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**I. EMPLOYEE RELATIONS AND COMPLIANCE****A. CODE OF CONDUCT AND EMPLOYEE DISCIPLINE****1. STATEMENT OF POLICY**

*As a wholly owned subsidiary of Land Bank of the Philippines and as a Government Owned and Controlled Corporation (GOCC), LBP Leasing and Finance Corporation (LLFC or the Corporation) Directors, Officers and employees are inherently mandated to be socially responsible, to act and operate as good corporate citizens. LLFC Directors, Officers and employees are required to abide by ethical policies mandated by this Code and other pertinent laws, rules, and regulations. It is the policy of LLFC to ensure the maintenance of administrative discipline among its officers and employees based on the principle that discipline is fundamental to its success as an organization and as a business concern. The highest interests of society and of the individuals demand that everybody in the Corporation should do his share in the maintenance of discipline. The Corporation shall adopt policies and procedures concerning disciplinary cases based on pertinent and applicable issuances, rules and regulations.*

**2. PURPOSE**

*The Code of Conduct for LLFC employees (the Code) aims to:*

- a. Provide guidelines to enable them to conduct themselves in a proper manner*
- b. Ensure compliance with the requirement of various regulatory agencies*

**3. SCOPE OF THE CODE**

*The Code applies to all employees of the LLFC regardless of rank, whether permanent, temporary, co-terminus or directly hired contractual. The term "employee" as it is used in the Code includes such individuals.*

*The Code covers significant provisions of existing internal policies and procedures and other applicable relevant laws, rules and regulations including but not limited to employment prohibitions, classification of offenses and scale of penalties, confidentiality of information, whistleblowing and reporting, no gift policy, sexual harassment, and misconduct.*

**4. PERFORMANCE OF DUTIES**

*LLFC employees shall at all-times perform official duties properly and diligently. They shall commit themselves exclusively to the business and responsibilities of their Group/Unit during working hours unless, otherwise, properly allowed under existing laws, rules and regulations.*


**5. EMPLOYEE DISCIPLINE AND ACCOUNTABILITY**

*LLFC employees shall have a duty to adhere to the Code and report violations. The Corporation shall impose strict implementation of policies to ensure employee discipline.*

**6. DISTRIBUTION OF THE CODE**

*The Code shall be distributed to all employees of the Corporation. Each employee shall sign and submit a Code of Conduct Compliance Certificate. Incumbent employees shall submit a Code of Conduct Compliance Recommitment Certificate not later than January 31 of each year.*

# CLASS D

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## B. CLASSIFICATION OF OFFENSES AND SCALE OF PENALTIES

Administrative offenses with corresponding penalties are classified into grave, less grave or light, depending on their gravity or depravity and effects on the service:

CATEGORY	NO. OF OFFENSE	PENALTY
Grave Offenses A	1 <sup>st</sup> Offense	Dismissal
Grave Offenses B	1 <sup>st</sup> Offense	Suspension of 6 mos. & 1 day to 1 year
	2 <sup>nd</sup> Offense	Dismissal
Grave Offense C	NA	Demotion or Diminution in Pay
Less Grave Offenses A	1 <sup>st</sup> Offense	Suspension of 1 mo. & 1 day to 6 mos.
	2 <sup>nd</sup> Offense	Dismissal
Less Grave Offenses B	1 <sup>st</sup> Offense	Suspension of 1 mo. & 1 day to 6 mos.
	2 <sup>nd</sup> Offense	Suspension of 6 mos. & 1 day to 1 year
	3 <sup>rd</sup> Offense	Dismissal
Light Offenses	1 <sup>st</sup> Offense	Reprimand
	2 <sup>nd</sup> Offense	Suspension of 1 day to 30 days
	3 <sup>rd</sup> Offense	Dismissal

## C. GRAVE OFFENSES A

1. Serious Dishonesty;
2. Gross Neglect of Duty;
3. Grave Misconduct;
4. Being Notoriously Undesirable;
5. Conviction of a crime involving moral turpitude;
6. Falsification of official documents;
7. Physical or mental incapacity or disability due to immoral or vicious habits;
8. Receiving for personal use of a fee, gift or other valuable thing in the course of official duties or in connection therewith when such fee, gift or other valuable thing is given by any person in the hope or expectation of receiving a favor or better treatment than that accorded to other persons, or committing acts punishable under the anti-graft laws;
9. Contracting loans of money or other property from persons with whom the office of the employee has business relations;
10. Soliciting or accepting directly or indirectly, any gift, gratuity, favor, entertainment, loan or anything of monetary value which in the course of his/her official duties or in connection with any

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*operation being regulated by, or any transaction which may be affected by the functions of his/her office. The propriety or impropriety of the foregoing shall be determined by its value, kinship, or relationship between giver and receiver and the motivation. A thing of monetary value is one which is evidently or manifestly excessive by its very nature;*

11. *Nepotism; and*


12. *Disloyalty to the Corporation, the Parent Company and the Government of the Philippines.*

**D. GRAVE OFFENSES B**

1. *Less serious dishonesty;*
2. *Oppression;*
3. *Disgraceful and immoral conduct;*
4. *Frequent unauthorized absences, or tardiness in reporting for duty, loafing from duty during regular office hours;*
5. *Refusal to perform official duty;*
6. *Gross Insubordination;*
7. *Conduct prejudicial to the best interest of the service;*
8. *Directly or indirectly having financial and material interest in any transaction requiring the approval of his/her office. Financial and material interest is defined as pecuniary or proprietary interest by which a person will gain or lose something;*
9. *Owning, controlling, managing or accepting employment as officer, employee, consultant, counsel, broker, agent, trustee, or nominee in any private enterprise regulated, supervised or licensed by his/her office, unless expressly allowed by law;*
10. *Disclosing or misusing confidential or classified information officially known to him/her by reason of his/her office and not made available to the public, to further his/her private interests or give undue advantage to anyone, or to prejudice the public interest;*
11. *Obtaining or using any statement filed under the Code of Conduct and Ethical Standards for Public Officials and Employees for any purpose contrary to morals or public policy or any commercial purpose other than by news and communications media for dissemination to the general public; and*
12. *Recommending any person to any position in a private enterprise which has a regular or pending official transaction with his/her office, unless such recommendation or referral is mandated by (1) law, or (2) international agreements, commitment and obligation, or as part of the function of his/her office.*

