

Day 2, Morning Session: "Procurement and Fund-Tracking"
Cambodia Social Accountability School

CITIZENS' MONITORING OF PROCUREMENT CONTRACT IMPLEMENTATION

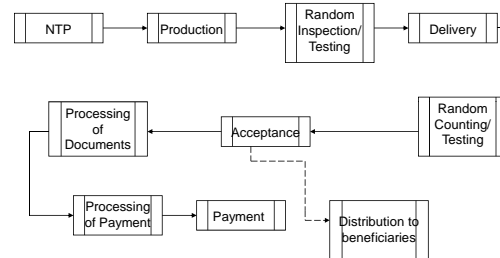
Learning Objectives

- To identify key stages of procurement where civil society and government collaboration is important
- To appreciate the process of evidence-based monitoring of procurement
- To appreciate the process of partnership-building
- To showcase an initiative that links problems in procurement to the cost and quality service delivery

Contract Implementation

Execution of contract according to set specifications as contained in the bid

What to Monitor



Description of Stages

NTP	Notice to Proceed' release of the document that signals the start of work
Production	Involves the process/es of producing the goods as agreed upon in the contract
Random Inspection/Testing	Random checking of goods in the production stage
Delivery	Transfer of goods to identified receiving entity
Random Counting/Inspection	Final checking of goods prior to acceptance
Acceptance	Final checking of goods prior to acceptance
Processing of Documents	Authorized personnel's acceptance of accountability over received goods
Processing of Payments	Submission and receipt of documents indicating successful delivery and acceptance of the goods
Payments	Submission and receipt of documents indicating entitlement to payment
Distribution to Beneficiaries	Transfer of goods to rightful beneficiaries

Grounds for Termination

Default	Failure to perform obligations under the contract
Convenience	Project is deemed to be economically, financially or technically impractical and/or unnecessary
Insolvency	Supplier is declared bankrupt or declared insolvent with finality
Unlawful Acts	Supplier is found to have engaged before or during the contract implementation in unlawful deeds or behaviors relative to contract acquisition and implementation

Red Flags (adapted from Gottbreht)

Expediting Payments	Paying someone to speed up normal work or process
False error delays	Creating delays by creating immaterial errors to extract bribe or illegal payment
Falsification of receipts	Providing official receipts that are actually above or below the real price
Falsifying results	Paying someone or getting paid to falsify reports to aid corruption activity
Feigned indecision	Faking indecision in order to encourage illegal off-the-books payment to decision maker
Forced substitutions	Forcing substitution higher cost items in contract with inferior, lower-cost items
Kickbacks	Returning a portion of invoiced and paid bill without taxation and records
Pay to play	Forcing everyday people to pay authorities to be allowed in their transactions
Unofficial signing rights	

Identification of Red Flags

	EP	FED	FR1	FR2	FI	FS	K	PP	USR
NTP	☑	☑		☑	☑			☑	☑
P				☑		☑		☑	☑
RIT				☑	☑			☑	☑
D				☑				☑	☑
RCI	☑	☑			☑	☑		☑	☑
A	☑	☑		☑	☑			☑	☑
PD	☑	☑		☑	☑			☑	☑
PP	☑	☑			☑			☑	☑
P	☑	☑			☑			☑	☑
DB	☑	☑		☑	☑	☑		☑	☑

Guide to Identify Red Flags

NTP	Is the NTP available even before awarding of the contract	
	Is it taking more than 3 days to process NTP	
	Are there irrelevant errors that are being cited for delays in processing NTP	
	Is the NTP ante-dated?	
Production	Are there more than NTP signatories than necessary	
	Does production start with or without NTP	
	Does the supplier really produce the identified goods in the contract?	
	Does the supplier use materials of correct specifications?	
	Are there too many workers in the place of production or warehouse?	

Guide to Identify Red Flags

Testing	Is the inspection/testing being carried out as scheduled?	
	Is the result of the inspection/testing publicly available?	
	Is the result of the inspection/testing immediately available	
	Are the inspectors selected based on competency?	
Delivery	Does the agency authorize the inspectors?	
	Are there more inspection/testing report signatories than necessary?	
	Are the goods delivered?	
	Are the goods delivered in right quantity?	
	Are the goods in good condition?	
	Is there clear and sufficient provision for warranty?	

