being placed on "performance" for government management and government funds was highlighted by President Marcos in a speech read before the Philippine Council of Management in Manila on November 24.

Here is an excerpt:

IN THE Philippines, where the public service has been designated as the *cadres* for carrying out a peaceful social revolution, we cannot but regard the development of an adequate public management as a keystone of our total development strategy.

This is now the time to extend to the public sector the catalytic and liberating impact of modern management.

In spite of significant reforms, the Career Executive Service of the Government and the Civil Service organization as a whole still remain encrusted with habits of the past, disposed to obstruct rather than facilitate action. This outlook must now be cast aside and replaced by a new commitment and resolution to facilitate action—to release energy and realize performance.

This in turn will require the sharpening of tools of management control, especially measurement of goals and performance, in the public service. In the private sector, the test of economic performance, or the market test, if you will, normally suffices as a means of management control. In the public service institutions, we must resolutely develop tests of performance that will substitute for the economic test.

Thus every program area must be governed by a realistic and effective management information system.

I AM today directing the Budget Commission in the exercise of its management function to require that every department and agency of the Government submit within one month the management information system appropriate to each program area as contained in the budget, complete with indicators of goals and performance during the budget year.

Such management information systems should be monitored by the Budget Commission and made the basis of a genuine performance budget.

QUITE apart from the public service as such, there are about a hundred government corporations in existence only a minuscule number of which are viable and profitable.

I hereby direct the Budget Commission and the Reorganization Commission to conduct a management audit of these corporations and recommend the reorganization of those that deserve to be reorganized, re-created or abolished.

ANOTHER critical area in public management is the procurement of equipment and supplies for the Government, which is characterized by rampant red tape, duplicity, and corruption.

I hereby direct the Budget Commission to conduct a study of how gov-

ernment procurement methods can be streamlined, delays eliminated, payments immediately made, overpricing completely eliminated and punished, and economies of scale availed of to generate savings and efficiency.

In this connection, the Budget Commission shall consult with the Commission on Audit on the streamlining of auditing procedures to eliminate red tape and graft in procurement activities.

We have dismissed numerous auditors who have been verified to engage in this kind of red tape.

If there are any auditors who are found to obstruct payment to suppliers of the government, in order to create a leverage for self-aggrandizement, such auditors must be reported immediately to the Chairman of the Commission on Audit or to the Office of the President.

THE Development Academy of the Philippines is at this time engaged in the training and development of public managers.

It is my desire that they prepare programmed courses that will enable the respective departments and agencies of the Government to conduct their own management development programs simultaneously in addition to the DAP's own direct programs.

In this regard, other facilities for management training, such as the Asian Institute of Management and the graduate schools of the leading universities should be increasingly linked up with the government's own management development programs, under the direction and guidance of the Development Academy of the Philippines.

IT is also my hope that managers in the private and public sectors will interact more closely and more frequently in the interest of advancing the common frontier of management knowledge and expertise.

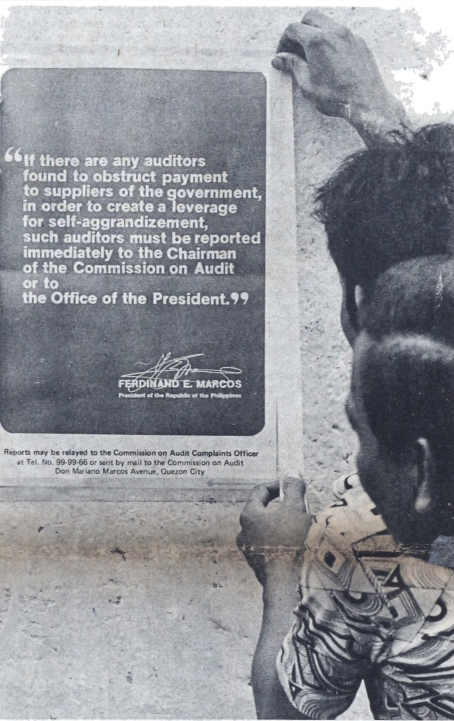
The private sector of the economy will continue to be the main engine of economic growth. But the public sector must be an engine of facilitation of growth.

The management of both sectors must therefore merge their respective strengths to be able to realize the real function of management: namely, to convert human strength to productive strength.

In the context of Southeast Asia, there is no question in my mind that economic and social development, which is another name for nation building, will remain the joint responsibility of the private and the public managers.

If management is a strategy for the strategic and optimal use of opportunities and resources, then there is no alternative to the fullest possible cooperation and coordination of public administration and private sector management.

It is in the merger of their respective excellences and strengths that we shall derive the optimum vigor and wisdom for national development—the ability to free our peoples from the scourge of mass poverty and lead them to the threshold of substantial freedom, a better and fuller life. □



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FERDINAND E. MARCOS
President of the Republic of the Philippines

Reports may be relayed to the Commission on Audit Complaints Officer at Tel. No. 99-9966 or sent by mail to the Commission on Audit, Don Mariano Marcos Avenue, Quezon City.

POSTERS from the Commission on Audit are going up in government offices as part of the President's drive to improve government management.

Updating the budget

ASIDE from any cutbacks that might arise from the austerity written into the 1976 budget, a separate long-term factor is likely to help reorient many government programs in the coming year.

This other factor is the Budgetary Review of Programs and Projects which proceeded quietly through December and is likely to culminate in January or February with recommendations to President Marcos.

The seven divisions of the Budget Commission have been constituted into task forces, some of them including technical experts from the private sector. Their task is to review whether the budget document accurately reflects what each agency is actually doing—or alternatively whether each agency is doing what the budget document says its

funds are for.

The Budget Commission set out the following objectives for the intensive series of discussions:

Re-examine the Program and Project structure of all agencies of the National Government under Performance Budget and to install a performance type budget for those without the system;

Realign and eliminate redundant, duplicating or unnecessary Program(s) and establish those which are relevant to the Department and/or agency functions in pursuit of the National Government goals;

Re-examine the validity and/or usefulness of appropriation language, special and general provisions in terms of their contribution to budgetary effectiveness.

See next page

Inside track

- P. 2, 3 The new budgetary emphasis
- P. 4, 5 Behind the energy drive
- P. 6 Scrutiny of local officials
- P. 7, 8, 9 Looking at the corporations
- P. 10, 11 Fresh approaches to auditing
- P. 12 Revamp of President's office
- P. 13 Presidential decrees
- P. 15 Setting standards for jobs

Sharpening the budgetary tool

HERE are parts of the background briefing which Dr. Jaime Laya, the acting Commissioner of the Budget, delivered to budget officers of various agencies on December 2 to launch the Commission's Budgetary Review of Programs and Projects.

OUR BUDGET this year is about 24 billion pesos, which is something like 15 percent of the gross national product. It has been estimated that the current program of government expenditures will result in a deficit of around five billion pesos. In his capacity as Chief Financial Officer, the President has directed the various government agencies to produce savings that hopefully will reduce this deficit and result in a realignment of government expenditures.

This review of projects and programs is being done at the time the 1976 budget is being completed. We are trying to ask ourselves: Does the program and project structure need some modification so that the budget for 1977 financial year will be more consistent with our developmental programs? All of us of course have heard about the budget being the tool of development and development being the primary form of government activity, and so on. But apparently we have not really sat down and figured out exactly how the budget fits into the whole concept and approach to development.

This past year, many of you have probably participated in, or at least have been aware of, a series of what was called sectoral planning enterprises conducted by NEDA, the Central Bank, the Budget Commission, the Development Academy of the Philippines and other government agencies.

The planning requirements of the following sectors were looked into: food, agriculture, industry, housing, education, health, social welfare, tourism, foreign trade, and infrastructure in the villages. Representatives of government agencies and of the private sector sat down and tried to assess the needs of the population in each of those sectors.

The whole idea, of course, is to try to ensure that the more than 100 government agencies are really working

together and not at cross purposes in their different activities.

Really, the government has just a few tools at its command. The national government budget is only something like 15 percent of the GNP. Therefore the remaining 85 percent is in the hands of the private sector. The whole idea is: What can the government do with this 15 percent that will adequately satisfy and support the needs of the private sector in the remaining 85 percent? How can the 15 percent help the 85 percent to do a much better job?

We begin by an assessment of the programs and projects which are contained in the government budget document. It consists of a listing of expenditure outlets, a listing of programs, some special provisions which sometimes read rather funny. This is what we would like to review—the listing of programs and projects contained in the budget document.

Do these make sense in the light of the objectives of the New Society? Do these make sense in the light of what we want to do in national government as well as sectoral and regional planning? Do these make sense? Are there any redundant, duplicative or unnecessary programs? Are some of these programs already superseded? Is the performance of the budget really in operation? Is the language used in the budget document suitable? Is there any delay in implementation of the budget process? Are there any new performance budgeting standards that we must



look at?

This is the purpose of the series of meetings conducted between agencies and the Budget Commission throughout the month of December.

The different programs and projects in the budget document have been with us for quite some time. I do not know when some of them were first promulgated. However, at some time some of these programs and projects were first designed, they were probably the most appropriate approach possible.

However, times of course have changed.

Foremost, of course, are the objectives of the New Society in terms of uplifting the welfare of the common man. Does the budget in fact result in such a program? A second major approach concerns the reorganization plan. This was one of the first thrusts of the New Society. Is the budget fully consistent with the spirit of the reorganization plan? Probably not because one of the major innovations of the reorganization plan is the concept

of regionalization. To be honest, the budget document does not dwell much on regional aspects.

In November, we in the Budget Commission had limited discussions with some regional directors. The feedback we got is rather disappointing. It seems the needs of the regions are forgotten not only in budget formulations but also in the budget operational process. Perhaps we might look at our structure of programs and projects to ensure the regional component.

One measure of development which we may have taken for granted is the expanding role of government corporations and the agencies of government which have been outside the civil service. We have at present something like 125 government corporations doing one thing or another. And these affect really the whole range of activities. Things crop up in these corporations that consistently indicate that there might be some efficiency—some areas that we could look at and improve in the budget process. □

Budget backgrounder

UNTIL 1954 the Philippine government's established financial policy had been to hold expenditures to a minimum, to cover expenditures by current taxation and to retire debt as rapidly as possible. This simple approach required little knowledge of the theory of taxation, expenditure policy or debt management.

As several emerging nations, the national government in the Philippines is the only entity large enough to exert any considerable influence on the entire economy. A general awareness of the significance of this fact developed some time prior to the enactment of the Revised Budget Act in 1954 and is reflected in the Act's progressive budgetary provision.

These in fact recognized that the government can, by means of fiscal policy, set the country on the road to economic development much as the more advanced nations utilize this instrument to maintain economic stability and full employment.

A high priority was therefore placed on the task of transforming the national budget from a mere list of receipts and expenditures into a major instrument of fiscal policy—to become a basic tool for managing the nation's economy

and interest payments against the public debt were to be kept on schedule and the necessary sinking funds for their ultimate retirement would continue to be established.

Sixth, tariffs would be employed to provide reasonable protection to domestic producers where such measures appeared economically sound and in the long run would be in the national interest. Tariffs would, however, continue to be the production of revenue to finance government programs.

FISCAL planning was predicated on a careful appraisal of all available resources in which the sequence of decisions ran from available revenues and other resources to expenditures, instead of from expenditures to resources.

Not only were the usual revenues and public borrowings considered, but also estimated income from reparations and other sources which could be applied to the financing of government-sponsored development projects.

After the maximum feasible resources had been ascertained, they were allocated to the numerous government activities on the basis of a scrupulous application of priority standards. These particularly included the system of industrial priorities which governed the allocation of foreign exchange, the administration of the government's fiscal operations and the extension of credit.

The entire governmental establishment was embraced in this planning. It covered not only the usual general budget, but also public works for various purposes, subscriptions to capital stock of government corporations, financial investments, loans and other obligations of the government.

The plans embodied in the five-year fiscal plan were comprehensive both in the expenditures and their financing aspects.

The ultimate goal was to achieve broader employment, greater production and higher standards of living for the Filipino people generally.

Throughout the attendant planning operations, the fiscal, monetary and social programs were formulated and the national government worked in close collaboration to produce a plan in which the overall level of government spending and the utilization of financial resources were appropriately balanced in terms of:

• effect on money supply; relation to national income; foreign exchange requirements; programs for capital formation; future tax resources; effect on price levels.

The first five-year fiscal plan thus not only presented a long-range financial plan but also provided for the planning the monetary and economic implications of and policies governing authorized programs and projects. □

From page 1

tiveness;

Re-examine the validity, both in terms of actual output/services being delivered, and for purposes of estimation of future requirements, the units of work measurements for each Program and Project or both;

Establish the new performance standards, the concepts underlying them, their validity as measures of output/services delivered, and their integrity and internal consistency.

During the talks, the Commission is stressing that it is not conducting budget hearings or a reorganization. Exclusive emphasis is on the program/project listing in the budget document. These are consistent with the priorities of the President and the New Society.

The task forces will make recommendations to a Review Board which must take a final stand on all recommendations. These will be embodied in a terminal report to the Commission, where the Budget who will report to the President.

While the Budget Commission emphasizes it is not engaged in a reorganization, agencies have noted that reorganization would have to come if excessive duplication or redundancy were found among the wide array of government services.

In the early days of the hearings, the task forces, working across lines, items in the budget allocating funds for projects that had obviously ceased or that had changed their nature, such as research into long-solved problems. One result may be to bring the wording of the budget into line with what those particular funds are being used for now.

BUT perhaps the greatest long-term impact will come from the renewed emphasis on the long-existing concept of Performance Budget. In ordering the current review, President Marcos said the information thus gathered should be "made the basis of a genuine performance budget".

The concept of performance budgeting was introduced in the Philippines in the early 1950s, incorporated in the Revised Budget Act (RA 992) of 1954 and nation-wide was declared in Budget Circular 41 dated August 1, 1956. However, almost no government agency is operating fully on a Performance Budget, and high officials are disappointed at how little is understood of the concept.

While emphasis on the word performance is not new in Philippine government circles, it is clear that it will gain extra prominence in the coming year. □

How to budget for performance

The President's renewed demand for performance budgeting goes back to RA 992 of 1954 which requires all agency budgets to stress "functions, activities and projects in terms of expected results." You must agencies will use simple "line item" budgets today. The following excerpts from Budget Circular 41 of August 1, 1956, remain authoritative on performance budgeting.

PERFORMANCE budget is one emphasizing the program or services conducted. It is based on functions, activities and projects which focus attention on the general character and nature of the work to be done, or on the services to be rendered, rather than upon the things to be acquired, such as personal services.

Budgeting is essentially a planning process. It is the determination for a future period of time of:

1. What is to be done;
2. What is to be accomplished;
3. The manner in which it is to be done; and
4. The cost of doing it.

It requires that the broad objectives of the agency be broken down into detailed work plans for each project and for each unit of the organization.

Thus, each responsible official and supervisor in the agency will have a plan of action, which if successfully followed and combined with similar efforts in all organization units, should result in the agency meeting its overall objectives.

The budget, therefore, is a monetary definition of the future plans of the agency.

MODERN management concepts hold to the principle that managers, regardless of their level in the organizational structure, should participate in planning agency operations and then should be held responsible for achieving the goals set.

The finally-established performance budget is in effect a contract between these responsible managers and the president calling for specific performance for the funds appropriated.

To achieve the broad participation of responsible officials and to secure the necessary supporting material for making budget estimates, a high degree of planning, coordinating, and scheduling of the work of budget preparation is required.

THE budget process in government agencies has four phases:

1. **Planning**—Establishing performance objectives;
2. **Estimating**—Determining the amount of personnel, materials, services and facilities required to meet these objectives and the amounts needed to pay for them;
3. **Reviewing**—Ascertaining that the basic objectives, resource requirements and amounts are accurate and conform to overall guides and limits;
4. **Operating**—Accomplishing approved objectives within the amounts provided by the budget.

Planning performance budgets is a management planning process which involves all officials and supervisors of an agency. Satisfactory results can be obtained only if:

1. All responsible officials and supervisors participate in planning agency operations; and
2. Each official and supervisor accepts full responsibility for achieving the goals established.

THE responsibilities for planning performance budget are:

OFFICE OF THE PRESIDENT

1. The President will normally issue a fiscal policy statement establishing broad budgetary limits, areas of major program emphases, and such other matters as he feels are necessary for the guidance of the agencies in planning



their budgets.

