



Reinforcing a Culture of Integrity: Enhancing Asset Declaration System through Technology

Honorable CONCHITA CARPIO MORALES

Ombudsman of the Republic of the Philippines

Press Room | Vienna International Center | 8 November 2017 | 15:30

**rid nations
of corruption**

**principles of
good governance**

**facilitate an
informed public scrutiny**

**spawn confidence between
government and society**

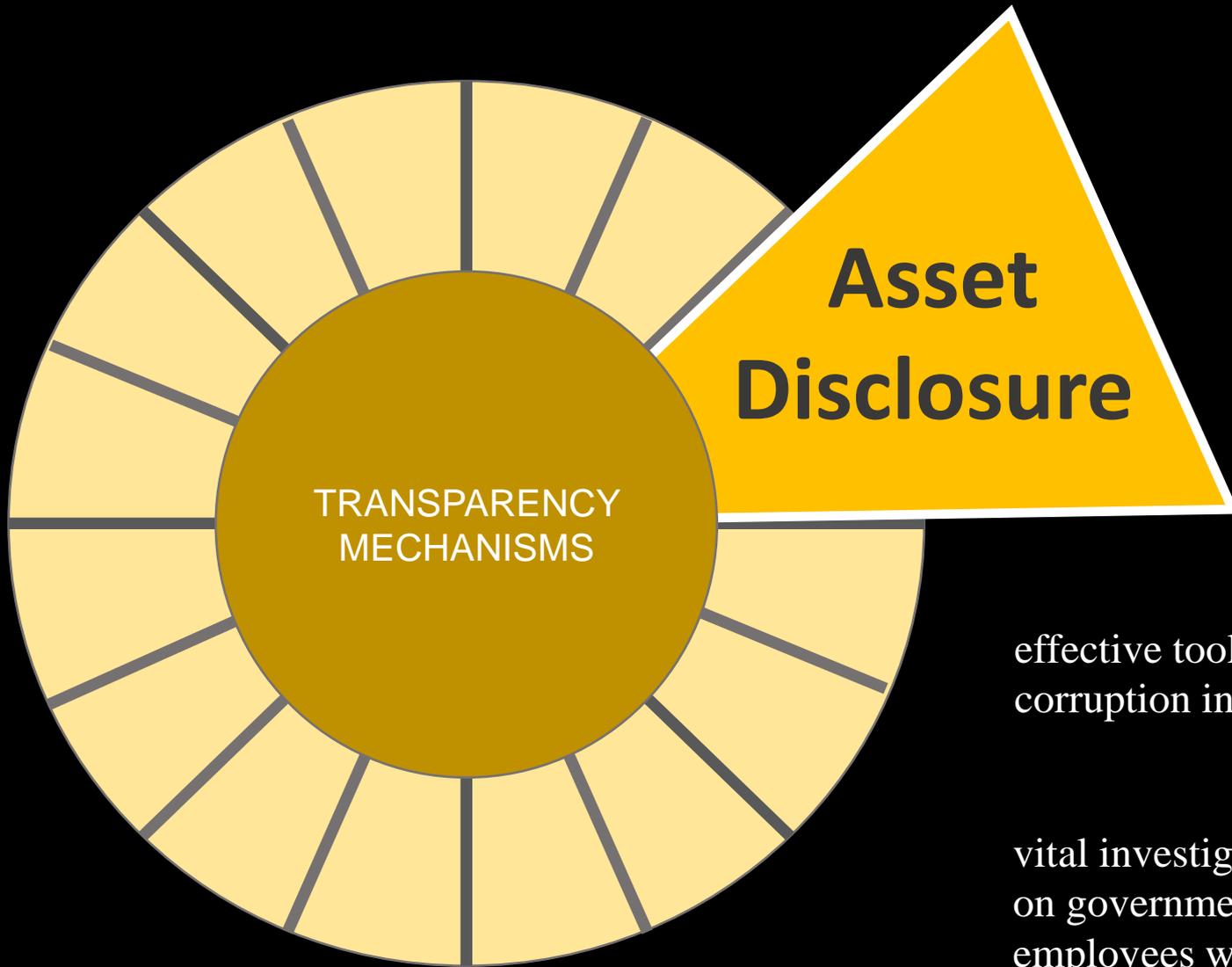
**system of reporting
back to the public**



**TRANSPARENCY
&
ACCOUNTABILITY**



confidence-building perspective on transparency diverges from a **negative culture** of reducing transparency in a system that merely elicits unwarranted public inquiry, whereby **information is only used to negatively criticize** public officials and the institutions they represent. This destructive outlook is blind from the possibility that **information cultivates understanding, co-existence and collaboration.**



TRANSPARENCY
MECHANISMS

**Asset
Disclosure**

effective tool in identifying
corruption in the public sector

vital investigative tool to zero in
on government officials and
employees who tend to exploit and
profit from public service by
acquiring illicit wealth

in order to fight corruption, each State Party shall promote, *inter alia*, integrity, honesty and responsibility among its public officials, in accordance with the fundamental principles of its legal system