Guide to Identify Red Flags

Random checking/inspection	Are the goods being checked/inspected upon delivery?	
	Does checking/inspection take unreasonably long?	
	Is the result of the inspection/testing publicly available?	
	Is the result of the inspection/testing immediately available?	
	Are the inspectors selected based on competency?	
Acceptance	Does the agency authorize the inspectors?	
	Are there more inspection/checking report signatories more than necessary?	
	Are the goods accepted without checking or inspection?	
	Does acceptance have too many prerequisites?	
	Is the acceptance report publicly available?	

Guide to Identify Red Flags

Processing of Documents	Does the acceptance report accurately state the results of the checking/inspection?	
	Is the acceptance report officially signed?	
	Are there more acceptance report signatories than necessary?	
	How fast or how slow was the processing of the documents?	
	Did the supplier submit complete and authentic documents?	
	Do the documents has complete signatories?	
	Are the documents processed by authorized personnel?	
	Are the processed documents officially signed?	
	Are there more signatories in the processing stage than necessary?	

Guide to Identify Red Flags

Processing of Payments	How fast or how slow was the processing of the payment?	
	Is payment being processed even without supplier's complete documents?	
	Is the LD being computed and computed correctly?	
	Are the payments being processed by authorized personnel?	
	Are there papers to process payment officially signed?	
	Are there more signatories in the payment processing stage than necessary?	

Guide to Identify Red Flags

Distribution to Beneficiaries	Are the goods distributed to beneficiaries?	
	How fast or slow were the goods distributed to beneficiaries?	
	Did the distribution follow set allocation?	
	Was there a designated personnel to distribute the goods?	
	Are the identified beneficiaries in accordance with set criteria?	
	Do the goods last as indicated in the specifications?	
	Do the suppliers comply with the warranty agreement?	
	Are there more signatories in the distribution stage than necessary?	

Pertinent Documents

- Notice of Award
- Notice to Proceed
- List of Specifications
- Test Results
- Inspection Reports
- List of Inspectors
- Delivery Receipt
- Allocation List
- Acceptance Report
- Billing Documents
- Vouchers
- Checks
- Computation of Liquidated Damages
- Distribution List

What is G-Watch?



It is a project of the Ateneo School of Government.

It tracks public expenditure and monitors procurement contract implementation.

It has monitored textbook delivery, school building construction, drug procurement, public works projects, and disaster relief distribution.

It started in year 2000.

context

CORRUPTION is a serious problem--it retards economic growth and weakens democratic institutions

PREVENTIVE APPROACH: preventing corruption through systems check and citizens' vigilance

vision

Competent and credible government institutions and meaningful civil society participation in governance

mission

To provide a venue where the government and the civil society can be engaged in the formulation of policies and programs to improve governance



framework

- tool and method must be simple and easy to use
- there must be consultation with agency regarding the monitoring and its results

Monitoring Tool

Project	Planned/ Normative	Actual	Variance	Cause of Variance	G-Watch Assessment	Agency Assessment
Time						
Cost						
Quantity						
Quality						
Process						

SAMPLE RESULTS OF TOOL APPLICATION



Drug Procurement
Public Works Projects
School Building Projects
Disaster Relief Distribution
Textbook Delivery

Bislig case: When will we see the bridge finished?

Insert photo

The construction of Bislig Bridge in Surigao del Sur started in 1998. As of 2003, total expenditure for the project is P95 million. It is only 25% completed and is estimated to take 5 more years to finish.

Abandoned School Building (2002) Albis Elementary School, Benguet

Insert photo

Textbook Delivery (2001)

- 40% could not be accounted for
- Suppliers delivered anytime anywhere
- Recipients were not notified about deliveries
- No feedback mechanism regarding schools' receipt of books
- Documents were not properly accomplished
- No effective sanctions for late deliveries



Textbook Distribution (2003)

- 21% were not distributed to difficult-to-reach elementary schools
- Distribution funds were not accessible

Agency actions and responses

➤ DOH passed memo aimed at improving drug procurement procedures in regional offices and hospitals



➤ DPWH reviewed projects with reported problems and declared openness to involve citizens in project inspection