2. The Budget Commission will, in the "Call for Estimates", set forth specific guides and policies to govern the preparation of agency budgets.

THE DEPARTMENT

1. The Secretary will establish a broad program for his department in accordance with the President's policies.
2. The Secretary will require each Bureau Chief to submit to him a summary of plans and objectives of his bureau for the coming year, based upon the broad program established by the Secretary.

3. The Secretary will review these with the bureau director, and make necessary decisions regarding the objectives, the emphasis desired relative to other department programs, and the limits governing bureau programs for the budget year.

4. The Department Budget Officer will assist the Secretary in planning and implementing.

THE BUREAU

1. The Bureau Director will plan and develop with each division chief the detailed objectives and work programs to serve as the basis of estimates for the budget year. Consideration must be given to:

- a. Changes in emphasis and goals for the budget year;
- b. Reduction of specific backlogs;
- c. Changes in rate of work due to improved methods;
- d. Programs expanded in line with policy;
- e. Programs contracted in line with policy.

2. The Bureau Budget Officer assists the director in planning, and is responsible for securing and presenting factual data on work progress, rates of production, cost information, and personnel data;

3. In assisting the director, each Division Chief is expected to have readily available such information as:

- a. Analysis of the present status of work;
- b. Analysis of the rates of production;
- c. Estimates of progress for the rest of the period;
- d. Projected work programs for the budget year;
- e. Statements to support his forecast.

ESTIMATING is that part of the budget process during which the resources required to carry out the plan are determined and the amounts to be requested are established.

The Budget Officer is the key person responsible for the satisfactory preparation of the estimate. His responsibility includes the technical preparation of the budget and coordination and scheduling of all activities concerned with estimating.

1. The Budget Officer will develop instructions specifically for the Division Chiefs and others concerned with the estimates, indicating the material each must prepare, and the form and manner in which it is to be submitted.

2. The Budget Officer will designate the portion of the work to be done by each responsible official.

3. The Budget Officer will prepare a detailed step-by-step schedule for accomplishing the work allowing time for necessary review and adjustment.

4. The Budget Officer will follow progress closely to make certain that schedules for the production of various types of data are adhered to. He will keep the Bureau Director informed of



5. The Budget Officer will check all material for completeness and conformance to instructions. He will guide and assist in any reworking of materials that may be necessary to integrate the various sections into the final submission.

6. The Division Chief and other supervisors as instructed will prepare material for detailed schedules and will draft justification statements covering their areas of responsibility. The adequacy and soundness of material developed at this time is basic to the acceptance of the budget proposals during the reviewing phase.

REVIEWING performance budgets is that part of the budget process in which successively higher levels of the government management examine the results of the planning and estimating phases.

These multiple reviews are the means whereby the final national budget is "shaped into a harmonious program and fiscal policy for the executive branch as a whole" as stated in the Revised Budget Act, Republic Act No. 992.

Data are rechecked for accuracy and conformance to established guides and limits. Analyses are made to evaluate statements of resources required. Programs and projects are evaluated in terms of the over-all needs of the government and the resources available.

RESPONSIBILITIES FOR BUREAU REVIEW

1. The Bureau Director will make detailed analyses and recommendations to the Bureau Director concerning

estimates, pointing out any weaknesses, unrealistic estimates or non-conformance to plans or policies. The Budget Officer will schedule meetings between the Bureau Director and the Division Chiefs for review and reconciliation of differences. At the conclusion of the Bureau Director's review and upon approval of the final items to be included, the Budget Officer is responsible for insuring that the bureau submission is technically sound, is mathematically accurate, and reflects the program and project decisions made by the Bureau Director.

2. The Bureau Director reviews the entire estimate. The Division Chiefs will explain and defend their requests. The Bureau Director will cause such changes as he believes necessary and will approve the bureau estimate for submission to the Department Secretary.

RESPONSIBILITIES FOR DEPARTMENT REVIEW

1. The Department Budget Officer will analyze budgets and evaluate bureau budgets according to the Secretary's policy guides or fiscal limitations. He will discuss questionable items with the bureaus, schedule hearings and reviews of each bureau's budget by the Secretary, make recommendations and prepare the transmittal document for the Secretary to forward the department's budgets to the Budget Commission.

2. The Secretary will conduct hearings for each bureau's estimates, decide on changes, and transmit the estimates to the Budget Commission together with a supporting statement covering the department's program and explaining shifts in program emphasis.

3. The Bureau Director and his Budget Officer will explain the bureau's budget in the scheduled hearings. The Bureau Director will accept responsibility for defending and carrying out the plans of the finally approved estimate submitted by the Secretary to the Budget Commissioner.

EXECUTIVE REVIEW

The Secretary and Bureau Directors will explain and defend the budgets to the Budget Commission. The Departmental and Bureau Budget Officers will assist as requested and maintain liaison with the Budget Commission.

OPERATING is that part of the budget process during which action is taken to accomplish established objectives within the approved resources. Major responsibilities in this phase are assigned as follows:

THE BUREAU

1. The Budget Officer will realign amounts allotted and objectives agreed upon for bureau programs and projects into operating budgets for each responsible organization unit. He will prepare periodic reports to the Bureau Director and Department Secretary on the status of the work status and funds utilized.

2. Division Chiefs will conduct operations so as to attain approved objectives in accordance with their operating budgets.

3. The Bureau Director will receive timely reports about the work in progress and through these reports identify problem areas. He will be responsible to the Secretary for significant deviations from planned accomplishments.

THE DEPARTMENT

The Secretary will receive reports on the work status and will cause necessary remedial actions. He will be responsible to the President for significant deviations from planned expenditures and accomplishments. □

Energy: some blunt facts about sources...

THE power situation in the Philippines is much worse than we have always thought it was.

We always said before that fossil-fired generators or generators of machines that produce electricity constitute 75 percent of our sources of energy. That is not true. What is true is that 94 percent of our energy or our electricity is right now produced by fossil-fired generators. And it will serve no purpose for anyone, in any way, to mislead our people.

It is now necessary to inform our people pointblank, frankly, and candidly, that only six percent is produced from hydroelectric power. And it is now the program of government to move as fast as possible into the generation of electricity from hydroelectric sources as well as from the geothermal sources that we are developing right now.

There have been optimistic forecasts about our converting our entire country into consumers of electricity that would come from non-fossil fired generators by 1985. This just isn't possible. It is not possible to convert the entire country into a country that will utilize only hydroelectric and geothermal power within the next 10 years.

Even if we were to bankrupt ourselves—bankrupt the government and ourselves—we would do it. The most reasonable and feasible solution—the compromise that we may arrive at—would be to reduce the fossil-fired generators from 94 percent to 75 percent by 1985.

That's quite a big letdown isn't it? But I thought it necessary and wise to tell you the truth. I'm all right, I'm not horrified when I read that there are ambitious government programs to convert the sources of electric power by 1985 into non-fossil fired generators. This raises false hopes among our people.

We must accept the reality that while we were paying P2.2 billion be-

fore the oil crisis, we are now paying P7.2 billion every year. From \$200 million, we are now paying \$840 million. And before the next year is over, we will be paying about \$1 billion.

And we can borrow only so much every year. And this year, it may be necessary to allocate these credits to various projects we have in mind.

While we are in the process of exploiting our geothermal and hydroelectric potential, we are also moving into nuclear power generation. We are presently studying the impact of a costly nuclear power plant which may cost as much as \$100 million or \$1 billion insofar as it may curtail other projects in our country. For, while our credit is good, we can borrow only so much every year. And this year, it may be necessary to allocate these credits to various projects we have in mind.

One happy development is that we have now discovered nuclear deposits or uranium deposits in the Philippines. The Philippine Atomic Energy Commission has successfully processed Philippine uranium ore and produced the formula of U-38 by a completely Filipino team.

The potential sources of uranium in the Philippines on geology considerations are: (1) Camarines Norte, (2) Samar, (3) Ilocos Norte, (4) others, like Negros and Mindanao.

For every 600 megawatt nuclear power plant, it costs 60 tons of uranium per year. It needs presently \$32 per pound, and the price is still on the rise.

Whether it is oil, uranium, or even the machinery for geothermal units for hydroelectric power, the production cost of energy is going up. Across this broad terrain of escalating prices, therefore, the logic of conservation becomes more valid and urgent.

—PRESIDENT MARCOS
at launching of ENERCON movement

...and about savings

LAND transportation and industry account for 35 percent and 32 percent, respectively, of all petroleum consumed in the country.

Power generation accounts for 18 percent. Meraleo alone consumes 14 percent of the 18 percent.

Shipping, aviation, fishing, and other sectors account for less than 10 percent of the balance.

Thus, the greatest savings in energy use will come through eliminating wasteful consumption of petroleum fuels in cars, trucks, and buses as one class; secondly in industry; and thirdly, by conserving electricity, particularly in the Metropolitan Manila area.

These three sectors together account for over 80 percent of all petroleum use in the country.

Simple, isn't it? Eighty per cent of all petroleum consumed in the country is in the hands of those who drive cars, trucks, and buses; in the hands of those who are in industry; and of those who live in Greater or Metro Manila.

This would make it simple for anyone to plan and say: "All right, all of you therefore, cut consumption by 10 per cent or, say, 50 per cent." But the plans are easier to make than to implement.

There are many steps that can be taken by everyone right now to eliminate wasteful consumption of petroleum.

The momentum of the energy conservation movement—which was, of course, started way back in 1973 when we had the system of allocation of gas

—was somehow lost. And now it is necessary to regain the momentum.

National demand for petroleum in 1974 was successfully reduced to 65 million barrels which was five million barrels less than 1973. But I am informed by the Philippine National Oil Company that the country will consume about 72 million barrels in 1975, which will be 10 per cent more than 1974. And consumption in 1976 is projected to grow by another 11 per cent to 80 million barrels, unless the energy conservation program is successful.

Let us remember that every barrel of oil saved means over \$12 of import savings, but that our percentage of consumption that is saved means over a \$9 million for the country.

I appeal to everyone for their full-hearted participation for the national economic reasons that I have already mentioned, knowing that each individual effort at saving of energy redounds to his own benefit as well as that of the country.

I am prepared to implement appropriate economic sanctions against those who waste energy, but I hope that this can be kept to a minimum. It is best that the State and the government do not step in, but that our people develop the capability to face up to a challenge and to a crisis without proddings or the coercive power of government.

—PRESIDENT MARCOS
at launching of ENERCON movement

The new oil laws

THE thrust of the government's oil conservation measures is to offset the additional \$100 million in the country's oil bill as a result of the OPEC oil price increases.

To achieve this, President Marcos has issued the following directives:

Letter of Instructions No. 326
(Issued on 27 October 1975)

Under this Letter of Instructions, all government agencies were required to:

—reduce their oil, electricity, and power consumption by at least five percent except in cases where it would prejudice the national interest;

—desist from putting up Christmas displays or lights that consume electricity;

—avoid the purchase and use of big cars which are heavy users of gas and oil; and

—shut off all neon, advertising, and building lights not later than midnight daily except those that are needed for the protection and security of their premises.

LOI 328 also specified tasks for the following government agencies:

THE DEPARTMENT OF INDUSTRY

a. To direct all industrial plants, factories, commercial establishments and other entities consuming at least P3-million worth of fuel, oil and power yearly to formulate and submit comprehensive programs of power and energy conservation, the administration and implementation of which the DOI shall monitor.

b. To study, formulate, and recommend to the President, standards on energy use for industrial plants and factories.

c. To review the country's national development plans and attune these to available energy resources, in collaboration with the National Economic Development Authority and the Board of Investments.

THE PHILIPPINE NATIONAL OIL COMPANY, THE NATIONAL POWER CORPORATION, AND THE NATIONAL ELECTRIFICATION ADMINISTRATION.

To organize a pool of engineers and combustion efficiency experts to assist industrial concerns and factories in developing their conservation programs.

THE DEPARTMENT OF FINANCE

To review and study taxes for items considered significant power-users—such as big automobiles, sports cars, gasoline-powered trucks and luxury appliances—and recommend to the President the necessary imposition of taxes and policies to discourage the use of uneconomic machines. The LTC was to review the registration fees and requirements for such cars and trucks, and make recommendations to the President.

THE DEPARTMENT OF TRADE

To study and promulgate regulations on the use of all types of lighted advertising signs, particularly neon lights. Initially, the Trade Secretary was to prohibit the operation of all types of lighted advertising beyond midnight.

THE LAND TRANSPORTATION COMMISSION

The LTC, the Philippine Constabulary and all police agencies were to strictly enforce all laws and regulations prohibiting the operation of dilapidated, unroadworthy and inefficient motor vehicles and to intensify traffic-flow improvement campaigns.

The Defense Secretary was to make available the authority and resources of his office for other government agencies to insure that power conservation and efficient fuel and energy utilization programs, regulations and directives are enforced.

Letter of Instructions No. 329
(Issued on 27 October 1975)

This decree enjoined the entire country to conserve fuel and energy, or face gas rationing. It also directed the Commission on Audit to inform government officials and drivers that the unauthorized use of government vehicles is punishable with the arrest of violators.

Letter of Instructions No. 329
(Issued on 20 November 1975)

Under this LOI, the President directed the Philippine National Oil Company to be responsible for implementing the government's comprehensive programs for the development and use of the country's coal resources as an alternative source of energy.

ON 11 December 1975, President Marcos launched the "Energy Conservation Movement" in "Malacang. This is a loose organization of private corporations and associations organized by the Philippine National Oil Company.

On launching the movement, the President issued three Presidential decrees designed to deter wasteful and uneconomic use of fuel.

Presidential Decree No. 843

Under this, the annual registration fees for private automobiles were fixed in accordance with their factory or seating weight, as follows:

Presidential Decree No. 844

PD 844 imposed an energy tax on private non-commercial aircraft.

Presidential Decree No. 845

This decree imposed energy tax on motorized watercraft used for pleasure and recreation. It also amended the Tariff and Customs code.

On the same occasion the President also issued Presidential Decree 846 which required all sectors of mass media to participate actively in the information and educational campaign for the conservation of fuel by providing free space and time in their newspapers or on radio and television stations. □

Rising cost of electricity

MERALECO, which consumes about 14 percent of the Philippines' total oil imports, paid only \$1.68 per barrel (C & F) for our oil imports in 1960. In 1972, the cost per barrel had risen to only \$2.15. In 1973, it rose to \$3.00 or P26.62 per barrel. In March of 1974, it had risen to \$9.55 or P83.62 per barrel. Up to October of 1975, the price had escalated to over \$11.00 per barrel, and now it is more than \$12.00 per barrel.

The Philippines is in the unhappy position of depending almost entirely on imported oil to prop up its economy. We have large rivers and waterfalls, and coal of low heating value, but all those contribute only eight per cent of the energy we need.

In 1964, we were importing only 30 million barrels of oil. In 1973, oil imports rose to 65.9 million barrels. In 1964, the country's oil bill was only about \$61 million dollars. In 1973, it had risen to \$750 million dollars.

In 1975, it will be about \$840 million dollars and in 1976, it is estimated to escalate to \$980 million dollars at present OPEC prices.

Considering that our country's total foreign trade in 1974 was about \$5.8 billion dollars, of which \$3.1 billion dollars was for imports, oil represented about 24 per cent of our imports. In 1975, the cost of oil is about 27 per cent of our import expenses. In 1976, it will represent about 32 per cent. □

Asiong Aksaya.

Matakaw sa ilaw.



Gov't offices get moving on conservation programs

HERE are some examples of how various government offices are involved in the campaign to conserve energy.

The Department of Industries, for instance, is conducting a nationwide energy audit among private industries which consume at least P1 million worth of fuel and electricity a year. The Energy Conservation Council of the Philippine National Oil Company is designated to collate these energy audit reports from the private industries.

The scope of the audit goes back as far as nine months ago. Private oil companies are being used by the Energy Conservation Council to get accurate data on petroleum products and power consumption of private industries.

The Department of Industries has set a deadline of January 15, 1976, for submission of completed energy audit forms.

In addition to the energy audit, the DOI is also requiring all private industries to submit monthly statistical energy consumption reports beginning from next month. The DOI has directed the private oil companies to gather these monthly reports from their client industries. The aim is to enable the government to monitor the energy requirements of the country and to assist the government to institute any appropriate measures.