**E. GRAVE OFFENSE C**

1. *Inefficiency and incompetence in the performance of official duties;*

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**F. LESS GRAVE OFFENSES A**


1. *Simple Neglect of Duty;*
2. *Simple Misconduct;*
3. *Discourtesy in the course of official duties;*
4. *Violation of existing rules and regulations of the Corporation of serious nature;*
5. *Insubordination;*
6. *Habitual Drunkenness;*
7. *Unfair discrimination in rendering service due to party affiliation or preference;*
8. *Failure to file sworn statements of assets , liabilities and net worth, and disclosure of business interest and financial connections including those of their spouses and unmarried children under eighteen (18) years of age living in their households;*
9. *Failure to resign from his/her position in the in any business enterprise within thirty (30) days from assumption of office when conflict of interest arises, Provided, however, that for those who are already in the service and conflict of interest arises, the official or employee must either resign or divest himself/herself of said interest within the period hereinabove provided, reckoned from the date when the conflict of interest had arisen; and*

**G. LESS GRAVE OFFENSES B**

1. *Simple Dishonesty*

**H. LIGHT OFFENSES**


1. *Simple discourtesy in the course of official duties;*
2. *Improper or unauthorized solicitation of contributions from subordinate employees;*
3. *Violation of reasonable office rules and regulations;*
4. *Frequent unauthorized tardiness (Habitual Tardiness);*
5. *Gambling prohibited by law;*
6. *Refusal to render overtime service;*
7. *Disgraceful, immoral or dishonest conduct prior to entering the service;*
8. *Borrowing money by superior officers from subordinates ;*
9. *Willful failure to pay just debts or willful failure to pay taxes due to the government;*  
*The term "just debts" shall apply only to:*
  - a. *Claims adjudicated by a court of law, or*
  - b. *Claims the existence and justness of which are admitted by the debtor.*
10. *Lobbying for personal interest or gain in legislative halls and offices without authority;*
11. *Promoting the sale of tickets in behalf of private enterprises that are not intended for charitable or public welfare purposes and even in the latter cases, if there is no prior authority;*
12. *Failure to act promptly on letters and request within fifteen (15) working days from receipt , except as may be justified by circumstances surrounding the delay;*

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13. *Failure to process documents and complete action on documents and papers within a reasonable time from preparation thereof;*
14. *Failure to attend to anyone who wants to avail himself/herself of the services of the office, or act promptly and expeditiously on transactions;*
15. *Engaging in private practice of his/her profession unless authorized by the rules and regulations of the Corporation, provided that such practice will not conflict with his/her official functions; and*
16. *Pursuit of private business, vocation or profession without the permission required by the rules and regulations of the Corporation.*

**I. PENALTY OF FINE**

1. *The disciplinary authority may allow payment of fine in place of suspension if any of the following circumstances are present:*
  - a. *When the employee is discharging frontline functions or directly dealing with the clients and the personnel complement of the office is insufficient to perform such function; and*
  - b. *When the employee committed the offense without utilizing or abusing the powers of his/her position or office.*
2. *The payment of penalty of fine in lieu of suspension shall be available in Offenses where the penalty imposed is for six (6) months or less at the ratio of one (1) day of suspension from the service to one (1) day fine; Provided, that in Grave Offense where the penalty imposed is six (6) months and one (1) day suspension if there is the presence of mitigating circumstance, the conversion shall only apply to the suspension of six (6) months. Nonetheless, the remaining one (1) day suspension is deemed included therein.*
3. *The maximum period to pay the fine shall not exceed one (1) year from the time the decision/resolution becomes final and executory. The conversion of suspension into fine is final and executory and, therefore, not subject of appeal or any other similar relief.*
4. *The failure of the respondent to pay the fine or part thereof shall cause the reversion to the original penalty of suspension. As such, respondent shall serve the original penalty of suspension imposed, irrespective of the amount he/she has already paid.*
5. *Fine may be paid in equal monthly instalments subject to the following schedule of payment prescribed below:*
  - a. *Fine equivalent to one (1) month salary shall be paid within two (2) months;*
  - b. *Fine equivalent to two (2) months' salary shall be paid within four (4) months;*
  - c. *Fine equivalent to three (3) months' salary shall be paid within six (6) months;*
  - d. *Fine equivalent to four (4) months' salary shall be paid within eight (8) months;*
  - e. *Fine equivalent to five (5) months' salary shall be paid within ten (10) months; and*
  - f. *Fine equivalent to six (6) months' salary shall be paid within twelve (12) months.*

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6. *The fine shall be paid to the Corporation, computed on the basis of employee's salary at the time the decision becomes final and executory.*

## **J. GUIDELINES ON HANDLING OF DISCIPLINARY CASES AND PROCEDURAL LAPSES**

### **A. RATIONALE**

*The following guidelines shall govern the disposition of complaints/incidents and in disciplinary cases against officers and employees of the LBP Leasing and Finance Corporation (LLFC).*