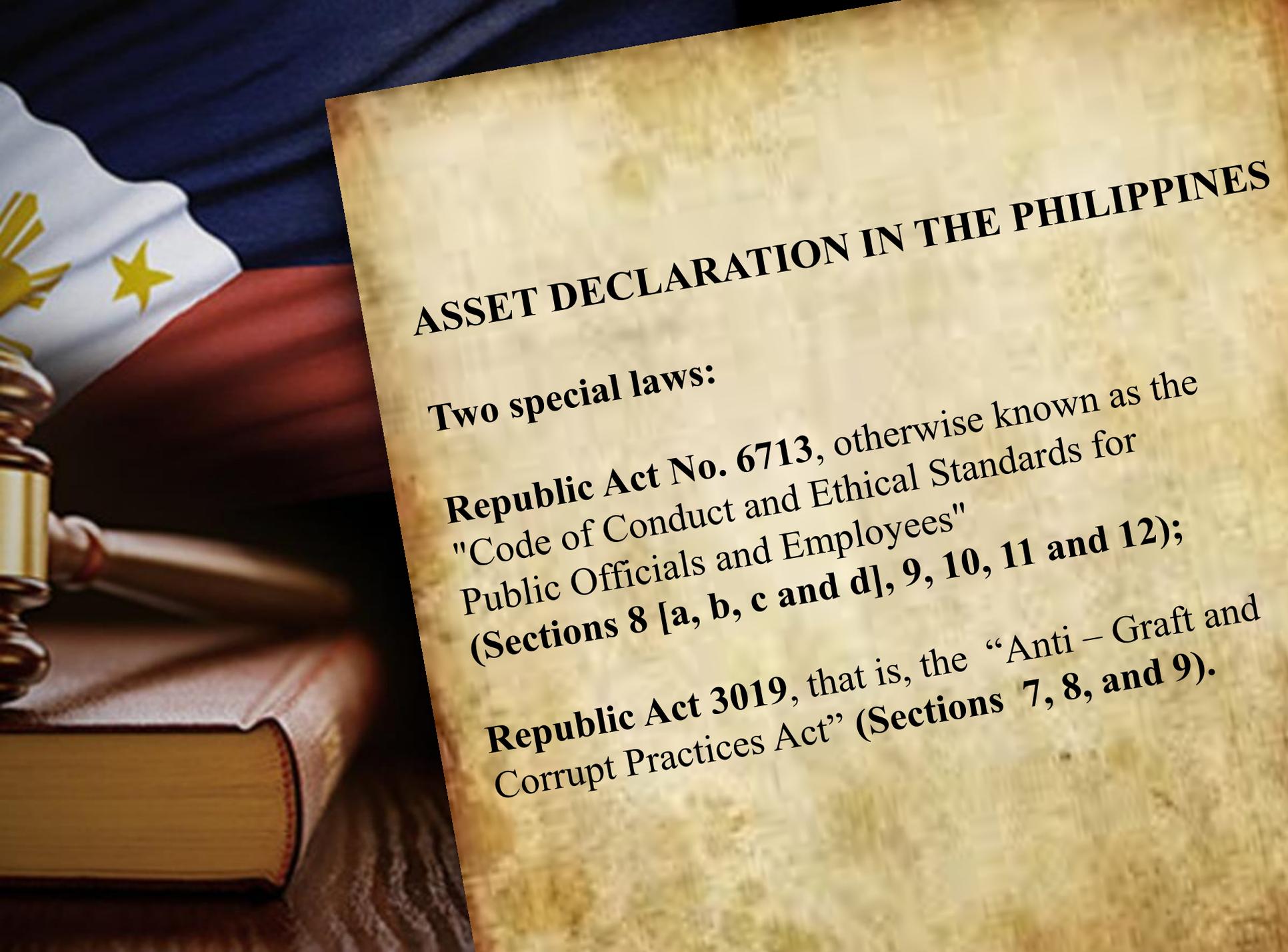
“where appropriate and in accordance with the fundamental principles of its domestic law, to establish measures and systems requiring public officials to make declarations to appropriate authorities regarding, *inter alia*, their outside activities, employment, investments, assets and substantial gifts or benefits from which a conflict of interest may result with respect to their functions as public officials.”



establish appropriate systems of procurement based on transparency, competition and objective criteria in decision-making that are effective in preventing corruption

measures to regulate matters regarding personnel responsible for procurement, including declaration of interest in particular public procurements

disciplinary or other measures against public officers who violate the codes or standards established in accordance therewith

