

**BEST PRACTICES AND EXPERIENCES OF THE COMMISSION ON AUDIT,
THE SUPREME AUDIT INSTITUTION OF THE PHILIPPINES,
IN THE FIELD OF FIGHTING CORRUPTION AND MONEY LAUNDERING**

I. BEST PRACTICES IN THE FIELD OF CORRUPTION

➤ **Commitment to self-cleansing and value formation**

- Creation of the Internal Affairs Office under the Office of the Chairperson, where complaints against allegedly erring COA officials and personnel may be filed and serves as the administrative fact-finding arm of COA.
- Issuance of Policy Guidelines on reassignment/reshuffling of COA officials and personnel.
- Mandatory Orientation/Reorientation seminars of personnel on existing administrative rules and regulations, ethical standards and policies prescribed under Republic Act (RA) No. 6713, otherwise known as the Code of Conduct and Ethical Standards for Public Officials and Employees; and on the provisions of RA 3019, otherwise known as the Anti-Graft and Corrupt Practices Act and the consequences of violations thereof.
- Submission of Statement of Assets, Liabilities, and Net Worth under oath.
- Commission on Audit Resolution No. 86-50 dated October 1, 1986, the Code of Ethics covering government auditors was ordained and adopted.
- Republic Act No. 6713, the Code of Conduct and Ethical Standards for Public Officials and Employees, was adopted on April 21, 1989.
- The International Standards of Supreme Audit Institutions 30 – Code of Ethics issued by the International Organization of Supreme Audit Institutions has been institutionalized in COA with the adoption of Code of Ethics for SAIs through COA Resolution No. 2013-007 dated January 29, 2013.
- COA promulgated the Revised Code of Conduct and Ethical Standards for COA Officials and Employees through COA Resolution No. 2018-010 dated February 1, 2018. COA officials and employees are obliged to perform and discharge their duties with the highest degree of integrity, competence, excellence, independence, professionalism, objectivity, respect, and courtesy. COA officials and employees are under obligation to protect and safeguard government money and property, and maintain integrity, confidentiality, availability and security of official records, documents, and information under their

responsibility and custody. The Code, among others, enumerated the following prohibited acts:

a. Receipt in cash or in kind, of allowances Receipt in cash or in kind, of allowances, benefits, overtime payments, honoraria, monetization of leave credits, and/or other emoluments from other agencies under their audit jurisdiction, except those specifically authorized under existing laws, rules, and regulations.

b. Solicit or accept, directly or indirectly, gifts, favors, loans, credit assistance, solicited travels, or anything of monetary value from agencies under their audit jurisdiction except loans granted by Government Service Insurance System and Home Development Mutual Fund as their members.

c. Engage in unnecessary or unwarranted relations or associations with contractors, suppliers, and the likes, who have pending or concluded business or transactions with the government/auditees.

d. Recommend and/or facilitate the employment of their relatives within the fourth civil degree of consanguinity or affinity in the audited agency.

e. Disclose premature information on rulings and opinions on matters still pending with any of the Offices of this Commission and with the COA Commission Proper. COA officials and employees shall not use or divulge confidential or classified information officially known to them by reason of their office.

- The Office of the President issued Executive Order No. 176 instituting the Integrity Management Program (IMP) in accordance with international standards and practices on anti-corruption measures. For its part, COA institutionalized in 2019 the COA IMP with the objectives of: 1) reducing the level of corruption vulnerabilities; 2) ensuring integrity as practiced in the Commission; 3) improving public trust and confidence in the Commission; and 4) recognizing the employees/offices/units based on their performance and levels of achievement.
- Integrity Pledge is administered to strengthen the moral uprightness of the auditors, and to faithfully perform duties and responsibilities as public servants.

➤ **Provide a platform or hotline for requests for assistance or filing of administrative or fraud complaints**

- The COA Citizens' Desk Reporting System was developed to encourage the public to report allegations of fraud, waste, abuse, or mismanagement of funds.

➤ **Conduct of fraud audit investigation**

- The Fraud Audit Office, under the Special Services Sector, is tasked to evaluate allegations of fraud, conduct fraud audit, and deliver Fraud Audit Report or Fraud Case Evaluation Report. These reports also contain audit findings including legal measures for the recovery of funds lost because of corruption. Findings of fraud and corruption might lead to prosecution of the alleged corrupt government officials, employees, and their cohorts.
- Submission of Fraud Audit Reports to the Office of the Ombudsman for evaluation and appropriate action since the latter has jurisdiction to investigate and prosecute any public officer or employee, office or agency when an alleged act or omission appears to be illegal, unjust, improper or inefficient.
- The Prosecution and Litigation Office, under the Legal Services Sector, is tasked to initiate complaints before the Office of the Ombudsman and assist in the prosecution of cases arising from audit actions.

➤ **COA auditors as expert witnesses in courts**

- If persons deemed liable by the COA are administratively and/or criminally charge, our very own COA auditors shall testify as witnesses on their audit findings as contained in the Fraud Case Evaluation Report or Fraud Audit Report before the Sandiganbayan, the anti-graft court, or before any regular court.

➤ **Conduct capacity training**

- To sustain capacity building program in preventing and combating corruption, COA officials and employees participated in various trainings, seminars and knowledge-sharing workshops offered by this institution, other government agencies and international partners whether online or onsite. Topics revolve around corruption prevention and detection, the conduct of fraud audit investigation, and legal evidence, among others.