### **B. OBJECTIVES**

*These guidelines aim to:*

- Establish a speedy, fair and judicious disposition of complaints/incidents and administrative disciplinary cases.*
- Define the procedures in respect to the investigation, evaluation, hearing and resolution of complaints/incidents and cases.*
- Introduce a uniform rules on procedural lapses and audit exceptions related to LLFC operations and transactions.*
- Uphold integrity and moral values consistent with LLFC's Code of Conduct.*

### **C. COVERAGE**

*These guidelines shall apply to all complaints/reports referred for investigation against LLFC officers and employees, in violation of the Code of Conduct and Ethics, Office Rules and Regulations provided in the various Manuals, Office Circulars, Special Orders and Memoranda as well as issuances by various regulatory issuances.*


*It shall also cover the handling of reports /findings on procedural lapses against LLFC employee who may be involved directly or indirectly in an act of omission that caused or exposed the Corporation to actual or potential loss which may or may not result in the filing of administrative disciplinary action.*

*These guidelines shall be applied to all employees of LLFC, regardless of tenure, whether permanent or probationary. It shall also apply to contractual employees*

### **D. DEFINITION OF TERMS**

<i>Aggravating circumstances</i>	<i>Circumstances which merit the imposition of the maximum period of the penalty or increase the offense from a lower classification to a higher classification depending on the circumstances appertaining.</i>
<i>Days</i>	<i>Shall mean working days</i>
<i>Disciplining Authority</i>	<i>Refer to the LLFC Board of Directors (BOD) or the President &amp; CEO</i>
<i>Fact Finding Investigation</i>	<i>Generally, involves the conduct investigation by Investigation Team or of special audit by the Internal Audit Unit Commences from the receipt of Incident Report up to the preparation/submission of Audit and Investigation Reports to the Accountability Assessment Committee (AAC)</i>
<i>Formal Charge</i>	<i>Refers to the written specification of the charges, duly approved and issued by the Disciplining Authority</i>
<i>Forum Shopping</i>	<i>Refer to the filing of several administrative actions or complaint either</i>



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	<i>simultaneously or successively before another agency or any tribunal having jurisdiction over the case against the same party involving the same essential facts, circumstances, acts, causes of action or relief, and all raising substantially the same issues either pending in, or already resolved adversely by, some other tribunal or agency</i>
<i>Mitigating circumstances</i>	<i>Circumstances which may either decrease the nature of the offense committed and the applicable penalty or off-set the aggravating circumstances, if any</i>
<i>Pendency of Administrative Case</i>	<i>when the Disciplining Authority has issued a Formal Charge or Notice of Charge/s until the Decision has become final and executory, or until final judgment/resolution on appeal, if any</i>
<i>Preventive Suspension</i>	<i>is not a penalty and is designed merely as a measure of precaution so that the officer/employee charged may be temporarily removed from the scene of his alleged misfeasance/malfeasance/nonfeasance while the same is being investigated to preclude the possibility of exerting undue influence or pressure on the witnesses against him; or tampering with evidence that may be used against him</i>
<i>Procedural Lapses</i>	<i>Refers to violation and/or failure to comply with internal and regulatory procedural rules/requirements.</i>

## E. GENERAL GUIDELINES/POLICIES AND PROCEDURES

### 1. Accountability Assessment Committee (AAC)


- 1.1. LLFC shall establish an AAC primarily responsible in determining the culpability/financial responsibility of employee(s) based on the facts of the case as provided by the Investigating Team in its Investigation Report or the Internal Audit Unit (IAU) based on their Audit Report.

#### 1.1.1. Composition

Chairperson	:	President/CEO
Vice-Chairperson	:	Executive Vice President
Members	:	Head – Corporate Service Group Head – Account Servicing Group Head – Account Management Group
Resource Person	:	General Counsel Concerned Head of Group/Unit for deliberation
Secretariat	:	Head - Internal Audit Unit

#### 1.1.2. Duties and Responsibilities

- i. Determine the culpability/financial responsibility of the office(s)/employee(s) cited based on the Investigation/Evaluation Report or Audit Report
- ii. Call upon the IC or IAU to provide information, conduct further verification and/or submit additional requirement to support decision.
- iii. Pass and issue Committee Resolution for:
  - Recommended sanctions to employee(s) cited in the investigation report;
  - Clearance of the officer/employee cited in the report/s;
  - Directive for issuance of a reminder/warning and/or admonition, as applicable;
  - Directive to conduct further investigation and/or evaluation;
  - Directive to file appropriate judicial/administrative case, if warranted by the

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circumstances; or

- Advise to the concerned Group/Unit Head to discuss and explore possible settlement of financial accountability in accordance with applicable guidelines.
- iv. Submit recommendation and/or resolution to Disciplining Authority.
- v. Issue notice to the concerned officer/employee/Group/Unit copy of Committee Resolutions;
- vi. Recommend the adoption of appropriate policies, guidelines and systems and procedures to prevent and/or control the occurrence/repetition of negligence, fraud, anomalies, irregularities, losses, damages and injuries including the revision of existing policies/guidelines and systems found to be deficient and/or ineffectual.

**1.1.3. Quorum Requirement**

A quorum shall consist of at least a majority of all the members.

**1.2. AAC Secretariat**

The AAC Secretariat shall provide administrative support to AAC and shall have the following duties and responsibilities among others:

- i. Within thirty (30) days from receipt of the Investigation/Evaluation Report, the Secretariat shall calendar the reports for deliberation of the Committee
- ii. Consolidate and prepare the agenda and materials for the meetings
- iii. Prepare the minutes of all Committee meetings for approval by the Committee
- iv. Prepare Committee resolutions
- v. Provide other administrative support needed by the AAC.