On the other hand, the Philippine National Oil Company has embarked on the development of coal as an alternative source of fuel for the mining and cement industries.

According to the PNOC, the private industrial sector consumes 32 percent of the country's total oil consumption. Of this 32 percent, the mining industry accounts for five percent and the cement industry for 4.8 percent. If all the cement and mining industries in the country converted their power sources to coal, the government could save at least \$84 million annually.

An attempt to instill the value of conservation among students and youth has been initiated by the Department of Education and Culture.

The DEC was directed, through LOI 325, together with the Department of Local Government and Community Development and the Department of Public Information, to conduct an edu-

catinal campaign on fuel conservation.

As defined by the DEC, resources conservation involves the most economical use of all materials such as paper, lumber, tin and other metal, cloth, water, and energy.

To propagate this concept of resources conservation, the DEC intends to hold nationwide seminars of teachers in all levels.

In DEC Memorandum 190, Education Secretary Juan Manuel directed all schools to conduct seminars on resources conservation and to integrate this subject in such disciplines as Science, Social Studies, and practical arts. All heads of schools and officials have been charged with the responsibility of conducting the seminars.

In addition, vocational and technical schools were directed to include in their curricula courses in the conservation and efficient utilization of fuels, electricity, power and other sources of energy.

Another aspect is the information and educational campaign being coordinated by the Department of Public Information.

All conscious efforts to conserve fuel—such as people seeing bus and jeepney operators holding down on unnecessary trips, owners and managers of big industrial establishments exhorting their employees to use energy judiciously, and governors and mayors conducting seminars on how to conserve energy—are information in themselves. But these are being complemented by a DPI information program on energy conservation.

This information campaign of the Department of Public Information is directed to newspaper readers and radio-TV listeners rather than to the big energy users.

The rationale is: "Any rise in oil prices affects mainly the consumer. It is he who feels the brunt of higher oil prices. The DPI's energy conservation information effort, therefore, is directed at him, not at the big users who can be made to comply with state regulations without accompanying publicity gimmicks or information programs. We are telling the citizens to save gas to minimize the impact of higher oil prices. If, in the end, the oil crunch does not

ENERCON manifesto

THE energy crisis is real. It is worldwide. It is here.

The Philippines is totally dependent on foreign sources of crude oil. Until we strike oil, we will continue to import our increasing requirements.

As a developing country, we need crude oil to fuel our economic development; but our energy requirements are so huge and the price of oil is so high that the value of our peso can further deteriorate. This will mean higher production costs for industry. This will mean higher prices of basic consumer goods and services.

The price of crude oil has been drastically increased by the oil exporting countries.

We cannot afford to continue our ever increasing pattern of oil consumption. We cannot afford to pay the increased cost of our oil requirements. We realize, however, that we cannot do much about the increased prices of crude oil. But we can and we must do something about wasteful energy consumption. Unless we begin to conserve energy now, we may have to face such disruptions and inconveniences as brownouts and rationing.

We have heard the call of President Marcos for a national energy conserva-

tion effort. To lead the effort, the President has mobilized the government machinery towards energy conservation.

But government efforts must be complemented by the private sector. The success of a national energy conservation program depends on the support of the private sector.

It is for this reason that we are now launching the Energy Conservation (Enercon) Movement. The Enercon Movement is a manifestation of a national determination to do something about the energy crisis. The Enercon Movement will bring together all sectors of the community in a concerted effort to conserve energy.

Working together in the Enercon Movement, we pledge to dedicate ourselves to generate greater awareness among our people, of the need to conserve energy. We will promote discipline in our people's energy consumption habits. We will bring the message of Energy Conservation to every home and citizen.

We call upon our people to join us in a unified effort to conserve energy.

Let us work together to save our country from the energy crisis.

Save Energy. Save Yourself. □

corbe, then the public will credit the favorable result to the efforts of government which had warned them of dire consequences. If it comes, however, the people will realize they have been properly informed."

The task of keeping the citizen continuously aware of the need to conserve fuel is not easy. However, by combining orthodox and unorthodox communication approaches one may perhaps be effective.

For this purpose, the DPI has popularized the cartoon character "Asiong Aksaya", a despicable slob who goes about his wasteful way. "Asiong Aksaya" was designed to highlight tidbits on how or how not to conserve energy. This is complemented by straightforward information through features, news, and editorials—with the assistance of the private print and broadcast media.

Information machinery for energy conservation, involving the private media, has been set up by the DPI. Editors of the major dailies, as well as members of the Kapisanan ng mga Brokaster ng Pilipinas, were formed into a Media Committee for Print and a Media Committee for Broadcast. Through these two media committees, information and how-to tips on oil conservation are being disseminated.

Additionally, there has been the organization of "Energy Conservation Officers" in the private and government sectors. These "Enercon Officers" in each organization are responsible for seeing that the government's energy conservation measures are complied with down to grassroots level. □

Private sector gets involved

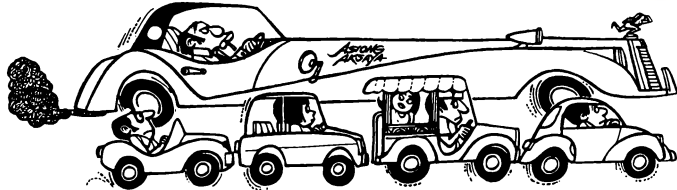
IN RESPONSE to the President's call, private sector leaders from civil, industry, transport, and consumer groups organized on November 26, 1975, the Energy Conservation Movement. Its objectives are:

1. To generate public awareness of the urgent need for energy conservation and efficient fuel utilization.
 2. To promote sustained involvement in the project by energy users.
 3. To establish energy conservation guidelines and standards.
 4. To encourage energy conservation through a system of incentives and sanctions.
- The Steering Committee is composed of Mr. Abelto, Chairman; Dr. Manuel Lim and Mr. Petronilo Guevara, Vice-Chairmen, with Messrs. Cesar Buenaventura, Fred J. Elizalde, Manuel Arroyo, and Atty. Rogelio Quiambao as Members.

SERVING as the secretariat coordinating and monitoring body of the Movement is the PNOC Energy Council (ENERCON), headed by Petrophil Vice-President Fabian M. Morici. ENERCON also performs the following:

1. Develops energy conservation guidelines and standards.
2. Develops and evaluates energy conservation programs.
3. Conducts energy audit and establishes monitoring system.
4. Provides technical assistance to industries through technical pools, in cooperation with government/private power companies, oil industry and related sectors.
5. Undertakes public information program, in cooperation with the Department of Public Information, National Media Production Center, Department of Education and Culture, and the Department of Local Government.
6. Liaisons with civic, trade, professional, and consumer groups.
7. Reviews industries' capital/expenditure budget for providing incentives and assistance concerning energy equipment.

ENERCON may be contacted at the Petrophil Building, 7901 Makati Avenue, Makati, Rizal, Tel. No. 88-03-31. □



Asiong Aksaya. Waldas sa gas.

How the local officials were audited

1 What is being done now about the audit of local officials?

The information gathering phase was finished on August 31 and now the President himself is going over the audit results. All the information is on file and we provide the President with particular information he wants at any time. To help the President, moreover, a set of recommendations has been submitted to him by the cabinet coordinating committee composed of the 12 cabinet members of the audit team.

2 Did the audit teams do a thorough job? Or, should they have had more time?

In our opinion, they did their job extremely well. We have about 15,200 local government officials. We audited 14,380. About 600 officials were unaudited and 200 local positions were vacant. For a three or four month period, the audit was rather well done and I think there was no need for more time.

3 Why were 600 officials unaudited?

Some had died. Others were out of the country. A few were sick at the time. We verified claims of sickness. Others were simply inaccessible, in a troubled area in the South which we could not penetrate. However, in these areas, the local officials were surveyed by other groups composed of, for instance, military people in the troubled areas. Such surveys were not audits, strictly speaking, but they were included which were also a part of the audit's functions. The inventories on the officials contain general personal information, the general opinion of the people about the officials, cooperation with national projects, and other such general matters.

4 Did the performance audit teams meet obstacles to an efficient check-up of local officials? Did they, for instance meet any threats, bribery or concealing of records?

In any undertaking of this nature, operational problems are encountered. However, I think that, because of the cooperation of the participating agencies, the exercise went rather smoothly. There were no reported threats. There were, I think, one or two isolated reports of apparent efforts to influence the audit teams; but when we received such reports, all of them were reported to the audit teams involved were invalidated. And then new audits were called for.

5 What guarantees are there that the audit teams have not been offset by local officials' attempts to hide any possible bad marks?

In the structure of the exercise, we had in an cross-checking system. First, we conducted research on the programs; the national agencies had conducted on the local level. The national agencies gave us their ratings of local officials' participation in their programs. Secondly, we required spot checks of claimed projects. The people who made spot checks certified the existence of claimed projects so that, in case of any problems, we would know whom to ask about the projects. Thirdly, we conducted a records check on the local level. We checked municipal records and conducted interviews to check on the projects. We also made what are called exception reports. The exception reports were done by the regional audit teams. These exception reports included such information as they thought were material to the evaluation of local officials but which could not really be substantiated by the norms of formal evidence. In other words, matters of common knowledge: everybody knows, for example, that the governor is like this, the mayor is like that; things like these were included to be verified later on. Reports of citizens came into these exception reports.

There were two types of exception reports: those done by the regions themselves and those based on reports

An interview with Ronaldo V. Puno, who directed the Local Government Performance Audit for the DLGCD.



CABINET members confer while helping in the audit.

given directly to the department or to other national agencies. The second type was done here in the central office, based on reports received from citizens through letters and the like: Newspapers, backfiles, etc., were studied to see if there were any anomalies or problems unearthed by the press in any particular area. All this data was evaluated and classified as positive or negative. These were also classified on the basis of the strength of evidence involved in the allegations.

6 Some say that the citizens should have a chance to audit their own officials. Will there be a citizen's opinion poll?

As I mentioned earlier, the reports of citizens were all included in the files on local officials. We did consider a citizens' opinion poll sometime last May. But, based on studies, such an opinion poll would require a minimum of 300,000 respondents. This was not really feasible. There were such problems as getting trained interviewers and a selection of sampling. In any case, there were very difficult problems. If, for example, we worked on this for a year or two, then we might have done a more detailed survey. But in a seven-month period, it was not possible.

A citizens' opinion poll is generally impressionistic; we feel there are other indications of popular support, which are, of course, what a citizens' opinion poll is meant to measure. Other signs of popular support, for example, would be the nature of cooperation of the people concerned in the projects of the local official, and the support given by the barangays to a particular local official since the barangays also represent the grassroots of our society.

7 Were barangay officials included in auditing the officials?

Not as a rule, but there were some barangays that, on their own, wrote us formal resolutions and made judgments on local officials. In other areas where there were clear signs that we had to measure further the popular support enjoyed by local officials, we did ask some barangays.

8 What kind of information did the barangays give?

Barangay officials are normally close to what the people say. You cannot expect a barangay captain to tell you, for example, what are the development projects of the mayor because he would

not have access to this information. But he would have access to the opinion of the people in his particular barangay, as to whether or not they like of dislike their mayor. Inquiries on reports, for instance, that a mayor is an absentee or is oppressive were directed to the barangays.

9 What were the bases for evaluating an official?

The premises for rating an official were integrity, efforts at peace and order, development projects implemented, and social concern or efforts exerted to uplift the quality of life of the local citizens. Through these, it is clear that the president wanted a lucid view of performance, not popularity. When the performance of an official appeared indefinite—when we could not say, one way or the other, how his performance had been on the basis of records (and there were many cases which were in the gray area)—then we turned to the people. If we could not decide on performance, then we went to other things like popular support. Popular support becomes more important in such cases.

However, some people believe that even if an official has popular support, if he does not improve the life of the citizens, then he should be reminded that his job is to be concerned about the quality of life of his people. So, at the very least, this is basically what will happen—that they shall be reminded.

10 How were local citizens consulted?

We consulted them through the barangays. We maintained contact with the barangays through the office of the Federation of Barangays.

On the local level, we did not call for assemblies. We just conducted information-gathering, usually directed to the barangay captain.

A barangay captain lives in his barangay. So he is in constant touch with his people. I suppose he would be knowledgeable about what the people think. This should be noted: Barangay officials are an additional source of information. The information of local officials was by no means limited to what the barangay said. The accent of the audit was on performance.

11 How were you able to measure integrity?

The absolute measure was made in terms of cases filed against the local official. We had a file on all criminal and administrative cases of all local officials.

However, there were qualitative measures of integrity and these came in the form of the exception reports made by the audit teams.

12 How were the cases evaluated? They were, as noted earlier, divided into criminal and administrative cases. Then the cases were rated as to whether they were pending, dropped, exonerated, appealed or whether the penalty was served. Most of the pending cases, except for criminal cases, were filed here with the DLGCD. Whenever they were filed with us, a survey of the evidence was conducted. This has been going on for some time now. For audit purposes, we did a survey of all cases with us and the results of this are included in the information given to the president.

With respect to the other cases, criminal cases for example, we have not as yet had a complete file on the evidence related to such cases. We just deal with criminal cases according to the status of each. A pending case, for example, would be more serious than one from which the official has been exonerated.

13 How did you deal with local officials whose performance records before martial law were bad but who improved during martial law?

Our audit covers the period from January 1, 1972, to May 31, 1975. So which would matter much anymore. If he was bad then, and then changed upon the advent of martial law, we think that is good.

14 How were the audit teams composed so that each facet of an official's performance would be effectively audited?

The regional audit teams were composed of the regional directors of the 12 member departments. These included the regional director's for highways, the regional director's for public works, the regional development council chairman for NEDA, the PRODs, of each region, the DLGCD regional directors, the NBI regional directors, the DND representatives. The audit teams were very competent groups on that level. Then on the provincial level, a similar composition.

Then we put in a restriction that nobody assigned to a particular place could audit the same place. He had to audit another place. This was to remove the possibility that he was in the area he would audit. Nobody was allowed to audit his place to station.

15 How many teams were fielded?

All in all, we had about 2,200 who actually were involved in the audit teams. Aside from this, we had 144 regional audit team members. Then we had a central office staff of about 80 who were conducting the research in the agencies. And then, of course, the national computer center had a large complement of people who were handling the computerization of data.

16 Did you have enough cooperation from the agencies?

More than enough, actually. I think that their cooperation was overwhelming. Frankly, I was surprised with the help we got. We thought that we would have to rely on our field people; but this was not the case. Everybody helped. One thing that was very notable was that each agency shouldered its own expense. They did not give us any problem about logistics.

17 Did you also have enough cooperation on the national level?

Definitely. The cabinet members themselves spent a great deal of time deliberating on the audit. The deliberation hours were even divided into two phases: the sub-team hearings and then the *en banc* hearings. For the sub-team hearings, the 12 cabinet members divided themselves into committees of three. Each committee tackled specific regions of the audit. Each committee dealt with a region from which none of the members originated. □



MR. RONALDO V. PUNO briefs cabinet members involved in the audit.

Checking up on the corporations

THE 100 or so government corporations—which up to now have been on various fringes of government control—are starting to feel the effects of the overall effort to improve management of public resources and public servants.

As a first step, the Civil Service Commission is bringing the estimated 165,000 employees of these corpora-

tions into the orbit of the civil service rules.

In a separate directive, President Marcos ordered the Budget Commission and the Reorganization Commission to review the corporations and make recommendations including reorganization and abolition if necessary.

Ever since this category of government-owned or controlled corporations started cropping up early in this century, many have had ambiguous relations with the Civil Service. Additionally, some have created an image of improving their functions as they go along.

It is generally assumed that, unlike a government bureau, a corporation should operate in a commercial way. However, President Marcos noted that only a minuscule number are viable and profitable.

Differences over terminology and categorization make it hard to get the exact number of government-owned or controlled corporations. The Civil Service Commission puts the count at 75. Some other government sources put it at nearer 125. The Audit Commission, in its reckonings, divides them into Government financing corporations; government utility corporations; government utility corporations; government development or other corporations; and self-governing boards, commissions and agencies.

During November, the Civil Service Commission sent letters to the corporations pointing out that they were now part of the Civil Service proper. It required that future staff appointments be submitted to the Commission (see letter in Column One).

According to the Civil Service Commission's statistics, 28 of these corporations were already submitting their appointments and other personnel actions which 47 we not.

