



Technical Report

Motor Vehicle Registration: #2 of 6 reports for an

Integrated System of Motor Vehicle Registration, Land Public Transport Franchising, Insurance, and Taxation

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Land Transport Office (LTO)

Land Transportation Franchising & Regulatory Board

Bureau of Internal Revenue, and

Insurance Commission

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Preface

This report is the result of technical assistance provided by the Economic Modernization through Efficient Reforms and Governance Enhancement (EMERGE) Activity, under contract with the CARANA Corporation, Nathan Associates Inc. and The Peoples Group (TRG) to the United States Agency for International Development, Manila, Philippines (USAID/Philippines) (Contract No. AFP-I-00-00-03-00020-00 Delivery Order 800). The EMERGE Activity is intended to contribute towards the Government of the Republic of the Philippines (GRP) Medium Term Philippine Development Plan (MTPDP) and USAID/Philippines' Strategic Objective 2, "Investment Climate Less Constrained by Corruption and Poor Governance." The purpose of the activity is to provide technical assistance to support economic policy reforms that will cause sustainable economic growth and enhance the competitiveness of the Philippine economy by augmenting the efforts of Philippine pro-reform partners and stakeholders.

EMERGE received an unsolicited grant proposal from the Asian Institute of Management (AIM) Ramon V. del Rosario, Sr., (RVR) Center for Corporate Responsibility dated August 1, 2005, entitled "Improved Coordination among Regulatory and Tax Administration Agencies: Towards Improved Tax Collection." As the design of the activity was refined, it was endorsed on January 20, 2006, by the heads of four counterpart agencies: Chairperson Maria Elena Bautista, Land Transportation Franchising and Regulatory Board (LTFRB), Commissioner Jose Mario C. Buñag, Bureau of Internal Revenue (BIR), Commissioner Evangeline Escobillo, Insurance Commission (IC), and Assistant Secretary and Chief, Anneli Lontoc, Land Transport Office (LTO). The counterparts called for technical assistance through the proposed grant to help them develop an **"Integrated System of Motor Vehicle Registration, Land Public Transport Franchising, Insurance and Taxation"** program, in order to 1) reduce transaction costs and business risks in the registration and insurance of motor vehicles, and in franchising and insurance of land transportation, and 2) improve the collection of taxes and fees from land transportation franchising, motor vehicle registration and insurance through third party information.

The specific objectives of the activity were:

1. To review and analyze the business processes and their accompanying organizational structures and level of ICT support, which are pertinent to motor vehicle registration, land public transport franchising, and transport sector taxation;
2. To identify possible areas of interface and harmonization of requirements in the processes undertaken by the LTO, LTFRB, BIR, and IC, which include but are not limited to data generation, processing, and analysis;
3. To design an improved and integrated system for motor vehicle registration, land public transport franchising, and transport sector taxation; and
4. To design a change plan for the introduction and adoption of the integrated system in objective 3.

The EMERGE grant was approved by USAID on March 20, 2006. The AIM team consisted of Felipe Alfonso & Francisco Roman, Jr., Project Leaders, John Paul Vergara, Team Leader 1, Dennis Beng Hui, Team Leader 2, Romulo Miral, Jr., Task Manager, and others. Upon completion of its work the AIM/RVR Center submitted the following reports detailing the results of their work with the counterpart agencies:

I. **“Integrative Report,”** describing the project background and the major findings and recommendations of the study. Also included as appendices are:

- Draft MOA for Linkage on Compulsory Third Party Liability Insurance Reporting, among IC, LTO and BIR
- Draft MOA for Linkage on Colorum Vehicle Reporting, between LTO and LTFRB
- Draft MOA for Linkage on Tax-Related Information on Transport Operators, between LTFRB and BIR
- LTO Office Order No. 151-2006 dated May 17,2006 on the Creation of Study Group to Update LTO Operations Manual
- LTO Memorandum dated October 30,2006 on Monitoring and Reporting of Transaction Inefficiencies

II. **“Motor Vehicle Registration Report,”** containing the motor vehicle registration process documentation, diagnostics of the process, and proposed systems and process improvements;

III. **“Draft of Updated Land Transportation Office (LTO) Operations Manual,”** which was prepared by an LTO study group with the facilitation and guidance of the AIM project team;

IV. **“Land Transport Franchising Report,”** containing the land transportation franchising process documentation, diagnostics of the process, and proposed systems and process improvements;

V. **“Draft Land Transportation Franchising and Regulatory Board (LTFRB) Guidebook,”** which is a step-by-step guide in operationalizing the proposed process improvements in the Application/Extension of Validity of Franchise and Confirmation of Franchise, which represent the bulk of the transactions at the LTFRB; and

VI. **“Risk Assessment of Taxation in Motor Vehicle Registration and Land Transport Franchising,”** which looks at the problems and proposed systems improvements in motor vehicle registration and transport franchising within a tax revenue risk assessment framework.

The views expressed and opinions contained in these reports are those of the authors and are not necessarily those of USAID, the GRP, EMERGE or its parent organizations.

**INTEGRATED SYSTEM OF MOTOR VEHICLE REGISTRATION,
LAND TRANSPORT FRANCHISING,
TAXATION, AND INSURANCE**

**MOTOR VEHICLE REGISTRATION:
PROCESS DOCUMENTATION AND DIAGNOSTICS
PROPOSED SYSTEMS**

**HILLS PROGRAM ON GOVERNANCE-
RVR CENTER FOR CORPORATE RESPONSIBILITY
ASIAN INSTITUTE OF MANAGEMENT**

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A. PROCESS DOCUMENTATION AND DIAGNOSTICS OF THE MOTOR VEHICLE REGISTRATION SYSTEM
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Introduction

The Land Transportation Office is the office in charge of the inspection and registration of motor vehicles, the issuances of licenses and permits, and the enforcement of rules and regulations relating to land transportation. This document describes the transactions and processes related to motor vehicles.

Most motor vehicle-related transactions handled by the LTO involve the *inspection* and *registration* of motor vehicles. These two main processes will be mapped in this document and the different transactions that fall under these processes will be enumerated. Documentary requirements under these transactions will also be identified. Selected processes in deriving established source documents that are integral to motor vehicle inspection and registration shall likewise be mapped and described.

The information contained in this section is a result of interviews with LTO personnel, direct observations in district offices, walkthroughs conducted with registrants, and information listed in the LTO's 1997 Manual of Operation and website (<http://www.lto.gov.ph>).

The rest of this document will begin with a list of transactions relating to motor vehicle registration. It shall be followed by a list of established source documents generated by the LTO itself or other external offices. We have identified some processes required for sourcing-out specific documents, which trigger the sequence of activities in these motor vehicle transactions. We have attempted to highlight how some of these input documents are validated and authenticated by LTO personnel. Mapping-out both vehicle registration-related transactions and established source documents are presented through a matrix of the process description and a visual representation through workflow charts. The document has been arranged according to the following outline:

- List of Motor Vehicle-Related Transactions
- List of Established Source Documents
- Mode of Verification and Authentication of Established Source Documents
- Matrix of Process Descriptions
- Process Maps for Inspection/Registration and Established Source Documents

1. LIST OF MOTOR VEHICLE-RELATED TRANSACTIONS

The two most common motor-vehicle transactions are the registration of a new vehicle and the renewal of a previously registered vehicle. Both transactions involve an inspection process and registration process, but differ in their expected outputs. A new vehicle registration transaction results in a Certificate of Registration or Certificate of Registration with Encumbrance (CR or CRE), a Motor Vehicle Original Receipt of Payment (OR), Miscellaneous Receipt, license plates, and stickers. A renewal transaction often results to the issuance of a new Motor Vehicle Original Receipt of Payment (OR) and stickers.

In addition, there are various types of registration transactions, which involve the same process of inspection and registration but substantially differ on the input documents. There are special types of registration, which aside from the outputs abovementioned produce a form of action resulting to changes in the Certificate of Registration/Original Receipt of Payment.

The list of motor vehicle transactions in LTO can be categorized in the following groupings:

- 1.1 New Registration
 - 1.1.1 New Registration for Locally Assembled Motor Vehicles by Accredited Manufacturers
 - 1.1.2 New Registration for Public Utility Vehicles (Built-in/Rebuilt)
- 1.2 Plain Renewal of Registration
 - 1.2.1 Renewal of Private Vehicles (Locally Assembled or under Special Registration)
 - 1.2.2 Renewal of Public Utility Vehicles
- 1.3 Government Motor Vehicles
 - 1.3.1 Locally Purchased Government Motor Vehicles
 - 1.3.2 Imported Government Motor Vehicles
- 1.4 Diplomatic Motor Vehicles
- 1.5 Imported Motor Vehicles Subject to New Registration
 - 1.5.1 Tax-Exempt Imported Vehicles In Free Ports And Special Economic Zones
 - 1.5.2 Under Bond Motor Vehicles (Imported Private Vehicles Only)
 - 1.5.3 Under LOI No. 782 (Imported Private Vehicles Only)
 - 1.5.4 Imported Private Motor Vehicles
 - 1.5.5 Imported For-Hire Motor Vehicles
 - 1.5.6 Motor Vehicles Under Written Commitment (Imported Private Vehicles Only)
- 1.6 Change Classification (From Private to PUV and vice versa)
 - 1.6.1 Without Encumbrance/Mortgaged
 - 1.6.2 Encumbered/Mortgaged Motor Vehicle
- 1.7 Transfer of Ownership Thru Sale of Motor Vehicle
 - 1.7.1 Private Vehicles

- 1.7.2 For-Hire Vehicles
- 1.7.3 Locally-Assembled Under Bond Motor Vehicles
- 1.7.4 Motor Vehicle Obtained Under Sheriff's Certificate of Sale Issued (Judicial Foreclosure Sale)
- 1.7.5 Motor Vehicle Obtained Under Sheriff's Certificate of Sale Issued (Extra-Judicial Foreclosure Sale)
- 1.7.6 Motor Vehicle Obtained Under An Extra-Judicial Sale Conducted Before The Notary Public
- 1.7.7 Motor Vehicle Obtained Under Sheriff's Certificate of Sale Pursuant To A Money Judgment
- 1.8 Transfer of Ownership Thru Public Bidding and Other Conveyances
 - 1.8.1 Motor Vehicles Acquired Through Public Bidding Conducted By Government Office/Entity
 - 1.8.2 Motor Vehicles Acquired Through Public Bidding Conducted By the Bureau Of Customs
 - 1.8.3 Motor Vehicles Obtained At Public Auction By A Notary Public By Virtue Of a Mechanic' s Lien
 - 1.8.4 Motor Vehicles Acquired Through Extra-Judicial Settlement Of Estate Of Deceased Person
 - 1.8.5 Motor Vehicles Acquired Through Judicial Settlement Of Estate Of Deceased Person
- 1.9 Motor Vehicle Subject To Lease Agreement
- 1.10 Annotation and Attachment thru Chattel Mortgage Subject to Renewal of Registration
- 1.11 Cancellation Of Mortgage and other Liens of Encumbrances Subject to Renewal of Registration
- 1.12 Cancellation Of Mortgage and other Liens of Encumbrances When the Financing Company No Longer Exists and Release Mortgage Contract is Missing Subject to Renewal of Registration
- 1.13 Special Registration of Recovered Vehicles
- 1.14 Rebuilt Motor Vehicle (Assembled/Backyard) By Non-Accredited Manufacturers (Private Vehicles)
- 1.15 Rebuilt Locally Assembled Motor Vehicle (Backyard Only)
- 1.16 Engine/Chassis/Body Parts Of Different Motor Vehicles That Had Been Previously Registered

2. LIST OF SOURCE DOCUMENTS

LIST OF DOCUMENTS	Source	REQUIREMENT
1 Actual inspection of the motor vehicle and duly accomplished Motor Vehicle Inspection Report (MVIR)	LTO	For all vehicles submitted for actual inspection
2 Affidavit of Assembly/Rebuilt executed by the owner and mechanic, stating among others, the date of completion of the vehicle	REGISTRANT	Request duplicates of lost CR, OR, Plates, and stickers
3 Affidavit of Ownership executed by the owner stating among others, the reason/s for the non-registration of the motor vehicle and/or component, the facts surrounding the loss of the documents and absolving any LTO official/employee from any liability, civil or otherwise, arising from the registration.	REGISTRANT	Request duplicates of lost CR, OR, Plates, and stickers
4 Affidavit of Publication executed by the publisher together with a copy pf the published article	REGISTRANT	For all undocumented vehicles submitted for registration
5 Affidavit of the Notary Public who conducted the public bidding as proof of compliance	REGISTRANT	For all vehicles acquired at Public Auction conducted by Notary Public by virtue of a mechanic's lien
6 Affidavit of Undertaking executed by the registered owner stating among other things the following; that the account has been fully paid; that the release mortgage contract was lost and could no longer be found despite diligent efforts; and that the affiant is willing to be held liable in case the lien still exists	REGISTRANT	Cancellation of mortgage of vehicles when mortgagee does not exist
7 Appropriate Insurance Certificate of Cover	REGISTRANT	For all vehicles submitted for registration
8 Bill of Lading	REGISTRANT	For all vehicles imported or tax exempt
9 BOC Certificate of Clearance	BOC	For all vehicles imported or tax exempt
10 BOC Official Receipt evidencing payment of the acquisition cost	BOC	For all vehicles imported or tax exempt
11 Cancellation of Bond from the Bonds Division, Bureau of Customs	BOC	For all underbond vehicles
12 Certificate of Accreditation as assembler or importer of whole motor vehicles	LTO	For manufacturer's accreditation+C55
13 Certificate of Emission Compliance	Private Emission Testing Centers	For all vehicles submitted for registration

LIST OF DOCUMENTS		Source	REQUIREMENT
15	Certificate of Registration (CR)	REGISTRANT	For all vehicles subject to registration and other transactions
16	Certificate of Registration (CR) / Commercial Invoice / Bill of Lading issued by the country of origin from the state of origin	BOC	For all vehicles imported or tax exempt
17	Certificate of Registration with Encumbrance (CRE)	REGISTRANT	For all vehicles with lien subject to registration and other transactions
18	Certificate of Release of the vehicle under the authority and signature of the Commissioner of Customs	BOC	For all vehicles imported or tax exempt
19	Certificate of Sale or Deed of Sale duly noted by the COA Representative.	COA	For all vehicles acquired thru Public Bidding conducted by the Government
20	Certificate of Stock Inventory Report	LTO	For all vehicle imported or tax exempt
21	Certificate of Tax Payment indicating importation of whole motor vehicle (importer) with Official Receipt (OR)	BOC	For all vehicle imported or tax exempt
22	Certificate of Tax Payment issued by the Bureau of Internal Revenue	BIR	For all vehicles built locally subject to new registration
23	Certificate of Tax Payment of the engine, chassis and body issued by the Bureau of Customs	BIR	For all vehicles imported from the country subject to new registration
24	Certification by the Clerk of Court that the judgment/ decision has become final and executory.	CLERK OF COURT	Transfer of Ownership of vehicles acquired thru Sheriff's Certificate of Sale (Judicial/Extra-judicial)
25	Certification from CICCOC/ Bureau of Import Services regarding the transfer of ownership	BOC	For all vehicles imported or tax exempt
26	Certification from Financing that the original Certificate of Registration (CR) and latest original Official Receipt (OR) are in their possession and that they interpose no objection on the conversion of Motor Vehicle from private to for-hire	FINANCING COMPANY	For all vehicles for Change of Classification (From Private to For-Hire) with chattel mortgage
27	Certification from the Financing Institution that the Certificate of Registration (CR) is not in their possession (in case of Mortgaged/ Encumbered Motor Vehicle)	FINANCING COMPANY	Cancellation of mortgage of vehicles when mortgagee does not exist
28	Certification from the Securities and Exchange Commission stating that the financing company is no longer in existence	SEC	Cancellation of mortgage of vehicles when mortgagee does not exist