**1.3. AAC Review and Recommendation to the Disciplining Authority**

Within five (5) days from receipt of the Investigation/Evaluation Report or Audit Report, AAC shall convene to review the same and submit their recommendation thereon to the Disciplining Authority.

**2. Authority to Impose Penalties**

**2.1. Disciplining Authority**


- 2.1.1. For offenses punishable by dismissal from the service or by suspension for more than one month, the power to impose penalties rests on the Board of Directors.
- 2.1.2. For offenses punishable by penalties lighter than dismissal and suspension for more than one month, the power to impose penalties rests on the LLFC President.
- 2.2. Within five (5) days from receipt of the AAC recommendation on the Investigation/Evaluation Report, the President shall render his Decision on the case and forward the approved Decision to CSG.

Where the penalty is dismissal or suspension for more than one month, the President shall endorse and forward the recommendation to the BOD through the Corporate Secretary within five (5) days from receipt. The BOD shall act on the recommendation of the President during its BOD meeting. The Corporate Secretary shall forward the Decision to the CSG Head within twenty-four (24) hours.

- 2.3. CSG shall furnish/serve the Decision of the case to respondent through personal service or substituted service within three (3) days from receipt of the Decision from the Disciplining Authority.
- 2.4. A Decision rendered by the Disciplining Authority whereby a penalty of suspension for not more than thirty (30) days or a fine in an amount not exceeding thirty (30) days' salary is imposed, the same shall be final, executory and not appealable unless a Motion for Reconsideration is reasonably filed. However, the respondent may file an appeal when the issue raised is violation of due process. If the penalty imposed is suspension exceeding thirty (30) days, or fine in an amount exceeding thirty (30) days salary, the same shall be final and executory after the lapse of the 15-day reglementary period for filing a Motion for Reconsideration or an appeal and no such pleading has been filed.

**3. Process of Handling Incidents and Administrative Disciplinary Cases**



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The process flow table is attached as **Annex A**. Detailed provisions on each process are discussed in the succeeding sections of these guidelines.

### 3.1. Incident Report

Written complaints/reports on incidents of fraud, anomaly, irregularity, negligence and/or damage may be submitted by the following:

#### 3.1.1. LLFC Employees

The Group/Unit Head concerned shall prepare the Incident Report on written complaints/reports received from various sources. Complaints/reports received by any LLFC officer/employee/unit from private/third party, another LLFC officer/employee or anonymous source to be referred to the CSG Head. The CSG Head shall review the incident report and identify next courses of action. If the Group/Unit Head is the one involved in the irregularity, any officer/employee within the Group/Unit shall immediately report the same to the CSG Head who shall then prepare the Incident Report.

In case of voluntary admission of participation in the irregularity discovered or reported, the Group/Unit Head concerned shall endeavor to document or reduce the same in writing and under oath.

The Incident Report shall be submitted to the CSG Head or President within five (5) days from receipt of the written complaint/report and/or knowledge/discovery of the incident.

#### 3.1.2. Private/Third Party

#### 3.1.3. Anonymous sources

Anonymous complaints and complaints referred shall be referred to the Group/Unit Head of the officer/employee subject of the complaint.

Where there is obvious truth or merit to the allegations therein or where the same are supported by documentary or direct evidence, the Group/Unit Head concerned shall immediately transmit the complaint and supporting documents, together with a written report on the circumstances of his receipt thereof, to the President, copy furnished the CSG Head.

### 3.2. Complaint


Except when initiated by the Disciplining Authority or his authorized representative, no complaint against an officer or employee shall be given due course unless the same is in writing, subscribed and sworn to by the complainant. In cases initiated by the Disciplining Authority or his authorized representative, a show cause order is sufficient.

Complaints initiated by a third party must contain the following:

- Full name and address of the complainant;
- Full name and address of the officer/employee complained of as well as his position and LLFC Group/Unit;
- A narration of the relevant and material facts which shows the acts or omissions allegedly committed by the officer/employee;
- Certified true copies of documentary evidence and affidavits of witnesses, if any; and
- Certification or statement of Non-forum Shopping.

Despite non-compliance with the foregoing requirements, the Group/Unit Head concerned shall prepare the written report and submit to the President and CSG Head.

Withdrawal of complaint by the private/third party complainant shall not result to outright dismissal of the case nor discharge of the officer/employee complained of from any administrative liability. Such

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complaint shall be given due course if there is obvious truth or merit to the allegation in the complaint and/or there are other evidence sufficient to prove the guilt of the officer/ employee complained of.

Complaints/reports may be received through the following:

- Internal Whistleblowing and Reporting; and,
- Other similar mechanisms.

### 3.3. Discovery by Internal Audit Unit (IAU)

For lapses, offense or fraud discovered in the course of an audit, IAU shall immediately refer the Audit Report to the AAC for appropriate action, copy furnished the concerned Group/Unit and CSG Head within thirty (30) days from completion of the audit. AAC will endorse the Audit Report to the Investigating Team for fact finding investigation which will include review of the audit report and supporting documents including the explanation of involved officer/employee.

The Audit Report should identify the officer/employee involved and his participation. It should also clearly identify and establish the lapses or non-observance of procedural and operational requirements committed including evidence to support such findings and other related documentation secured through the conduct of audit.

### 3.4. Action of the Group/Unit Head

Upon receipt of the Incident Report/Audit Report, the Group/Unit Head may, if needed, immediately reassign, transfer or relieve the officer/employee involved of his duties subject to the approval of the President. Issuance of an approved Special Order effecting reassignment, transfer or relieve shall be coordinated with the Human Resource (HR) Unit.