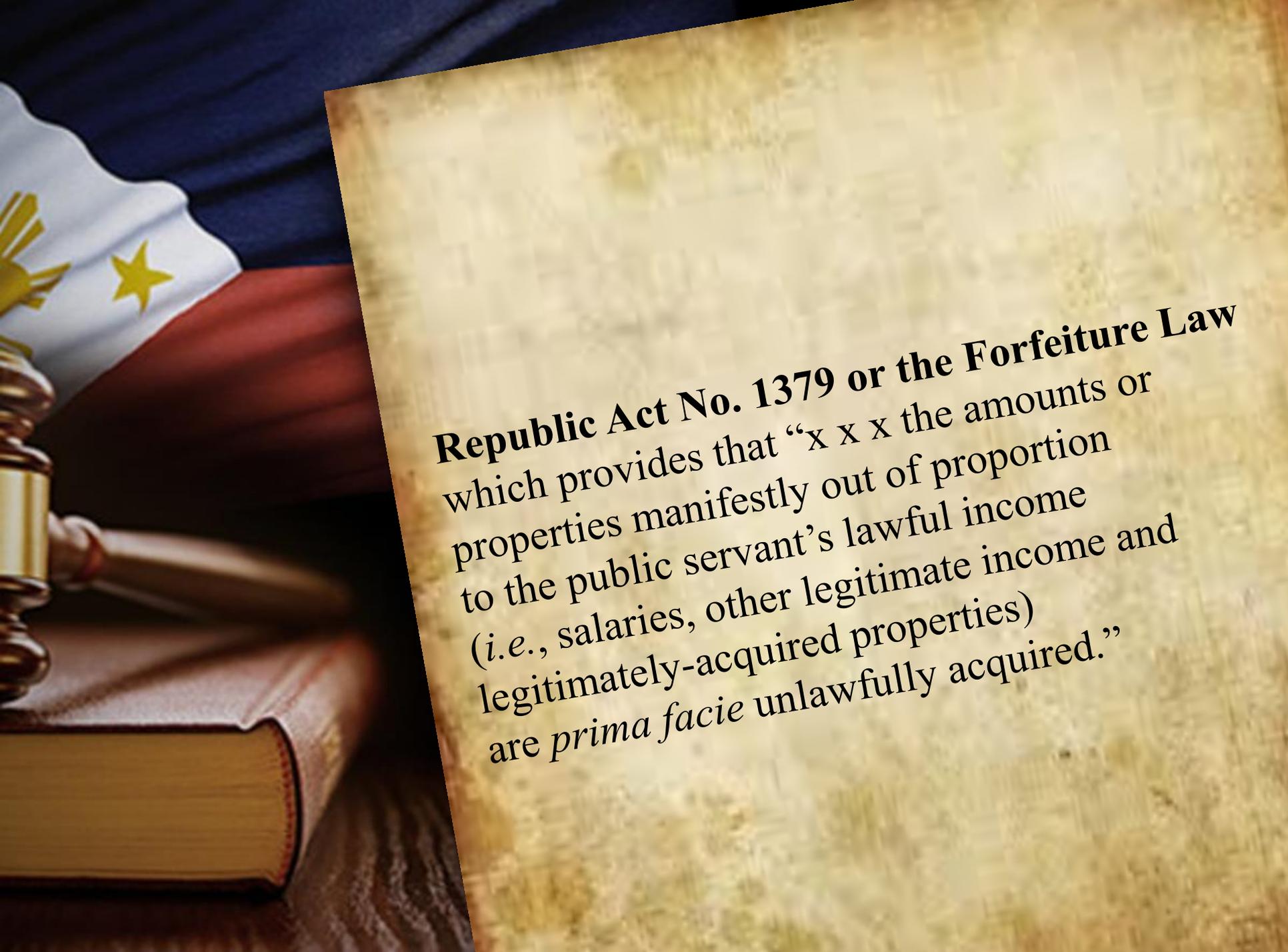


ASSET DECLARATION IN THE PHILIPPINES

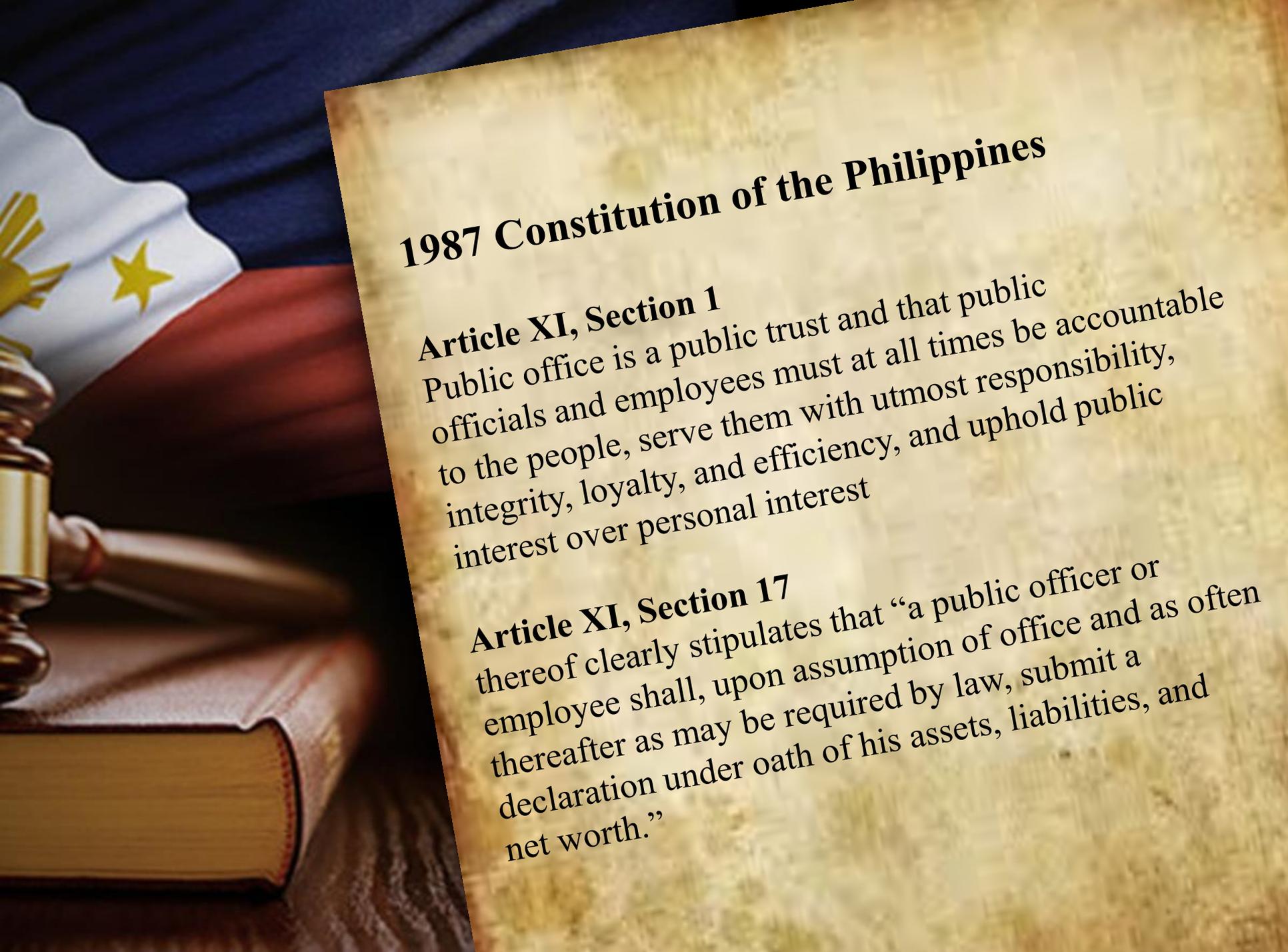
Two special laws:

Republic Act No. 6713, otherwise known as the "Code of Conduct and Ethical Standards for Public Officials and Employees" (Sections 8 [a, b, c and d], 9, 10, 11 and 12);

Republic Act 3019, that is, the "Anti – Graft and Corrupt Practices Act" (Sections 7, 8, and 9).

