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2019 _ 08- 016

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS

MEMORANDUM

TO : **ALL DEPUTY COMMISSIONERS**
ALL COLLECTORS
ALL SERVICE DIRECTORS

BOC-03-02052

FROM : **DONATO B. SAN JUAN**
Deputy Commissioner, Internal Administration Group and
Chief-of-Staff, Office of the Commissioner

SUBJECT : **SUBMISSION OF ANTI-CORRUPTION PLAN AND ORGANIZATIONAL VALUE TRANSFORMATION PROGRAMS**

DATE : **August 15, 2019**

In accordance with the implementation of the Commissioner's 10 Point Priority Programs and Anti-Corruption initiatives aimed at elevating the bureau into a trusted and world-class customs administration, you are hereby directed to prepare and submit individual Anti-Corruption Plans and Organizational Value Transformation Programs, which shall be implemented in your respective offices, once approved.

The Anti-Corruption Plans and Organizational Value Transformation Programs shall be prepared using the attached two guidelines. The proposed plans and programs that pertain to your respective office/s shall be submitted to this Office on or before 31 August 2019, for the review and approval of the undersigned.

The same shall be included as activities/outputs in your respective Office Performance Commitment and Review (OPCR) and shall be rated accordingly by your immediate supervisor after each rating period.

Be reminded that the OPCR is being submitted pursuant to Customs Memorandum Order No. 02-2017 implementing the Bureau of Customs Strategic Performance Management System (SPMS), in relation to Civil Service Commission (CSC) Memorandum Circular (MC) No. 6 s. 2012.

FOR STRICT COMPLIANCE.

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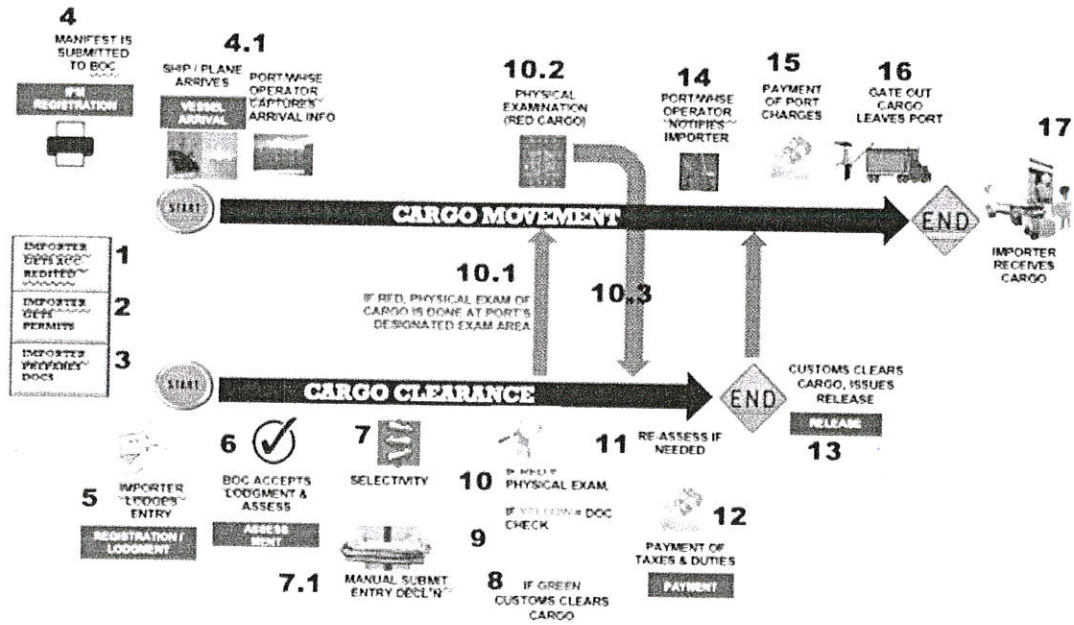
Attachment "A"; Guideline for completing an Anti-corruption Plan