➤ **Promote transparency**

- To encourage citizens to report fraud, waste and mismanagement of government resources, COA developed and institutionalized the Citizens' Desk Reporting System (CDRS), a tool to efficiently receive, record and monitor the queries, complaints, requests and reports on allegations of fraud, waste or mismanagement of public funds.
- Issuance of COA Annual Journal which presents the accomplishments of COA.

- COA strives to improve communication strategies with the public and all stakeholders including press releases, media conferences, response to queries and maintenance of the COA Citizen's Desk.
- Publication of Annual Audit Report (AAR) The results of the audit of accounts and operations of government agencies are reported at year-end in the AAR. The reports include recommendations of remedial actions that should be undertaken by government agencies in their financial operations for improved operations and prevention of corruption.
- Audit Reports (Annual Audit Reports, Annual Financial Reports, Performance Audit Reports, Special Audits Reports, Citizens Participatory Audit Reports, etc.), relevant accounting and auditing rules and regulations are available in the official website of the Commission.

➤ **Encourage participation of the private sector**

- The Citizens Participatory Audit (CPA) – COA Partnership with various Civil Society Organizations (CSOs) and Citizens was emancipated. The CPA is mechanism for strategic partnership and sharing of aspirations goals, and objectives between COA and civil society. It is both a strategy and technique in audit. As a strategy, the CPA upholds the people's right to a transparent government and use of public resources built on the premise that public accountability prospers with a vigilant and involved citizenry. On the premise that public accountability can prosper only with a vigilant and involved citizenry, the CPA is an audit technique that brings together civil society organizations, citizens and auditors of the COA into one audit team. The citizen-partners are given first-hand experience and knowledge in the systems and processes of public audit, with the citizen involvement as the keystone towards improving transparency and efficiency in the use of public resources. In terms of accountability, the presence of citizens as members of COA audit teams opens to the public abuses of public officials in audited institutions.

➤ **Strengthen the national, regional and international coordination and cooperation among the bodies involved in the prevention of and fight against corruption**

- In 2004, COA, the Civil Service Commission (CSC) and the Office of the Ombudsman forged a Memorandum of Agreement called "Solana Covenant" aimed at establishing close coordination and avoiding duplication of functions between CSC and Ombudsman in their common fight against graft and corruption. The Covenant is a Joint Anti-Corruption Plan sealed by the CSC, Ombudsman and COA, where collective and individual agency actions versus graft and corruption have been crafted both in the immediate and medium terms.

- In 2020, a Task Force composed of the COA, Ombudsman and Department of Justice was created to investigate graft and corruption in all government offices, including the judiciary and legislative branches. The Task Force aims to prioritize the reports of the COA to facilitate the investigation and prosecution of high profile anti-corruption cases.
- COA has forged partnerships with Anti-Money Laundering Council and Philippine Competition Commission Memorandum of Agreements on area of coordination and cooperation. The MOA seeks to strengthen information exchange and to harmonize the approach of the parties in the performance of their respective mandates.
- Memorandum of Agreement on the Bantay-Korapsyon Inter-agency Cooperation. The MOA between the Department of Interior and Local Government; Civil Service Commission and COA, prescribes the efficient coordination and harmonization of enforcement functions of the parties. The MOA underscores the potential of an Inter-Agency Cooperation in curbing corruption to contribute towards the attainment of public's trust and confidence.
- Memorandum of Agreement between COA and the Office of the Ombudsman was forged to renew their agencies' collaborative efforts to pursue, as a shared responsibility, the effective evaluation, audit, investigation, prosecution and monitoring of Joint Investigation Team (JIT) Cases on 28 February 2017. The project is supported by the USAID Integrity for Investments Initiative (i3).. Both agencies strengthened anew their joint anti-corruption initiatives to ensure fast and successful investigation and prosecution of graft and corruption cases. Under the Guidelines on Joint Investigations, the JITs shall investigate fraud audit-related complaints or reports arising from the same or closely-related transactions or acts involving at least P100 million; graft and corruption cases investigated by Congress and other JIT cases imbued with public interest regardless of the amount involved. The highlights of the MOA which include institutionalizing a "JIT Priority Lane", undertaking joint capability building activities, requesting other law enforcement agents to assist them in the performance of their duties and public reporting of cases, among others. The reconstituted JIT shall focus on new cases while cases under the previous MOA will be monitored to track status. The COA and the OMB have previously entered into joint investigation agreements in 2010 and 2012.
- Membership to the INTOSAI Working Group on Fight Against Corruption and Money Laundering (WGFACML). COA as a member of the WGFACML supports the SAI's efforts in the fight against corruption and money laundering through cooperation, collaboration, and continuous improvement by developing guidelines, facilitating training programs, establishing database of audit best practices. COA is also actively involved in other INTOSAI working groups, as well as ASOSAI working committees.
- As a State Party to United Nations Convention against Corruption (UNCAC), the Philippines created the Presidential UNCAC Inter-Agency Committee (PUICOM) to

oversee the implementation, coordination, and review of Philippine compliance with the UNCAC. COA has a governmental expert designated in the PUICOM.

II. BEST PRACTICES IN THE FIELD OF MONEY LAUNDERING

The Commission on Audit (COA) has no direct mandate under the Constitution or law regarding anti money laundering either on prevention or detection. This mandate is conferred to the Anti-Money Laundering Council (AMLC) by virtue of Republic Act No. 9160 otherwise known as "The Anti-Money Laundering Act of 2001." Nonetheless, COA and AMLC forged significant memoranda, namely:

- Memorandum of Understanding (MOU) on sharing of information related to anti-money laundering activities by both COA and AMLC.
- Both are signatories to the MOU of the Inter-Agency Anti-Graft Coordinating Council which encourages reporting of anomalous transactions including money laundering.