One obvious question that crops up is pay differentials, since it is known that many people in government corporations get higher salaries and more fringe benefits than their counterparts in the government proper.

Such matters are likely to be considered during a transition period which is provided for. Government staff planners consider that, in principle, it would clearly be more positive to bring the pay of those in the government proper into line with scales existing in the corporations rather than the other way around. However, they concede this cannot be done overnight.

The review of government corporations, which the President ordered, obviously cannot be done overnight either. According to Director R. de Castro of the Budget Commission's Management Bureau: "This is a tremendous task if we are going into a real in-depth management audit."

He said that at present guidelines were being drawn up for the review, and probably some corporations would be singled out for immediate attention. □

HERE is the background to the status of government corporations:

The 1935 Constitution provided: "Civil Service embracing all branches and subdivisions of the government shall be provided by law."

It was silent on government corporations. Perhaps this was intentional by the 1934 Constitutional Convention, considering that most government-owned or controlled corporations were then organized and operated, like any other private corporation, by a group or groups of persons, the government being then just a majority shareholder in them.

The Convention's obsession at that time was to include in the Constitution provisions regarding the merit system as a necessity in modern times. This was to check the proclivity of political leaders, department heads and bureau directors to extend temporary appointments and to make numerous exemptions from the examination requirements.

On January 6, 1950, Republic Act 422 authorized the President to reorganize executive departments, bureaus, offices, agencies and other instrumentalities, including the corporations owned and controlled by it.

Executive Order 319 on May 25, 1950, said:

"The officers and employees of the Department of Economic Coordination and of the different corporations and agencies under it that may hereafter be employed shall be subject to the application of the Civil Service rules and regulations as in the case of other officers and employees of the government."

On January 5, 1951, Executive Order 399, known as the Uniform Charter for Government Corporations, said in Section 14:

"All officers and employees of the corporations shall be subject to the Civil Service Law, Rules and Regulations, except those whose position may, upon recommendation of the Board of Directors and the Administrator of Economic Coordination, be declared by the President of the Philippines as policy determining, primarily confidential or technical in nature."

To implement this, appointments of officers and employees who were taken on thereafter were submitted to the CSC for approval. Those who had been earlier appointed but were non-eligibles could not be promoted or receive salary increases without CSC coverage—permanent status unless they qualified in an appropriate examination.

DESPITE these executive orders, officers and employees of some government corporations maintained their exemption from CSC coverage—namely corporations with primarily proprietary functions and whose personnel were covered by collective bargaining agreements. Some others who were under Civil

Service coverage—operating in corporations but performing purely government functions—tried to be excluded. Examples were personnel of the General Auditing Office (now Commission on Audit) assigned to government corporations.

The Civil Service Act of 1959 (Republic Act 2260 of June 19) said in Section 3:

"The Philippine Civil Service shall embrace all branches, subdivisions, and instrumentalities of the government, including government-owned or controlled corporations."

Interpreting this, the Secretary of Justice said in Opinion 238 of 1959:

"The law does not make a distinction between those corporations performing governmental functions and those performing proprietary functions. Where the statute expressed in general language, it should be applied all cases within its terms, and its meaning may not, by construction, be restricted or qualified. Consequently, government-owned or controlled corporations performing proprietary functions and their employees are within the scope of the new Civil Service Law."

REACTING to the Civil Service Act of 1959, government corporations with collective bargaining agreements demanded recognition of the agreements. A court action was filed to compel the Civil Service Commission to recognize collective bargaining agreement with management.

Pending resolution, the CSC issued Memorandum Circulars Nos. 1 and 3 of 1964 declaring that officers and employees of government-owned or controlled corporations performing proprietary functions were exempted from the Civil Service Law and Rules, and that the status of their employment shall be governed by the terms and conditions of their collective bargaining agreements. In other words, they were considered contractual employees in the exempt service under Sec. 6 (c) of Republic Act 2260.

This status was recognized in Republic Act 6040, which amended Republic Act 2260.

Sec. 6 (c): The Exempt Service—The exempt service shall consist of the following:

xxx xxx xxx
"(c) Persons employed on contract basis x x x and those in government-owned or controlled corporations performing primarily proprietary functions with collective bargaining agreements."

However, the promulgation of the New Constitution cut short this exemption from the coverage of the Civil Service. To quote:

"The Civil Service embraces every branch, agency, subdivision, and instrumentality of the government, including every government-owned or controlled corporation." □

A reminder from the CSC

THE Civil Service Commission sent this letter to the heads of those government corporations which are not yet complying with the Civil Service Rules.

We wish to call your attention to the provision of the Constitution which places every government-owned and controlled corporation within the ambit of the Civil Service. This provision is reiterated in Presidential Decree No. 807, the Civil Service Decree of the Philippines, specifically, under Section 4 which states as follows:

"The Civil Service embraces every branch, agency, subdivision, and instrumentality of the government, including every government-owned or controlled corporation whether performing governmental or proprietary function."

We realize, however, that most corporations were not governed by Civil Service Law and rules in the past so that it is possible that not all their respective personnel can meet squarely the merit requirements of the Civil Service. We wish to allay any apprehension, however, that Civil Service coverage of corporations would result in a sweeping change in the personnel structure of these corporations. On the contrary, Presidential Decree No. 807 in its Section 56, provides for a transition that would allow personnel of government-owned or controlled corporations whose positions are not embraced in the Civil Service to continue in the service until they have been given a chance to qualify in an appropriate civil service examination.

In this connection, it is our wish that we could reach a working arrangement to facilitate the conduct of such examinations, or any other selection device to achieve our collective goals.

Meanwhile we expect that you would now submit to us all new appointments, for appropriation, original and promotional, that are proper, and that these shall be made in accordance with Civil Service Law and rules.

We also wish to call your attention to Section 9 of Presidential Decree No. 807 which provides that an appointment shall take effect immediately upon issuance by the appointing authority if the appointee assumes his duties immediately and shall remain effective until disapproved by the Commission; with the appointee being paid at once. As you will note, this provision seeks to facilitate immediate payment of employees and, consequently, lead to a greater motivation for us to work.

However, all appointing officials are required to submit all appointments to the Commission within thirty (30) days from issuance, otherwise, these appointments become ineffective.

It is also requested that you furnish us a copy of the plantilla of personnel for our records. □

Very truly yours,
JACOBO C. CLAVE
Acting Chairman

THE public corporations, the government and the nation as a whole gains a number of benefits from the Civil Service coverage of the government corporations.

Firstly, it means uniform application of the merit system and the elimination of the "padron" or "palakasan" system in the appointment process. This will spare the corporations the discomfort they have had to suffer in trying to please and accommodate the privileges of the powers that be.

The participation of the Civil Service Commission in the appointment,

examination, promotion, discipline and other personnel processes will insure adherence to, and uniform application of, the Civil Service law and rules.

But this benefit has its attendant cost. It means the public corporations must give up part of their autonomy in personnel policies and programs. The corporation heads no longer have absolute say in recruitment, examination, promotion, administrative discipline and the like.

However, the Civil Service Commission does not, and will not, stand in the way of the efficient, economical and

profitable operation of these corporations. The new leadership of the Commission has inaugurated the so-called "facilitative service" rather than bureaucratic control. Hence there exists a most meaningful and fruitful relationship between the Commission and the various agencies of government, including public corporations, to realize the government's development goals.

The standardization of salaries in all government offices will minimize frequent turnover of employees which has resulted in overstaffing some offices while paralyzing others. □

Everyone stands to benefit

I. GOVERNMENT FINANCING CORPORATIONS

1. Central Bank of the Philippines

Established under Republic Act 265 of January 1949 to administer the monetary, banking and credit system of the Philippines. Departments and offices are consolidated in five sectors, each under a Deputy Governor: a) International Operations; b) Domestic Operations; c) Supervision and Examination; d) Research; and e) Administrative Management. Principal sources of funds are income from foreign exchange, foreign investments, domestic loans and advances, domestic investments and other miscellaneous sources.

2. Development Bank of the Philippines

Established primarily to provide credit facilities for rehabilitation, development and expansion of agriculture and industries, the broadening and diversification of the national economy, and to promote the establishment of private development banks in the provinces and cities. Established under RA 2081 approved on June 14, 1958, sources of funds are collections on loans and investments, collection on guarantee advances and networth increment.

3. Philippine National Bank

In operation since July 22, 1916. It has nine overseas offices, 72 metropolitan and provincial branches, 33 agencies, 23 sub-branches and 32 extension offices and units. Its corporate existence, with authorized capital stock of P1 billion, is provided for under RA 1300 as further amended by Presidential Decree No. 64 dated November 20, 1972 and Presidential Decree No. 171 dated April 10, 1973 otherwise known as the Revised Charter of the PNB. Has a leading role in the Masagana 99 rice program as financing channel and furnishing the services of its credit technicians.

4. Government Service Insurance System

A non-stock corporation with main office in Manila and 14 regional agency or extension offices. Primary objectives are to promote the efficiency and welfare of government employees and to replace the old pension system. Created under Commonwealth Act 186, it was approved on November 14, 1936, and started operation on May 31, 1937. The System administers 5 funds: Life Insurance Fund, Retirement Insurance Fund, Property Insurance Fund, Medicare Insurance Fund, and Pension Fund. GSIS has a massive low-cost housing program. It administers Medicare Funds for the welfare of members of the system. It pays dividends to members twice a year. It is governed by a Board of Trustees with 8 members.

5. Land Bank of the Philippines

Created under Republic Act 3844 otherwise known as the Agricultural Land Reform Code of 1963. Its purpose is to finance the acquisition by the government of landed estates for subdivision and resale to tenant farmers. Management is vested in the Board of Trustees composed of a chairman and four members.

6. Social Security System

The Social Security System establishes, develops, promotes and perfects a sound and viable tax-exempt social security service suitable to the needs of the people throughout the Philippines. It provides protection to covered employees and their families against disability, sickness, old age and death, with a view to promoting their well-being in the spirit of social justice. The System was created under RA 1161, the Social Security Act of 1954. Implementation of the Act was only on September 1, 1957, after it was amended by RA No. 1792, Presidential Decree No. 24 and 177.

II. GOVERNMENT PUBLIC UTILITY CORPORATIONS

7. National Power Corporation

Created under Commonwealth Act 120 on November 3, 1936, to undertake the development of hydro-electric power and production of electricity from nuclear, geothermal and other sources as well as the transmission of electric power on a nationwide basis for industrial development and rural electrification. Converted into a stock corporation in June 1962 under RA 2641 with initial capitalization of P100 million, increased to P250 million in May 1961, and to P300 million in May 1967.

8. Philippine National Railways

First known as Manila Railway Company Ltd., an English company, Philippine Government acquired ownership on January 8, 1917. Under Republic Act 4156 of June 20, 1964, PNR acquired all the assets and liabilities. Authorized capital stock was increased

to P250 million with P92.5 million government obligations converted to subscribed capital stock. RA No. 6366, enacted on August 20, 1971, further increased the authorized capital stock to P650 million.

9. Metropolitan Waterworks and Sewerage System

Created under RA 6234 approved on June 19, 1971, which abolished the then National Waterworks and Sewerage Authority (NAWASA). The new law is pursuant to declared policy that the establishment, operation and maintenance of the water works system must be supervised by the state.

MWSS has jurisdiction, supervision and control over all waterworks and sewerage systems in the Greater Manila area.

10. Communications and Electricity Development Authority

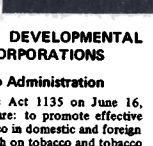
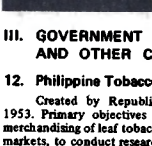
Established in 1957 under RA 2046 as amended by RA 2235 and 4186 with the major objective of full electrification of barrios and rural areas covered by its operation.

11. Manila Gas Corporation

Started operations on September 27, 1912, under a franchise granted by Act 2039 of the Philippine Legislature for a 50-year period beginning January 2, 1912. The MGC franchise was extended for another 50-year period by RA 2278 which took effect on June 19, 1959. It has since expanded its services to include distribution of bottled gas to places not reached by pipelines.



A glance at the gov't corp



III. GOVERNMENT DEVELOPMENTAL AND OTHER CORPORATIONS

12. Philippine Tobacco Administration

Created by Republic Act 1135 on June 16, 1953. Primary objectives are: to promote effective merchandising of leaf tobacco in domestic and foreign markets, to conduct research on tobacco and tobacco products, to improve existing methods of manufacture, to insure permanent and balanced production of tobacco leaves, to create warehousing and marketing facilities, to supervise and control the classification and grading of leaf tobacco, and to improve the living and economic conditions of the laborers engaged in the tobacco industry.

13. National Grains Authority

Created under Presidential Decree No. 4 of Sept. 26, 1972, to encourage, among others, increased production of rice, corn and other grains, and to promote systems that will improve the quality and reduce the costs of production, processing and marketing of the grains to keep their prices within reach of the common masses.

14. Philippine Coconut Administration

Established under Republic Act 1145, PHILCOA aims to insure the steady and orderly development of the coconut industry; stabilize and strengthen its position in the world market; promote the effective merchandising of copra, coconut oil, coconut products and by-products in domestic and foreign markets; improve the relations between coconut proprietors and tenants; and encourage the invention of useful machinery that will hasten the development of the coconut industry.

15. Philippine Virginia Tobacco Administration

Organized in 1960 by RA 2265 to promote the effective merchandising of Philippine Virginia tobacco in domestic and foreign markets; to establish

and maintain balanced production and consumption of Virginia tobacco and its manufacturing products; and to improve the living and economic conditions of those engaged in the industry.

16. Fertilizer Industry Authority

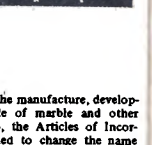
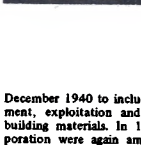
Created under Presidential Decree 135 which took effect on February 22, 1973, the Fertilizer Industry Authority helps the Masagana 99 program to procure fertilizer through equal distribution of fertilizer to the farmers, regulates the manufacture of fertilizer, controls prices and distribution channels through the manufacturers, and helps fertilizer manufacturers in the importation of raw materials.

17. Greater Manila Terminal Food Market, Inc.

GMTFM was formed on April 30, 1968 and was registered with the Securities and Exchange Commission on May 3, 1968, with the Chairman, members of the Board and the Chief Legal Counsel of the Development Bank of the Philippines, in their individual capacities as incorporators, directors and subscribers of the Corporation. It aims to provide an outlet and distribution system for prime commodities in the country.

18. Cebu Portland Cement Company

Incorporated in 1922 by a Mr. Massey for the purpose of engaging in the manufacture, development, exploitation and sale of cement. The Philippine Government took over control and management in 1924. Articles of Incorporation were amended in



December 1940 to include the manufacture, development, exploitation and sale of marble and other building materials. In 1964, the Articles of Incorporation were again amended to change the name to CEPOC Industries, Inc. and to enable the corporation to engage in various activities, among which is coal mining.

19. Philippine Deposit Insurance Corporation

Created June 22, 1963, by Republic Act 3591. This was amended by RA 6037, which compels all the country's banking institutions to insure their liabilities with the PDIC. Presidential Decree 120 issued January 29, 1973, increased the permanent insurance fund of the Corporation from P5 million to P20 million. Its two major objectives are: 1) to protect bank depositors against loss of their deposits; and 2) to instill public trust and confidence in the Philippine banking system.

20. Philippine Charity Sweepstakes Office

Formally organized under Legislative Act 4130 enacted October 30, 1934, later amended by Republic Act 1169, which placed the direction and management of sweepstakes and lottery draws under PCSO with the objective of providing money for essential health and welfare activities.

21. Pamantasan ng Lungsod ng Maynila

Established as a government corporation under Republic Act 1965 approved June 19, 1964. Objectives are to advance human knowledge through basic study and research; to develop the Filipino intellect and public Filipino welfare; to give professional training in public affairs and in scientific, cultural, technological, industrial and vocational fields; and to introduce in its curricula studies which do not at present receive sufficient emphasis in existing institutions of higher learning in the country.

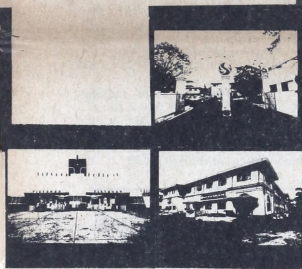
22. Philippine Normal College

Formerly Philippine Normal School, PNC was created under Act 74 of the Philippine Commission and formally opened on September 1, 1901. This Act underwent various amendments. The latest, Republic Act 6515, authorizes the College to offer advance degree programs. The major objectives are to train teachers as leaders in the community school movement, for field service, as instructors in regional and normal schools, as specialists in various fields, to render professional service, and to undertake researches and studies in various fields.