	LIST OF DOCUMENTS	Source	REQUIREMENT
29	Certified photocopy of Certificate of Registration (CR) and Official Receipt (OR) by the Financing Institution	SEC	Cancellation of mortgage of vehicles when mortgagee does not exist
30	Clearance from the Law Enforcement Service (LES) or the Regional Office concerned	LTO	Request duplicates of lost CR, OR, Plates, and stickers
31	Commercial/Sales Invoice of Motor Vehicle from the state of origin if imported	DEALER	For all vehicles imported from the country subject to new registration
32	Commercial/Sales Invoice of Motor Vehicle if locally assembled	DEALER	For all vehicles built locally subject to new registration
33	Commercial/Sales Invoice of the engine, chassis and/or body	LTO	For all vehicles with changes in engine, chassis and/or body
34	Confirmation Certificate from the LTO Registration Section/Regional Office if the motor vehicle is donated by a dealer/assembler; (Basis of confirmation shall be the stock report submitted by the Assembler/Importer)	LTO	For all vehicles acquired by Deed of Donation from dealer/assembler
35	Confirmation of Certificate of Tax Payment issued by the Bureau of Customs (BOC) with Official Receipt (OR)	LTO	For all vehicles imported or tax exempt
36	Confirmation of Dealer's Report of engine, chassis and body from LTO Registration Section/ Regional Office	LTO	For all vehicles built locally subject to new registration, such as private, government, and for-hire
37	Confirmation of Franchise from the Land Transportation Franchising and Regulatory Board (LTFRB) with copy of Decision/ Order	LTO	For all "For-Hire" vehicles
38	Contract of Agreement entered into by the mechanic and the car owner	REGISTRANT	For all vehicles acquired at Public Auction conducted by Notary Public by virtue of a mechanic's lien
39	Dealer's Report duly authenticated by the Assistant Secretary with Official Receipt	LTO	For all vehicles built locally subject to new registration
40	Decision on the seizure proceedings	BOC	For all vehicles acquired at Public Auction conducted by Bureau of Customs
41	Decision/Order of the Court to hold all transactions except renewal registration	CLERK OF COURT	For all vehicles subject to Annotation (Liens and encumbrances)
42	Deed of Donation	REGISTRANT	For all vehicles acquired by Deed of Donation

LIST OF DOCUMENTS		Source	REQUIREMENT
43	Deed of Extra-Judicial Settlement of Estate in case the deceased is survived by two (2) or more heirs or Affidavit of Sole Adjudication in case the deceased is survived by only one (1) heir	REGISTRANT	For all vehicles acquired by Inheritance
44	Demand Letter of the mechanic addressed to the car owner who failed to pay the labor and materials in the repair of the motor vehicle as provided in the Contract	REGISTRANT	For all vehicles acquired at Public Auction conducted by Notary Public by virtue of a mechanic's lien
45	Duly approved application together with the official receipt of payment of the application fee (Undocumented MV)	REGISTRANT	For all "Undocumented" vehicles submitted for registration
46	Duplicate original copy of the decision rendered by the Court under its own seal	CLERK OF COURT	Transfer of Ownership of vehicles acquired thru Sheriff's Certificate of Sale (Judicial/Extra-judicial)
47	Duplicate original copy of the Writ of Execution under the seal of the Court	CLERK OF COURT	Transfer of Ownership of vehicles acquired thru Sheriff's Certificate of Sale (Judicial/Extra-judicial)
48	Endorsement from the Department of Foreign Affairs	DFA	Transfer of Ownership of vehicles acquired from Diplomatic Personnel
49	Endorsement from the Insurance Company - New Owner	INSURANCE COMPANY	For all "For-Hire" vehicles imported to the country
50	Estimate production (assembler).	ASSEMBLER	For "Issuance of Conduction"
51	General A64Alarm Sheet	PNP	For all "Recovered" vehicles
52	If CR/OR is issued by other LTO Agency , Confirmation of CR/OR (CIR-91-137)	LTO DISTRICT OFFICE	For all vehicles "private, government, and for-hire" subject renewal
53	If engine, chassis and body are required from different person or entities , Deed of Sale	REGISTRANT	For all vehicles built locally subject to new registration
54	If Motor Vehicles is owned by a Single Proprietor , Registration of Business Name (from the Department of Trade and Industry)	DTI	For all vehicles built locally subject to new registration
55	If original CR and OR of payment is absent , Certification from the Sheriff that the original copy was not turned-over at the time of the sale.	SHERIFF	Transfer of Ownership of vehicles acquired thru Sheriff's Certificate of Sale (Judicial/Extra-judicial)
56	If Vehicle is owned by a Corporation , Board Resolution or Secretary's Certificate	REGISTRANT	For all vehicles built locally subject to new registration

LIST OF DOCUMENTS		Source	REQUIREMENT
57	If Vehicle is owned by Embassy , endorsement from Department of Foreign Affairs	DFA	For all "Underwritten" vehicles
58	If Vehicle is under Chattel Mortgage , Chattel Mortgage Contract duly annotated by the Registry of Deeds and Official Receipt (OR) issued by the Registry of Deeds	REGISTER OF DEEDS	For all vehicles subject to chattel mortgage
59	Import Entry Declaration and Revenue Declaration Stencils	BOC	For all vehicles imported or tax exempt
60	Letter of the <i>Bangko Sentral ng Pilipinas</i> to the LTO informing the latter that the direct end-user is authorized to make the importation of the vehicle concerned	BSP	For all "second-hand" vehicles imported from the country subject to new registration
61	Letter-request for conduction permit.	DEALER	For "Issuance of Conduction" to manufacturer
62	Lifting of General Alarm	PNP	For all "Recovered" vehicles imported or tax exempt
63	Notice of Award together with General Form 17A (Inventory and Inspection Report)	LTO	For all vehicles acquired thru Public Bidding conducted by the Government
64	Notice of Levy.	COURT	For all vehicles subject to Annotation (Liens and encumbrances)
65	Official Receipt (OR) of Payment	REGISTRANT	For all vehicles subject to registration and other transactions
66	Official Receipt of payment of recording fee with the Register of Deeds	COURT	For all vehicles subject to release of chattel mortgage
67	Official Receipt of Payment of the auctioned property	BOC	For all vehicles acquired thru Public Auction conducted by Government or Bureau of Customs
68	Original Copy of the Notary Public's Return	Notary Public	For all vehicles acquired at Public Auction conducted by Notary Public by virtue of a mechanic's lien
69	Original Copy of the Sheriff's Certificate of Sale.	Registrant	Transfer of Ownership of vehicles acquired thru Sheriff's Certificate of Sale (Judicial/Extra-judicial)

LIST OF DOCUMENTS		Source	REQUIREMENT
70	Original copy of the Sheriff's Return.	Registrant	Transfer of Ownership of vehicles acquired thru Sheriff's Certificate of Sale (Judicial/Extra-judicial)
71	Original Deed of Sale of the Motor Vehicle	Registrant	Transfer of Ownership of vehicles acquired thru Public Bidding
72	Packing List	BOC	For all vehicles imported or tax exempt
73	PNP Crime Laboratory Report (macro-etching report) or NBI report, fully identifying the motor vehicle and stating therein the tampering done on the engine or chassis, if any.	PNP/NBI	For all vehicles imported or tax exempt
74	PNP/TMC Motor Vehicle Clearance.	PNP	For all vehicles subject to registration
75	Proof of notice of the sale at public auction in at least two (2) public places	CLERK OF COURT	Transfer of Ownership of vehicles acquired thru Sheriff's Certificate of Sale (Judicial/Extra-judicial)
76	Proof of publication of the Deed in any newspaper of general circulation three (3) times for three (3) consecutive weeks	REGISTRANT	Transfer of Ownership of vehicles acquired thru Sheriff's Certificate of Sale (Judicial/Extra-judicial)
77	Proof of recording of the Deed in the Register of Deeds of the municipality where the deceased resided	REGISTER OF DEEDS	For all vehicles subject to chattel mortgage
78	Re-Export Bond duly approved by the Bureau of Customs to determine the effectivity date and duration of the vehicle's temporary stay in the country	BOC	For all vehicles imported into the country under the conditionally free importation (Underbond)
79	Release of Chattel Mortgage Contract duly stamped received by the Register of Deeds that recorded the Chattel Mortgage Contract	REGISTER OF DEEDS	For all vehicles subject to chattel mortgage
80	Report of Recovery by the PNP or other law enforcement agencies	PNP	For all "Recovered" vehicles
81	Request for registration of government vehicle from the Head of the government agency concerned	AGENCY	For all "Government" subject to new registration
82	SBMA/CDC Import Permit	SBMA/CDC	For all vehicles imported or tax exempt

	LIST OF DOCUMENTS	Source	REQUIREMENT
83	Surety Bond equivalent to the prevailing market value of the motor vehicle or component for one (1) year	SBMA/CDC	Cancellation of mortgage of vehicles when mortgagee does not exist
84	Tax Identification Number	BIR	For all vehicles subject to registration
85	Written notice to the car owner of the sale at the public auction sent either personally or by registered mail	REGISTRANT	For all vehicles acquired at Public Auction conducted by Notary Public by virtue of a mechanic's lien

3. MODE OF VERIFICATION AND AUTHENTICATION OF SOURCE DOCUMENTS

3.1 Duly Accomplished Motor Vehicle Inspection Report (MVIR) Form

3.1.1 Responsibility: **Inspector**

3.1.2 Mode of Verification/Authentication: Verify the stenciled motor/chassis numbers as reflected in the MVIR Form against the actual vehicle.

3.1.3 Responsibility: **Evaluator**

3.1.4 Mode of Verification/Authentication: Look at the authorized inspector's specimen signatures on the MVIR Form and see to it that there is a stamp "Passed" across the Miscellaneous Receipt.

3.2 Certificate of Insurance Coverage

3.2.1 Responsibility: **Inspector**

3.2.2 Mode of Verification/Authentication: Not necessary for vehicle inspection

3.2.3 Responsibility: **Evaluator**

3.2.4 Mode of Verification/Authentication: Rely on the Dtech-supplied hologram sticker pasted on the face of the COC

3.3 Confirmation Certificate of Dealer's Stock Report

3.3.1 Responsibility: **Inspector**

3.3.2 Mode of Verification/Authentication: Check its completeness and mere presence as far as a new vehicle registration is concerned

3.3.3 Responsibility: **Evaluator**

3.3.4 Mode of Verification/Authentication: In case of doubt, verify its authenticity against the database in the LTO Registration Section. This unit receives the transmittal of the Certificate of Payment together with the Sales/Commercial Invoice, Packing List, Import Entry Declaration, and Certificate of Clearance cleared and certified by the Bureau of Customs (BOC). LTO personnel then enter the data into its information system to generate the Confirmation Certificate (CC) of the Dealer's Stock Report. The Evaluator validates the Certificate of Confirmation by viewing and accessing its entry in the database of the LTO Information System.

3.4 Certificate of Emission Compliance

3.4.1 Responsibility: **Inspector**

3.4.2 Mode of Verification/Authentication: Check its completeness and mere presence

3.4.3 Responsibility: **Evaluator**

3.4.4 Mode of Verification/Authentication : The mere presence of the document suffices as well. There is no way of determining its authenticity and validity unless the database of the Private Emission Testing Center (PETC) interfaces with the LTO Information System

3.5 Lifting of Alarm Sheet

3.5.1 Responsibility: **Inspector'**

3.5.2 Mode of Verification/Authentication : Check its completeness and mere presence

3.5.3 Responsibility: **Evaluator**

3.5.4 Mode of Verification/Authentication : All General Alarm Sheets of "problematic vehicles" are entered into Law Enforcement Service (LES) database for record purposes. The validity of the document is verified by viewing and accessing its entry in the database of the LTO Information System

3.6 Certification of Registration (CR) / Original Receipt (OR) of Payment

3.6.1 Responsibility: **Inspector**

3.6.2 Mode of Verification/Authentication: Validate the CR/OR against the stenciled chassis/motor numbers as indicated on the MVIR Form.

3.6.3 Responsibility: **Evaluator**

3.6.4 Mode of Verification/Authentication: It is asserted that there are watermarks and/or holograms imprinted on the CR/OR to ensure their genuineness and authenticity. However, there is really a difficulty to verify the same. In case of further doubt, especially for transfers of registration, the long-process of requesting a Certificate of Confirmation to the Confirming D.O. where the previous registration originate becomes necessary especially if it cannot be viewed in the LTO-IS. It is often the case that some registration are not promptly posted in the LTO-IS or the server is down for personnel to access it

3.7 Confirmation Certificate of LTFRB Franchise

3.7.1 Responsibility: **Inspector**

3.7.2 Mode of Verification/Authentication: It is not yet available during this period

3.7.3 Responsibility: **Evaluator**

3.7.4 Mode of Verification/Authentication: LTO Pilot Agency receives a transmittal of the list of operators who have officially obtained a Certificate of Franchise from the LTFRB. The transmittal list includes the name of the applicant together with a confirmation certificate from the LTFRB. The LTO Pilot Agency merely acknowledges the receipt of the official transmittal. It is incumbent on the registrant to coordinate with Pilot Agency for registration of for-hire vehicles.

3.8 PNP/TMG Motor Vehicle Clearance

3.8.1 Responsibility: **Inspector**

3.8.2 Mode of Verification/Authentication: Check its completeness and mere presence

3.8.3 Responsibility: **Evaluator**

3.8.4 Mode of Verification/Authentication: LTO ensures the presence of the following supporting documents: PNP Macro-etching Report and Special Bank Receipt from the Land Bank of the Philippines. If they are present, LTO sustains the validity of said clearance

3.9 Release of Chattel Mortgage Contract

3.9.1 Responsibility: **Inspector**

3.9.2 Mode of Verification/Authentication: Check its completeness and mere presence

3.9.3 Responsibility: **Evaluator**

3.9.4 Mode of Verification/Authentication: LTO see to it that the Chattel Mortgage Contract has been duly stamped received by the Register of Deeds. It also ensures the presence of an Official Receipt from Register of Deeds and Bank Certificate.