➤ DepEd-DPWH joint memo to improve school building projects was passed

➤ DepEd launched *Textbook Count*

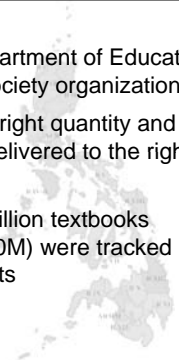


Textbook Count and Citizens' Action

- It is a program of DepEd in partnership with civil society organizations
- It aims to ensure that the right quantity and quality of textbooks are delivered to the right recipient at the right time
- It started in 2002 during the administration of Sec. De Jesus

Nationwide Coverage

- It is a program of the Department of Education in partnership with civil society organizations
- It aims to ensure that the right quantity and quality of textbooks are delivered to the right recipient at the right time
- From 2003 to 2005, 52 million textbooks amounting to P2B (US\$40M) were tracked in 4,844-7,499 delivery points



Why is it needed?

- To remove corruption in textbook procurement
- To systematize deliveries nationwide
- To make suppliers more responsive to clients' need
- To establish benchmark for DepEd performance
- To mobilize manpower for monitoring and inspection at less or no cost

How is it designed?

- Components are mapped
- Goals are set
- Stakeholders' participation is ensured
- Undertakings are defined
- Mechanisms for coordination, reporting and evaluation are put in place

Components & Goals

Bidding

Safeguard the integrity of the bidding process

Production

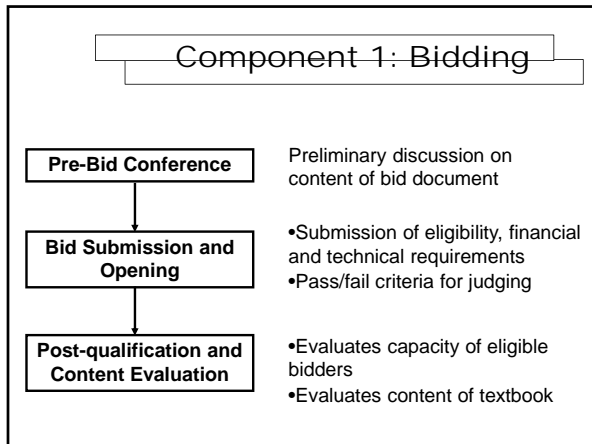
Ensure good textbook quality

Delivery

Help high schools and districts check the textbooks delivered to them

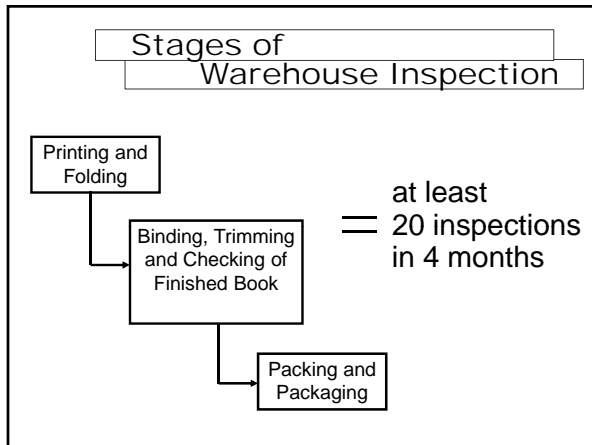
Distribution

Help districts distribute the textbooks to elementary schools



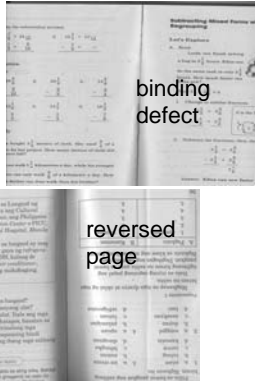
Component 2: Warehouse Inspection

- It is for early detection and rectification of defects
- Inspection team consists of IMCS, BAC, End-users and CSO
- Inspection team cannot proceed without CSO



Sample Results

- In two instances, 100,000 textbooks were rejected because of poor binding.
- Several defects, such as reversed page, uneven color and wrinkles, were found and rectified.