23. National Electrification Administration

Ultimate objective is to achieve total electrification of the country. Created by Republic Act 6038 which took effect August 4, 1969. It first started as the Electrification Administration (EA), which was repealed by the same act that replaced it with the NEA.

some of promote corporations



24. National Irrigation Administration

Created under Republic Act 3601 which abolished the Irrigation Division of the Bureau of Public Works. It became a separate entity from the Public Works Bureau on October 1, 1964. Major objectives are to survey, study, improve, construct and administer all national irrigation systems; to survey all possible water resources for irrigation purposes; and to collect from users of each irrigation system such fees as may be necessary to sustain its operation.

25. Laguna Lake Development Authority

Began operations on January 1, 1970, with authorized capital stock of P100 million divided into 700,000 common shares (noting) and 300,000 preferred shares (non-voting), of which 143,000 and 60,000 common shares are subscribed by Rizal and Laguna provinces respectively. The LLDA has led, promoted and accelerated the development and growth of the Laguna Lake Area and the surrounding provinces, cities and towns within the context of the national plans and policies for social and economic development. Also included in its development plan are: tourism, recreation, manpower, infrastructure, social development and land-use program.

26. Export Processing Zone Authority

Created under Presidential Decree 66, dated Nov. 20, 1972, converting the Foreign Trade Zone Authority created under RA 5490, into corporate organization under the direct supervision of the Office of the President. Its objectives are to encourage and promote foreign commerce as a means of making the Philippines a center of international trade.

27. Bicol Development Company

BIDECO was organized under RA 4690 starting operations on Sept. 29, 1966. Major objectives, among others, are: to implement the approved plans and programs of the National Economic Council (NEC) for the agro-industrial development of the Bicol Region; to formulate plans and programs for the region within the context of national policies and to implement other plans and programs.

28. San Fernando Port Authority

Created under Republic Act 4567 which took effect on June 19, 1965, to administer, develop, improve, coordinate and mobilize terminal facilities within the Port District of San Fernando, La Union.

29. Agricultural Credit Administration

Created under RA 3844 on Aug. 8, 1963, to align its activities with the requirements and objectives of agrarian reform. The agency was envisioned to assist small farmers in securing liberal credit and to promote the groupings of farmers into cooperative associations to enable them to market their products and ultimately improve their standard of living. It coordinates and cooperates with the Department of Agrarian Reform as its credit arm and devotes its resources to agrarian reforms. Formerly known as the Agricultural Credit Cooperative Financing Administration (ACCFA).

30. Central Luzon-Cagayan Valley Authority

Created under RA 3054 on June 17, 1961, to provide irrigation systems for agricultural lands in Central Luzon and Cagayan Valley; to provide electricity to home industry; to provide inland navigation and to control floods in these areas.



31. Cultural Center of the Philippines

First created under Executive Order 30, series of 1966, as a trust. Under Presidential Decree 15, dated October 5, 1972, the CCP was transferred to a non-municipal public corporation to promote, enhance and develop Philippine culture. The Center presents cultural shows in association with Geoth House, the British Council, embassies and various Philippine cultural and art groups. It aims to develop artistic talent by way of special assistance to younger artists particularly to enable them to work on art projects. A gallery and museum was put up to encourage artists to exhibit their works in groups or in one-man shows. The Center has likewise a library of its collection of books on art. The Center holds workshops and conferences and gives scholarships to promising artists.

IV. SELF-GOVERNING BOARDS, COMMISSIONS AND AGENCIES

32. National Cottage Industries Development Authority

NACIDA was created under Republic Act 3270, approved June 17, 1962, to encourage the growth and development of cottage industries. With regional institutes throughout the country, its marketing activities have taken account of the increased demands of foreign buyers for Philippine cottage products. It has participated in international trade fairs, mostly in continental Europe. Acceptance among foreign buyers of Philippine cottage products has been beyond expectations.

33. Board of Investments

Created under Republic Act No. 5186 approved on September 16, 1967, to administer and control investment and export incentive plans. BOI is headed by a five-member Board of Governors. It is under the Office of the President. Principal sources of funds are the National Government and a share in the Stabilization Tax on Exports.

34. Oil Industry Commission

Created on April 30, 1971, under RA 6173. Major objectives are, among others, to assure the country of adequate and continuous supply of crude oil and refined petroleum products; to assure the

public of reasonable prices, and to induce and effect the participation of Filipino capital, labor and management.

35. National Science Development Board

Set up by the Science Act of 1958 (RA 2067) it coordinates and promotes cooperation in the scientific research and development activities of government agencies and private enterprises, and establishes a system of priorities for scientific and technological projects. NSDB has three organic agencies: 1) NSDB proper; 2) National Institute of Science and Technology; and 3) Philippine Atomic Energy Commission. The Philippine Inventors Commission, the Philippine Coconut Research Institute, and the Forest Products Research and Industries Development Commission are attached to the NSDB.

36. Philippine Medical Care Commission

Created by Republic Act 6111 to extend medical care to all residents in an evolutionary way within the nation's economic means and capability, and to provide practical means of helping people to pay for adequate medical care. The Commission has three branches: Administration; Plans and Programs and Service Operations.

37. Philippine Inventors Commission

Established under Republic Act 3850, approved April 13, 1964, to provide technical, financial and legal assistance to Philippine inventors. Program includes the development of creativeness and the organization of inventors' clubs; publication and dissemination of creative and scientific information thru publication of magazines for the promotion of inventors; assistance to local fabrication of Philippine inventions, and annual celebration of a National Inventors' Week to encourage inventors to make known their inventions, and give awards for patented inventions.

38. National Water and Air Pollution Control Commission

Created by Republic Act 3931 to maintain reasonable standards of purity for the waters and air of the country to enhance their utilization for domestic, agricultural, industrial and other legitimate purposes.

39. Philippine Atomic Energy Commission

PAEC takes charge of the establishment of laboratories for nuclear research training. It conducts or encourages the performance of research and development relating to nuclear processes and techniques, processes, materials and other radio-active material for commercial, industrial, medical, biological, agricultural or other peaceful purposes. It has five divisions and research centers, and operates eight departments.

40. National Institute of Science and Technology

NIST, under the supervision of the National Science Development Board, was established primarily to implement and conduct scientific and technological research and development; to cooperate with private enterprise in research activities relating to scientific and technological problems of industry, agriculture, medicine, engineering, mathematics and the natural, biological and social sciences; and to conduct studies through its research centers on industrial, agricultural, medical, biological and related fields.

41. Metals Industry Research and Development Center

Established as a semi-government, semi-private organization under Republic Act 4724 on June 18, 1966. Republic Act 6428 on May 21, 1972, converted it into a government corporation. Its principal program is scientific and technological promotion, research and development.

42. Reparations Commission

Created under Republic Act 1789 to implement the Reparations' Agreement between the Philippines and Japan entered into on May 9, 1956. The Agreement provides for Japan to pay to the Philippines, by way of war damage reparations, a total of P550 million worth of Japanese goods and services.

43. Science Foundation of the Philippines

A public corporation created under Republic Act 770 which took effect June 20, 1952. Significant purposes are to initiate, promote, stimulate, solicit, encourage and support basic and applied scientific research in the mathematical, physical, medical, biological, engineering and other sciences. It aims to promote science-consciousness among the youth and the general public.

Audit: before or after the act?

by ARTURO V. BESANA
Auditor, Commission on Audit

ASUBJECT of debate these days is whether the auditing function to control disbursements is best exercised before or after the transactions go through.

The accountability of government, at all turns of fiscal administration, is today a necessary check on freedom of administrative function. The multifarious acts of government—right through from their initial planning stage to their implementation and thereafter, and the appraisal of their results—need a broad and continuous process of control.

Various forms of control exercised before the consummation of an act or series of acts of administration are *pre-audit*, *a priori control*. Postaudit or *a posteriori control* is what takes place afterwards.

The General Accounting Office of the United States, for example, exercises essentially a postaudit function. The Comptroller General, however, retains certain powers regarding proposed receipts and expenditures.

He is required by law to render advance opinions on the legality of proposed expenditures at the request of heads of departments and establishments, disbursing officers and certifying officers. He likewise has the power to settle claims by and against the Government. While these powers are not exercised automatically on the Comptroller's own initiative, but only at the request of the parties interested, extensive use is in fact made of them. In many cases, disbursing officers, who are personally liable for their administrative actions, frequently seek to ascertain in advance the legality of proposed expenditures.

The result is that each year thousands of decisions are given on an extremely wide range of subjects, binding the administration and constituting an impressive code of precedent, guiding it in its future activities.

In Russia, audit of government agencies is subdivided as regards the time and way it is applied: into *preaudit*, *current audit* or *audit at the time of per-*

formance, and *postaudit*.

Preaudit is done at the time of preparation of the budget and during discussion of allocations for projects, first of all, from the point of view of correctness of allocation. *Preaudit* entails examining whether, and to what extent, allocations accord with the plans and projects, and also their conformity to legal terms of reference.

This form of audit also imposes examination of the correctness of calculations and the necessity of each item of expenditure separately. Great importance is attached to this form of audit since every unit obtains for its budget only such amount of expenditure as is approved by the audit service which can refuse to support allocations that are found to be unjustified or unnecessary.

A specific category of *preaudit* which is of particular importance is the audit of individual salaries in accordance with grading and of the final amount to be allocated for salary purposes and for administration and management expenses.

In this field the question of financial discipline is considered seriously, and government adopts a number of resolutions aimed at intensifying audit over expenditure on salaries and over administrative expenses.

Budget funds for salaries are supervised most strictly and any violation involves financial penalties. The agencies and institutions may only make use of allocations in accordance with the actual number of employees for each month individually, and not in accordance with the initially authorized establishment. When any agencies wish to get funds for the payment of salaries, they are required to submit monthly a list of employees signed by the head of the agency and the chief accountant. The auditors examine the efficiency of the establishment, the need for the listed number of posts and the level of salaries. This duty is to question unnecessary increase in staff.

Current audit which is made at the

time of performance has some element of *preaudit*. It is made in the agencies at the time when financial transactions are made or expenditures are incurred. Current audit is applied during the implementation of the revenue and expenditure parts of the budget to make sure, through checking of accounts kept by agencies, that the expenditure from the budget keeps pace with the fulfillment of operating and production plans, and corresponds to the actual amount programmed for those establishments.

Postaudit is used to examine the legality of financial operations. With the help of *postaudit*, the economic efficiency of financial transactions and correct allocations of budget funds are verified and unused resources of government institutions are conserved. This covers examination of balance sheets and financial reports and checking documents.

In Austria, the system is *postaudit*. There are, however, specified exceptional cases in which *preaudit* is exercised. In cases where expenditures are known to be against what is provided in the budget in amount or purpose, these expenditures are examined by the auditor. Proposed expenditures of this kind are accordingly brought to the auditor's attention before being entered into, unless the subject of special legislation or relating to a case of extreme urgency.

In these cases, the auditor examines whether conditions justifying deviations from budgetary provisions are present and, if necessary, makes his observations to the management. The observations do not bind the management, and the auditor is not entitled to reject the proposed expenditure but can only report the matter to the legislature.

HAVING gained ideas on some audit systems in vogue in highly developed countries, we inevitably come to the point of asking: Should the auditing body perform both *preaudit* and *postaudit*?

Should *preaudit* be exercised by the audit body or should it be based on

internal checks within the management itself?

Which system would best be applied in the Philippines?

A combination of *postaudit* and *preaudit* should be adopted in the Philippines.

There is no doubt that *postaudit* has its advantages. It does not interfere with administration in the way *preaudit* often does. An auditor under the *postaudit* system can exercise his function independently and objectively and avoid being blamed for red tape if he slows down operations.

The efficacy of *postaudit* as a weapon for detecting irregularities, and precluding them, has been proven by program auditing, which is a comprehensive type of *postaudit*.

In view, however, of the values and orientation of our public administrators at this stage of development, it is felt that the administration of some government agencies is not yet ready for its full adoption.

The need for some form of *preaudit* is widely recognized and accepted. Italy, Greece, Romania, Venezuela, Belgium, Russia and most of the Socialist states make extensive use of *preaudit*.

Austria, the Netherlands, United States, France, West Germany, Spain, Britain, Israel, Japan and Norway adopt *postaudit*.

As a general rule, every administrative act should be subject to the prior examination of two independent factors: The executive agency directly responsible for implementation; and An external factor, acting primarily as a restraining influence and concerned, in particular, with legal, financial and administrative regularity of the proposed act.

There is no reason why this latter function should not be entrusted to the management itself.

If it is imposed on the auditing service to have an active role in the administrative process to disallow or disapprove decisions of the executive power, it thereby bears in effect some of the responsibility for administration. □



HEADQUARTERS of the Commission on Audit in Quezon City.

Professionals needed

IN reorganizing the Commission on Audit, qualified, honest and development-oriented personnel must be found as a priority, according to Macario G. Sevilla, the new Secretary to the Commission. Of the task ahead, he says:

The goal of professionalizing the audit service will require that approved positions qualification standards be closely adhered to. Comprehensive Training programs will be undertaken to upgrade the technical competence of employees who, although without the requisite formal educational background for the jobs they now occupy, have proven by past performance that some formal training will help them meet the de-

mands of their positions. Many may have to be shifted to positions for which their formal education has prepared them.

The major reason for the ineffectiveness of the Commission is the simple fact that most of those holding auditing positions are not Certified Public Accountants. This situation must be changed radically.

Beyond the need for developing technical expertise, the Commission perceives the necessity to re-orient the thinking and attitudes of all its officials and employees.

The Commission must be perceived not as a mere continuation of the General Auditing Office, but as a complete-

ly new personality with well defined goals and objectives.

Every official and employee of the Commission must be imbued with the realization that while the Commission must be imbued with the realization that while the Commission does in fact independently appraise the operations of all government agencies, the primary purpose of the evaluation function is not fault-finding; it is rather to assist government to achieve more efficient and economical operations, and formulate and implement programs that will most effectively attain the avowed social and economic development goals of the country.

GOVERNMENT accounting and reporting systems are to be studied thoroughly so that accounting reports will become more useful for economic planning and program implementation.

Accounting principles, rules, and regulations which might have served their purposes well twenty years ago need to be examined closely, recast, and restructured to meet the developmental thrust of government operations. The timeliness of these reports is of vital concern to government users.

Systematic evaluation and revision of government accounting and reporting systems will require the cooperative efforts of the executive branch, the legislature, local government units, and the Commission.

Auditing rules and regulations have been criticized as unwieldy, onerous, and impractical. In a lot of cases they

are, because the formulation of rules has been principally control-oriented with an almost complete disregard for the needs of government agencies to speed up their operations.

Rules and regulations are never meant to fetter the hands of agency management; they are intended instead to provide management with an acceptable degree of assurance that agency operations are being conducted in accordance with management's plans and policies.

A complete reexamination of existing auditing rules and regulations will be undertaken by the Commission in consultation with the heads of government agencies.

THE overall objective is to enable the Commission, more efficiently and effectively, to attain its goals and to keep abreast of the accelerated social and economic development goals of the country.

More specifically, the reorganization plans aim:

1. To restructure the Commission on Audit so that its organization, policies, rules, and regulations are development-oriented;
2. To enable the Commission to plan and implement its programs with a greater degree of effectiveness, efficiency, and economy; and
3. To strengthen and intensify the decentralization of the Commission to make it more responsive to the demands for organized auditing services in all areas. □

An interview with the audit chief

WHAT is the biggest problem facing the Commission on Audit?

It is the matter of our image. For example, a few months ago one of the most go-ahead agencies of government denounced our auditor who was detailed there as counter-progressive. Three hundred in that agency drew up a protest petition against him, but before they could submit it the auditor happened to get axed in the purge. That removed one pioneer, but there are other similar ones. In this case, the man belonged to the old school and he was auditing an office of highly-degreed specialized people. With the combination of obsolete auditing rules, an old man, and a very progressive office, it was not really surprising he was called counter-progressive. On the broader scene, we cannot deny that several auditing people really have gone wrong. Some have taken advantage of their office to delay papers so they can solicit certain percentages of payments. Some were just downright dishonest. Many have been purged and I trust that the purge is not yet over.