3.10 Tax Identification Number

3.10.1 Responsibility: **Inspector**

3.10.2 Mode of Verification/Authentication: Check its completeness and mere presence

3.10.3 Responsibility: **Evaluator**

3.10.4 Mode of Verification/Authentication: LTO has no secure way of determining the authenticity of the TIN

4. MATRIX OF PROCESS DESCRIPTIONS

List of Mapped Processes

4.1 Inspection

4.2 Registration

4.2.1 New Vehicle Registration

4.2.2 Renewal of Registration

4.3 Miscellaneous processes

4.3.1 Confirmation Certificate of Registration of Motor Vehicle

4.3.2 Confirmation Certificate of Dealer's Stock Report (includes Certificate of Payment by the Bureau of Customs)

4.3.3 Certification of Accreditation of Manufacturers, Assemblers, Importers, and Dealers (MAID)

4.3.4 Request for Special License Plates

4.3.5 Request for Duplicate Certificate of Registration/Official Receipt/ Plates/Stickers

4.3.6 Request for Vehicle Storage

4.4 Processes for source documents originating from outside the LTO

4.4.1 Verification of Authenticity of COC by DTECH

4.4.2 Certificate of Clearance from Philippine National Police

4.4.3 Certificate of Emission Compliance by Private Emission Testing Centers

4.4.4 Certificate of Public Utility Franchise from Land Transportation Authority Franchise for PUV

Matrix of Process Description

4.1 Vehicle Inspection

Process Number	Process Step Label	Process Step Description	Input		Output	
			Input Information	Input Source	Output Information	Output Destination
1	Submission of the Motor Vehicle Inspection Report (MVIR) Form with supporting documents for vehicle inspection	Registrant accomplishes and fills-up the MVIR Form and submits it together with the supporting documents required for vehicle inspection.	MVIR Form with supporting docs required for vehicle inspection	Registrant and Source Agencies	Duly accomplished MVIR Form with supporting docs required for vehicle inspection	Receiving Clerk
2	Receipt of MVIR Form and issuance of Miscellaneous Receipt	Receiving Clerk receives the duly accomplished MVIR Form and issues to the Registrant a Miscellaneous Receipt for the payment of the actual vehicle inspection fees.	Duly accomplished MVIR Form with supporting docs required for vehicle inspection	Receiving Clerk	Issued Misc. Receipt and the duly accomplished MVIR Form with supporting docs required for vehicle inspection	Registrant
3	Payment of inspection fees	Registrant proceeds to Cashier to pay the fees indicated on the Miscellaneous Receipt.	Issued Misc. Receipt and the duly accomplished MVIR Form with supporting docs required for vehicle inspection	Registrant	Fees enclosed on issued Misc. Receipt and the duly accomplished MVIR Form with supporting docs required for vehicle inspection	Cashier

			Input		Output	
Process Number	Process Step Label	Process Step Description	Input Information	Input Source	Output Information	Output Destination
4	Collection of inspection fees and certification of receipt of payment	Cashier collects, computes, and receives the inspection fees and certifies payment on the Misc. Receipt	Fees enclosed on issued Misc. Receipt and the duly accomplished MVIR Form together with all supporting docs	Cashier	Misc. Receipt marked as "Paid", the MVIR Form together with all supporting docs	Registrant
5	Arrangement of all documents for submission to vehicle inspection	Registrant arranges all documents including the paid Misc. Receipt, MVIR Form, and other supporting documents for submission of the vehicle for inspection.	Misc. Receipt marked as "Paid", the MVIR Form together with all supporting docs	Registrant	Received docs with Misc. Receipt marked as "Paid", the MVIR Form together with all supporting docs	Inspector
6	Conduct of actual vehicle inspection	Inspector receives all documents for completeness, conducts the actual vehicle inspection, and records findings on the MVIR Form.	Received docs with Misc. Receipt marked as "Paid", the MVIR Form together with all supporting docs	Inspector	Findings recorded on the MVIR Form together with the supporting docs	Registrant or Inspector
6.1	In case of Negative findings on the MVIR Form	Inspector informs the Registrant of the vehicle's deficiencies on road worthiness, returns all documents for completion, and awaits the receipt of corrected documents.	Findings recorded on the MVIR Form together with the supporting docs	Inspector	Negative findings on the MVIR Form for correction	Registrant

			Input		Output	
Process Number	Process Step Label	Process Step Description	Input Information	Input Source	Output Information	Output Destination
6.2	Correction of negative findings	Registrant corrects the deficiencies on road worthiness, completes the other required documents, and resubmits the MVIR Form together with all supporting documents.	Negative findings on the MVIR Form for correction	Registrant	Corrected documents	Inspector
6.3	Positive findings on the MVIR Form	Inspector recommends the vehicle a clearance for registration.	Positive findings recorded on the MVIR Form together with the supporting docs	Inspector	Endorsement signature on the MVIR Form together with all supporting docs.	Receiving Clerk
7	Receipt of the endorsed MVIR Form for the approval of the Chief Inspector	Receiving Clerk receives the endorsed MVIR Form for recording and forwards to Chief Inspector for approval.	Endorsement signature on the MVIR Form together with all supporting docs.	Receiving Clerk	Received MVIR Form together with all supporting docs.	Chief Inspector
8	Review and approval for the endorsement of the MVIR Form	Chief Inspector reviews the recommended MVIR Form with the supporting docs and affixes signature for approval.	Received MVIR Form together with all supporting docs.	Chief Inspector	Approving signature on the MVIR Form together with all supporting docs.	Receiving Clerk
9	Receipt of the approved MVIR Form for release	Receiving Clerk receives the approved and signed MVIR Form with all supporting docs and record them for release to Registrant.	Approving signature on the MVIR Form together with all supporting docs.	Receiving Clerk	Released and approved MVIR Form together with all supporting docs cleared for vehicle registration	Registrant

4.2 Vehicle Registration

Process Number	Process Step Label	Process Step Description	Input		Output	
			Input Information	Input Source	Output Information	Output Destination
1	Consolidation and submission of both documents required for vehicle inspection/registration	Registrant receives, consolidates, and submits the both supporting documents required for vehicle inspection/registration.	Both supporting docs required for vehicle inspection and registration	Registrant	Consolidated supporting docs required for vehicle registration	Evaluator
2	Receipt of consolidated supporting documents	Evaluator receives all documents for vehicle registration including those from vehicle inspection and determine whether application is a new registration or renewal.	Consolidated supporting docs required for vehicle registration	Evaluator	Forwarded supporting docs required for vehicle registration	Registrant or Encoder
3	In case of New Registration	Evaluator returns all documents to Registrant with instruction to proceed to Plates Custodian for the assignment of plate numbers and issuance of claim receipt.	Forwarded supporting docs required for vehicle registration	Evaluator	Consolidated supporting docs for vehicle registration	Plates Custodian
3.1	Issuance of a receipt for claiming the assigned plate number	Plate Custodian issues a receipt for claiming the assigned plate numbers.	Consolidated supporting docs for vehicle registration	Plates Custodian	Issued claim receipt together with all supporting docs.	Registrant
3.2	Resubmit all documents	Registrant resubmits all documents for vehicle registration inspection.	Issued claim receipt together with all supporting docs.	Registrant	Issued claim receipt together with all supporting docs.	Evaluator

Process Number	Process Step Label	Process Step Description	Input		Output	
			Input Information	Input Source	Output Information	Output Destination
4	In case of Renewal of registration	Evaluator evaluates the validity and completeness of all documents for receipt and submits to Encoder	Consolidated supporting docs for vehicle registration	Evaluator	Reviewed supporting docs for vehicle registration	Encoder
5	Encoding	Encoder encodes all necessary data entries required for vehicle registration in the MVIS and check the generated fees and transaction number.	Reviewed supporting documents for vehicle registration	Encoder	Processed supporting docs in the MVIS for vehicle registration	Receiving Clerk
6	Print-out of new OR/CR	Receiving Clerk prints-out the new OR/CR/CRE for issuance and attaches all supporting documents for processing.	Processed supporting docs in the MVIS for vehicle registration	Receiving Clerk	Received OR/CR with all supporting documents for vehicle registration	Approving Authority
7	Review of all entries in the MVIS	Approving Authority reviews all entries made in the MVIS, validates all supporting documents, and authorizes the issuance of the new OR/CR	Received OR/CR with all supporting documents for vehicle registration	Approving Authority	Approved OR/CR with all supporting docs for vehicle registration	Receiving Clerk
8	Receipt and release new OR/CR	Receiving Clerk receives and releases new OR/CR and supporting docs for vehicle registration for payment	Approved OR/CR with all supporting docs for vehicle registration	Receiving Clerk	Released OR/CR with all supporting docs for vehicle registration	Cashier

			Input		Output	
Process Number	Process Step Label	Process Step Description	Input Information	Input Source	Output Information	Output Destination
9	Compute and collect fees	Cashier re-computes, collects, and assessed the correct fees and calls-out Registrant's name thru the P.A. system.	Released OR/CR with all supporting docs for vehicle registration	Cashier	Assessed fees for payment	Registrant
10	Payment of fees	Registrant pays the fees and receives new OR/CR and presents copies thereof and claim receipt for issuance of accountable properties (i.e. stickers and/or plate numbers)	Assessed fees for payment	Cashier	Copies of CR/OR and/or claim receipt for plate numbers	Property Custodian
11	Issuance of accountable properties	Property Custodian issues MV stickers for renewal of vehicle registration together with plate numbers in case of new registration.	Copies of CR/OR and/or claim receipt for plate numbers	Property Custodian	Copies of all supporting documents for vehicle registration	Records Officer
11.1	Filing of records	Records Officer receives, files, and updates the MV Registry Records of the renewed/new vehicle registration.	Copies of all supporting documents for vehicle registration	Records Officer	Copies of all supporting documents for vehicle registration	Records Officer
11.2	Receipt of new OR/CR	Registrant finally receives the new OR/CR together with stickers and license plates.	Copies of all supporting documents for vehicle registration	Property Custodian	New OR/CR and stickers and/or license plates	Registrant

4.3 Miscellaneous Processes: Source Documents from the LTO

4.3.1 Confirmation Certificate of Registration of Motor Vehicle

Process Number	Process Step Label	Process Step Description	Input		Output	
			Input Information	Input Source	Output Information	Output Destination
1	Absence of data in the MVIS	Encoder fails to view the data entry of the Registrant's previous registration in the MVIS.	Copies of CR/OR together with all supporting documents for renewal of vehicle registration	Registrant	Request for Cert. of Confirmation of the issuance of CR/OR by the district office of origin	Confirming District Office
2	Request for Cert. of Confirmation of the issuance of CR/OR	Registrant proceeds to District Office of origin and request for confirmation of the issuance of CR/OR.	Request for Cert. of Confirmation of the issuance of CR/OR by the district office of origin	Requesting District Office	Received Request for Confirmation	Confirming District Office
3	Receipt of request for confirmation and issuance of Miscellaneous Receipt	D.O. Receiving Clerk receives the duly accomplished request form and issues to the Registrant a Miscellaneous Receipt for the payment of the processing fees.	Received Request for Confirmation	Confirming District Office	Issued Misc. Receipt together with all supporting docs	Registrant
4	Payment of fees	Registrant proceeds to Cashier to pay the fees indicated on the Miscellaneous Receipt.	Issued Misc. Receipt together with all supporting docs	Receiving Clerk	Fees enclosed on issued Misc. Receipt together with all supporting docs	Cashier

Process Number	Process Step Label	Process Step Description	Input		Output	
			Input Information	Input Source	Output Information	Output Destination
5	Collection of fees/ Issuance of certification of receipt of payment	Cashier collects, computes, and receives the inspection fees and certifies payment on the Misc. Receipt	Fees enclosed on issued Misc. together with all supporting docs	Registrant	Misc. Receipt marked as "Paid", the request form together with all supporting docs	Registrant
6	Issuance of Certificate of Confirmation	Confirming D.O. issues a Certificate of Confirmation to Registrant.	Misc. Receipt marked as "Paid", the request form together with all supporting docs	Registrant	Issued Certificate of Confirmation	Registrant
7	Submission of Certificate of Confirmation	Registrant returns to Requesting D.O. and submits the Certificate of Confirmation	Issued Certificate of Confirmation	Confirming District Office	Issued Certificate of Confirmation	Requesting District Office

4.3.2 Confirmation Certificate of Dealer's Stock Report (includes Certificate of Payment by the Bureau of Customs)

Process Number	Process Step Label	Process Step Description	Input		Output	
			Input Information	Input Source	Output Information	Output Destination
1	Submission of Certificate of Payment and Dealer's Stock Report	Registrant fills-up application form and submits the Certificate of Payment, Dealer's Stock Report together with soft copy, and other required documents (i.e. Commercial Invoice, Packing List, Bill of Lading, Import Entry Declaration, and Certificate of Clearance).	Certificate of Payment (CP) together with all certified documents	Bureau of Customs	Submitted CP together with all certified documents from BOC	Evaluator, Registration Section
2	Receipt of Certificate of Payment and Dealer's Stock Report	Evaluator, Registration Section receives and acknowledges the CP, Dealer's Stock Report, and all other certified documents from BOC.	Submitted CP together with all certified documents from BOC	Registrant	Received CP together with all certified documents from BOC	Encoder, Registration Section
3	Data Encoding in the MVIS	Encoder, Registration Section enters the data of the CP in the MVIS and validates it against the database.	Received CP together with all certified documents from BOC	Registrant	Encoded data of the CP in the MVIS	Scanner/ Records Officer
4	Scanning/Archiving of Certificate of Payment	Records Officer scans the CP and records the same for filing in its registry.	Encoded data of the CP in the MVIS	Encoder	Validated CP together with all certified documents from BOC	Approving Authority
5	Approval & Issuance of POS	Approving Authority reviews all entries made in the MVIS, validates all supporting documents, and authorizes the issuance of the Payment Order Slip (POS)	Validated CP together with all certified documents from BOC	Records Officer	Approval of data encoded and issuance of the POS	Registrant

Process Number	Process Step Label	Process Step Description	Input		Output	
			Input Information	Input Source	Output Information	Output Destination
6	Receipt of Payment Order Slip	Registrant receives the POS and proceeds to the Cashier to pay the processing fees.	Issued POS with processing fees	Approving Authority	Fees enclosed on the POS	Cashier
7	Compute and collect fees	Cashier re-computes, collects, and assessed the correct fees and calls-out Registrant's name thru the P.A. system.	Fees enclosed on the POS	Registrant	Original Receipt of payment of the processing fees	Evaluator
8	Submission of Original Receipt of Payment	Evaluator receives and acknowledges the OR and releases the Certificate of Confirmation (CC) with Approving Authority's signature.	Original Receipt of payment of the processing fees	Registrant	Released CC	Receiving Clerk
9	Issuance of Certificate of Confirmation	Receiving Clerk issues the CC to Registrant for final release.	Released CC	Receiving Clerk	Issued Certificate of Confirmation (CC)	Registrant

4.3.3 Certification of Accreditation of Manufacturers, Assemblers, Importers, and Dealers (MAID)

Process Number	Process Step Label	Process Step Description	Input		Output	
			Input Information	Input Source	Output Information	Output Destination
1	Submission of Application	MAID accomplishes application form and submits copies of the SEC Certificate of Registration, DTI Registration Certificate of Business Name, Mayor's Permit, and other required documents for accreditation.	Application form together with other required documents	MAID and Source Agency	Duly accomplished form together with other required documents	LTO Regional Office
2	Evaluation of the Application	LTO Regional Office evaluates and receives the application form, and forwards to an Inspector.	Duly accomplished form together with other required documents	LTO Regional Office	Inspection Report	LTO Assistant Secretary, thru Committee on Accreditation, Central Office
2.1	In case of Negative findings	Inspector conducts ocular inspection of Registrant's business facilities, informs MAID of deficiencies in the application, returns all documents for completion, and awaits the receipt of corrected documents.	Inspection Report	Inspector	Negative findings on report	MAID
2.2	Correction of negative findings	MAID corrects the deficiencies in the application, completes the other required documents, and resubmits it together with all supporting documents for accreditation.	Negative findings on the report	MAID	Corrected application with required documents	Inspector

			Input		Output	
Process Number	Process Step Label	Process Step Description	Input Information	Input Source	Output Information	Output Destination
3	In case of Positive findings	Inspector conducts ocular inspection of Registrant's business facilities recommends the approval of the application	Positive findings recorded on report	Inspector	Endorsement of the report together with all supporting docs. and pictures of business	Receiving Clerk
4	Receipt of the endorsed application form	Receiving Clerk receives the endorsed application form and forwards to LTO Assistant Secretary, thru the Committee on Accreditation, Central Office for approval.	Endorsement of the report together with all supporting docs. and pictures of business	Inspector	Stamped received on the application form together with all supporting docs.	LTO Assistant Secretary, thru Committee on Accreditation, Central Office
5	Review and approval for the endorsed application	Assistant Secretary reviews the recommended application, thru the Committee on Accreditation, with all the supporting docs and affixes signature for approval.	Stamped received on the application form together with all supporting docs.	Receiving Clerk	Approving signature on the application together with all supporting docs.	LTO Regional Office
6	Receipt of the approved application form	Regional Office Receiving Clerk receives the approved and signed recommendation form with all supporting docs and records it for data file.	Approving signature on the application together with all supporting docs.	LTO Assistant Secretary, thru Committee on Accreditation, Central Office	Issued Order of Payment for processing fees	MAID