### 3.5. Recording of Incident or Complaints

A record of all complaints (including anonymous complaints) received shall be maintained by the CSG Head. The CSG Head shall submit a semestral report on all complaints received whether acted upon or not to the President.

Pending cases and ongoing formal investigations resulting from work-related transactions and/or those which affect the interest of the Corporation filed before regular courts and other quasi-judicial agencies or tribunals against LLFC officers/employees shall be reported immediately to the CSG Head by the concerned officers/employees and Group/Unit Heads. A copy of the civil complaint, Formal Charge or Notice of Charge/s or criminal information shall be attached to the report.

## 4. **Classification of Offenses/Sanctions**


### 4.1. Classification of Offenses

Administrative offenses with corresponding penalties are classified as to grave, less grave or light, depending on its gravity or depravity and effects on the Corporation.

#### 4.1.1. Grave Offense

An offense is classified as "grave" when characterized by any of the following:

- Fraud or acts committed with bad faith, malice, criminal intent or intent to gain;
- Negligence or operational lapse resulting in significant financial loss, damage or prejudice to the Corporation, or results in or exposes the Corporation to legal, compliance and/or reputational risks.
- Serious misconduct or willful disobedience by the Employee of the lawful orders of the Corporation in connection with his work.
- Gross and habitual neglect or disregard by the employee of his duties;

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- Willful breach of the trust and confidence reposed upon the employees by the Corporation; and
- Acts that are defined as serious offenses by special policies of the Corporation, such as but not limited to, Anti-Sexual Harassment Policy and Whistle Blowing Policy.
- Other causes similar or analogous to the above.

#### 4.1.2. Less Grave Offense

An offense is classified as "less grave" when characterized by any of the following:

- Negligence or operational lapse resulting in significant financial loss, damage or prejudice to the Corporation, or results in or exposes the Corporation to legal, compliance and/or reputational risks.
- Misconduct or disobedience by the Employee of the lawful orders of the Corporation in connection with his work; and
- Other causes similar or analogous to the above.

#### 4.1.3. Light Offense

Any other breach of the Code which is not covered by 4.1.1 and 4.6.2.

Refer to **Annex B** for the General List of Offenses which are considered Grave, Less Grave or Light Offenses.

Additional specific offenses classified as fraudulent, irregular or anomalous activities shall be determined by the AAC.

#### 4.2. Procedural Lapses Resulting to Financial and/or Reputational Loss to the Corporation

- 4.2.1. Specific lapses and classification of the Offenses is described in detail on **Annex C** of this guidelines.
- 4.2.2. In case of penalties arising from non-submission of regulatory requirements resolution and/or disposition shall be through settlement of computed penalties due by the person/s responsible for the omission.
- 4.2.3. AAC shall evaluate Offense Classification for additional lapses that may be identified during the course of Investigation and Audit.

### 5. Penalties and Disciplinary Actions

#### 5.1. Primary Disciplinary Actions

##### 5.1.1. Verbal Warning

Verbal reminder and admonition to the erring employee of the infraction or offense of the employee and a warning that the repetition of the same or commission of similar offense in the future would give rise to grave penalties or disciplinary action.

##### 5.1.2. Written Reprimand


Formal written notice which contains a summary of the acts and omissions of the employee in violation of the Code and other policies, procedures, rules and regulations and a warning to the employee that repetition of the same or commission of a similar offense in the future would give rise to grave penalties or disciplinary action.

##### 5.1.3. Suspension

Temporary removal of an employee from performing his work or duties and serves as a warning that a repetition of the same or commission of a similar may warrant dismissal. During the period of suspension, the employee shall not receive any salary(ies) or benefit(s) but will continue to be liable for obligations to or paid through the Corporation such as but not limited to payment of SSS Loan, salary loan, etc.

##### 5.1.4. Dismissal

Cessation of employee's service with the Corporation for just or authorized cause. An employee

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whose employment is terminated shall forfeit all his employment benefits and privileges except those to which he is entitled under the law. A terminated employee shall not be issued a clearance but is entitled to a Certificate of Employment.

5.1.5. Table below summarizes the disciplinary action/s that corresponds to each class of offense committed:

CATEGORY	NO. OF OFFENSE	PENALTY
Grave Offenses A	1 <sup>st</sup> Offense	Dismissal
Grave Offenses B	1 <sup>st</sup> Offense	Suspension of 6 mos. & 1 day to 1 year
	2 <sup>nd</sup> Offense	Dismissal
Grave Offense C	NA	Demotion or Diminution in Pay
Less Grave Offenses A	1 <sup>st</sup> Offense	Suspension of 1 mo. & 1 day to 6 mos.
	2 <sup>nd</sup> Offense	Dismissal
Less Grave Offenses B	1 <sup>st</sup> Offense	Suspension of 1 mo. & 1 day to 6 mos.
	2 <sup>nd</sup> Offense	Suspension of 6 mos. & 1 day to 1 year
	3 <sup>rd</sup> Offense	Dismissal
Light Offenses	1 <sup>st</sup> Offense	Reprimand
	2 <sup>nd</sup> Offense	Suspension of 1 day to 30 days
	3 <sup>rd</sup> Offense	Dismissal

The penalty indicated above may be decreased or increased beyond the penalty set if there are mitigating or aggravating circumstances to be considered.


## 5.2. Other Disciplinary Actions

The Corporation may adopt other reasonable forms of disciplinary actions as may be deemed appropriate for the offense(s) committed which may include any of the following:

- 5.2.1. Disqualification from Salary Increase or their equivalent
- 5.2.2. Disqualification from Promotion for a given period
- 5.2.3. Forfeiture of all other forms of compensation, like performance-based monetary and non-monetary incentive schemes and awards.
- 5.2.4. The employee may opt to repay or give back the equivalent amount of the loss or damage sustained by the Corporation, its employees, clients or other parties doing business with the Corporation, as a result of an act or omission of the employee.