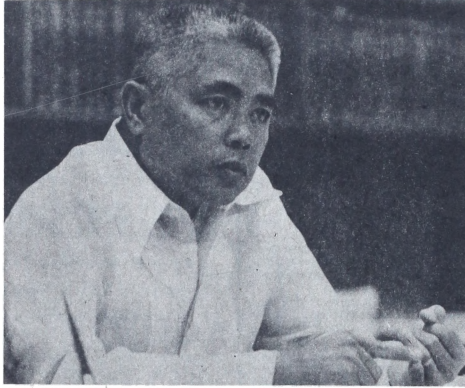
How can you overcome this image problem?

We started by looking into our personnel and organizational structures. We have almost 10,000 staff by about 700 offices. We started to try to find out exactly how many people we had. The staff lineup reads like a comedy. While not degrading anyone's personal merits, one sees high auditing positions held by dentists, mass graduates, educationalists, literature specialists. Usually a man is an exception when he is high in the field of his own specialty, but here it became almost a norm. Not one half of the provincial auditors can read a trial balance. The first question of many new auditors has been: "Up to what limit can I sign checks?" Personally I still cannot see why auditors are signing checks in government agencies. It seems to me that is a management rather than audit function.

Why does the staffing structure seem so inappropriate?

In the past, the first consideration in promotion was to protect the incumbent. It is only now that outsiders have started coming in to top positions. I was the first of them, although I must admit I am essentially a lawyer. In the past no premium was given to qualified people.

If a CPA joined, he would take his place at the end of the promotions queue. An opening would go to the next in line. The CPA took his turn. Now we're suffering the ill effects of the padrino system and the erroneous application of the Civil Service Laws. Where the rules specified such-and-such eligibility for a certain job, correct eligibility was not necessarily correct. Over a correct educational background. As a general rule, if you put a poor CPA against a good pharmacist in an auditing job, the CPA is still likely to be ahead. Together with poor salary scales there was the additional drawback of no particular advancement opportunities for well-qualified people. In the past, we were not complete anyway, say, the Central Bank or private business. Of our 132 senior auditors, only 13 (9.85 percent) are CPAs, 14 (slightly over 10 percent) are members of the bar. Twenty one percent have no degrees, while 15 percent are qualified educationalists. Overall, only 5.87 percent of Manila-based employees of the Commission are CPAs. On a nationwide basis, only two or three percent of the Commission on Audit staff are CPAs. New pay scales promulgated by the President this month are very heartening, however. We were also heartened to get over 150 applications immediately after releasing a call for CPAs. Maybe the Commission's image is not so bad after all.



FRANCISCO S. TANTICO, new acting chairman of the Commission on Audit, was appointed a Judge of the CFI in Cebu City in 1968 and became a Justice of the Court of Appeals in 1973. He has authored books on taxation and on the history of his home province of Leyte.

WHAT other organizational reforms do you plan?

Aside from professionalizing our staff and creating appropriate training programs, we must update our laws and regulations. Once we codify them, and if we get Presidential approval, we expect to manualize them. One manual would cover government banks, another the government universities, another for provincial auditors, and so on. In the process we will be updating all these rules that appear in a vast array of old circulars etc. In the past the regulations have been too control-oriented. This has laid auditors open to accusations of impeding the flow of work. Because of too much control, agencies blame our office for snail ups. In addition to professionalizing and manualizing, we are pressing ahead with regionalization to get closer to the people. We have to establish regional directors because there is great lack of coordination in the field. Whether or not we have the facilities or funds, we must go ahead with these regional offices.

Are there short-term remedies for any of these snail ups?

Sometimes it's hard to find remedies for human weaknesses, but we have taken some stop-gap measures. We are currently placing bright red posters in government offices quoting President Marcos at the Management Council of the Philippines last month: "If there are any auditors found to obstruct payment to suppliers of the government, in order to create a leverage for self-aggrandizement, such auditors must be reported immediately to the Chairman of the Commission on Audit or to the Office of the President." Our phone number is 99-99-66. I also instructed auditors not to hold vouchers for longer than 24 hours. From the time the auditor receives the requisition, he should count 24 hours straight—and in that time approve, disapprove or attach a memo to the vouchers stating why action cannot be taken. Then the supplier and the office concerned immediately know the result. Some who are lazy, or are out to make it difficult, have sometimes laid vouchers lie idle for months in the most instances.

Might some of the auditing functions undergo change?

Yes, particularly those that seem to belong more to management than to

responsibility as we phase out from this activity. Under existing laws, management of government agencies and bureaus is supposed to establish internal audits responsible only to the management people, not to our Commission auditors. This is consistent with the principle that fiscal responsibility is primarily management responsibility. But experience shows that very few government offices, agencies or corporations have established internal audit, despite the fact that there is a 10-year-old law requiring it.

WHAT do you think are the reasons they have not done so?

I would say that a tendency of many managers is to make the Commission's auditors fully responsible for financial audits. Even in discussions on the virtues of pre-audit and post-audit, many government offices prefer pre-audit because they are not willing to assume responsibility. Some offices want to throw everything on the auditor. And then I was told that many executive officers were under the wrong impression that the internal audit unit would be under the Commission on Audit. They thought we were expanding our domain by asking that internal audit units be established. But this is not so. Internal auditing units are staff offices of management.

How objectively detached are your auditors from the offices where they are assigned?

Our Commission on Audit is one of the strongest government audit bodies in the world because it is an independent constitutional body. In some governments, the auditing office is only a government bureau. Our Constitution has provided for a very strong Commission. Nonetheless there are compromising situations. Over long periods, some government auditors develop closer attachments to their place of work than they do to us. Moreover, in greater Manila many audit offices have more casuals hired by management than they have regular auditing personnel of the Commission. But we have to put up with this compromising position because budget restraints mean we cannot appoint additional personnel and it is humanly impossible for our existing force to cope with the work. Additionally, we have a very awkward set-up with the government corporations who actually pay the salaries of our auditors.

Do you foresee a move away from pre-audit to towards more post-audit emphasis?

The practice in many progressive countries is not to pre-audit. Many of them do not even have resident auditors in government offices like we do. All they have are roving auditors who make surprise audits. But in our present state of management quality this would be asking for the moon. We probably need many years to reach this point. It is already 90 per cent agreed among us here in the Commission that we should withdraw more and more from the pre-audit function. A lot depends on how the auditing is done. Up to now the concentration has been on the control of overpricing and oversupply. These are only matters of expenditure audit. Even our own people misunderstand their function. They confine themselves to expenditure audit, not to performance audit. They do not concentrate on the management of money, on whether the money is efficiently used. There should also be more revenue audit. Is the government collecting all the money it should be getting from fees, licenses, taxes etc?

In what areas could you start relaxing the pre-audit function?

The first field I would withdraw would be regular payrolls and regular expenses incurred. But we would have to do this in stages. Aside from just withdrawing, we would have to find out whether management will put in more

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Our Commission on Audit is one of the strongest government audit bodies in the world because it is an independent constitutional body. In some governments, the auditing office is only a government bureau. Our Constitution has provided for a very strong Commission. Nonetheless there are compromising situations. Over long periods, some government auditors develop closer attachments to their place of work than they do to us. Moreover, in greater Manila many audit offices have more casuals hired by management than they have regular auditing personnel of the Commission. But we have to put up with this compromising position because budget restraints mean we cannot appoint additional personnel and it is humanly impossible for our existing force to cope with the work. Additionally, we have a very awkward set-up with the government corporations who actually pay the salaries of our auditors.

Are your men appointed by the corporations?

No, the corporation appoints them but in most cases there is a proviso that the appointments are subject to approval by the corporation's board and this practically negates the appointing power of the Commission. This is especially true when one considers that it is the corporation being audited that pays their salaries. Yet these auditors are technical members of the Commission. At present we're looking into an integrated approach to hiring and paying Commission personnel. Perhaps something could be devised along commercial audit lines, where the agency or corporation pays audit fees to the Commission which, in turn, pays its own auditors fully—meaning they do not get paid anything directly by the body they are assigned to audit.

WHAT is your ideal for the audit role?

This is provided for by the Constitution. In practice, I would say the ideal set-up would be the least amount of pre-audit, a very efficient program of surprise visits or surprise audits, plus a very strong and consummate post-audit systems. This could take years to achieve but I hope it can come within my term. □

Unburdening the President's office

In view of President Marcos' decision to change the nature of the Office of the President, it is interesting to note what the Reorganization Commission headed by Armand Fabella said about the matter in its report in 1972.

The first item of the report stated: The Office of the President shall be freed as much as possible from unnecessary detail by reducing the number of agencies reporting directly to the President—through abolition, merger or transfer, and by decreasing the routine or minor items now requiring approval by the President personally or the Executive Secretary.

As a general rule, only those agencies which meet any of the following criteria shall be retained in the Office of the President:

- a. the agency is a purely advisory or consultative body to the President;
- b. the agency provides staff assistance to the President;
- c. the functions of the agency involve several departments or entities; or
- d. the functions of the agency require the personal attention of the President.

In every case, the criteria shall apply to agencies operating at a level of importance that merits the attention of the President.

ATER, the report says: It is recommended that the Office of the Office of the President must continue to be fully responsive to the specific needs and requirements of the Pres-

ident, and therefore he shall have complete authority to reorganize the various functions and units of the Executive Office to meet the exigencies of the service, and to abolish and create as many positions as may be necessary including those of assistant executive secretaries and presidential assistants; provided that incumbent personnel who belong to the career service in the Executive Office shall not be reduced in rank, decreased in salary or dismissed except for cause, as a result of any such reorganization; provided, further, that any such reorganization shall be undertaken within the limits of available appropriations and subject to civil service laws and rules.

HE report also notes: There are at present 16 agencies (as of 1972) under the administrative supervision of the Office of the President.

The Office is now overburdened with many referrals and other routine matters, a situation stemming largely from the proliferation of agencies reporting directly to the President and the many matters requiring presidential approval under existing laws and rules.

In the past, many agencies had preferred to be under the Office of the President since that Office had neither the staff nor the capability to monitor these agencies, much less supervise them.

Decentralization is necessary to free the Office of such detail to enable it to concentrate on policy formulation and decision-making on the more substantial issues. □

The President on Dec. 11 ordered the abolition of 10 agencies and the transfer of 34 others from the Office of the President to other government agencies.

The order, in Letters of Implementation Nos. 30 to 34, instructed abolition of the following:

- 1. Board of Visitors on Education;
- 2. Joint Committee on Financial Management Improvement;
- 3. Philippine-Japan Joint Commission;
- 4. Peace and Order Coordinating Council;
- 5. Philippine National Committee on Freedom from Hunger Campaign;
- 6. Social Defense Planning Committee;
- 7. Presidential Census Coordinating Board;
- 8. Congressional Accounts Liquidation Office;
- 9. Complaints and Investigation Office;
- 10. Board of Liquidators.

However, the functions of the Board of Liquidators, including applicable appropriations, records, equipment, property, and personnel, are transferred to the Department of General Services or its successor agency, the General Service Administration.

AGENCIES ordered transferred from the Office of the President to other agencies or departments are:

- 1. Inter-Agency Task Force to the National Housing Authority. The transfer includes applicable appropriations, records, equipment, property, and personnel.
- 2. Philippine Amanah Bank, Philippine Guarantee Corp., and the Fiscal Loan Guarantee Corp., and the Fiscal Incentives Review Board to the Department of Finance.
- 3. Typhoon Moderation Research and Development Council, PAGASA to the Department of National Defense. The transfer also includes applicable appropriations, records, equipment, property, and personnel.
- 4. National Computer Center to the Department of National Defense.
- 5. Committee on State Visits to the Department of Foreign Affairs.
- 6. Metropolitan Waterworks and Sewerage System, National Electrification Administration, Farm Systems Dev-

elopment Corp., Manila Transit Corp., Philippine National Railways, Philippine Ports Authority, National Housing Authority, Local Water Utilities Administration, National Power Corp., and Philippine Aerospace Development Corp. to the Department of Public Works, Transportation and Communications.

7. Maritime Industry Authority and Power Development Council to the Department of Public Works, Transportation and Communications.

8. Pasig River Development Council to the Department of Public Works, Transportation and Communications.

9. Development Academy of the Philippines to the Civil Service Commission.

10. Philippine-Australian Development Assistance Program (PADAP) to the Department of Public Works, and the DPH shall be assisted by the inter-agency technical staff created under Memorandum Order No. 455, promulgated Sept. 23, 1973. The transfer also includes appropriations, records, equipment, property and personnel of the administration.

11. Export Processing Zone Authority and National Development Co. to the Department of Industry.

12. Leyte Sab-A Basic Development Authority, the Southern Philippines Development Administration, and the Special Committee on Scholarships to the National Economic and Development Authority.

13. Palayan ng Bayan National Advisory Council and Presidential Committee on Agricultural Credit to the Department of Agriculture.

14. Philippine Sugar Commission (when it is activated) and the Green Revolution Expanded Program Action Committee to the Department of Agriculture.

15. Commission on Population and National Nutrition Council to the Department of Health.

OF the 11 agencies abolished, three will remain in operation until the completion of their tasks, after which their abolition shall take effect.

They are: 1) Presidential Census Coordinating Board upon the completion of the 1975 economic census.

2) The Congressional Accounts Liquidation Office, until the completion of its task.

3) The Complaints and Investigation Office upon the creation of the *Tanod-bayan* pursuant to the new Constitution.

Consolidating the funds

The President through Letter of Implementation No. 29 dated Dec. 5, 1975, directed the Budget Commission to take over some budgetary functions formerly referred to the defunct office of the executive secretary. This followed Letter of Implementation No. 28 placing the commission under the Office of the President.

The President directed Budget Commissioner Jaime C. Laya "to take final action on the following budgetary matters":

1. Approval of lump sum appropriations under Section 7-1(4), Commonwealth Act No. 246, as amended, through special budgets; provided that: (a) in each instance, the total amount approved does not exceed the amount authorized in the approved program of expenditure, and (b) releases of funds are subject to other limitations as the President may impose;

2. Use of savings under the Special and General Provisions of the General Appropriations Decree; provided that: (a) the total expenditure ceiling of the individual agency is not exceeded; (b) savings are used only for non-recurring expenditures; and (c) purposes are not for those requiring Presidential approval;

3. Augmentation of fund appropriations items used within a department/agency; provided that funds used are obtained from other authorized programs of the same department/agency, subject to guidelines on percentage limits as provided by law or as may be prescribed by the President;

4. Release of funds for optional retirement gratuities under Republic Act 1616, as amended; provided it is within the approved program of expenditure and subject to existing policies as are or may be prescribed;

of vacant positions; and c) purchase of necessary and essential furniture and office equipment, subject to guidelines prepared by the Budget Commission and approved by the President; and

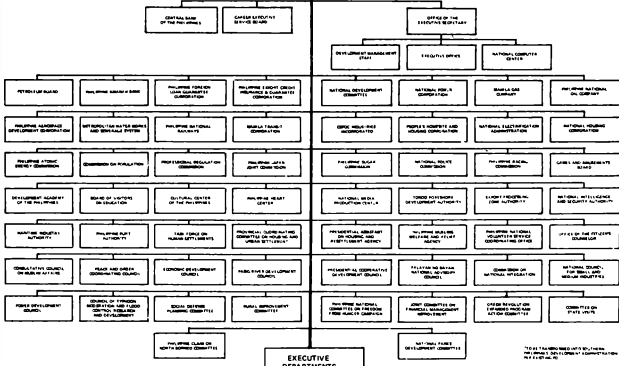
6. Payment of overtime compensation under Section 7-1(32) of CA. No. 246, as amended, subject to guidelines prepared by the commission and approved by the President.

The budget commissioner is to submit to the President a regular monthly report of these actions taken.

It was also stated that nothing in the delegation of authority shall be construed as a limitation to the power of the President to review or overrule any action taken by the budget commissioner. □

PRESIDENT OF THE PHILIPPINES

OFFICE OF THE PRESIDENT ORGANIZATION CHART



THE AGENCIES attached to the Office of the President as of last month.



Pay scale of execs

LETTER of Instructions 345 ordered salary increases for government positions covered by the Wage and Position Classification Office (WAPCO) of the Budget Commission. The order includes government positions under the Career Executive Service.