			Input		Output	
Process Number	Process Step Label	Process Step Description	Input Information	Input Source	Output Information	Output Destination
7	Payment of Processing Fees	MAID proceeds to Cashier and pays processing fees.	Issued Order of Payment for processing fees	Regional Office Receiving Clerk	Fees enclosed on the Misc. Receipt	Cashier
8	Collection of fees and certification of receipt of payment	Cashier collects, computes, and receives the correct fees and certifies payment on the Misc. Receipt	Fees enclosed on issued Misc. Receipt	Registrant	Misc. Receipt marked as "Paid"	Regional Office Receiving Clerk
9	Issuance and release of Certificate of Accreditation	Regional Office Receiving Clerk issues the Certificate of Accreditation and advises the applicant on the reporting system and its duties and responsibilities.	Misc. Receipt marked as "Paid"	Cashier	Certificate of Accreditation	Registrant

4.3.4 Request for Special License Plates

Process Number	Process Step Label	Process Step Description	Input		Output	
			Input Information	Input Source	Output Information	Output Destination
1	Request for Certificate of Non-Assignment of Plate Numbers	Registrant receives new CR/OR of first-time registered vehicle and request for a Certificate of Non-Assignment of Plate Numbers	New CR/OR	District Office	Certificate of Non-Assignment of Plate Numbers	Management Information Division (MID), LTO Central Office
2	Evaluation of the Application	MID receives application and evaluates it with the Certificate of Non-Assignment of Plate Numbers, and determines if the requested special Plate Numbers is available	Certificate of Non-Assignment of Plate Numbers	Management Information Division (MID), LTO Central Office	Recommendation together with the supporting docs	Internal Audit Service, LTO thru the Committee on Special Plates
3	Review and Approval of the Application	Committee on Special Plates evaluates the application, approves the same for release, and issues a Pay Order Slip.	Recommendation together with the supporting docs	Internal Audit Service, LTO thru the Committee on Special Plates	Approved application together with supporting docs	Receiving Clerk
6	Receipt of the approved application form	Receiving clerk issues the approved and signed application together with the Pay Order Slip.	Approved application together with supporting docs	Receiving Clerk	Issued Order of Payment for processing fees	Registrant

			Input		Output	
Process Number	Process Step Label	Process Step Description	Input Information	Input Source	Output Information	Output Destination
7	Payment of Processing Fees	Registrant proceeds to Cashier and pays processing fees.	Issued Order of Payment for processing fees	Registrant	Fees enclosed on the Misc. Receipt	Cashier
8	Collection of fees and certification of receipt of payment	Cashier collects, computes, and receives the correct fees and certifies payment on the Misc. Receipt	Fees enclosed on issued Misc. Receipt	Registrant	Misc. Receipt marked as "Paid"	Registrant
8	Recording for file	Registrant proceeds to the MID for recording and submits copies to Property Custodian for release of special plates.	Misc. Receipt marked as "Paid"	Registrant	Logged application together with all supporting documents	Property Custodian
9	Issuance and release of special Plate Numbers	Property Custodian issues and releases the special Plate Numbers within seven (7) working days.	Logged application together with all supporting documents	Property Custodian	Special Plate Numbers	Registrant

4.3.5 Request for Duplicate Certificate of Registration/Official Receipt/ Plates/Stickers

Process Number	Process Step Label	Process Step Description	Input		Output	
			Input Information	Input Source	Output Information	Output Destination
1	Submission of an Affidavit of Loss	Registrant prepares and files application form together with an Affidavit of Loss of CR/OR, license plates, and/or stickers.	Prescribed application form with an Affidavit of Loss	Registrant thru Notary Public	Filed application form with an Affidavit of Loss	LTO Law Enforcement Section (LES)
2	Validation	LTO Law Enforcement Section (LES) validates the accountable forms and properties with existing database and issues a clearance upon confirmation.	Received application form with an Affidavit of Loss	LTO Law Enforcement Section	Issued Certificate of Clearance with an Affidavit of Loss	Registrant
3	Submission of Certificate of Clearance	Registrant submits the Certificate of Clearance together with the Affidavit of Loss to request duplicates of CR/OR, license plates, and stickers.	Issued Certificate of Clearance with an Affidavit of Loss	LTO Law Enforcement Section	Request form for Duplicates together with all required supporting documents.	District Office which issued the original accountable forms and properties
4	Receipt of application form and issuance of Miscellaneous Receipt	D.O. Receiving Clerk receives the duly accomplished request form and issues to the Registrant a Miscellaneous Receipt for the payment of the processing fees.	Request form for Duplicates together with all required supporting documents.	District Office which issued the original accountable forms and properties	Issued Misc. Receipt together with all supporting docs	Registrant

			Input		Output	
Process Number	Process Step Label	Process Step Description	Input Information	Input Source	Output Information	Output Destination
5	Payment of fees	Registrant proceeds to Cashier to pay the fees indicated on the Miscellaneous Receipt.	Issued Misc. Receipt together with all supporting docs	Receiving Clerk	Fees enclosed on issued Misc. Receipt together with all supporting docs	Cashier
6	Collection of fees/ Issuance of certification of receipt of payment	Cashier collects, computes, and receives the inspection fees and certifies payment on the Misc. Receipt	Fees enclosed on issued Misc. together with all supporting docs	Registrant	Misc. Receipt marked as "Paid", the request form together with all supporting docs	Registrant
7	Issuance of Accountable Forms and Properties	Registrant proceeds to D.O., presents receipt of payment, and receives the accountable forms and/or properties.	Misc. Receipt marked as "Paid", the request form together with all supporting docs	District Office which issued the original accountable forms and properties	Accountable form (Duplicate CR/OR) and/or accountable property (license plates/stickers)	Registrant

4.3.6 Request for Vehicle Storage

Process Number	Process Step Label	Process Step Description	Input		Output	
			Input Information	Input Source	Output Information	Output Destination
1	Submission of application form	Registrant accomplishes application form, submits Affidavit of Loss, latest CR/OR, and other required docs, and then surrenders license plates.	Application form with all supporting docs and license plates	Registrant	Duly accomplished application form with all supporting docs and license plates	Any District Office provided the storing district office notifies the originating district office
2	Receipt of application form and issuance of Miscellaneous Receipt	Receiving D.O. validates the accountable forms(CR/OR) and properties (license plates) with existing database and issues a miscellaneous receipt.	Duly accomplished application form with all supporting docs and license plates	Receiving District Office	Issued Misc. Receipt together with all supporting docs	Registrant
3	Payment of fees	Registrant proceeds to Cashier to pay the fees indicated on the Miscellaneous Receipt.	Issued Misc. Receipt together with all supporting docs	Receiving Clerk	Fees enclosed on issued Misc. Receipt together with all supporting docs	Cashier
4	Collection of fees/ Issuance of certification of receipt of payment	Cashier collects, computes, and receives the inspection fees and certifies payment on the Misc. Receipt	Fees enclosed on issued Misc. together with all supporting docs	Registrant	Misc. Receipt marked as "Paid", the request form together with all supporting docs	Receiving District Office

			Input		Output	
Process Number	Process Step Label	Process Step Description	Input Information	Input Source	Output Information	Output Destination
5	Issuance of Receipt of Return Plate (PPPL)	Registrant proceeds to D.O., presents receipt of payment, and receives the serial numbers of the CR and OR reflected in the Receipt of Return Plate License (PPPL).	Misc. Receipt marked as "Paid", the request form together with all supporting docs	Receiving District Office	Receipt of Return Plate (PPPL).	Registrant

4.4 Established Source Documents from Units Outside LTO

4.4.1 Verification of Authenticity of COC by DTECH

Process Number	Process Step Label	Process Step Description	Input		Output	
			Input Information	Input Source	Output Information	Output Destination
1	Acquisition & Submission of Certificate of Insurance Coverage (COC)	Registrant pays and secures a COC and submits the same to DTECH	Certificate of Insurance Coverage (COC)	Insurance Company	Paid COC	DTECH
2	Validation of the COC	DTECH validates the existence of the COC against the PIRA database (SQL Wizard) and verifies its authenticity thru SMS/Internet.	Paid COC	Registrant	Verified COC	Registrant
2.1	Invalid COC	DTECH returns the COC to Registrant with instructions to acquire a valid COC.	Validated COC	PIRA Database	Invalid COC	Registrant
2.2	Reacquisition & Submission of Certificate of Insurance Coverage (COC)	Registrant pays and secures a new COC and submits the same to DTECH	Certificate of Insurance Coverage (COC)	Insurance Company	Paid COC	DTECH
2.3	Valid COC	DTECH returns the COC to Registrant with hologram sticker placed on the face of the document.	Validated COC	PIRA Database	Valid COC	Registrant

			Input		Output	
Process Number	Process Step Label	Process Step Description	Input Information	Input Source	Output Information	Output Destination
3	Submission of DTECH validated COC	Registrant submits the DTECH-validated COC together with all supporting docs for vehicle registration.	Valid COC	DTECH	DTECH-validated COC together with all supporting documents for vehicle registration	Evaluator

4.4.2 Certificate of Clearance from Philippine National Police

Process Number	Process Step Label	Process Step Description	Input		Output	
			Input Information	Input Source	Output Information	Output Destination
1	Submission of Application Form	Registrant accomplishes application form and submits copies of the Certificate of Registration and Original Receipt of Payment together with stenciled motor and chassis numbers.	Application Form together with supporting docs	Registrant	Received Application Form together with supporting docs	PNP Receiving Clerk
2	Issuance of an Order of Payment	PNP Receiving Clerk issues an Order of Payment for processing fees.	Received Application Form together with supporting docs	PNP Receiving Clerk	Order of Payment together with supporting docs	Depository Bank (LBP)
3	Payment of Processing Fees	Registrant proceeds to LBP, pays processing fees, and receives a Special Bank Receipt as acknowledgement of payment.	Order of Payment together with supporting docs	Registrant	Special Bank Receipt together with supporting docs	PNP Receiving Clerk
4	Release of Clearance	PNP Receiving Clerk issues the PNP Clearance to Registrant together with the Macro-etching Report and keeps copies for record file.	Special Bank Receipt together with supporting docs	LBP	PNP Clearance and Macro-etching Report	Registrant

4.4.3 Certificate of Emission Compliance by Private Emission Testing Centers

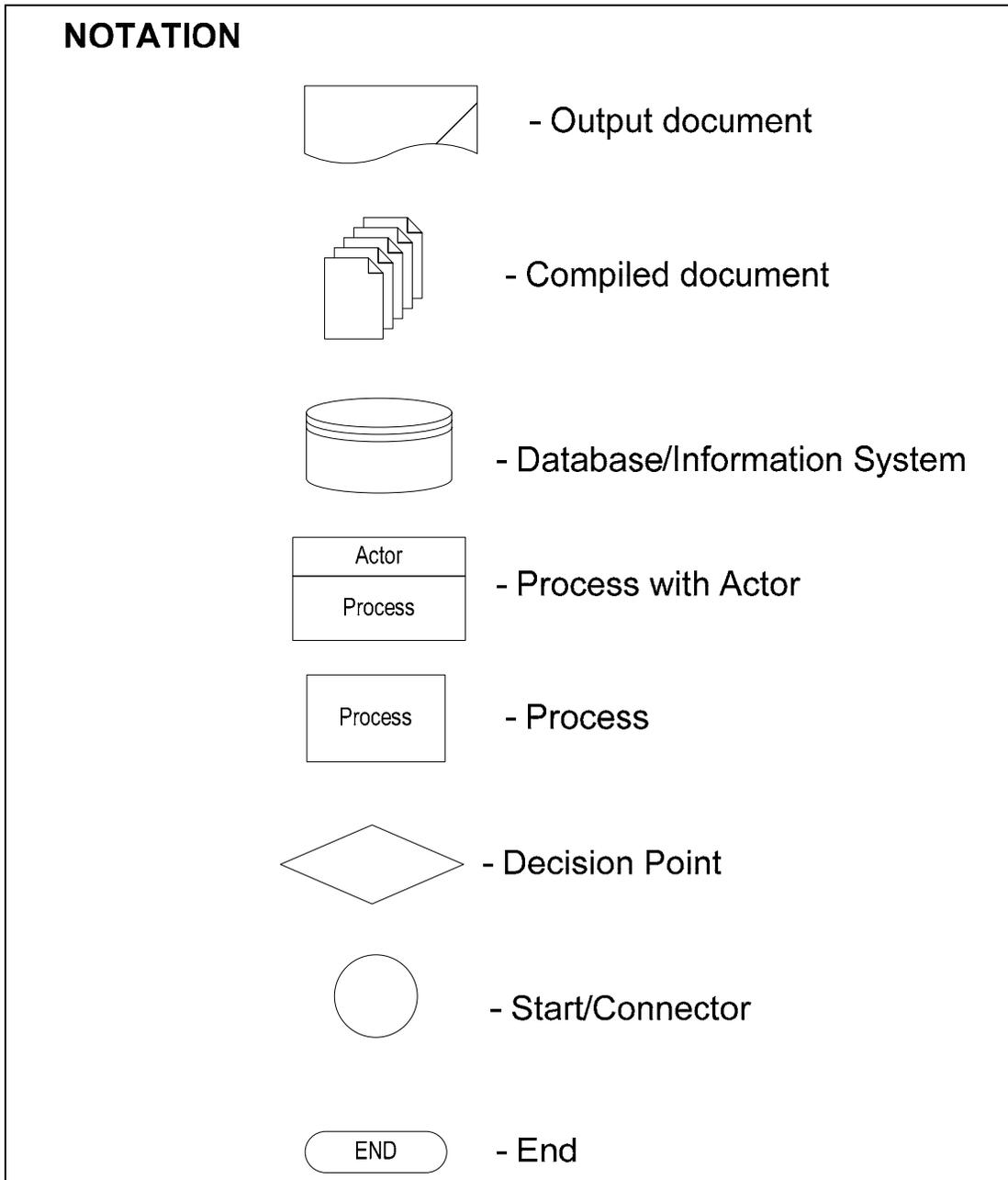
Process Number	Process Step Label	Process Step Description	Input		Output	
			Input Information	Input Source	Output Information	Output Destination
1	Submission of Vehicle for Emission Testing	Registrant fills application form and submits the motor vehicle for emission testing administered by Private Emission Testing Centers (PETC).	Duly accomplished application form	Registrant	Received duly accomplished application form	PETC Personnel
2	Payment of Testing Fees	Registrant pays the testing fees and receives a receipt acknowledging payment.	Received duly accomplished application form	Registrant	Paid receipt together with duly accomplished application form	PETC Personnel
3	Emission Testing	PETC personnel administers the actual emission testing on the motor vehicle.	Paid receipt together with duly accomplished application form	PETC Personnel	Generated Testing Results	Registrant
4	Testing Results	PETC personnel downloads the testing results from the information system and issues the same to Registrant.	Generated Testing Results	Information System	Positive findings registered on the Testing Results	Registrant
5	Issuance of Certificate of Environmental Compliance	PETCs personnel issues a Certificate of Environmental Compliance to the Registrant.	Positive findings registered on the Testing Results	PETC Personnel	Certificate of Environmental Compliance	Registrant

			Input		Output	
Process Number	Process Step Label	Process Step Description	Input Information	Input Source	Output Information	Output Destination
6	Submission of Certificate of Environmental Compliance to LTO	Registrant submits the Certificate of Environmental Compliance to LTO together with required documents for vehicle inspection and/or registration.	Certificate of Environmental Compliance	PETC	Submitted Certificate of Environmental Compliance	LTO Inspector/Evaluator