Advantages of pre-delivery inspections

- Pressure on suppliers to raise quality standards
- Client satisfaction met
- Suppliers save since additional transport cost is avoided in case textbooks are rejected at the school level

Component 3: Delivery

- **DepEd Memo 162 s. 2003 spelled out:**
 - o undertakings of DepEd offices and suppliers
 - o participation of civic organizations and NGOs
- **Stakeholders agreed that:**
 - o synchronized schedules will be followed
 - o suppliers will coordinate with DepEd-IMCS, division offices and CSO regarding deliveries
 - o there will be penalties for late deliveries

ZONE 1

2004 NATIONAL TEXTBOOK DELIVERY PROGRAM (Textbook Count 2)
 SECOND SOCIAL EXPENDITURE MANAGEMENT PROJECT (SEMP 2003)
 SECONDARY EDUCATION DEVELOPMENT AND IMPROVEMENT PROJECT (SEDP 2003)
 THIRD ELEMENTARY EDUCATION PROJECT (TEEP 2003)
 (Approved as of April 15, 2004)

NEW DELIVERY SYSTEM

Region/Division	Total No. of Delivery Points	No. of Delivery Points		No of Allowable Delivery Days	JUL '04														AUG '04																
		District	HS		4th Week							1st Week							2nd Week							3rd Week									
					25	27	28	29	30	31	01	02	03	04	05	06	08	09	10	11	12	13	15	17	18	19	20								
GRAND TOTAL FOR ZONE 1					1,799	508	1,291																												
TOTAL FOR CAR					278	87	211																												
CAR	1	Banguet*	54	13	41	10*																													
	2	Iligan*	39	11	28	10*																													
	3	Kalinga*	42	10	32	10*																													
	4	Apayao*	26	7	19	10*																													
	5	Mt. Province*	50	10	40	10*																													
	6	Baguio City	23	4	19	5																													
	7	Abra*	44	12	32	10*																													

- ## Preparations
- Civil society partners were organized
 - Briefing-orientations were given to division supply officers, suppliers and CSO provincial coordinators
 - Documents were sent to DepEd division, high schools and district offices
 - Documents were sent to CSO provincial coordinators and volunteers
 - Print and radio advertisements came out

Consortium of CSOs for Textbook Count

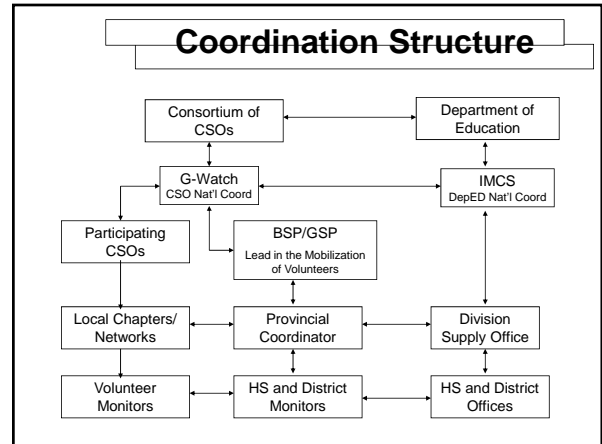
Alliance of Concerned Teachers • Alliance of Volunteer Educators • Association of Ministers and Ministries in Nueva Ecija • Ateneo School of Government • Barug! Pilipino • Boy Scouts of the Philippines • Brotherhood of Destiny • Caucus of Development NGO Networks • Christian Convergence for Good Governance • Concerned Citizens of Abra for Good Government • Civil Society Network for Education Reforms • Fellowship of Christians in Government • Don Bosco Technical Institute Makati • Girl Scouts of the Philippines • Kapatiran Kaunlaran Foundation • Konsyensyang Pilipino • Naga City People's Council • National Citizens Movement for Free Elections • Negros Center for People Empowerment and Rural Development • Procurement Watch, Inc. • Rahma Qur'anic Center and Mosque Foundation • Social Watch Visayas • Student Catholic Action • Ten Outstanding Boy Scouts of the Philippines Association • Transparency and Accountability Network • UP Bannuar • UP Harong • UP Kamayo • Victory Campus Ministry • Volunteers for a Libertarian Society • YES Tejeros • Young Moro Professionals Network, Inc. • Youth Empowering Youth Forum

2003 Ad

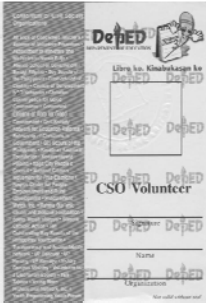
2004 Ad

Help our students get their books on time. To volunteer as a textbook delivery watcher in your school, call the following numbers...