The President directed the budget commissioner, the Civil Service Commission chairman and the Commission on Audit Chairman to increase salaries according to the following guidelines: 1) 4 to 6 ranges for technical positions, 3 ranges for teaching positions and 3 ranges for teaching positions, labor, trades, crafts, clerical and sub-professional positions; 2) increases in the salaries of the CES shall be in accordance with the approved Compensation Scheme for the service, to be initially implemented to the extent of 30 percent of the increase indicated scales; PD 847 adopts a Compensation Scheme for CES members.

Salary increases are effective January 1, 1976.



For members of the Career Executive Service Board, the President ordered the adoption of a Compensation Scheme through Presidential Decree 847 dated December 16, 1975. The Career Executive Service, created under Presidential Decree No. 1 (Integrated Reorganization Plan), is intended "to form a continuing pool of well-selected and outstanding oriented career administrators who shall provide competent and faithful service."

Under the decree, the President upon recommendation of the Career Executive Service Board, will issue original and promotional appointments to the appropriate rank, grade and salary in the service.

As a general rule, according to PD 847, the salaries of CES officers shall start at Grade 2 of the corresponding rank in the Compensation Scheme, while those of the incumbents and of the new appointees to positions, who are not officers, shall start at Grade 1 of the corresponding rank.

The decree, however, provides that subsequent salary increases and/or rank promotions may be granted to incumbents who are not CES members only after satisfactory completion of the CES Development Program and after compliance with such requirements as the board may set.

PD 847 provides that nothing in the decree shall reduce any salary received by any incumbent of any CES position, as a result of the implementation of the Compensation Scheme, except that the salary of his successor shall be in conformity with the scheme.

In appointments to the CES of individuals possessing specialized skills and exceptional talent, the President may authorize a salary higher than the salary provided for in the scheme.

Under PD 847, the Compensation Scheme shall govern salaries of all existing positions within the CES, of all positions that may be created within the CES, and of all positions as determined to be of the same category by the CESB.

13-month bonuses

PRESIDENT Marcos, through PD 851 December 16 ordered payment of a 13-month instead of 12-month annual salary for all workers receiving less than P1,000 a month.

It takes effect from December 22, 1975. For purposes of 13-month pay for 1975, it applies to those who were employees as of December 16, 1975. According to Department of Labor regulations implementing PD 851:

1. All employers covered by PD 851 shall pay to eligible employees the thirteenth-month pay not later than December 24 every year.

2. "Thirteenth-month pay" means one twelfth of the basic salary of an employee in a calendar year.

3. "Basic salary" includes all payments made by an employer to an employee for services rendered but not include cost-of-living allowances granted pursuant to PD 525 of LOI 174, profit-sharing payments, and all allowances and monetary benefits not considered part of the regular or basic salary at the time of promulgation of PD 851.

4. The decree does not apply to:

a) Distressed employers, such as (1) those currently incurring substantial losses or (2) non-profit institutions and organizations, whose income, from donations, contributions, grants and other earnings from any source, has consistently declined by more than 40 percent of their normal income for the past 2 years;

b) The government and any of its political subdivisions, including government-owned and controlled corporations, except corporations operating essentially as private subsidiaries of the government;

c) Employers already paying their employees 13-month pay or more in a calendar year or its equivalent at the time of this issuance; The term "its equivalent" used here includes Christmas bonus, mid-year bonus, profit-sharing payments and other cash bonuses amounting to less than one-twelfth of the basic salary, but not cash and stock dividends, cost of living allowances and all other allowances regularly enjoyed by the employee. If an employer pays less than one-twelfth of the employee's basic salary, the employer shall pay the difference.

d) Employers of household helpers and persons in the personal service of another in relation to such workers.

e) Employers of those paid purely on commission, boundary, or task basis, and who are paid a fixed amount for performing a specific work, irrespective of the time consumed in the performance thereof, except where the workers are paid on piece-rate basis in which case the employer shall be covered by this issuance insofar as such workers are concerned.

f) Workers paid on a piece-rate basis as those receiving a fixed amount for every piece or unit of work produced that is more or less regularly replicated, without regard to the time spent in producing the same.

5. All employees of covered employers are entitled to the benefit if their gross annual income does not exceed P1,000 a month, regardless of their position, designation or employment status, and irrespective of the method by which their wages are paid, provided that they have worked for at least one month during the calendar year.

6. A covered employer may pay one-half of the 13-month pay before the opening of the regular school year and the other half on or before the 24th day of December of every year. If an establishment contains a recognized union, the periodicity or frequency of payment of the 13th month pay may be the subject of agreement.

7. The decree does not prevent employers from giving the benefits it

stipulates to employees receiving more than one thousand pesos a month or benefits higher than those provided by the decree.

8. The benefits granted by the decree should not be credited as part of the regular wage of the employees for purposes of determining overtime and premium pay fringe benefits, as well as premium contributions to the State Insurance Fund, social security, medicare, private welfare and retirement plans.

9. Distressed employers shall qualify for exemption if authorized by the Secretary of Labor. Petitions for exemptions may be filed with the nearest regional office having jurisdiction over the employers not later than January 15, 1976.

10. Every covered employer shall make a report to the nearest regional labor office not later than January 15 of each year. The report shall contain: a) name of establishment; b) address; c) principal product or business; d) total employment; e) total number of workers benefited; f) amount granted per employee; g) total amount of benefits granted; h) name, position and tel. no. of person giving information.

11. Non payment of the 13-month pay shall be treated in the same way as money claims cases and shall be processed according to the Labor Code and the rules of the National Labor Relations Commission.

12. The decree does not authorize any employer to eliminate, or diminish in any way, supplements, or other employee benefits being enjoyed by the employees at the time of promulgation of the decree or the regulations.

Two towns abolished

BASILAN CITY and two other towns of Basilan province were abolished by President Marcos through Presidential Decree No. 840 "to render its territorial partition more responsive to the peace, rehabilitation and total development of the area."

The capital of the province has been transferred to the municipality of Isabela.

Basilan province still comprises the whole island of Basilan and other adjacent islands.

Under the decree, Basilan province has now seven municipalities, namely:

1. Isabela, which will occupy areas covered by the former city of Basilan and by the towns of Isabela and Malamban;

2. Lantawan, which will cover its present area and that of the former municipality of Piles;

3. Sumisip, which will occupy its present area and the former municipality of Tapiantana;

4. Maluso;

5. Tipo-Tipo;

6. Lantawan; and

7. Tubaran.

The Regional Commissioner of Region IX is authorized under the decree to reappoint and reassign provincial and municipal government employees. He is also authorized to recommend to the President the reappointment and reassignment of incumbent elective officials, so that the governmental framework will remain unimpaired and effective.

Employees of the national government assigned in Basilan province will be reappointed or reassigned according to the provisions of the law.

To carry out its purpose, PD 840 appropriates an initial P1.7 million from funds in the National Treasury not yet appropriated.



Helping the courts

UNDER Presidential Decree No. 828 dated November 19, President Marcos formed an Office of the Court Administrator (OCA) in the Supreme Court to assist the high court in the exercise of its administrative supervision over all courts. Under Article X, Section 6 of the new Constitution, the administrative supervision over all courts has been transferred from the Department of Justice to the Supreme Court.

The new office will be headed by a court administrator and will have three deputy court administrators. The administrator shall have the same rank privileges and compensation and qualification as the presiding justice of the Court of Appeals while the deputy administrators will have the same ranks as the associate justices of the Appeals Body. The Supreme Court shall determine and define the powers, functions and responsibilities of the court administrator and his deputies. It shall also create such offices, services, divisions and other units in the OCA as it may deem necessary. For this purpose, the chief justice is authorized to adopt and carry out the corresponding staffing patterns.

The court administrators of the new office in the Supreme Court shall be appointed by the Chief Justice of the high tribunal and shall serve until they reach the age of 65 years or become incapacitated to discharge the duties of their office. However, these administrators may be removed or relieved for just cause by a vote of not less than eight justices of the Supreme Court.

The new decree also provides that the chief justice may appoint or detail any member of the judiciary with the proper qualifications to the position of court administrator or deputy court administrator. However, provides that any member of the judiciary so appointed or detailed shall not be deemed to have relinquished his judicial position, nor lost his seniority, precedence, benefits and other privileges.

PD 828 provides that the position titles and salaries of personnel shall be in accordance with the Judiciary Position Classification and Pay Plans. The salaries of the court administrator and his deputies shall not be decreased during their continuance in office. Until otherwise provided by law, however, their salaries shall be P56,000 and P52,400 each, respectively.

All subordinates, officials and employees to be appointed under PD 828 shall belong to the classified service and shall be governed by the Civil Service Law, except those whose positions are highly technical or primarily confidential. To carry out its purpose, PD 828 appropriates an initial sum of P2,000,000. The appropriations for succeeding fiscal years shall be included in the Annual General Appropriations Decree. □

Liberty and government in the New Society by Onofre D. Corpuz

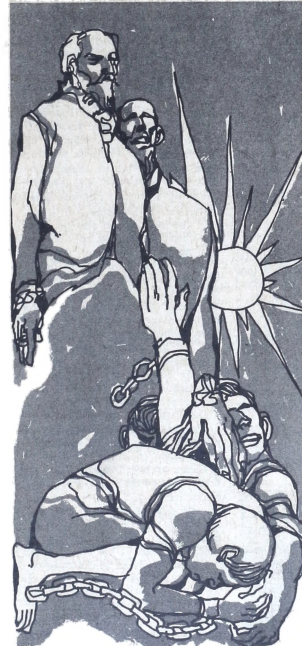
(Continued from previous issue)

An overwhelming majority of schooled Filipinos teach and read foreign literature in English, and this language has fatefully conveyed and established in our national life in Anglo-Saxon tradition surviving from the seventeenth and eighteenth centuries.

The conspicuous endurance and power of this tradition in the Philippines are easily shown. Our constitution repeats, virtually verbatim, one of the limitations imposed in the English revolution of 1688 upon William III: "Excessive bail ought not to be required, nor excessive fines be imposed, nor cruel and unusual punishments be inflicted." It is a sure bet that William II could never have imagined that this condition imposed upon him by Englishmen to protect Englishmen's rights almost three centuries ago would be adopted in convention by English-speaking members of a nation of the brown race in Asia. These and other precepts of the Anglo-Saxon tradition are established in Philippine courts today as parts of the rights of accused Filipinos and as part of the fundamentals of justice. When the late Laurel presented his draft bill of rights, largely lifted from an American statute, to the Philippine constitutional convention of 1934-1935, he justified it as an adequate safeguard of Filipino citizens against abuses by their government. This again is a faithful restatement of the Locke-Jefferson tradition.

Even today, many schooled Filipinos cannot conceive of liberty except in terms of the proposition that liberty exists only when governmental authority is curbed or limited. John Locke is certainly the intellectual inspiration of the members of the Civil Liberties Union of the Philippines, whether they be aware of him or not, as he is of the American Civil Liberties Union, both of which regard the bill of rights as the principal, if not the sole, definition of liberty. The civil liberties tradition, in particular, tends to believe that there can be no true liberty except with the broadest possible constitutional and statutory guarantees of the rights of free expression and political dissent.

If we are to create a new society based on a vision of the future, we are bound by our duty to that vision to review and reassess the old concepts that our vision seeks to replace, in order that we not discard sound principles and adopt others of inferior validity.



Let us therefore re-examine the notion of liberty, a fundamental concept in our political education, and assess it in the light of our efforts and aspirations as a nation, to broaden the enjoyment of justice, to enhance our people's welfare, and to secure our future in the New Society.

Let us dispose of one problem immediately. The view of liberty of political liberty, that is, a view that regards liberty only in terms of relations between citizens and the government. This view, so crucial to Locke, secures the welfare of Englishmen against abuses emanating from the monarchy or government. As such, it is a priceless human tradition to which we may properly assent, although it by no means commands universal agreement, especially outside the political perspectives of the western world. It is simply the basic tradition underlying modern constitutional government, which is precisely what is meant by limited government. It is still perhaps the most civilized arrangement ever devised against capricious and arbitrary abuse of political power, so that the imposition of constitutional restraint on government has been adopted by most civilized nations.

But the political liberty that is persuasively justified by Locke conceals a dangerous trap. This is clearly shown by a brief review of its historico-sociological context. It is 1690, and when Locke writes of the people, he by no means refers to the people in our sense, so that the issue of relations between government and the citizens, he was referring to the monarchy on the one hand, and the English aristocracy and upper classes on the other. To Locke it was the life, liberty, and property of the privileged classes of English society, not of all Englishmen, that were endangered by the monarchy and its government. The proof of this is the fact that the constitutional political system that Locke justified included only a small portion of English society. Locke saw no problem in the fact that the middle classes were not yet enfranchised in 1690; it was only in 1832 that English parliamentary reform extended the suffrage to them. The 1867 reform law still excluded English farm workers from the vote. And Englishwomen did not qualify for suffrage until 1918, when electoral reform finally enfranchised them—provided they were at least thirty years old. That the government should represent the people, that the people are sovereign, and that the consent of the governed is the basis of governmental power—all critical elements in Locke's political principles—have meaning in Locke's political thought only because he equated the privileged classes to the people.

It was the same thing, for a long time, in America. The founding fathers proclaimed their conviction that God created all men equal. They pledged that no man be denied the equal protection of the laws, but many of them, including Jefferson and Washington, were slaveowners. Slavery continued to be an institution until the end of the Civil War, protected by the doctrine of political liberty, if inconsistent with the idea of human equality. U.S. blacks remained less-than-equal under the separate-and-equal principle until the historic 1954 decision of the U.S. Supreme Court.

In short, the intellectuals of the Anglo-Saxon tradition during the seventeenth and eighteenth centuries were thinking of the liberty and welfare of the privileged classes, not the liberty and welfare of the people; they were protecting the liberty of the few against the powers of the government. There is no more powerful or respectable justification in western political thought of the oligarchic domination of society than the doctrine of political liberty.

The elitist bias in Locke's "life, liberty, and property" (1690) and in the American founding fathers' "life, liberty, and the pursuit of happiness" (1776) likewise becomes evident once we read these formulations alongside of the French Declaration of the Rights of Man concept of "liberty, equality, fraternity" (1789). The Anglo-Saxon claim to liberty is a special claim, made in behalf of the privileged classes. The French claim to liberty is a general claim to a right inhering in all of mankind, and therefore in every man by humanity alone, uncontaminated by any consideration of estate, race, or other condition created in society. This is why political liberty alone is not enough. Republican government, popular sovereignty, consent of the governed, and democracy have no meaning when political liberty is the possession of the few, and not vouchsafed for all. Liberty, indeed, is debased by those who claim it for themselves without claiming it for all of their countrymen, for then they claim it as a prerogative of birth, or race, or religion, or some other special circumstance, instead of as a universal human right. And this is why no nation can ever be truly free, unless there is equality in the enjoyment and possession of liberty.

Moreover, the view of liberty which regards gov-



ernment as an actual or potential threat to the citizens, and therefore prescribes restraints or prohibitions on government as the answer to that threat, ought not to be pushed to its logical conclusion. The proposition should not be stretched to mean, for instance, that the welfare of citizens is secured only by keeping the government weak. This form of the proposition, paradoxically, undercuts its own force in two important respects. In the first place, the maximum of political liberty in this sense will always be less than the amount of liberty needed for the fulfillment and dignity of persons, either as individual human beings or as citizens in a national society. I will demonstrate this later. In the second place, it is not operationally sound. President Marcos has said, simply and I think validly, that the first duty of government is to govern, and if it is to govern it must govern well, for a government that cannot govern well has no claim to either the physical obedience or the moral allegiance of the people. Worse, a government that is weak and cannot govern well is itself a threat to welfare, for such a government certainly cannot redress wrongs, and therefore cannot promote rights.

Locke's preoccupation with political liberty is quite natural, given the circumstances of the revolution of 1688. It is also quite understandable, given his lack of sociological sensitivity. Quite apart from these, an undue focus on political liberty often tends to confer undue importance upon the method for ensuring it—that is, on the bill of rights. Discussions on the bill of rights, especially judicial decisions, lawyers' briefs, and high school compositions tend to be couched in noble and unspoken language, because the enumeration of rights never fails to suffuse the reader with a reassuring sense of importance and potency. The bill of rights, when read at face value, is a symbolic mantle of protection available to the humblest and the highest in society, against which the vast and awesome powers of government cannot prevail. From here arises the view that the bill of rights is the primary, if not the exclusive, source and guarantee of our liberty, security, and welfare.