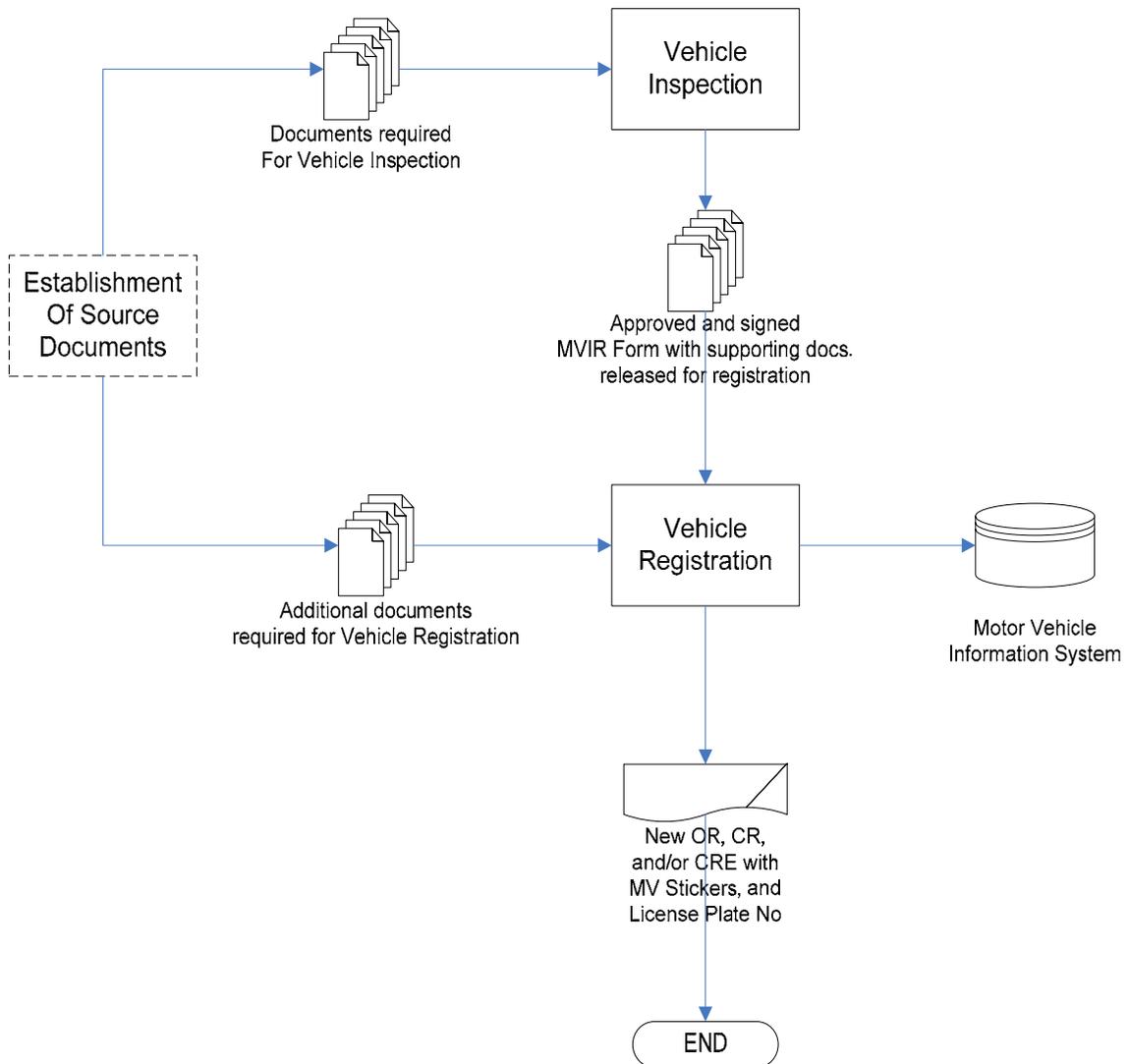
4.4.4 Certificate of Public Utility Franchise from Land Transportation Authority Franchise for PUV

Process Number	Process Step Label	Process Step Description	Input		Output	
			Input Information	Input Source	Output Information	Output Destination
1	Receipt of Transmittal from LTFRB	Pilot Agency receives a transmittal letter with a Certificate of Franchise from the Management Information Division, LTFRB indicating the applicant as one of the operators who has been given a franchise to operate a public utility vehicle.	Transmittal letter with Certificate of Franchise	Management Information Division, LTFRB	Received Transmittal letter with Certificate of Franchise	LTO Evaluator
2	Acknowledging the Receipt of Transmittal	LTO Evaluator acknowledges the receipt of the transmittal letter with a Certificate of Franchise from the Management Information Division, LTFRB.	Received Transmittal letter with Certificate of Franchise	Receiving Clerk in LTO Pilot Agency	Acknowledged receipt of the transmittal letter with a Certificate of Franchise	Evaluator
3	Coordination with Registrant	Registrant coordinates with the Evaluator on the receipt of the transmittal letter with a Certificate of Franchise from the LTFRB and inquires if he can proceed with the vehicle registration.	Acknowledged receipt of the transmittal letter with a Certificate of Franchise	Evaluator	Instruction to proceed with the vehicle registration	Registrant
4	Submission of all required documents for registration of For-Hire vehicles	Registrant consolidates and submits the MVIR Form together with the additional documents required for vehicle registration.	Instruction to proceed with the vehicle registration	Evaluator	Consolidated MVIR Form together with all documents required for vehicle registration	Receiving Clerk in LTO Pilot Agency

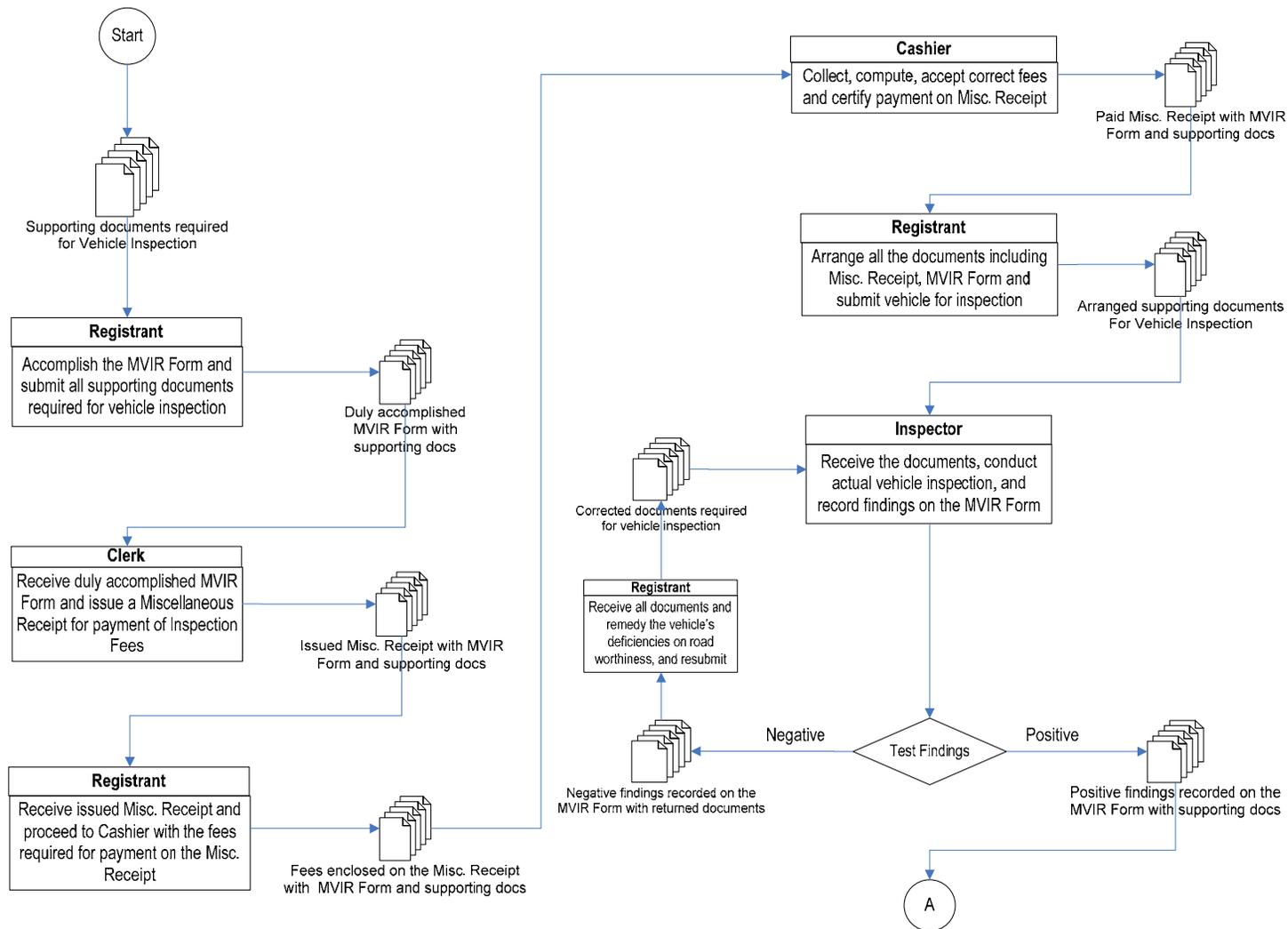
5. PROCESS MAPS FOR INSPECTION AND REGISTRATION



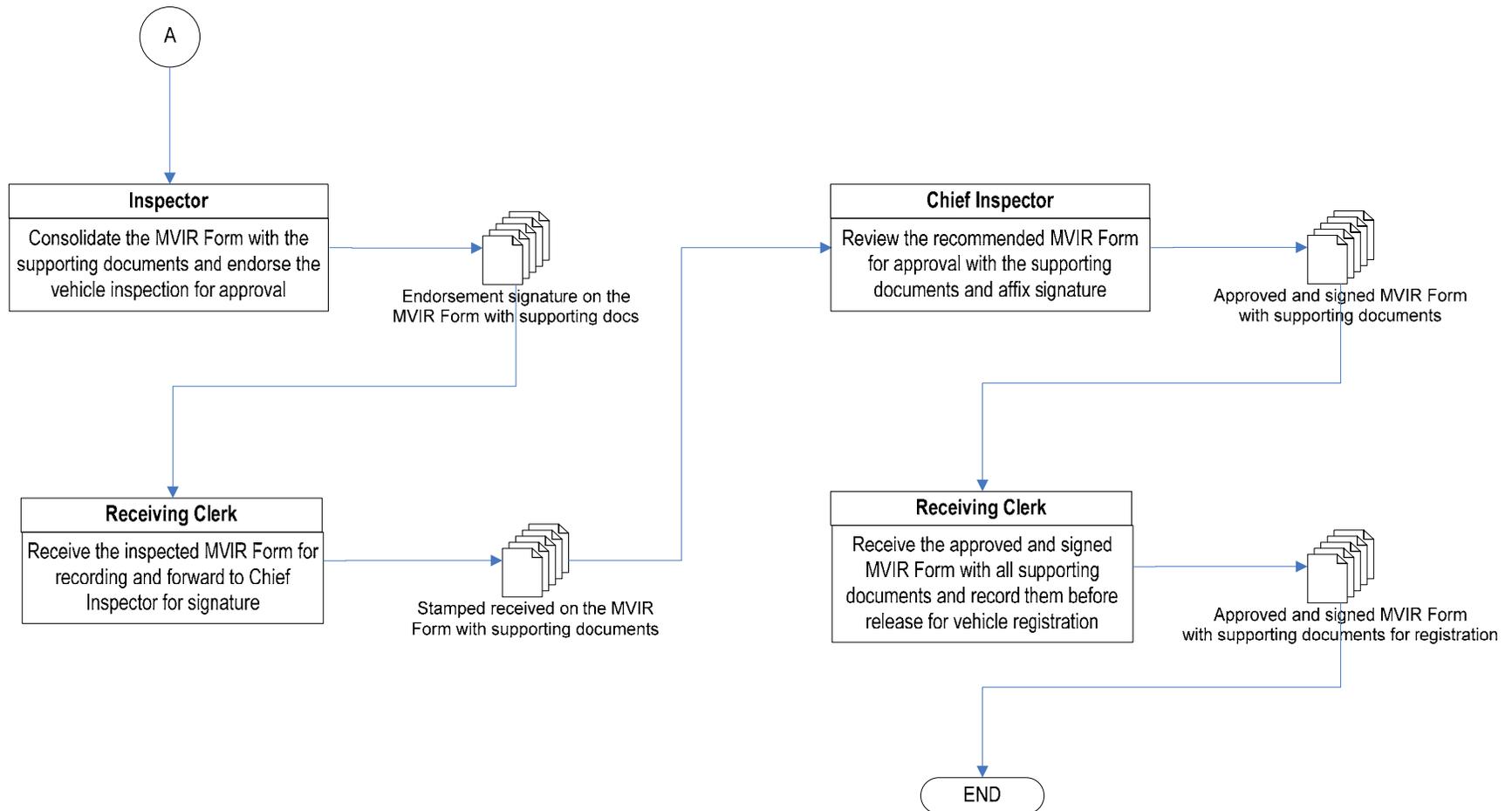
HIGH LEVEL PROCESS MAP FOR MV REGISTRATION