## 5.3. Penalty of Fine

- 5.3.1. The disciplining authority may allow payment of fine in place of suspension if any of the following circumstances are present:
  - i. When the employee is discharging frontline functions or directly dealing with the clients and the personnel complement of the office is insufficient to perform such function; and
  - ii. When the employee committed the offense without utilizing or abusing the powers of his/her position or office.
- 5.3.2. The payment of penalty of fine in lieu of suspension shall be available in Offenses where the penalty imposed is for six (6) months or less at the ratio of one (1) day of suspension from the service to one (1) day fine;


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- 5.3.3. *Provided, that in Grave Offense where the penalty imposed is six (6) months and one (1) day suspension if there is the presence of mitigating circumstance, the conversion shall only apply to the suspension of six (6) months. Nonetheless, the remaining one (1) day suspension is deemed included therein.*
- 5.3.4. *The maximum period to pay the fine shall not exceed one (1) year from the time the decision/resolution becomes final and executory. The conversion of suspension into fine is final and executory and, therefore, not subject of appeal or any other similar relief.*
- 5.3.5. *The failure of the respondent to pay the fine or part thereof shall cause the reversion to the original penalty of suspension. As such, respondent shall serve the original penalty of suspension imposed, irrespective of the amount he/she has already paid.*
- 5.3.6. *Fine may be paid in equal monthly instalments subject to the following schedule of payment prescribed below:*
- i. Fine equivalent to one (1) month salary shall be paid within two (2) months;*
  - ii. Fine equivalent to two (2) months' salary shall be paid within four (4) months;*
  - iii. Fine equivalent to three (3) months' salary shall be paid within six (6) months;*
  - iv. Fine equivalent to four (4) months' salary shall be paid within eight (8) months;*
  - v. Fine equivalent to five (5) months' salary shall be paid within ten (10) months; and*
  - vi. Fine equivalent to six (6) months' salary shall be paid within twelve (12) months.*
- 5.3.7. *The fine shall be paid to the Corporation, computed on the basis of employee's salary at the time the decision becomes final and executory.*

**5.4. Guidelines in the Application of Penalties/Sanctions**

- 5.4.1. *Only one (1) penalty shall be imposed for each case. "Each Case" means one (1) administrative charge which may involve one or more charges or counts*
- 5.4.2. *The AAC shall determine the appropriate penalties to be imposed taking into consideration mitigating and aggravating circumstances and all other circumstances. If the respondent is found guilty of two or more charges or counts, the penalty imposed should be that corresponding to the most serious charge or count and the rest may be considered as aggravating circumstances.*
- i. Mitigating circumstances are circumstances which may either decrease the nature of the offense committed and the applicable penalty or off-set the aggravating circumstances, if any. Mitigating circumstances include the following:*
    - o First Offense*
    - o Good faith*
    - o Absence of clear-cut procedural guidelines*
    - o Due diligence and no intention to commit so grave a wrong.*
    - o Sufficient Provocation, threat, coercion, Inducement from the other party*
    - o Voluntary admission*
    - o Such other circumstances which, in the judgment of AAC, will justify the imposition of a lesser or minimum penalty which may include the financial and/or reputational impact to the Corporation.*
  - ii. Aggravating circumstances which merit the imposition of the maximum period of the penalty or increase the offense from a lower classification to a higher classification depending on the circumstances appertaining.*
    - o Frequency*
    - o Deceit or Fraud*
    - o Abuse of confidence or authority*
    - o Evident Premeditation*
    - o Malice or criminal intent*
    - o Disregard for authority*
    - o Such other circumstances which, in the judgment of AAC, will justify the imposition of a graver or the maximum penalty provided in the Code which may*



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*include the financial and/or reputational impact to the Corporation.*

**6. Investigating Team**

6.1. An Investigating Team shall be established to conduct fact-finding investigation on reported incidents and/or complaints.

**6.1.1. Composition**

Chairperson	:	General Counsel
Members	:	Head – Administrative Unit Head – Human Resource Unit Head – Legal Services Unit Risk Management Officer
Resource Person	:	Head – Internal Audit Unit
Secretariat	:	Personnel Specialist

*\*In case of the absence of Chairperson, the President may designate a Vice-Chairperson for the Investigating Team.*

**6.1.2. Duties and Responsibilities**

- i. Conduct fact-finding investigation
- ii. Conduct preliminary investigation, as needed.
- iii. Conduct formal investigation/hearing, as needed
- iv. Issue required notice/s to the concerned officer/employee/Unit to complete investigation
- v. Prepare Investigation/Evaluation Report for the AAC stating facts of the case

6.2. AAC may also request the IAU to conduct a special audit for Incident Report received, if deemed necessary. It should be acted upon within five (5) days from receipt of instructions. A copy of the Audit Report should be made available to AAC within 15 days after completion of the Special Audit.

**6.3. Conduct of Fact- Finding Investigation**


- 6.3.1. Fact finding investigation shall refer to investigation and/or special audit based on instructions of AAC which will be done by the Investigating Team. Specific Unit or person may be assigned to help the team in its investigation.
- 6.3.2. During the fact-finding investigation, the officer/employee involved is given the opportunity to submit affidavit/s, counter affidavit/s or sworn statement/s. Failure to submit his affidavit/s, counter affidavit/s or sworn statement/s shall be considered as a waiver thereof.
- 6.3.3. The Investigating Team shall complete the fact-finding investigation including the preparation/submission of the Evaluation/Investigation Report to the AAC within thirty (30) days from receipt of instruction unless an extension is warranted.
- 6.3.4. The report shall contain the summary of the facts of the case, profile of the officer/employee complained of, discussion of the offenses to be charged and the other recommendation on the appropriate actions to be taken.