A gavel with a wooden handle and a metal head rests on a stack of books. The background features the Philippine flag, with its characteristic three horizontal stripes of blue, white, and red, and a golden sun and three stars. The text is overlaid on a parchment-like background.

Republic Act No. 1379 or the Forfeiture Law
which provides that “x x x the amounts or
properties manifestly out of proportion
to the public servant’s lawful income
(*i.e.*, salaries, other legitimate income
legitimately-acquired properties)
are *prima facie* unlawfully acquired.”

A gavel with a wooden handle and a brass head rests on a thick, brown leather-bound book. In the background, the Philippine flag is visible, featuring a white triangle with a golden sunburst and a yellow star, and a red triangle below it. The entire scene is set against a dark blue background.

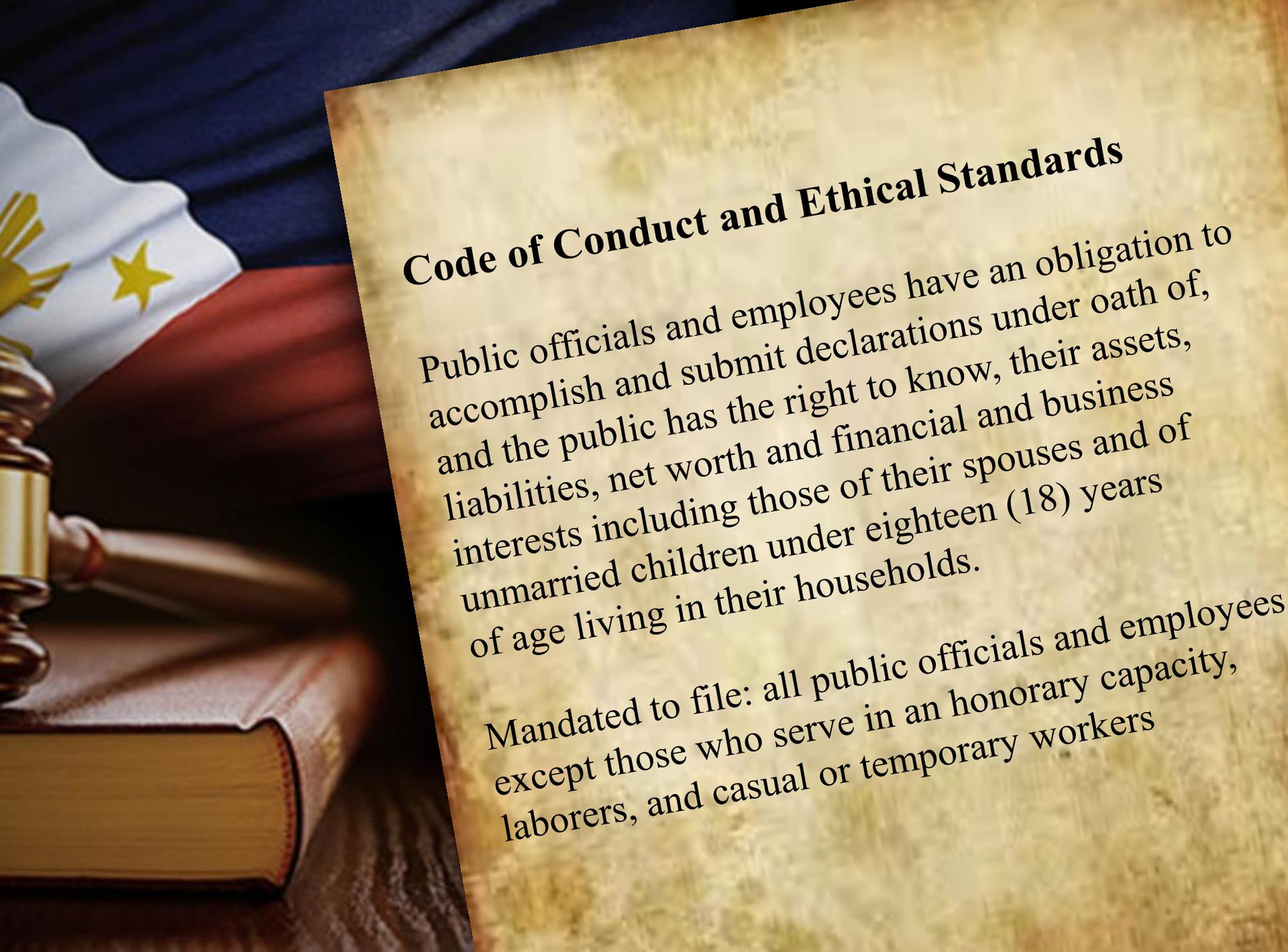
1987 Constitution of the Philippines

Article XI, Section 1

Public office is a public trust and that public officials and employees must at all times be accountable to the people, serve them with utmost responsibility, integrity, loyalty, and efficiency, and uphold public interest over personal interest

Article XI, Section 17

thereof clearly stipulates that “a public officer or employee shall, upon assumption of office and as often thereafter as may be required by law, submit a declaration under oath of his assets, liabilities, and net worth.”