1. Please consider the following guide when developing your Group's, Office's, Department's and Port Office's Anti Corruption Plan. Kindly validate the attached business process flowchart that is matched with approximate MIS counterpart system to: (i) identify stakeholders per transaction point and (ii) points of potential corruption:

   a. internal perspective which identifies concerned stakeholders including but not limited to the concerned department and the MIS group
   b. external perspective which identifies all concerned stakeholders including but not limited to importer, broker, trucker, port operator, general public, civic service organizations, media and others
   c. potential points of corruption in the permit and operational point of view
   d. potential points of corruption in the MIS System



BOC Time Release Study (2019)

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	Business Process	Time Measured	Sequence	Time Release Study	TRS Time Result	E2M Import & Assessment Systems for validation by MISTG	TRS of Japan by Toshihiko Osawa World Customs Organization (WCO)
1	Importer gets Accredited						
2	Importer gets Permits			(Trade Regulatory Government Agencies [TRGA] and Customs Regulated Import List [CRIL])		Non-BOC Permits are inputs to what stage in E2M	
3	Importer Prepares Docs					Value Added Service Provider (VASP)	
						Licensing and Clearance System (LCS)	
4	Manifest submitted to BOC	T1	S1 to S2	Inward Foreign Manifest (IFM) Registration to IFM Arrival & Registration (Formal Entry Division)	20 hours, 49 minutes and 5 seconds	Electronic Manifest System (EMS)	
4.1	Ship/Plane Arrives	T2	S2 to S3	Vessel Arrival to Import Entry Declaration Registration	24 hours		Arrival of Cargo
4.1	Port/Whse Operator Captures Arrival Info Operators						Unloading and Storage
5	Importer Lodges Entry Registry/ Lodgement	T3	S3 to S4	Import Entry Declaration Registration to Assessment	9 hours, 29 minutes and 53 seconds	Internet Lodgment of Import Entries (ILIE)	Submission of Declaration
		T6	S3 to S6	Import Entry Declaration Registration to Customs Release			
6	BOC Accepts Lodgement & Assess Assessment	T4	S4 to S5	Assessment to Payment	29 hours, 47 minutes and 59 seconds	Electronic Assessment System (EAS)	
7	Selectivity				94 Hours, 35 minutes and 1 second	Risk Management System (RMS)	
7.1	Manual Submit Entry Decl'n						
8	If Green BOC clears Cargo				0% made up of the sample		
	If Blue ?				16% made up of the sample		
9	If Yellow BOC checks Documents				64% made up of the sample		
10	If Red BOC conducts Physical Exam	T9		Truck Gate Out to X-ray Examination Completion (BOC and TRGA)	20% made up of the sample		
10.1	If Red Physical Exam is conducted at Port Exam Area				30 hours, 43 minutes and 12 seconds		
10.2	Physical Exam						
10.3	NO SUBJECT						
11	Re-assess if Needed	T10		Import Entry Declaration Log-out to Valuation Check Completion	19 hours		
12	Payment of Taxes & Duties	T5	S4 to S5	Payment to Customs Release	3 seconds		
	END					Online Release System	
13	BOC Clears Cargo, Issues Release	T6	S3 to S6	BOC Release			Customs Release Permission
14	Port Operator Notifies Importer						
15	Payment of Port Charges						
16	Gate out of Cargo Leaves Port	T8	S6 to S7	Cargo Delivery Release	31 hours and 12 minutes		Removal of cargo
	END	T11		IFM Registration / Ship Docking to Cargo Delivery	115 hours, 43 minutes and 25 seconds		Japan: 86 hours and 42 minutes without National Single Window Project (Pre-2004) or 60 hours and 48 minutes with National Single Window Project (post 2004)
17	Importer Receives Cargo						

Notes

1 https://www.unescap.org/sites/default/files/01-WCO%20Time%20release%20study-Toshihiko%20Osawa.pdf

Time Release Study and Estimated matching with E2M Architecture of the MISTG (Subject to Validation by MISTG)

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2. Based on the identified stakeholders and points of potential corruption, please use the anti-bribery and corruption assessment checklist below in listing your respective Group, Port, Service Bureau and Department proposed anti-corruption plan.