**6.4. Conduct of Preliminary Investigation**

- 6.4.1. A Preliminary Investigation involves a fact-finding investigation, or an ex parte examination of records and documents submitted by the complainant and the officer/employee complained of, as well as documents readily available from other government offices.
- 6.4.2. Within five (5) days from receipt of the complaint sufficient in form and substance, the officer/employee complained of shall be required to submit his affidavits/counter-affidavits/comment.

*Where the complaint is initiated by the Disciplining Authority, the Disciplining Authority or his*



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*authorized representative shall issue a show-cause memorandum directing the officer/employee complained of to explain why no administrative case should be filed against him.*


*The latter's failure to submit the comment/counter-affidavit/explanation shall be considered a waiver thereof and the preliminary investigation may be completed even without his counter-affidavit/comment. If necessary, the parties may be summoned to a conference where the investigator may propound clarificatory and other relevant questions. .*

**6.5. Conduct of Formal Investigation/Hearing**

- 6.5.1. *A formal investigation shall be conducted if the merits of the case cannot be decided judiciously without conducting such investigation based on the allegations of the complaint and the Answer of the respondent, including the supporting documents of both parties*
- 6.5.2. *The formal investigation/hearing shall commence within ten (10) days from receipt of the respondent's Answer or upon the expiration of the period to answer*
- 6.5.3. *The Answer, which is in writing, shall be specific and shall contain material facts and applicable laws, if any, including documentary evidence, sworn statements covering testimonies of witnesses, if there be any, in support of his case. The Answer shall be submitted to the Investigating Team within five (5) days from receipt of the Notice. If no Answer is received within five (5) days, it shall be considered that respondent has waived his right thereto and the case may be decided based on available records. Only one request for extension to file an Answer shall be allowed by the Investigating Team, which in no case shall be more than five (5) days.*
- 6.5.4. *Pre-hearing conference may be conducted as deemed necessary.*
- 6.5.5. *At the start of the formal investigation/hearing, the Hearing Officer shall note the appearances of the parties and shall proceed with the reception of evidence for the complainant.*
- 6.5.6. *If respondent fails or refuses to appear or is not represented by counsel during the scheduled hearings despite due notice, the investigation shall proceed and the respondent shall be deemed to have waived his right to present evidence in his favor during the said hearing*
- 6.5.7. *Formal Investigation Report shall be made available within fifteen (15) days after the conclusion of the formal investigation, a report containing the following shall be submitted AAC:*
  - vi. Narration of material facts established during the investigation;*
  - vii. Findings and the evidence supporting said findings;*
  - viii. Recommendations; and*
  - ix. Complete records of the case*

**7. Remedy**

- 7.1. *The subject officer/employee may file a Request/Motion for Reconsideration before the Disciplining Authority under the following grounds:*
  - 7.1.1. *Newly discovered evidence which materially affects the Decision thereof;*
  - 7.1.2. *The Decision is not supported by the evidence on record; or*
  - 7.1.3. *Errors of law or irregularities have been committed prejudicial to the interest of the respondent.*
- 7.2. *A motion for extension of time to file a Motion for Reconsideration is not allowed.*
- 7.3. *Only one Motion for Reconsideration shall be entertained. If a second Motion for Reconsideration is filed notwithstanding its proscription under these Rules, the finality of action shall be reckoned from receipt by the respondent of the denial of the first Motion for Reconsideration.*
- 7.4. *The filing of motion for reconsideration within the 15-day reglementary period shall suspend the execution of the Decision sought to be reconsidered.*
- 7.5. *Procedures for Filing of Motion for Reconsideration*
  - 7.5.1. *Within fifteen (15) days from receipt of the Decision, the respondent may file his Motion for*

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- Reconsideration before the Disciplining Authority copy furnished AAC.*
- 7.5.2. A Motion for Reconsideration sent by registered mail shall be deemed filed on the date shown by the postmark on the envelope which shall be attached to the records of the case. In case of personal delivery, it is deemed filed on the date of receipt, as stamped thereon, by the OP/BOD through the Corporate Secretary.
- 7.5.3. Within three (3) days from receipt of the Motion for Reconsideration, the President or the Disciplining Authority shall refer the same to the AAC for evaluation and recommendation.
- 7.5.4. Within ten (10) days from receipt of the Motion for Reconsideration, the AAC shall evaluate and submit recommendation to the Disciplining Authority.
- 7.5.5. Action of Disciplining Authority
- i. Within five (5) days from receipt thereof, the President shall act on the recommendation of AAC and immediately forward its resolution to the Corporate Secretary for BOD consideration.
- ii. The BOD shall act on the recommendation of AAC during its BOD meeting and the Corporate Secretary shall immediately forward the BOD's resolution to the CSG Head.
- 7.6. The CSG Head shall serve the resolution upon the respondent through personal service or substituted service within three (3) days from receipt of decision or resolution.

## 8. **Execution of Decision of Disciplining Authority**

### 8.1. Notice of Termination

Notice of Termination shall be enforced immediately upon receipt of notice on the decision of Disciplining Authority. The immediate supervisor shall handle the turnover immediately.

### 8.2. Notice of Suspension

Suspension shall be enforced immediately upon receipt of notice on the decision of Disciplining Authority unless deferment of the execution of sanctions is warranted based on justifiable reasons. However, the deferment of the execution of suspension shall only be for a maximum of five (5) days from receipt of notice on the decision of Disciplining Authority.