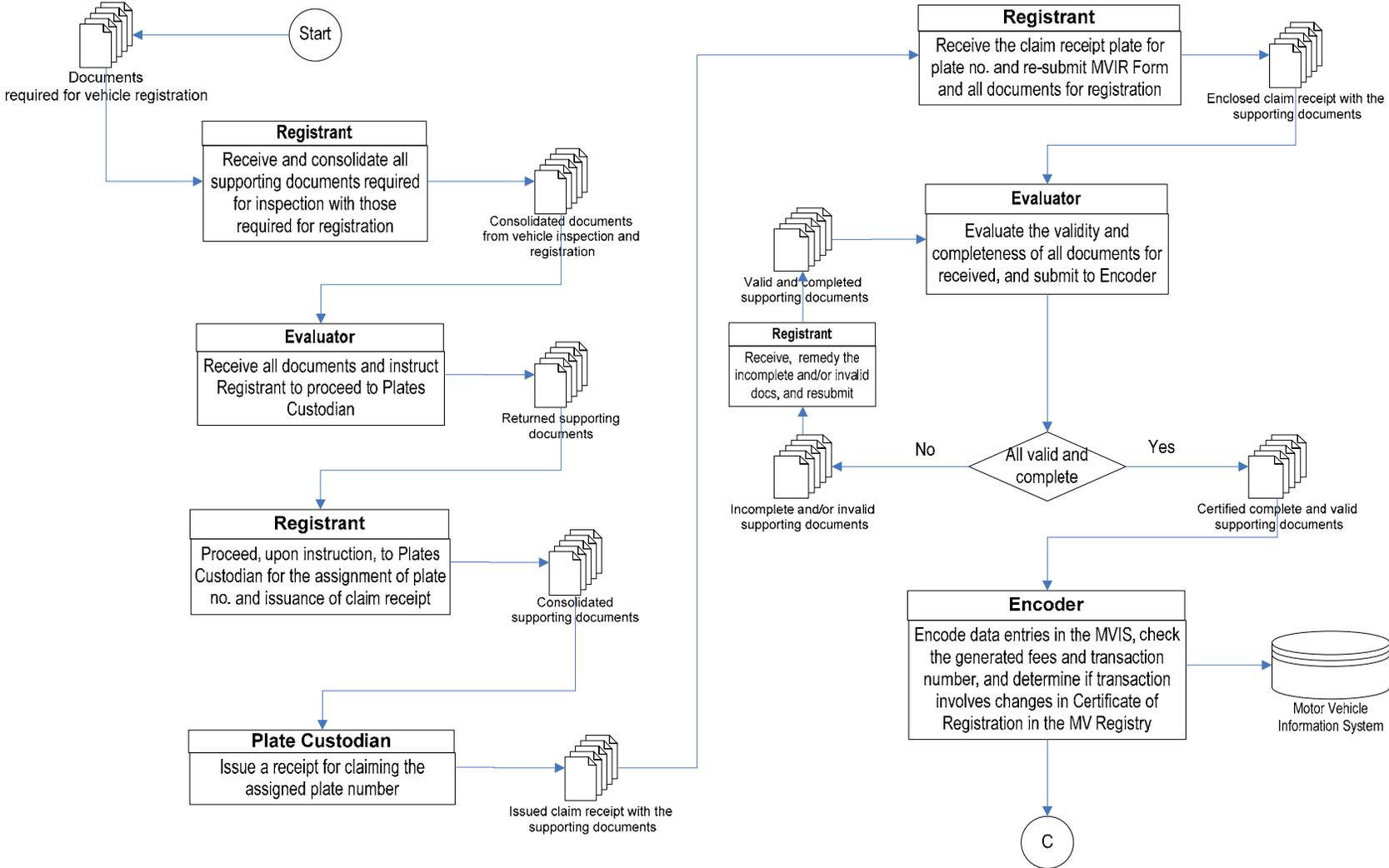
VEHICLE INSPECTION PROCESS MAP



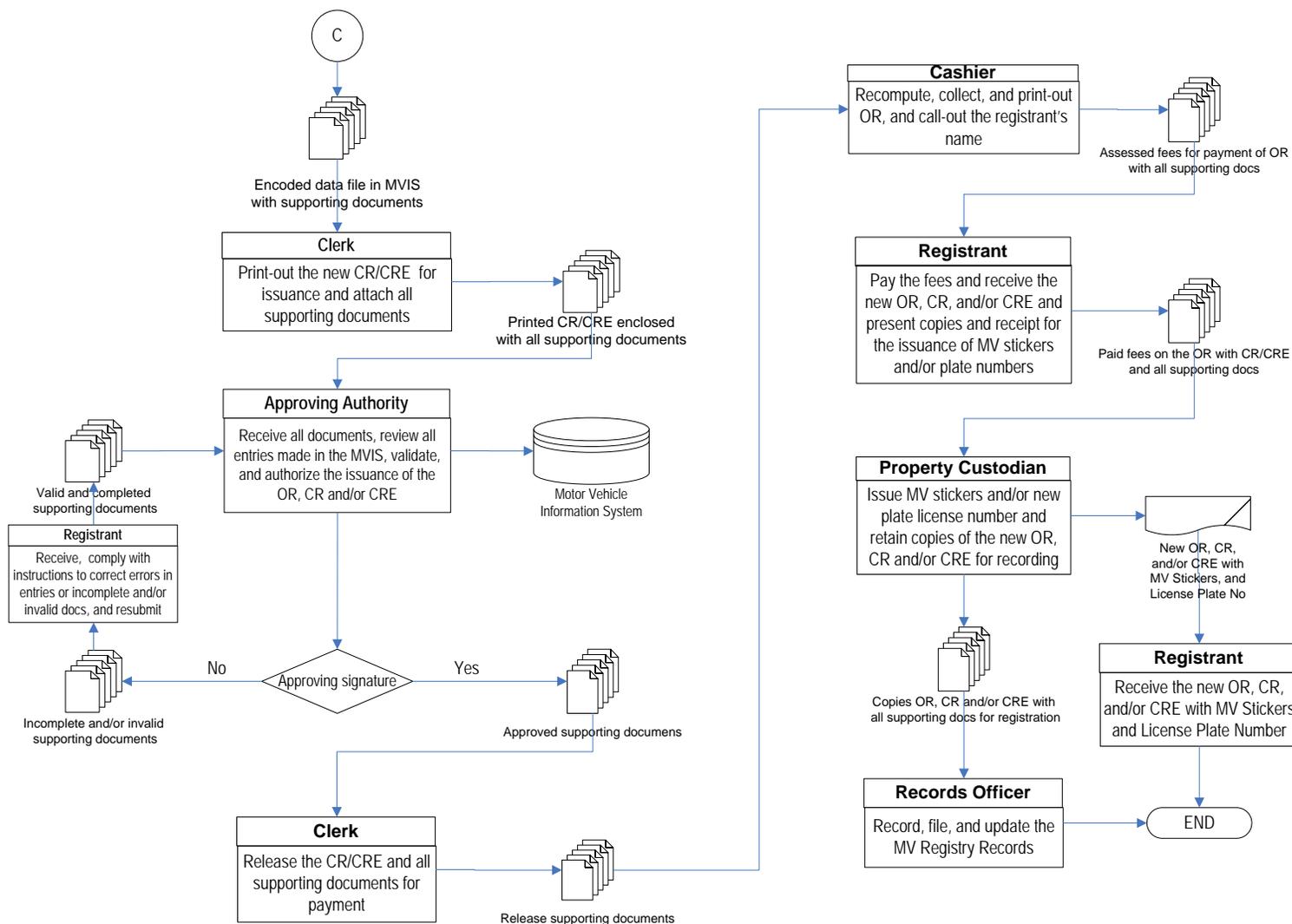
VEHICLE INSPECTION PROCESS MAP (Continuation)



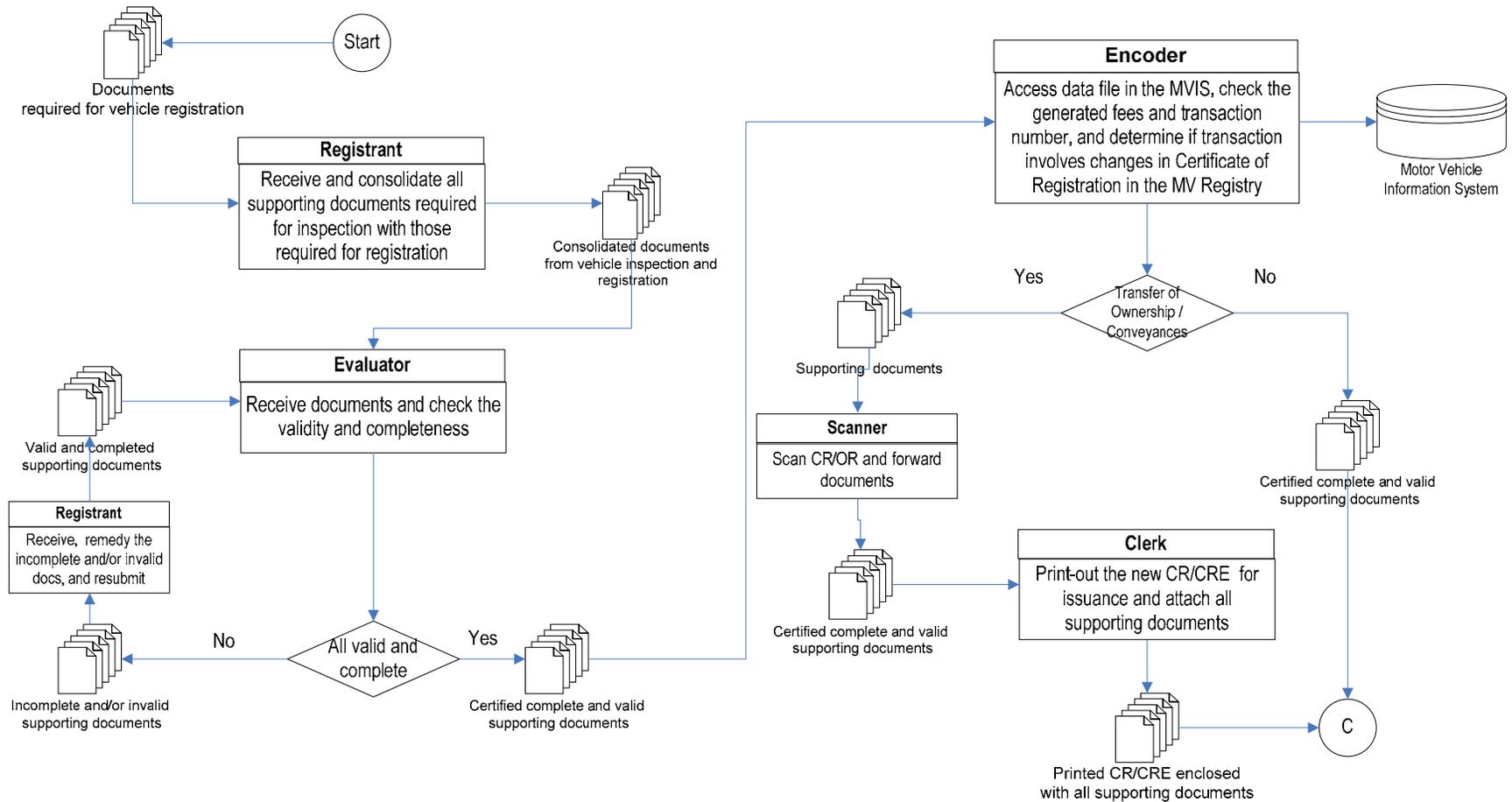
VEHICLE REGISTRATION PROCESS MAP (NEW REGISTRATION 1)



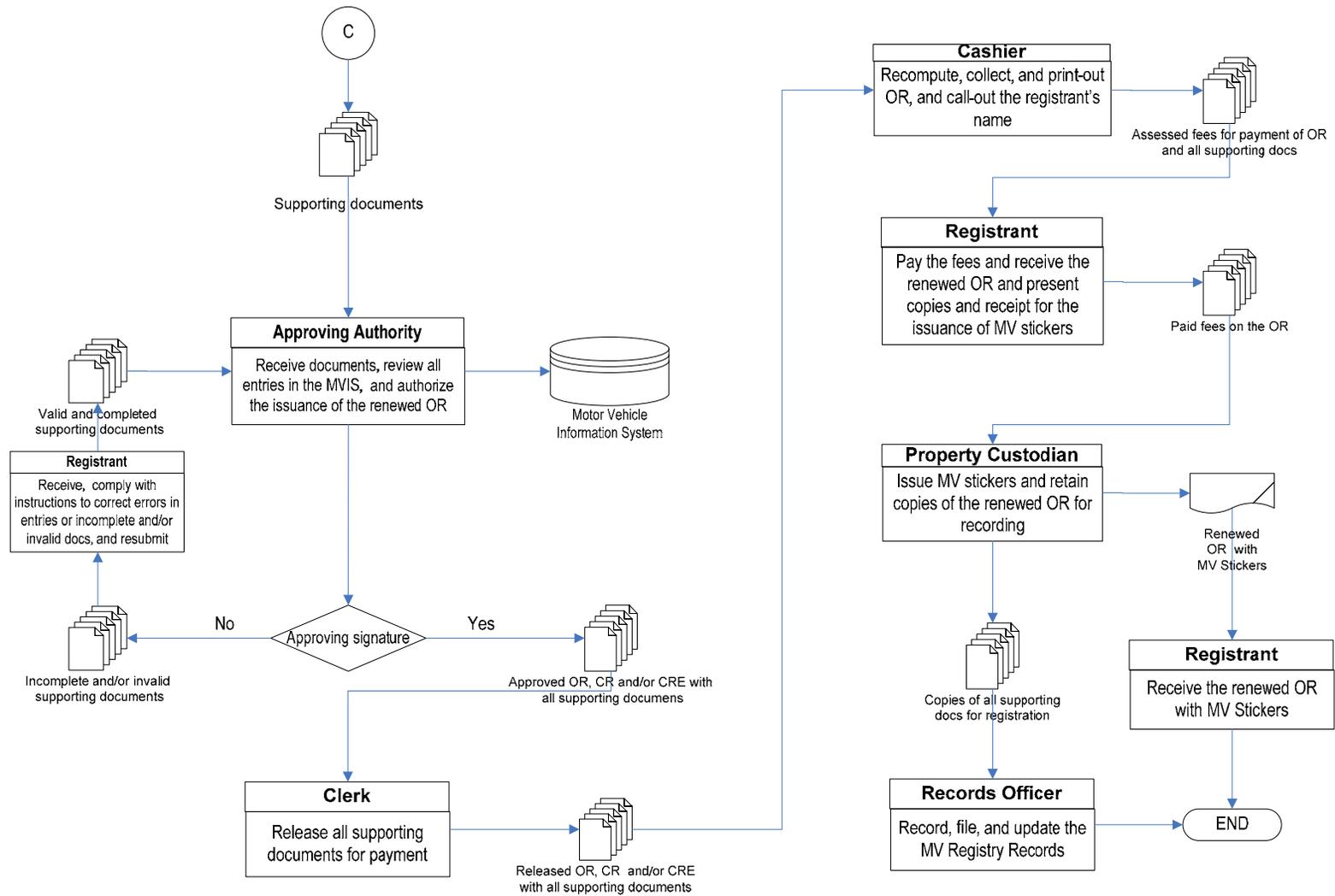
VEHICLE REGISTRATION PROCESS MAP (NEW REGISTRATION 2)



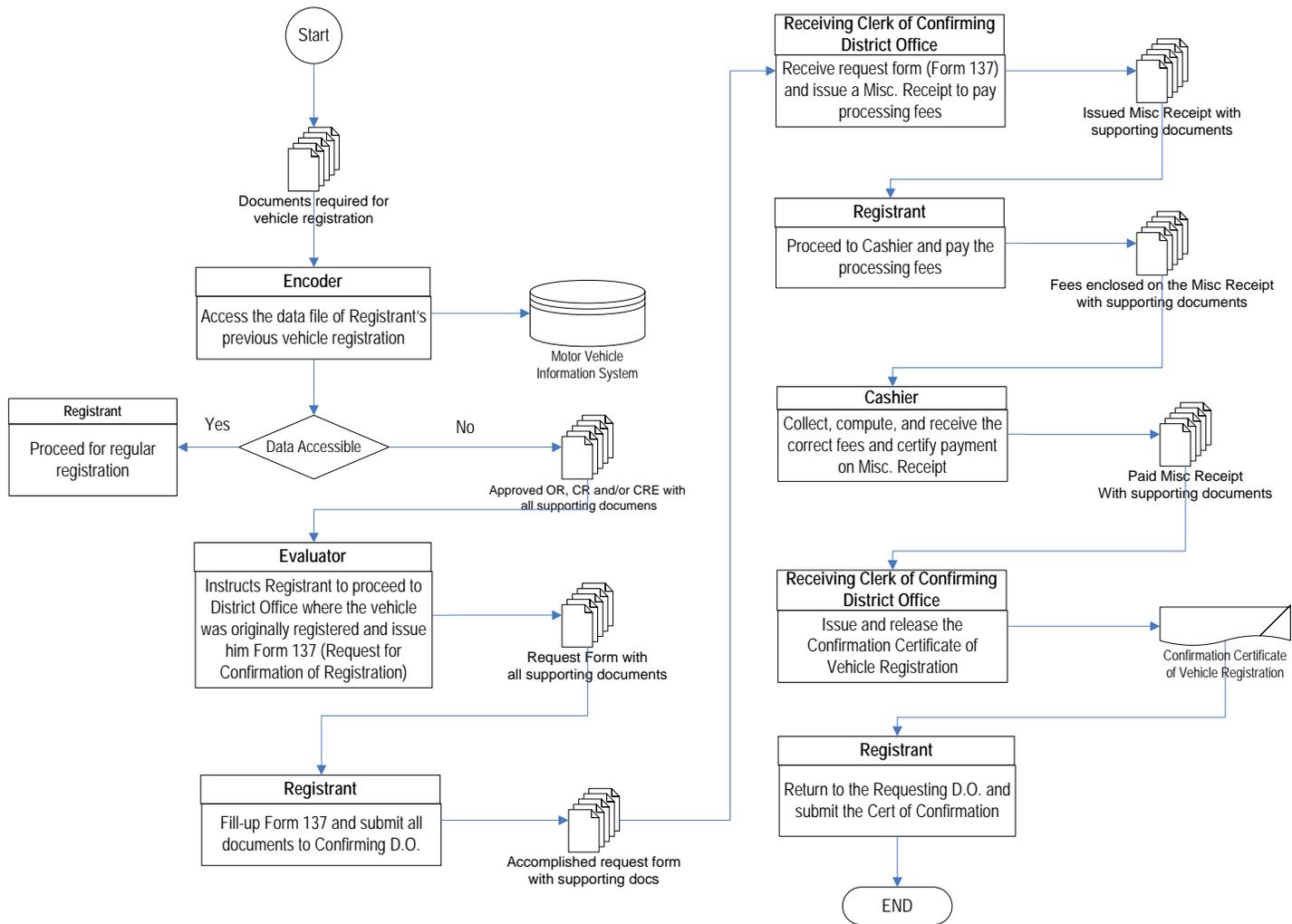
VEHICLE REGISTRATION PROCESS MAP (RENEWAL OF REGISTRATION 1)