Preventive/Detect	Punitive/Correct	Promotive/Protect
Risk Assessment 1. Conduct/update risk assessment 2. List all geographic locations in which you operate and rank areas by risk based on: • Type and amount of business you do in each area • New areas or areas of planned expansion. • Extensive use of third parties • Dealings with government officials 3. Prioritise all future activities by perceived magnitude of potential point of corruption 4. Note issues and develop plan to investigate and address issues found 5. Identify interactions with government officials, including what, when, who, etc. 6. Identify processes for managing payments 7. Identify any existing oversight practices. Periodically reassess risk and modify the programme 8. Survey executives and key personnel in each geographic area regarding past and current corruption risks and risk mitigation practices	**Corrective Action** 1. Develop plan to mitigate issues found via identification of possible points of corruption 2. Develop/revise processes and controls for: • Gifts, entertainment and travel • Potential conflicts of interest 3. Vet processes with key stakeholders in each geographic area. Identify system/procedures for managing processes 4. Acquire incident/ investigation management system and/or adjust processes to ensure proper oversight 5. Develop reports and process for providing regular updates on programme to senior management and board 6. Brief leadership on new processes and obtain support. Establish regular review schedule of programme status with leadership 7. Implement anti-corruption financial controls (gifts, conflicts, travel, etc.) 8. Implement revised incident/ investigation system and processes 9. Review and obtain feedback on processes and make appropriate modifications 10. Conduct regular audits of procedures and controls	**Policy** 1. Identify anti-bribery, conflicts of interest, gifts & entertainment, travel, charitable giving, political contributions, offset agreement and other related policies in use across your organisation 2. Identify key stakeholders for policies in all geographic areas 3. Draft/update national anti-bribery policy 4. Incorporate anti-bribery policy conflicts of interest, gifts & entertainment, travel, charitable giving, political contributions and offset agreement policies and guidance 5. Vet new policies and guidance with key contacts in each geographic area 6. Update code of conduct to include appropriate anti-bribery and other policy updates 7. Develop plan and timeline for implementing new policies across organisation 8. Roll out anti-bribery policy to appropriate employees and require certification 9. Roll out revised code of conduct to all employees and require certification 10. Put in place regular review process for policies

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Preventive/Detect	Punitive/Correct	Promotive/Protect
Culture 1. Ensure hotline is visible to all employees in appropriate languages 2. Deliver communications to employees regarding hotline and anti-bribery policies 3. Review past corruption incidents (hotline, investigations, etc.) and identify areas/issues that require immediate or additional attention 4. Conduct employee surveys to evaluate culture and effectiveness of programme	**Controls / Oversight** 1. Obtain leadership support for anti-corruption programme 2. Identify/review existing processes and controls for managing: • Gifts, entertainment and travel • Customs and cross-border shipping • Charitable giving • Political contributions • Conflicts of interest 3. Implement/update background investigation processes for executives and key personnel 4. Create guidelines for enforcement of policies and establish disciplinary procedures to address issues	**Training / Communication** 1. Acquire/ develop anti-bribery training for employees (online and offline) 2. Develop rollout plan, messaging, consequences for non-compliance, etc. 3. Communicate with business leaders regarding new policies and their significance 4. Develop overall anti-bribery and speak up communication plan (emails, web site, newsletters, posters, etc.) 5. Roll out anti-bribery training to employees 6. Deliver periodic training and communications regarding anti-bribery and reporting responsibilities (online, offline, mobile, etc.) 7. Implement anti-bribery communication plan 8. Communicate to employees when issues have required action

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Preventive/Detect	Punitive/Correct	Promotive/Protect
Business Partners 1. Develop global list of third parties utilised in each geographic area 2. Review business partner agreements and identify red flags 3. Develop risk ranking methodology for business partners, using elements like: • Geographic area • Third party type/ structure • Services being acquired • Spend level • Contract/ payment terms • Length of relationship 5. Assign risk ranking to each business partner 6. Prioritise business partner due diligence activities based on risk rankings	**Business Partners** 1. Obtain support for revised business partner management processes from business leaders 2. Review existing due diligence processes and controls for hiring and managing business partners 3. Identify key stakeholders for new business partner processes 4. Draft new business partner monitoring processes based on risk 5. Vet new business partner onboarding processes with key business leaders ... Vet new business partner monitoring processes with key business leaders 6. Identify system and/or procedures for hiring and managing business partners that provides proper oversight and visibility by compliance office 7. Implement new business partner on-boarding and monitoring processes 8. Review and audit processes and make appropriate modifications	**Business Partners** 1. Review standard agreements and revise to address required compliance with anti-bribery policies 2. Develop/revise business partner code of conduct 3. Require certification by business partner representatives on code of conduct 4. Acquire/develop anti-bribery training for business partners 5. Develop policy for business partner anti-bribery training (who must take training, exceptions if business partner has its own, etc.) 6. Ensure business partners understand your anti-bribery policies and principles 7. Deliver anti-bribery training or require proof of anti-bribery training to representatives from higher risk business partners