A gavel with a wooden handle and a brass head rests on a thick, brown leather-bound book. In the background, the Philippine flag is visible, featuring three horizontal stripes of blue, white, and red, with a golden sun and three stars on the white stripe. The entire scene is set against a dark, textured background.

Code of Conduct and Ethical Standards

Public officials and employees have an obligation to accomplish and submit declarations under oath of, and the public has the right to know, their assets, liabilities, net worth and financial and business interests including those of their spouses and of unmarried children under eighteen (18) years of age living in their households.

Mandated to file: all public officials and employees except those who serve in an honorary capacity, laborers, and casual or temporary workers

Asset Declaration in the Philippines

DATA INCLUDED IN THE DECLARATION

- (a) real properties owned or registered under the name of the public official, his/her spouse, or child/children under 18 years of age living in their households, its improvements, acquisition costs, assessed value and current fair market value;
- (b) personal properties and their acquisition cost;
- (c) all other assets such as investments, cash on hand or in banks, stocks, bonds and the like;
- (d) all financial liabilities, both current and long term; and
- (e) all business interests and financial connections.

Asset Declaration in the Philippines

Public employees are required to submit their
SALN on **three** instances

ENTRY SALN

reckoned as of the first day of service is required to be filed within 30 days after assumption of office

ANNUAL SALN

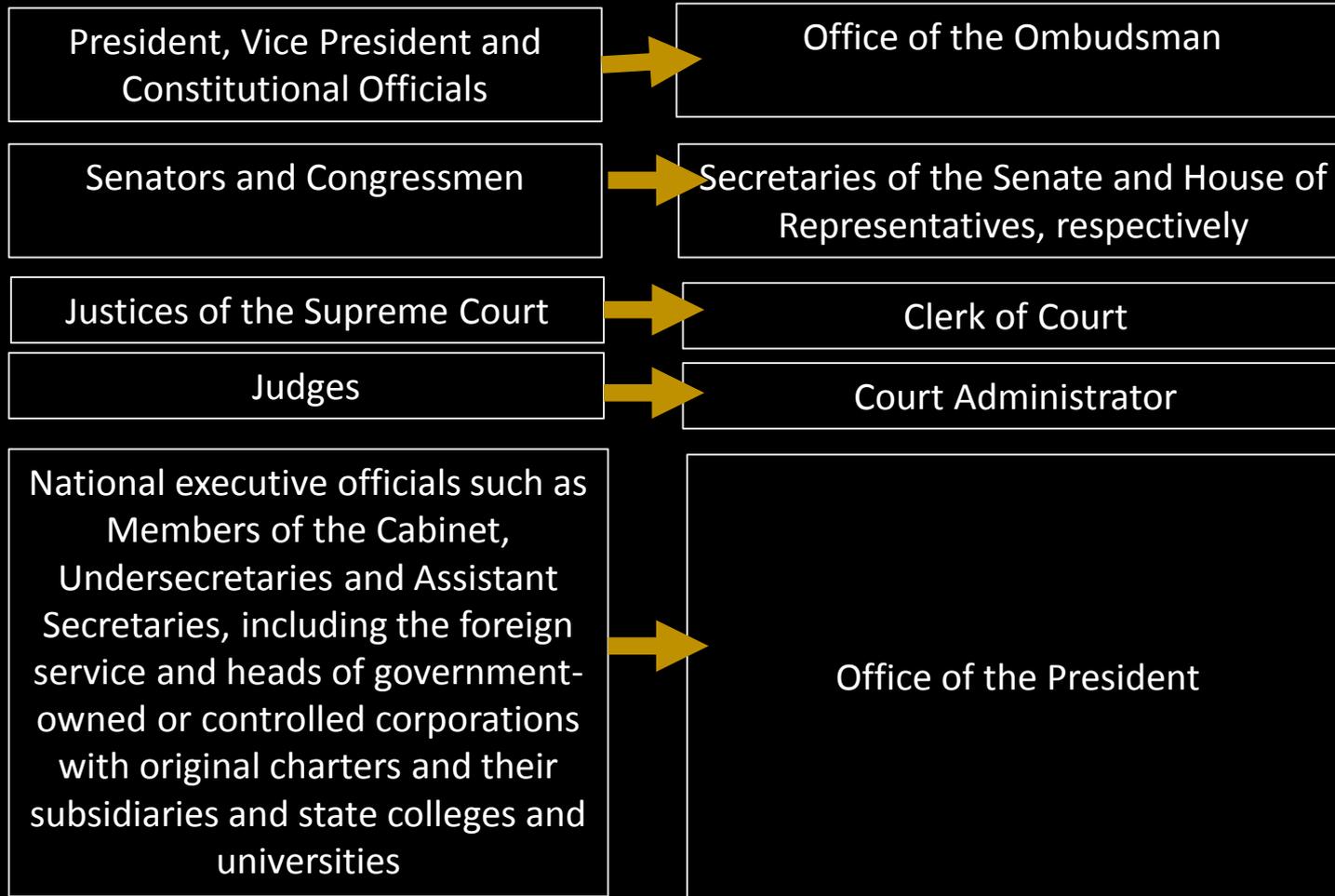
reckoned as of the end of the preceding year to be filed on or before April 30

EXIT SALN

reckoned as of the last day of office to be filed within 30 days after separation from service