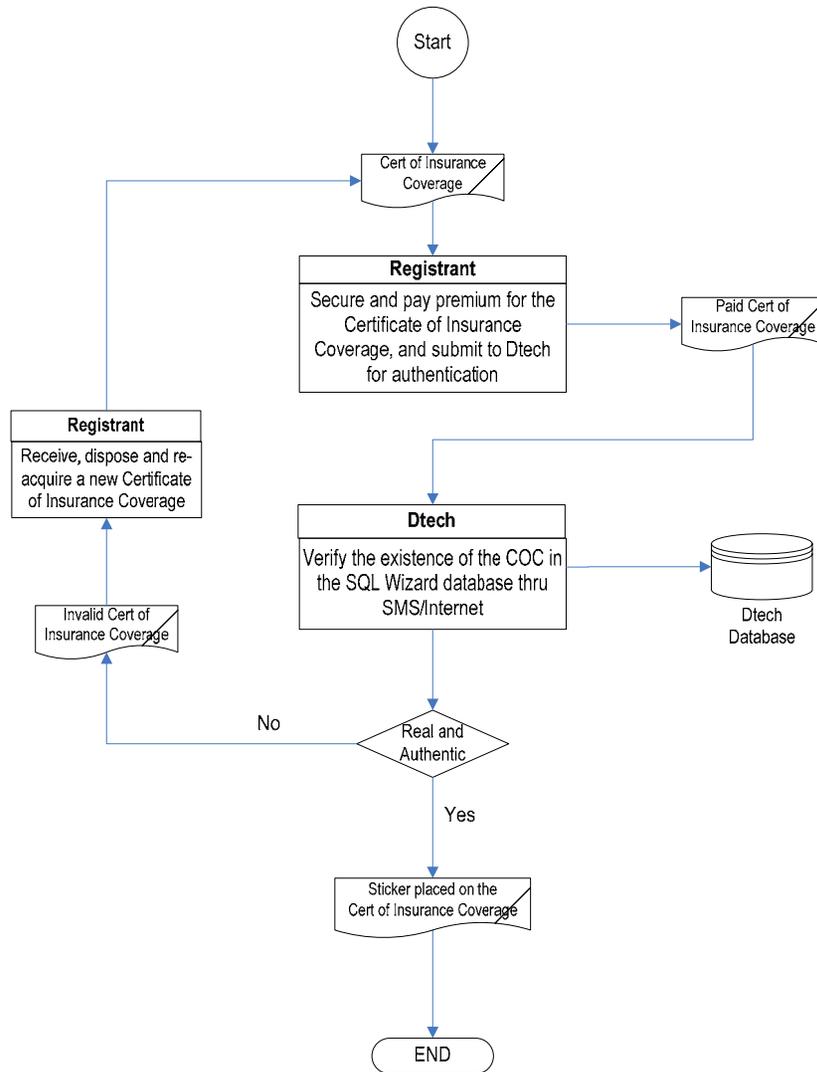
VEHICLE REGISTRATION PROCESS MAP (RENEWAL OF REGISTRATION 2)



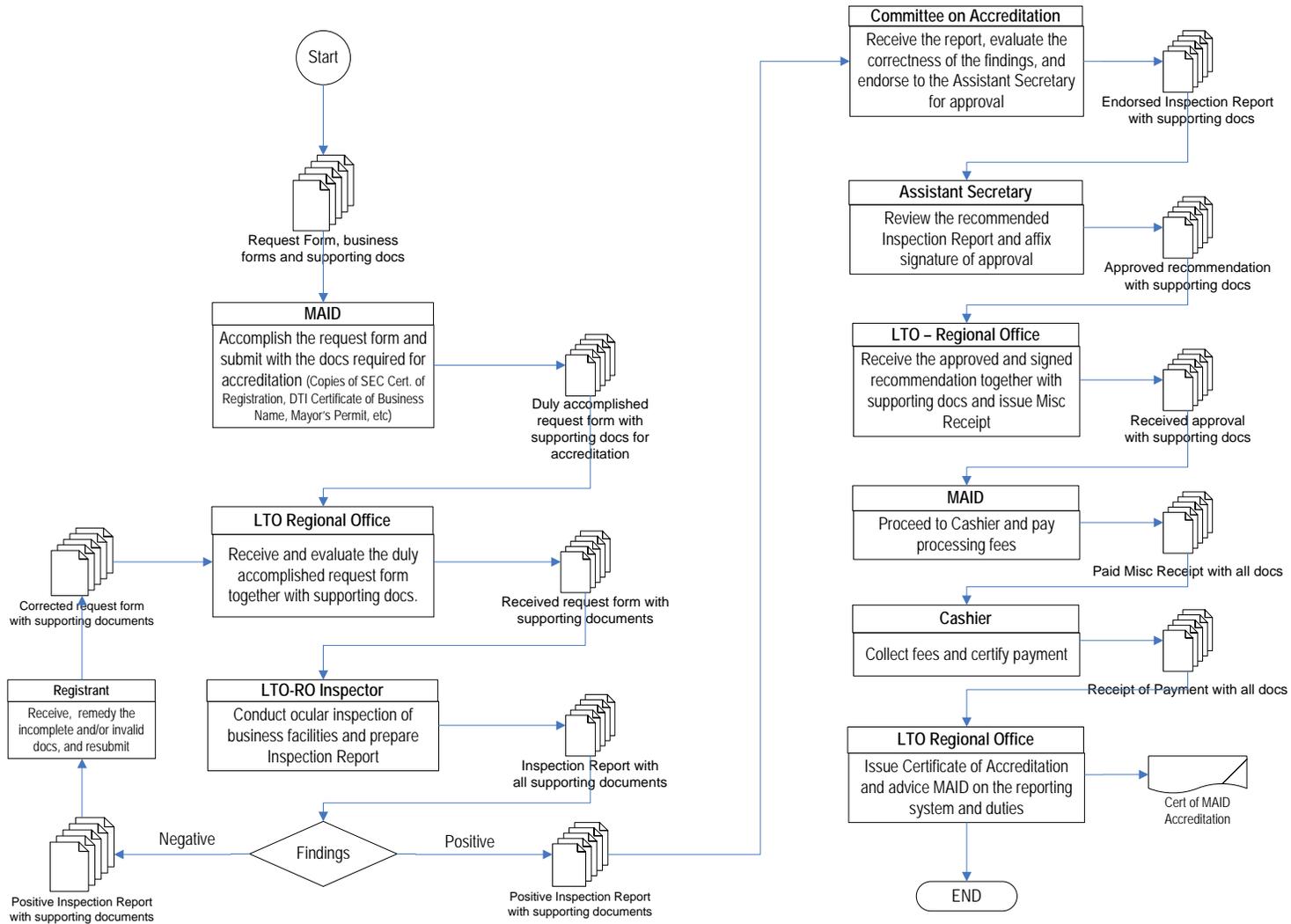
SOURCE DOCUMENT PROCESS MAP (CONFIRMATION OF VEHICLE REGISTRATION)



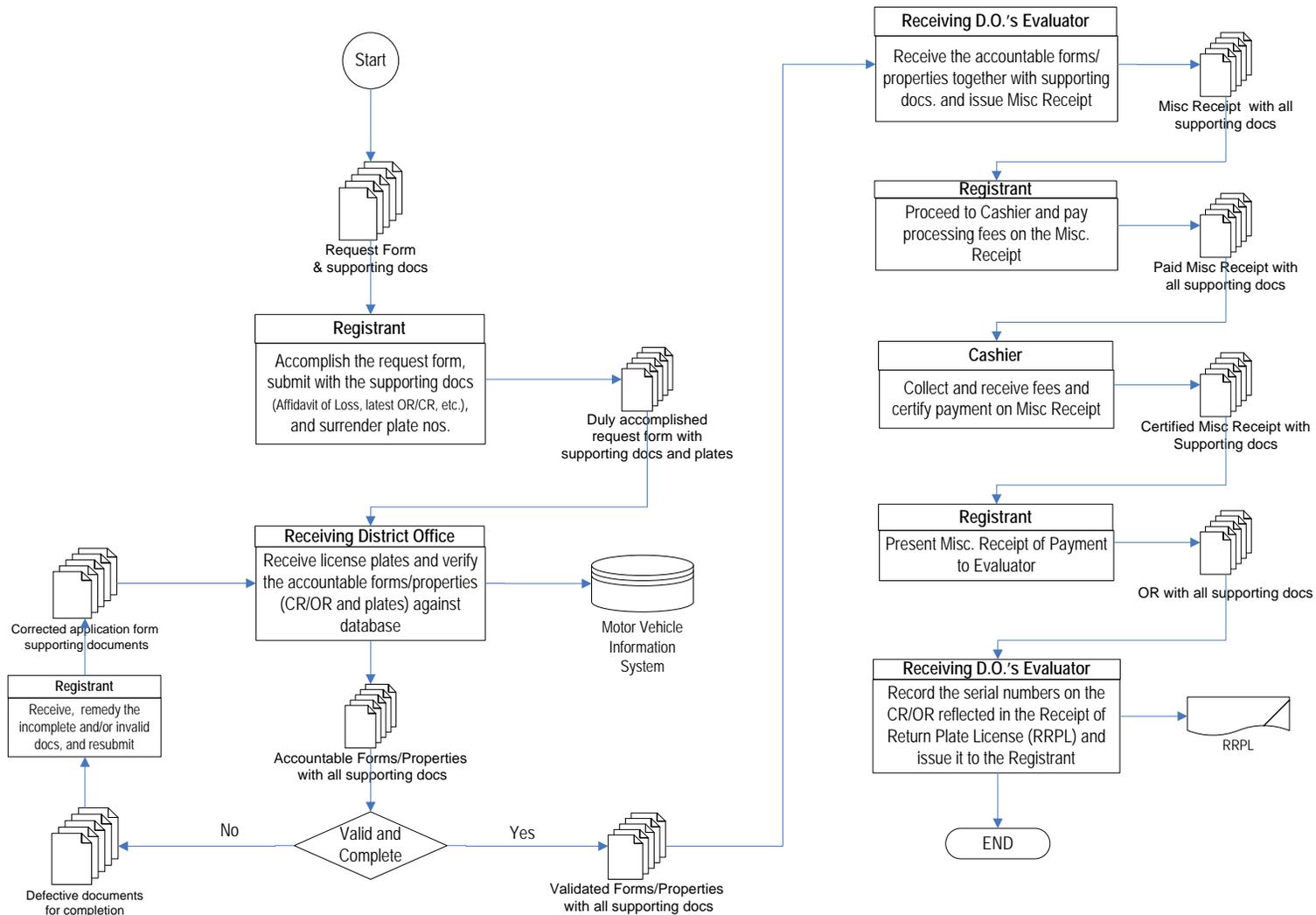
SOURCE DOCUMENT PROCESS MAP (CERTIFICATE OF INSURANCE COVERAGE AUTHENTICATION)



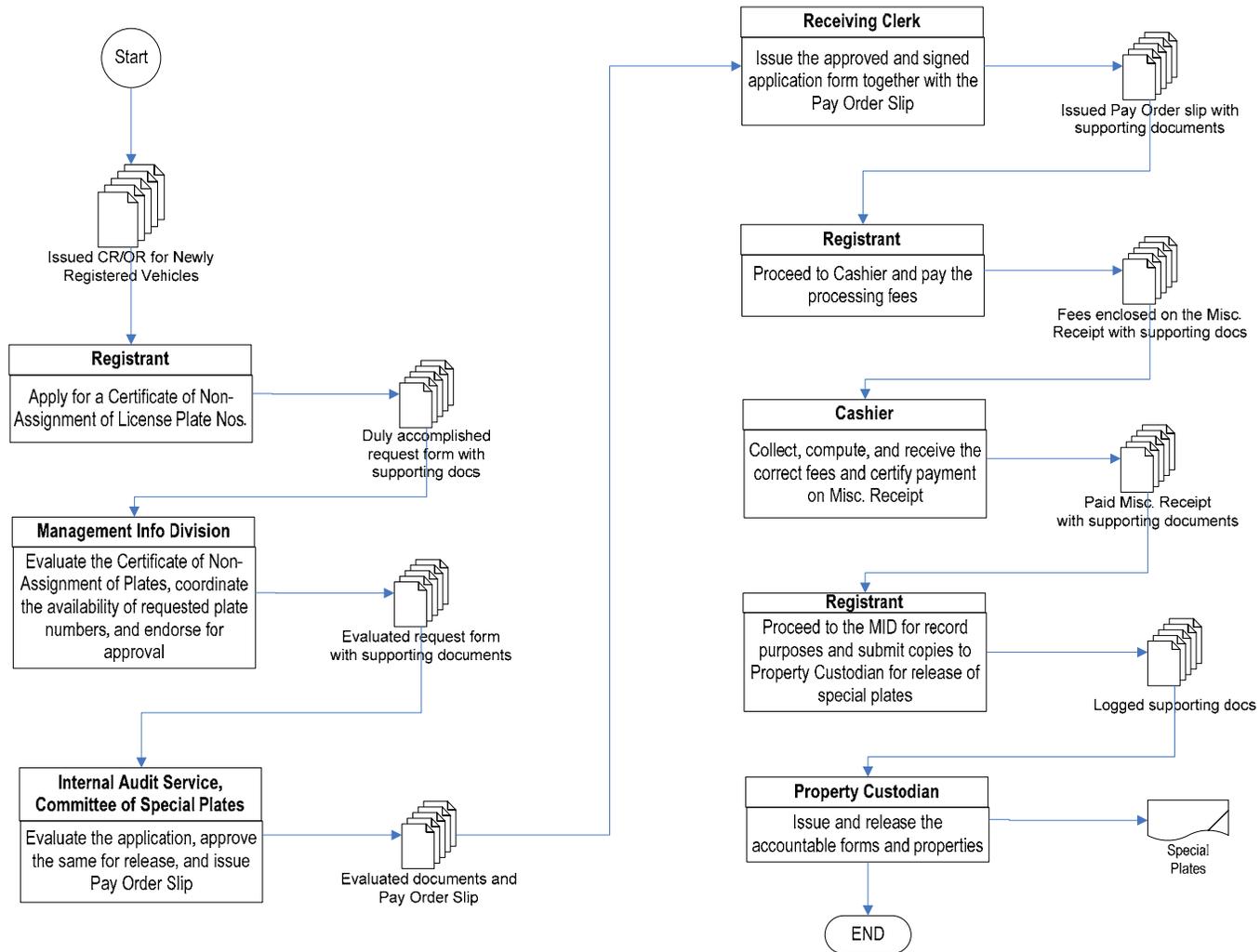
**SOURCE DOCUMENT PROCESS MAP
(ACCREDITATION OF MANUFACTURERS, ASSEMBLERS, IMPORTERS, & DEALERS)**