https://www.navexglobal.com/en-us/file-download-canonical?file=/anti-bribery-corruption-risk-assessment-checklist-white-paper.pdf&file-name=anti-bribery-corruption-risk-assessment-checklist-white-paper.pdf

3. After (i) validating the business process, (ii) identifying the stakeholders per business process, (iii) listing potential points of corruption and (iv) proposing anti-corruption plan, please develop your rollout plan of your respective anti corruption plans.

   The rollout plan can be as simple as monthly anti-corruption commitment meetings, semi-annual scorecarding activities and proposed referesher courses on anti corruption plans.

   Using the PGS model in implementing an anti-corruption plan, please consider that the objectives are first to initiate organically a shared vision of an anti-corruption plan, second to foster consensus for the new vision for compliance, third to spread anti corruption proficiency to all departments without pushing it from the top and fourth to institutionalize anti corruption plans and adjust strategies in response to possible other future challenges.

   https://hbr.org/1990/11/why-change-programs-dont-produce-change

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Attachment "B" Guidelines in the Preparation of Organizational Value Transformation Programs

1. Please consider the following framework when identifying Organizational Value Transformation Programs that will be customized to suit the needs of your particular Groups, Offices, Departments and Others:

RA 6713 Code of Conduct and Ethical Standards for Public Officials and Employees	BOC Transformation Program Platform
These norms or standards are: • Commitment to public interest • Professionalism • Justness and sincerity • Political neutrality • Responsiveness to the public • Nationalism and patriotism • Commitment to democracy • Simple living	Professionalism, Integrity accountability 1. Improved outcomes – a much stronger focus on the difference we can make for citizens, not just on processes and procedures 2. Effective leadership – with confident leaders who inspire and empower colleagues to be the best they can be 3. Skilled people – our commitment to building a broader set of skills in the Civil Service, to make us more effective and offer more varied careers that will help us retain and attract the best talent 4. A great place to work – creating a truly inclusive environment, in open, modern workplaces, with the technology to get the job done https://civilservice.blog.gov.uk/2016/06/16/our-vision-for-a-brilliant-civil-service-and-what-it-means-for-you/ 5. Digital transformation – wholistic view that customer experience is not just a matter of the front-end and customer-facing functions but also a matter that includes the whole organization and back-end functions as well https://www.i-scoop.eu/digital-transformation/digital-transformation-deep-dive-customer-experience/

2. The respective Organizational Behavior Development Programs may include:

   a. Personal Developmental Change

   Developmental change is the simplest type of change: it improves what you are currently doing rather than creates something new.

   Samples:

   - Lines of Intelligence: Logical-mathematical intelligence, Intrapersonal intelligence, Interpersonal intelligence
   - Skill Development: physical health, relationships, social, financial, professional, communication skills, personal growth, spiritual, creativity, fun, and emotional
   - Lifestyle Management: physical health, family relationships, social relationships, financial, professional, personal growth, spiritual, creativity, fun, and emotional.
   - Behavioral Change: The time necessary to install a new habit varies; research suggests it takes 66 days on average. or lasting change to occur, we repeat the new habit or behavior over time under various circumstances.
   - Personality Development: aware of your psychological type. Each type has a different pathway to higher development.
     https://scottjeffrey.com/personal-development-plan/

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b. Transitional Change

Transitional change replaces "what is" with something completely new. This requires designing and implementing a "new BOC." The organization simultaneously must dismantle and emotionally let go of the old way of operating while the new state is being put into place. This "transitional" phase can be project managed and effectively supported with traditional change management tools.