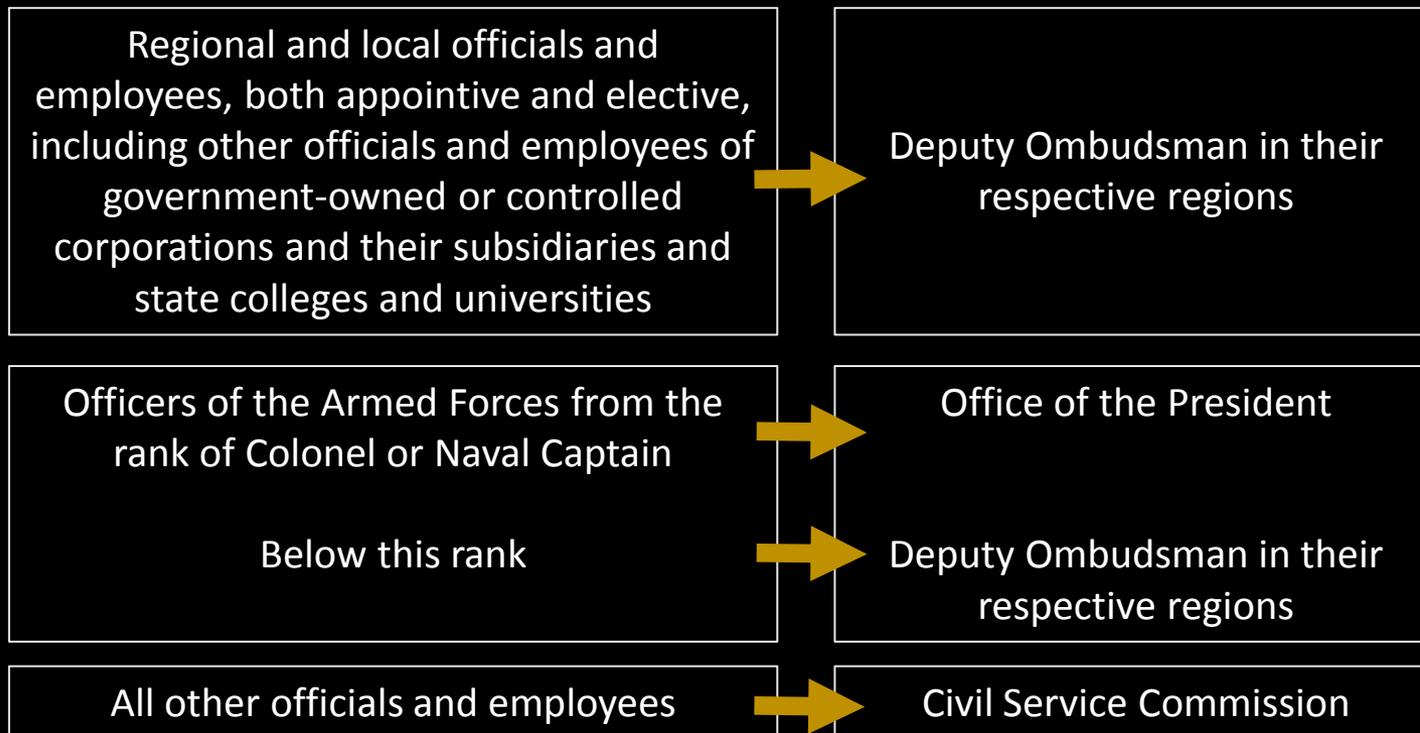
Asset Declaration in the Philippines

REPOSITORY AGENCIES



Asset Declaration in the Philippines

REPOSITORY AGENCIES



***A copy of one's SALN shall also be on file with their respective offices or agencies.*

Asset Declaration in the Philippines

PUBLIC INSPECTION

Any and all SALNs including disclosures of business interests and financial connections filed with the appropriate government agencies shall be **made available for public inspection at reasonable hours.**

Such statements shall be made available for **copying or reproduction after ten (10) working days** from the time they are filed as required by law unless extended for meritorious reasons.

The SALNS shall be **available to the public for a period of ten (10) years** after receipt of the statement. The statement may be destroyed after such period unless needed in an on-going investigation.

Asset Declaration in the Philippines

REVIEW OF THE STATEMENTS

In the case of **Congress**, the designated committees of both Houses of Congress subject to approval by the affirmative vote of the majority of the particular House concerned;

In the case of the **Executive Department**, the heads of the departments, offices and agencies insofar as their respective departments are concerned, subject to approval of the Secretary of Justice; and

In the case of the **Constitutional Commissions and other Offices**, the respective Chairman and members thereof, in case of the **Office of the Ombudsman**, the Ombudsman.

Asset Declaration in the Philippines

CONFLICT OF INTEREST AND DIVESTMENT

CONFLICT OF INTEREST

occurs when the official or employee is a **substantial stockholder**, or a member of the Board of Directors, or officer of the corporation, or an owner or has substantial interest in a business, or a partner in a partnership, and the interest of such corporation or business, or his rights or duties therein, are opposed to or affected by the faithful performance of official duty.

SUBSTANTIAL STAKEHOLDER

any person who owns, directly or indirectly, shares of stock sufficient to elect a director of a corporation. This term shall also apply to the parties to a **voting trust**.

VOTING TRUST

an agreement in writing between one or more stockholders of a stock corporation for the purpose of conferring upon a trustee or trustees the right to vote and the other rights pertaining the shares for certain periods and subject to such other conditions provided for in the Corporation Law.

Asset Declaration in the Philippines

WHEN A CONFLICT ARISES

- The official or employee involved shall resign from his position in any private business enterprise within thirty (30) days from his assumption of office and/or divest himself of his share-holdings or interest within sixty (60) days from such assumption.
- For those who are already in the service, the officer or employee must resign from his position in the private business enterprise and/or divest himself of his shareholdings or interest within the given periods, reckoned from the date when the conflict of interest had arisen. The same rule applies where the public official or employee is a partner in a partnership.
- When the official or employee is a member of the Board of Directors and a conflict of interest occurs, divestment shall be mandatory for such official or employee even if he has resigned from his position in any private business enterprise. Divestment shall be to a person or persons other than his spouse and relatives within the fourth civil degree of consanguinity or affinity.