*Staggered application of the suspension may be allowed subject to the approval of the President when it would significantly affect operations in LLFC.*

## 9. **Evaluation and Recommendation for Filing of Cases**

### 9.1. Evaluation Report

*If the filing of appropriate criminal and/or civil case against the officer/ employee is warranted by the evidence, a separate Evaluation Report and/or Formal Charge or Notice of Charge/s shall be submitted to the President by the General Counsel, including but not limited to the filing of attachment of properties and application for the issuance of hold departure order and watch list order. The recommended action shall be coordinated with Office of the Government Corporate Counsel (OGCC), as needed.*

### 9.2. Action of the President/CEO

*The President shall act on recommendation of the General Counsel within five (5) days from receipt of the Evaluation Report, Formal Charge or Notice of Charge/s.*

### 9.3. Action on the Approved Recommendation/Formal Charge or Notice of Charge/s


*Upon receipt of the approved documents, the General Counsel shall refer the same to the LSU for proper disposition.*

*LSU shall inform in writing within three (3) days the CSG of the issuance of Formal Charge or Notice of Charge/s copy furnished the concerned Group/Unit Head and Risk Management Unit (RMU).*

### 9.4. Preventive Suspension

- 9.4.1. The order of preventive suspension shall be incorporated in the Formal Charge or Notice of Charge/s, as deemed applicable. This shall be applicable if the charge involves any of the following:

- i. Dishonesty;

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- ii. Oppression;
- iii. Grave misconduct;
- iv. Neglect in the performance of duty;
- v. Administrative offenses which are punishable by dismissal from the service on its second or third offense; or,
- vi. If there are reasons to believe that the respondent is guilty of charges which would warrant his removal from the service.

- 9.4.2. Effectivity of the preventive suspension shall be upon service of the Formal Charge or Notice of Charge/s to the respondent/s. CSG shall immediately be given formal notice or report.
- 9.4.3. A respondent who is under preventive suspension shall not be entitled to salary and all benefits (statutory and non-statutory).
- 9.4.4. Duration of preventive suspension shall be for a maximum period of ninety (90) days from service of the Formal Charge or Notice of Charge/s.

When the administrative case against an officer or employee under preventive suspension is not finally decided by the Disciplining Authority within the period of ninety (90) days after the date of his preventive suspension, the respondent shall be automatically reinstated in the service. However, when the delay in the disposition of the case is due to the fault, negligence or petition of the respondent, the period of delay shall not be included in the counting of the 90-day period of preventive suspension.

Any period of delay caused by motions filed by the respondent shall be added to the period of preventive suspension. Provided, that where the order of preventive suspension is for a period less than the maximum period, the Disciplining Authority undertakes to finish the formal investigation within the said period and is precluded from imposing another preventive suspension.

In case respondent is on authorized leave, the preventive suspension shall be deferred or interrupted until such time that said leave has been fully exhausted.

#### 10. **Dropping from the Rolls**


The dropping from the rolls of an officer/employee on absence without official leave or AWOL who is subject of an ongoing investigation or has pending administrative case shall have prior clearance from IAU and AAC.

#### 11. **Effect of Pendency of Administrative Cases**

- 11.1. An officer/employee with pending administrative case may continue to receive the statutory benefits in accordance with existing guidelines. He/She shall not be disqualified from claiming maternity/paternity benefits.
- 11.2. Upon service/issuance of the Formal Charge or during the pendency of administrative case, release of and withholding of non-statutory benefits granted by the Corporation shall be determined in accordance with existing guidelines taking into consideration the purpose of the benefit, the nature and gravity of the offense charged and the imposable penalty for the offense.

#### 12. **Complaint arising from Purely Personal Transactions**

In cases of offenses where the act is purely personal on the part of the private complainant and the officer/employee complained of and there is no apparent injury committed to LLFC, settlement of offenses may be considered. Provided that settlement can no longer be applied for the second offense of the same act committed by the officer/employee complained of.

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**13. Settlement in Administrative cases from Purely Personal Transaction**

*The following are the guidelines in the settlement of purely personal matters in administrative cases:*

- 13.1. *Compromise settlement shall be allowed only for administrative light offenses where the act is purely personal between the private complainant and the officer/employee complained of and there is no apparent injury to the Corporation.*
- 13.2. *Upon filing of the complaint, the CSG Head shall determine whether the offense is purely personal or can be the subject of settlement. The following cases may be the subject of settlement and/or compromise:*
  - 13.2.1. *Borrowing money by superior officers from subordinates;*
  - 13.2.2. *Willful failure to pay just debts;*
  - 13.2.3. *Simple misconduct resulting from misunderstanding/fight between respondent and complainant provided that the act is not committed within office premises;*
  - 13.2.4. *Discourtesy in the course of official duties; and,*
  - 13.2.5. *Other analogous circumstances/cases.**In these enumerated cases, compromise or settlement can no longer be applied for the second time the same act is committed.*
- 13.3. *The grant of back salaries and other benefits may likewise be subject of settlement and/or compromise.*
- 13.4. *If during the settlement process, the parties failed to settle their differences, the CSG Head shall issue an order terminating the process and recommend endorsing the same to the Investigating Team.*
- 13.5. *In case of non-compliance with the compromise agreement, the case may likewise be reopened for investigation until the final determination of the case.*

**F. MISCELLANEOUS/TRANSITORY PROVISIONS**

*All pending complaints/incident reports/administrative disciplinary cases shall be covered by the provisions of these Rules provided that it will not adversely affect the parties' right to due process.*

**G. REPEALING CLAUSE**

*All previous issuances inconsistent herewith are deemed superseded/amended.*

**H. EFFECTIVITY**

*These guidelines shall take effect after approval of the Board of Directors.*