Samples

- Reorganization - Restructuring
- Creation of new products or services that replace old ones
- **Leading and Managing**
- **Departmental & Team Change Management**
- **Transitioning Through Political Changes**
- **Transitioning Through Organizational Changes.**
- **Transitioning Through Funding Changes.**

Two variables define transitional change: (1) you can determine your destination in detail before you begin, and can, therefore, "manage" your transition, and (2) people are largely impacted only at the levels of skills and actions, not the more personal levels of mindset, behavior and culture.

c. Transformational Change

Transformation, however, is far more challenging for two distinct reasons.

First, the future state is unknown when you begin, and is determined through trial and error as new information is gathered. This makes it impossible to "manage" transformation with pre-determined, time-bound and linear project plans. You can have an over-arching change strategy, but the actual change process literally must "emerge" as you go. This means that your executives, managers and frontline workers alike must operate in the unknown—that scary, unpredictable place where stress skyrockets and emotions run high.

Second, the future state is so radically different than the current state that the people and culture must change to implement it successfully. New mindsets and behaviors are required. In fact, often leaders and workers must shift their worldviews to even invent the required new future, let alone operate it effectively.
http://changeleadersnetwork.com/free-resources/what-is-transformation-and-why-is-it-so-hard-to-manage

Samples

1). **Digital-driven** change strategies emphasize reasoning as a tactic for bringing about a change in a social system. Experts, either internal or external to the sponsor, are contracted to analyze the system with the goal of making it more efficient (leveling costs vs. benefits). Samples of systems science theories that are employed to view the social system from a wide-angle perspective and to account for inputs, outputs, and transformation processes are as follows:

- Matching Existing Business Process with MIS Process to promote operational efficiency.
- Social Media Guidance and Civil Service (UK Model 2004)
- **Government and public sector professionals on the state – and challenges – of digital transformation**
  https://www.i-scoop.eu/digital-transformation/digital-transformation-government-public-sector/
- Cybersecurity to promote organizational awareness in the social media and hacking universe
- Artificial Intelligence and BitCoin Technology its effect on operational efficiency.
- others

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2). **Participation-driven** change strategies assume that change will occur if impacted units and individuals modify their perspective from old behavior patterns in favor of new behaviors and business/work practices. Samples of participative change that typically involves not just changes in rationales for action, but changes in the attitudes, values, skills, and percepts of the organization are as follows: .

- Ethics and Accountability Philippine Experience: Civil Service Commission
- Filipino Culture and Ethics by Dennis Gonzales Ateneo Professional Schools
- Cultural value awareness that includes: (a) formal processes and informal unwritten rules, (b) official processes and procedures (c) mindsets and behavior and (d) organizational shared experience (https://www.consultancy.uk/news/13583/cultural-transformation-and-the-implementation-of-core-values)
- Culture Transformation Tools (http://www.viviticoaching.com/services/coming-soon/)
- Public Service Value Programs by Civil Service Commission
- Basic Intentional & Balanced Leadership Programs (ISA or FOCIG)
- Others

3). **Compliance-driven** change strategies are based on the "leveraging" of power coming from the sponsor's position within the organization to implement the change. The sponsor assumes that the unit or individual will change because they are dependent on those with authority. Typically, the change agent does not attempt to gain insight into possible resistance to the change and does not consult with impacted units or individuals. Change agents simply announce the change and specify what organizational units and impacted personnel must do to implement the change.

- Anti Graft and Corrupt Practice Act Primer
- Code of Conduct and Ethical Standards for Public Officials and Employees
- Measures of Conflict of Interest (https://www.tbs-sct.gc.ca/pubs_pol/hrpubs/TB_851/vec-cve-eng.pdf)
- Corruption and Government (Susan Ackerman-Rose Model)
- Others

3. Implementation Plan and Identification of Participants to the Organizational Value Transformation Program

After listing the proposed Developmental, Transitional and Transformational Programs, please include in your submission a schedule of rollout of the proposed programs and proposed participants per program categorized as follows:

a. Staff Programs
b. Supervisorial Program
c. Executive Programs