Asset Declaration in the Philippines

ADMINISTRATIVE DISCIPLINARY ACTION

Violations on the filing of SALN and disclosure of business interests and financial connections:

- imprisonment not exceeding five (5) years, or
- a fine not exceeding five thousand pesos (₱5,000) or both, and
- in the discretion of the court of competent jurisdiction, disqualification to hold public office.

SALN

STATEMENT OF ASSETS, LIABILITIES AND NET WORTH

- a very powerful tool to detect potential misuse of public office for self-enrichment and to allow disclosure of one's business interests and financial connection.
- a very important instrument to build cases against erring public officials
- played a crucial role in making the country triumph over impunity by public officials who commit disservice to the nation

- Verification upon complaint
- Law enforcement (criminal and administrative)

Oversight Agency (Ombudsman)

High-Level SALN Process Philippines

Oversight Agency (CSC)

- SALN law administration
- SALN law enforcement (administrative)

Filing Agencies

E.g. DOJ



3. Fill-out SALN form
4. File SALN form
1. Identify required filers
2. Initiate submission
5. Collect SALN
6. Review SALN
7. Identify non-filers/non-compliant personnel
8. Order and enforce compliance
9. Transmit SALN

Filing Agency_1
...
Filing Agency_n

Office of the Pres.

Judiciary

Senate

Congress

Repository Agencies (RA)

Office of the Pres.

Ombudsman

Civil Service Commission (CSC)

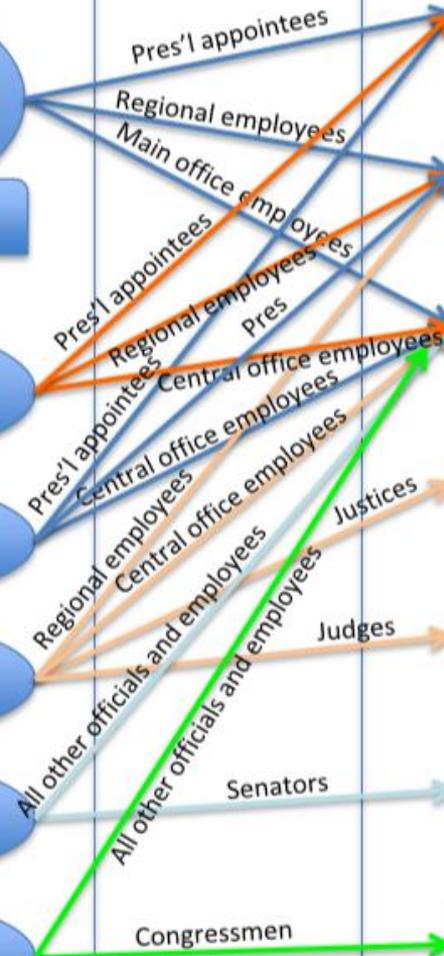
SC Clerk of Court

Court Ad

Secretary General of Senate

Secretary General of Congress

- SALN Custodian In-charge
10. Receive SALN
 11. Store/Safe keep SALN
 12. Retrieve SALN upon request





Needless to say, there are **existing legal frameworks** and institutional arrangements that cover a **range of concerns** including asset disclosure policy objectives, subject filers, scope, content and frequency of declarations, processing and verification of declaration, review and compliance procedures, sanctions for violations, and transparency or access by the public.

The availability of these policies, frameworks and guidelines— and the extent of coverage—suggest that the administration of **SALN is being aided well.**

Key Challenges to Financial Disclosure

current fragmented
institutional arrangement



fragmentation of submission
and compliance procedures

lack of a central body
operationally administering
the entire gamut of the
declaration process



divests the system of the
inherent opportunity for
uniformity and streamlining

implementing rules and
regulations provided only
limited operational
guidelines



spawning different practices
among stakeholder agencies

Key Challenges to Financial Disclosure

limitation of the system
to capture the full picture
of a filer's financial
position



not quite reflective of a "true, detailed sworn statement of assets and liabilities, including a statement of the amounts and sources of his income, the amounts of his personal and family expenses and the amount of income taxes paid for the next preceding calendar year"

lack of policy for
monitoring and reportorial
responsibilities of a
repository agency



challenge in having an
overview or a close
representation of the
number of deficient filers

other vague guideline in
determining the point of
a declarant's submission



uncertainty on determining
whether there was failure of
filing on time

Key Challenges to Financial Disclosure

repository agencies are not guided by a formal and standard policy on the records management of SALN submissions



non-uniformity in these procedures results in veering away from opportunities of applying good practices in data security and data accessibility

Other challenges to the SALN system traverse both policy and process gaps, such as:

- considerable concerns on the existence of a potential conflict-of-interest situation in repository agencies
- concerns on the provision on public access of the SALN
- insufficient guidelines to financial reporting
- lack of a process for policy review and update, and
- delayed issuance of guidelines on non-filing and misdeclaration.