2005 Ad

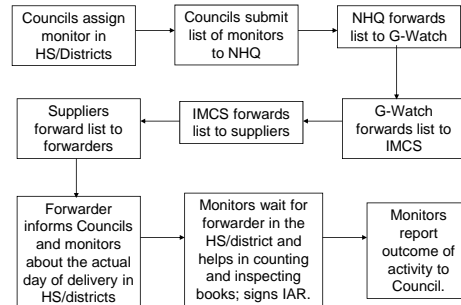


Materials for volunteers



- Letter to the HS Principal/District Supervisor
- Duties and Responsibilities of Volunteers
- Volunteer's Monitoring Report Form
- Sample IAR
- Inspection Guidelines
- ID

Monitoring Activity Plan



Reporting

QuickTime™ and a TIFF (LZW) decompressor are needed to see this picture.

Reporting

- On-the-spot Reporting
 - HS and district monitors report to Councils problems encountered.
 - Councils are empowered to make judgments on situations based on *Duties and Responsibilities*.
 - In case of disagreement between CSO volunteer and DepEd personnel, DepEd prevails. **But**, CSO volunteer indicates comments in IAR remarks section and reports observations to the Council, or if necessary, to G-Watch.
- Final Reporting
 - Councils collect IARs and volunteer's monitoring report form
 - Councils accomplish Coordinating Council's report form
 - Councils submit IARs and report forms to NHQ
 - NHQ forwards IARs and report forms to G-Watch

CSO volunteer signs IAR

- If IAR is signed by CSO, DepEd Division Office need not inspect deliveries in the districts and high school
- DepEd saves in monitoring and inspection expense
- Supplier can process payment faster

For 3rd party CSO monitor

Requirements for Quick Reporting

- Type of Good
- Stage of the process
- Specific complaint (time, quality, quantity)
- Reason/justification
- Evidence (if available, e.g. photo)

Requirements for Evaluation Report

- Type of good
- Stage/s of the process monitored
- Individuals or groups involved in the monitoring
- Monitoring process plan followed
- Findings: time, cost, quantity, quality, documentation, personnel, behavior, compliance to process
- Conclusions and recommendations

Documentation & Evaluation

- CSO has parallel documentation of delivery reports
- Program is evaluated yearly to discuss problems encountered and recognize accomplishments

Responsibilities of Agencies

QuickTime™ and a TIFF (LZW) decompressor are needed to see this picture.

Responsibilities of the CSO Observers

QuickTime™ and a TIFF (LZW) decompressor are needed to see this picture.

Insert photo

TEXTBOOK DELIVERY MONITORING AT RMHS MANILA

Making it work

- Collaboration requires participation from government and civil society
- Civil society must know the responsibilities of government and its own responsibilities in the monitoring process
- Feedback to agency makes monitoring results useful
- Government must act on monitoring results

Accomplishments of Textbook Count

- Prices of textbooks were reduced by 40-50%
- Procurement process (bidding to delivery) was shortened from 24 to 12 months
- Printing and binding quality was improved
- Delivery errors were reduced to as low as 5% on the average



G-Watch Lessons

- Simple monitoring tools work and can influence government's policies and programs
- Constructive engagement with agency facilitates positive actions on the findings and recommendations
- Citizens' involvement in public management prevents corruption and improves people's access to basic services

Thank you!

Slide Show: *Textbook Count*
Open Forum
Break

Break

Day 2, Afternoon Session: Procurement and Fund-Tracking
Cambodia Social Accountability School

MOCK PLANNING on Monitoring Initiative

Mechanics

- Participants will divide into four groups
- Group members brainstorm and explore ideas on doing monitoring work in the community (see guide in next slide)
- Group documenter writes output on manila paper
- Group reporter presents group output

Guide Questions, 1st set

- What is your target procurement item? Why?
- What steps will you take to convince the government to partner with you in a monitoring initiative? What incentives do you suggest to get government's cooperation?
- What information and skills do you need to implement the initiative?
- What incentives do you suggest to encourage CSO involvement?
- How will you organize your volunteers?
- Do you think your volunteers would need training? How will you train them?
- What key activities are you going to do to monitor?
- What will be your procedures to get monitoring reports?

Report back to Small Group Plenary
Return to Workshop Group

Guide Questions, 2nd set

- How will you assess the accomplishments of the initiative?
- What will be the strengths and weaknesses of work plans?
- What are the ways to overcome weaknesses?
- What are the ways to sustain strengths?

Report back to Small Group Plenary
Summary and Synthesis