(To be concluded)



ni LADISLAO BELLA SUBANG

Inuit Man Ay May Puwang
Din Sa Alinmang Lipunang

IKINAGALAK NG mga magasaksa sa bansa ang utos kamakailan ng Presidente sa Court of Agrarian Relation, na idaos sa mga baryo ang pagdinig at paglilitas sa mga magasakang nasasakdal dahil sa lupa. Ang layon ng liderato ay mapabilis ang paggawang ng katarungan at mabawasan pati ang mga alalahanin ng pamilya ng nasasakdal. Lalong nagalak ang mga magabukid nang ihayag ng Presidente na bibigyan niya ng aksiyon ang rekomendasyon ng Free Farmers na pagkalooban ng tunay na kalayaan ang mga magasakang Pilipino, pati ang pagtitirwal sa mga hukom ng CAR, na nakikipaglutungan sa mga mayari ng lupa sa kapinsalaan ng mga magasaksa. Sa habang na ito ni Presidente Marcos ay isang katotohanan ang massalamin ng lahat - na talagang kaibigan ng mga magasaksa at mangagawa ang puno ng Republika ng Pilipinas. Ngayon, ang tanging hinuhintay ng Presidente ay tulong ng publiko sa lahat ng programa nito sa kayusuan, katatimkan at pagpapatalag ng ekonomiya, laluna ang tulong ng mga kabataan.

SIMBULO at inspirasyon ng mga kababaihan ng Filipino ang First Lady, Ginang Imelda Romualdez-Marcos. Simbulo rin siya ng lahing kayumanggi sa bagong panahon. Ito ang bigay-katuturan ni Luis C. Diaz, isang mataas na opisyal ng Second Bulacan Development Bank sa Meycauayan, sa larawan at katauhan ng First Lady, base sa tingnulong na maselelang misyon sa ibang bansa, at bilang espesyal na sugo ng Presidente, na naipagtagumpay na lahat. Sa lokal na pagasakit, ang mga kilusang pangkawanggawa, mga kilusang bayan na laging ang masa ang nagtatamasa ng mga bunga, ay isang tagumpay na maisasama sa istorya ng Pilipinas. "Ngayong tanggapin niya ang pagiging gobernador ng Metro Manila",

THE REPUBLIC
Isang Bansa, Isang Dibw

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sabi ni Ginoong Diaz, "ay tintiyak ko, na ang pinagsakitan ng maraming nagdaang kehubitbo ng mga siyudad at bayang saklaw ng Metro Manila, ay magkaronon ng kaganapan. Sa pagkakaatong ito ay mangungusap ang kahulugan ng bayanihan o pagtutulongan."

Isang malungkot na rebelasyon ang aking tinanagpag kamakailan. Na, marami sa mga magasaksa sa Northern at Central Luzon na nakautang sa programa ng Masagana 99, ang nakademanda at inuusig ng Gobyerno dahil sa hindi pagbabayad kahit maraming taon na ang nagdaranan. Narito ang isang angulo ng katotohanan sa pagkakaatung ng mga magasaksa. Ang iba ay hindi magasaksa, ngunit nakautang, magasakang nakautang, ngunit hindi nakababeyad... at ang iba ay dahil sa "Lucky 9", isang uri ng sugal na sinasabing isyung bumikitna sa mga magasaksa. Ito ang isang "tip" na kailangang gawing angulo sa hindi pagbabayad ng mga maykapanangyarihan sa mga muling nakababeyad na magasaksa. Ngunit kung talagang ang dahilang hindi pagbabayad ay ang hindi pagpansal sa kagawagan ng bagyo at baha, biyaya na sila ng maraming pagkakaatong. At sa mga nagbabaya

naman, kailangan ay ibilanggo at bewian ng karapatan sa pagmamasyari o pamumunuwisan ng lupa.

ISANG uri ng sakit ang nagiging tatak ng mga nagiging bilanggo... sakit na pinandirihan at ayaw pagtiwalaan. Ngunit sila'y tao ring katulad natin nagkakaasala at nagisiisi pagkapatos. Isang eksperto sa kriminalidad, si Komisyonado Teodoro C. Nasived ng National Police Commission, ang nagbati sa akin ng ganito: "Dapat na tulungan sa pagbabagumbuhay ang mga naging bilanggo." Tama. Karamihan sa kanila ay may pamilya na dapat na buhayin. Ngunit dahil sa naging bilanggo sila'y walang ibig na magbigay ng trabaho upang kumita ng marangal. Napapanahon nang dapat na repermahin ang ugaling ito ng Sinauna. Kapag ang kaniyang pagbabagumbuhay at pagtutala ng hindi natin kilnilala, pinahalgahan at tinanagpag, ang ibig sabihin ay itinatulak natin sila upang maging masama ulit. At kapag nagkagayon, ang pangarap ni Presidente Marcos na pagpapairal ng kayusuan at katatimkan sa lahat ng dako ng bansa ay hindi matatupad. Maituturing pa ring tayoy kalaban ng mga nagpapakabit. Alalahanin natin si Maria Magdalena. Bakit siya naging Santa? □

The truth behind the purge

by TEODORO F. VALENCIA

THAT COMPUTER which was supposed to say who was to be dismissed or forced into retirement in the on-going government clean-up failed. The computer, after all, is just a processing factory.

You get what you feed into the robot thinker. It does not think like humans but it adds, subtracts and divide perfectly. You feed it garbage, and you get garbage even the product is deodorize.

Now, we're looking for scape-goats. The people who were entrusted the job of implementing the President's LOI 309 to rid the government of corrupt and undesirable employees goofed.

The error started with the lists prepared by heads of offices. This, in turn, we attributed to a communications gap. They did not know by what standards they were to go in the preparation of those lists.

Charges were lumped regardless of their nature and motivations. The computer, as we know, cannot evaluate.

Not all government personnel who had been previously charged or are facing charges deserve to be dismissed. Some such employees are among the best—that's why they are charged.

Minor charges, no matter how many, do not call for dismissals. Many charges are without basis or, even if true, do not constitute misbehavior.

You all know that often, when an employee is exonerated, he is commended by the investigating panel. The people who fed the computers made no distinctions among light charges, heavy charges, charges generated by active pursuit of duties, etc., etc.

Many agencies were reluctant to submit names of employees with pending charges, but they were told to do so: mechanically obeying, they lumped all those with charges.

The instructions were explicit that the names of these government personnel were to be included—the form was prepared for them just to fill.

Many who submitted names tried to categorize charges saying, for instance, that the employees had already been exonerated of those charges. But the computer, which did the rest of the job, was not programmed to take these factors into consideration. The lists, therefore, turned out to be completely mechanical.

The names of officials and employees purged did not all come from the official lists required in LOI 309. Many names were supplied via telephone, via anonymous letters and telegrams.

To fit the operations of the computer, a points system was adopted to evaluate and give relative

weight to various sources. Thus, an actual administrative charge was given 10 points, a telephone call was given five points, a telegram was given four points and an anonymous letter 2.5 points, etc.

After an employee accumulated a certain fixed number of points, he was earmarked for "slaughter." Now, the victims know how they were decapitated. The names announced by President Marcos at the Quirino Grandstand Sept. 19, 1975, came from that computer. Necessarily, there were spectacular hits and spectacular misses.

They could have done better if they had not relied on the computer. But they did this to make it appear impersonal. So nobody was hurt.

But the end-result was worse—too many innocent people were slaughtered, in a manner of speaking.

Since that dramatic announcement of Sept. 19, 1975, many who were among those "purged" have returned to their old jobs. They were innocent from the start.

The effect has been negative for the President—it now appears that they are being returned surreptitiously when, as a matter of fact, they are being vindicated. No announcement is being made to hide the original mistake. The effect is far from what had been anticipated.

We've learned a lot from the mistakes of that infernal computer. One, that the computer can't really think—can't evaluate and is incapable of an opinion; two, that when the unitary clamor is for weeding out the bad eggs in government, people will not stand for injustice.

The strong public opinion against the manner the computer worked was fanned by the scattered examples (all over the country) of men of integrity and honesty who were included among those fired for graft, corruption or dishonesty.

A few mistakes negated the overall plan. The government cleanup drive has been slowed down.

We learned, too, that some people who are doing their jobs with courage are the ones who get the most number of anonymous denunciations, ugly rumors, administrative charges.

Even the bosses of the upright employees often don't like them, especially if these bosses are crooked. If such employees were ever included among those fed to the computer for evaluation, they would be the first to go.

That computer fiasco was unfortunate but some good happened because of it. Now, we shall be more careful. Now, we will no longer entrust to a robot the job of evaluating public service efficiency and honesty. □

Not So Funny

— Larry Alcala



A think-tank for staff problems

TO HELP improve personnel policies throughout the government, a new office will start cropping up in government agencies during the coming year.

It will be known as "Civil Service Staff" and it aims to help personnel to give their best performance and to assist the government agency, at the same time, to get the best performance out of them.

The name "Civil Service Staff" was chosen because some government agencies already have various types of Civil Service Offices or Civil Service Units. Thus a new name was needed. Planners at the CSC Commission note, however, that the word "staff" also has the happy connotation of being something you can lean on, or get help from, on a journey.

At the start, many of them will be manned by existing personnel and administrative officers of the agency concerned, but the Civil Service Commission will hire and train its own permanent specialists. It is hoped these units will have their own private offices with easy and confidential access within the agencies.

Presidential Decree 807, which earlier this year redefined the powers and functions of the Civil Service Commission, specifically called for the organization of a Civil Service Staff in every department, bureau, agency, office, corporation, and in provincial and city governments.

The terms of reference are specific: It shall provide technical assistance in all aspects of personnel management; Monitor and periodically audit the personnel practices and performance of the department or agency concerned as well as those of its officers and employees;

Determine agency compliance with Civil Service laws and rules; and Receive and receive any suggestions, observations or complaints from

the public pertaining to the conduct of public officers and employees.

These functions may not appear to differ much from what the Civil Service Commission, as the government's central personnel agency, has already been doing. But there is a big difference: Instead of acting from afar, the Civil Service Staff will be within the mainstream of agency operations. Therefore it can determine more effectively the type and form of assistance to be rendered.

The rationale behind this stems from the Commission's desire to be right where the action is. Personnel management is so inherent a function, and so permeates every single activity in an organization, that assistance must be on a timely and continuing basis. In the past, personnel management has often been overlooked and regarded as

a peripheral activity.

One important thing about the Civil Service Staff: It is not intended to do any "police" function. The Commission, in fact, is trying to get away from its old image of "policeman".

The new chairman of the Civil Service Commission, Secretary Jacobo C. Clare, says: "We want to capture the imagination of the department and agency heads and of their personnel so that they will be more wholeheartedly committed to the cause of good personnel administration. It is not our intention to use this device to catch violators of Civil Service laws and rules."

To back up the contention that the CSC Staff is not intended as a covert policing operation, the Commission hopes each unit will be prominently accommodated and signposted in its own room with easy accessibility.

The Commission contends that if the aim were to catch violators, this probably could be more effectively done if the Commission were to conduct surprise raids.

THE sheer bulk of work is one of the reasons why the Civil Service Staffs have become necessary. The Commission, which oversees a total government workforce of 650,000, has 613 personnel. This means it has been unable to exercise its assistance function to the fullest.

In local governments, for example, there is great need to launch more information campaigns on the policies of the Commission, more training seminars, position clarification programs, and other personnel matters.

Under LOI 319, the head of the Civil Service Staff in each agency shall be appointed by the Civil Service Commission. But additional personnel and other logistical support is to be provided by the agency concerned. The Commission will have to recruit people, and

put them through training courses, to fill the positions. But at the same time the Commission has the opportunity to avail of manpower support from the agencies. By so doing, the Commission has a better means of multiplying its efforts.

As a transitional measure while obtaining the personnel who will head the CSC Staffs, the Commission has deputized the existing personnel officers or, in some cases, administrative officers to head them. As the system started getting underway during the past month, around 50 agencies had already responded. Not only have they designated officers for deputization, but they have also allocated other personnel to the Staff.

Some personnel officers, however, express apprehension that their dual roles might be incompatible. But the Civil Service Commission asserts: Since the two roles are each concerned with the effective implementation of personnel programs and of the merit system, how can conflict arise?

Personnel officers of various agencies have already held meetings at the Civil Service Commission to discuss details. One of the main tasks so far is that standards may vary from agency to agency and even for the same type of job within an agency. For example, some typing positions may require speed rather than an artificially laid-out result, while others may require the opposite. The CSC Staff will take this into account when setting out standards.

An important factor is that each agency will play a leading role in setting its standards, monitoring them, and giving timely assistance to any employee who does not meet them.

The Civil Service Commission emphasizes that the main task of the new units is to give assistance to staff and not to act as a fifth column in their midst. □



Guidelines for the Civil Service Staff units

HERE are the guidelines which the Civil Service Commission distributed to government agencies for setting up internal "Civil Service Staff" units to evaluate personnel performance:

Objectives:

1. To further improve the performance of government officials and employees and enhance the contribution of the civil service to national development;

2. To establish measures or indicators of performance of government personnel;

3. To recognize deserving personnel through honorary or monetary awards and to provide opportunities for the improvement of the performance of the least satisfactory or unsatisfactory personnel;

4. To promote a closer working relationship between the Civil Service Commission and other agencies of the government in the common pursuit of providing effective public services through better personnel performance; and

5. To assure the effective utilization of government personnel.

Responsibility for the Program:

Responsibility for the successful achievement of these program objectives rests upon the Civil Service Commission, the department/agency concerned, and

the Civil Service Staff.

Methodology:

1. The Civil Service Commission shall be responsible for:

(a) Formulation of policies, standards and guidelines relative to the establishment of the Performance Appraisal System.

(b) Training of instructors on how to develop effective raters, with particular emphasis on the performance standards/requirements.

(c) Institution of an effective reporting system for the monitoring and evaluation of overall personnel performance in the government.

(d) Preparation of integrated reports to higher authorities with emphasis upon the recognition of those with exemplary performance and the institution of remedial measures for the least deserving.

2. The Department/Agency shall take charge of:

(a) Implementation of the Performance Appraisal System. This means that the agency supervisors at every level of the hierarchy shall determine, jointly with their employees, performance standards for particular jobs. They shall accordingly use these standards as bases for rating employee performance and shall provide feedback to the employees regarding their respective strengths and weaknesses.

(b) Preparation of semi-annual reports on the performance of the agency employees which shall be submitted to the Personnel Officer for evaluation and reference. A copy of such reports shall be given to the Civil Service Staff.

3. For its part, the Civil Service Staff shall:

(a) Extend assistance in the proper implementation of the Performance Appraisal System. To carry this out, he may act as resource person in training programs to be held by the agency for the purpose and shall at all times be available for consultation.

(b) Initiate the establishment of performance standards for each organizational unit in the agency and give active assistance when these are being established.

(c) Receive copies of semi-annual reports of employee performance ratings and prepare a consolidated report on the same every year for submission to the Office of Personnel Planning and Program Evaluation, Civil Service Commission, in August each year. Such report shall call attention to the outstanding employees up to the least satisfactory or unsatisfactory.

The following documents shall be attached to the report:

—Performance rating forms reflecting the ratings of the employees for the last two reporting periods;

—Performance standards established

for the positions occupied by the employees concerned;

—Records of performance of the employees concerned which would show those who have exceeded/met/not met such standards;

—Justification for outstanding performance by some employees, if any.

(d) When an employee has been rated as "Unsatisfactory", the Civil Service Staff shall determine whether or not such employee has received prior notice of unsatisfactory performance and has been given the opportunity to improve such performance. If this has not been done, the Civil Service Staff shall:

—Consider giving the employee opportunity to improve himself, with the assistance and encouragement of his supervisor, and the official report on his performance when he has been away for a period not exceeding two months or 60 days; and

—Take steps to emphasize this aspect of the rating system in training programs on Performance Appraisal of the agency.

The head of the agency and other officials concerned shall be furnished copies of such reports.

(e) Any recommendations made by the Commission affecting both outstanding and least satisfactory employees shall be communicated by the Civil Service Staff to the agency head who shall take appropriate steps to implement them.