Recommended Intervention



centralization and **standardization** of **SALN** administration is key to transforming the asset declaration



automation remains to be an equally important driver of a standard and **more efficient and accountable** SALN administration



THE WORLD BANK

31 May 2013

Enhancing the Asset Declaration System (EADS) Project

Support the Office of the Ombudsman in **improving the efficiency, effectiveness, and credibility** of the asset declaration system through a transition of the **manual based SALN to an electronic platform.**



System Requirement and Advantage

REQUIREMENT



1

Internet connectivity



2

desktop or laptop computer, tablet, or mobile with a web browser

ADVANTAGES

- paperless transaction as a response to greening the bureaucracy;
- server-based physical storage as an answer to space requirements for voluminous records;
- virtual file storage;

- quicker file retrieval as a record management approach;
- system-generated reminder to filers for a more efficient and documented compliance monitoring;
- reduced preparation time as cloning of previous year's entry is permitted;

eSALN16

Electronic Filing of Statement of Assets, Liabilities, and Net Worth

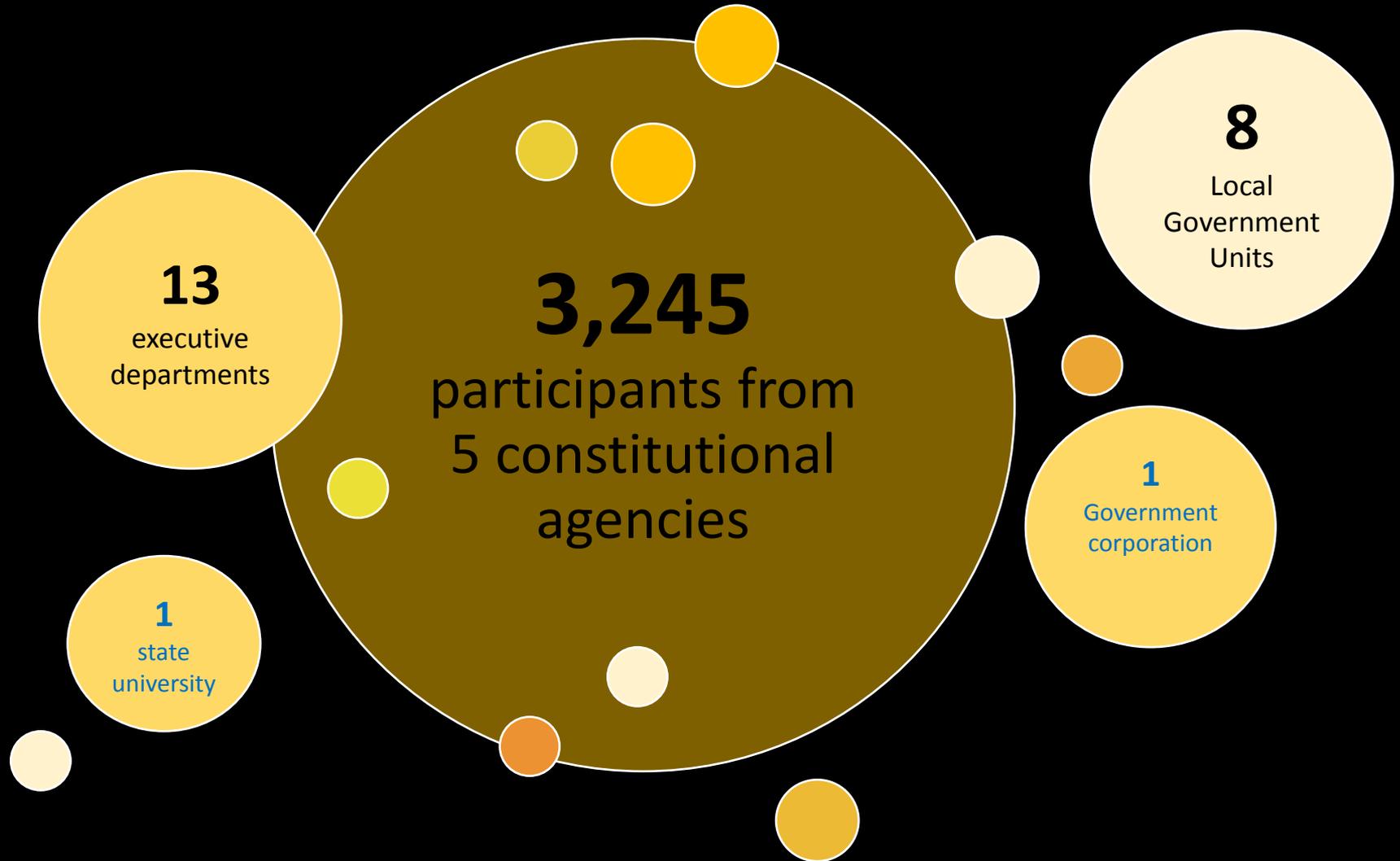
Launching Ceremony

May 31, 2016 • 9:00 am – 1:00 pm

Aloe Room A & B, 9th Floor Marco Polo Ortigas Hotel
Ortigas Centre, Pasig City



2017 Orientation / Training





e-SALN is not a panacea to all issues identified under the asset disclosure system.

While e-SALN cannot directly answer for all these gaps, it can definitely inform reforms and innovation as it complements the limitation of the disclosure system.

Because it is a strategic intervention, it may incrementally offer solutions to different issue points.



“ Thoughtfulness and careful decisions are required to arrive at an **impartial system** that is mindful of the **demand of the public** for necessary information with **due regard to the just and permissible guarantees for the public declarants.** ”



“ asset declaration system **should not be undermined** as a simple compliance procedure because it has the capacity to **extend beyond its defined purposes**. It is a powerful source of information to prevent corruption and can be a standing evidence of transgressions which may potentially support asset recovery and anti-money laundering programs. Further, the SALN system **instills ethics in public service and reinforces a culture of integrity**. ”



“ The use of **confidence-building perspective on public disclosure** frees oneself from being overly consumed by personal reservations on possible examination and premature judgments on a truthful declaration. **After all, declaring one’s wealth that is rightfully, honestly and credibly owned should merit neither fear nor hesitation.** ”



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