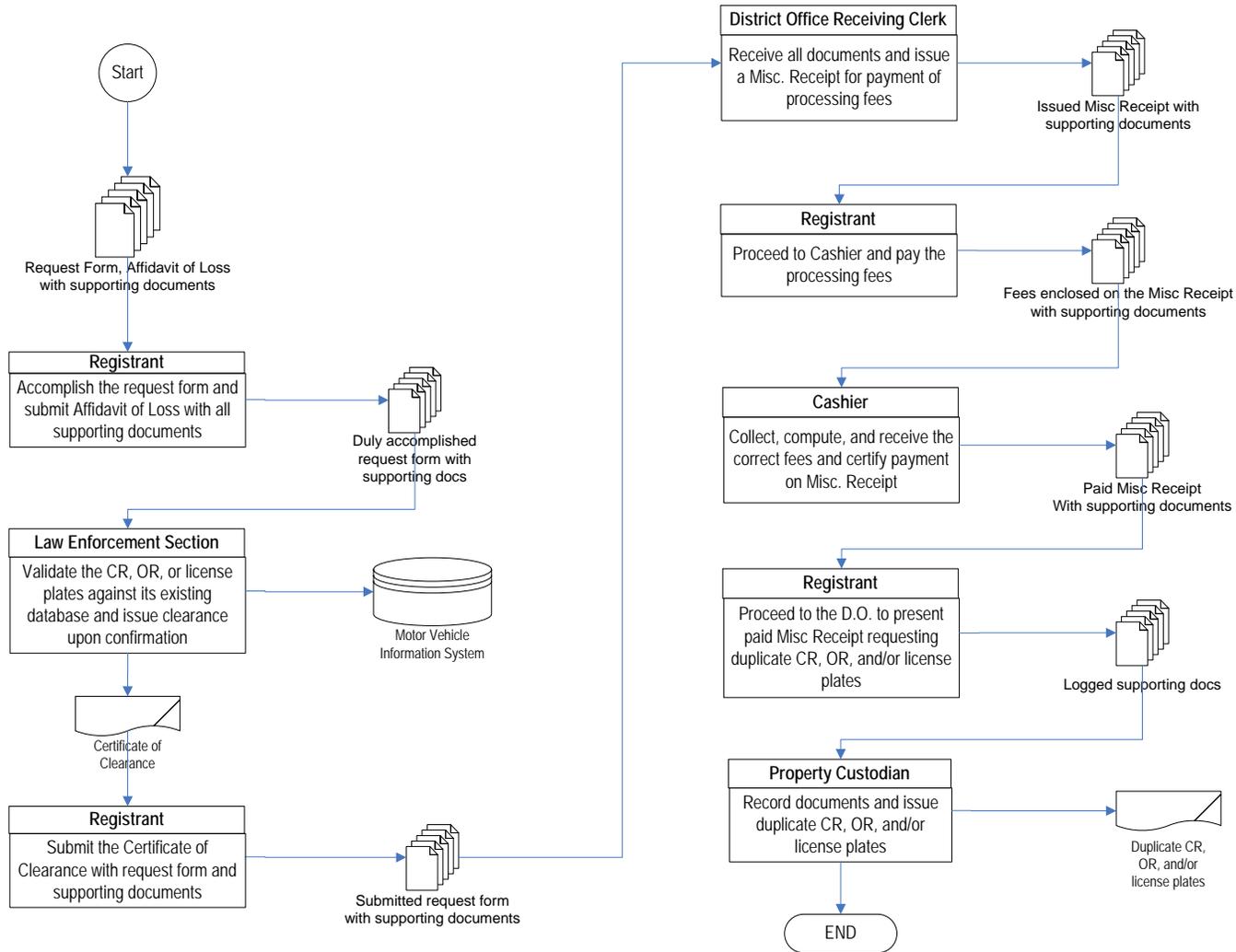
REQUEST FOR VEHICLE STORAGE



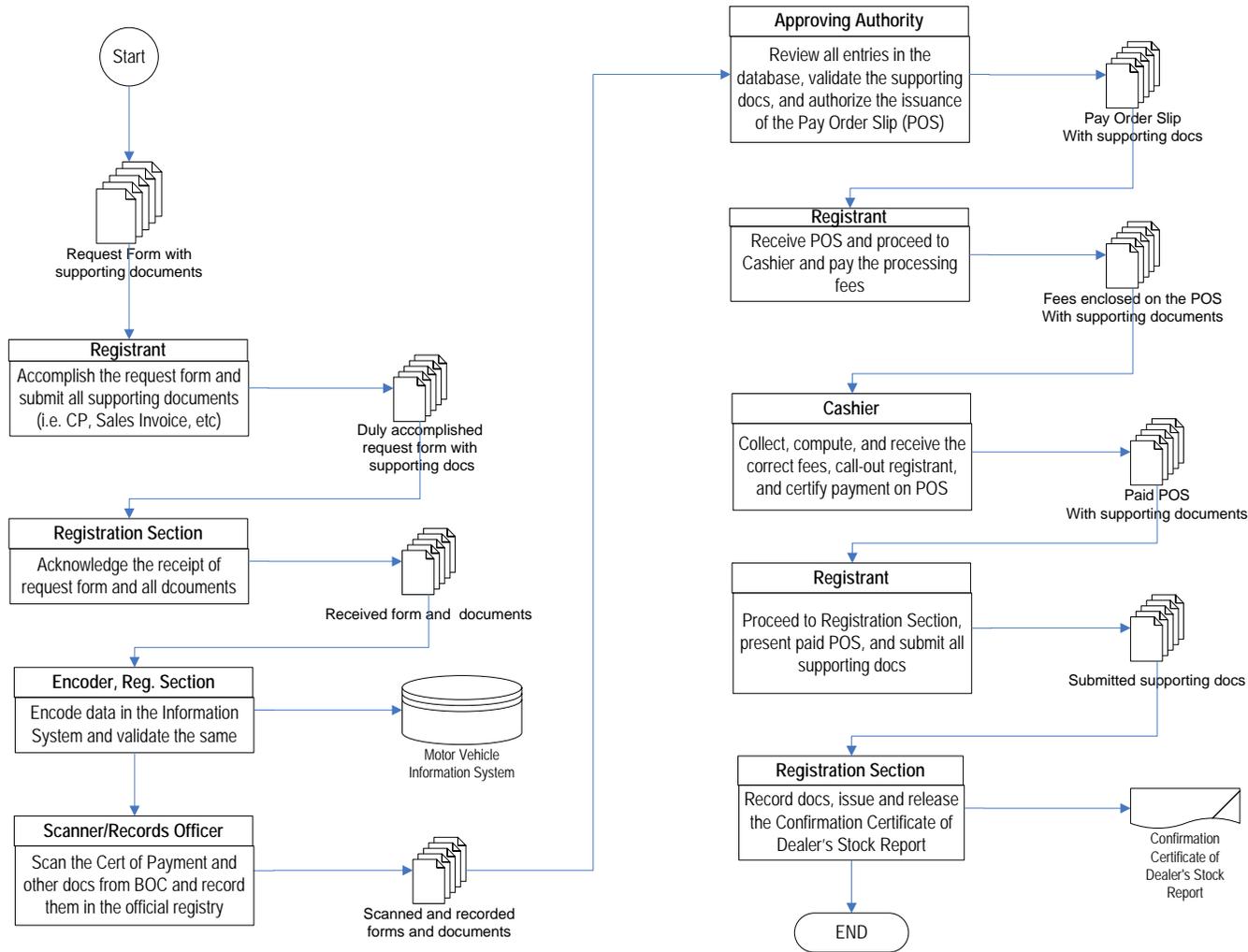
APPLICATION FOR SPECIAL PLATES



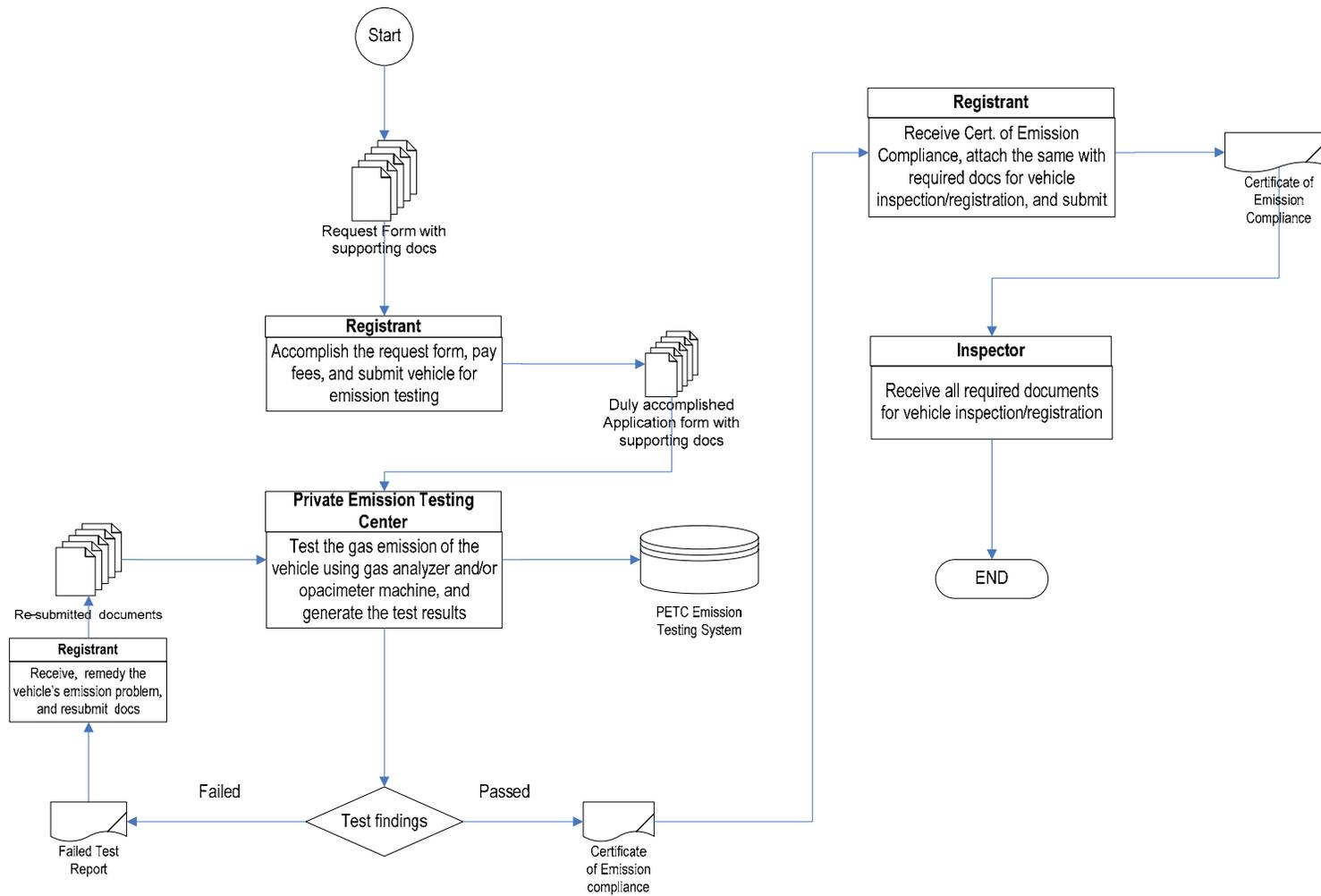
APPLICATION FOR DUPLICATE CR/OR/PLATE NOS



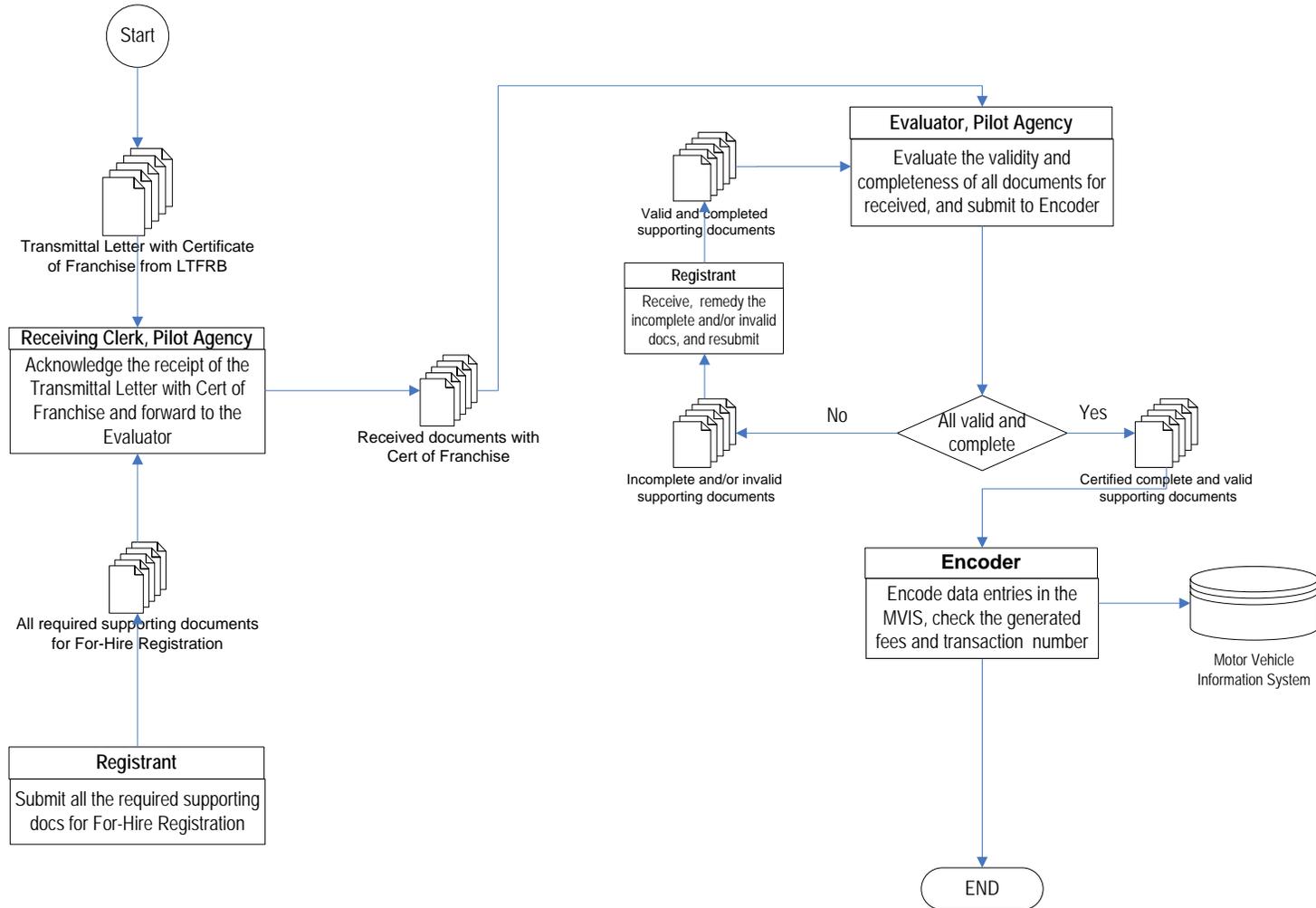
SOURCE DOCUMENT PROCESS MAP (APPLICATION FOR CONFIRMATION CERTIFICATE OF DEALER'S STOCK REPORT)



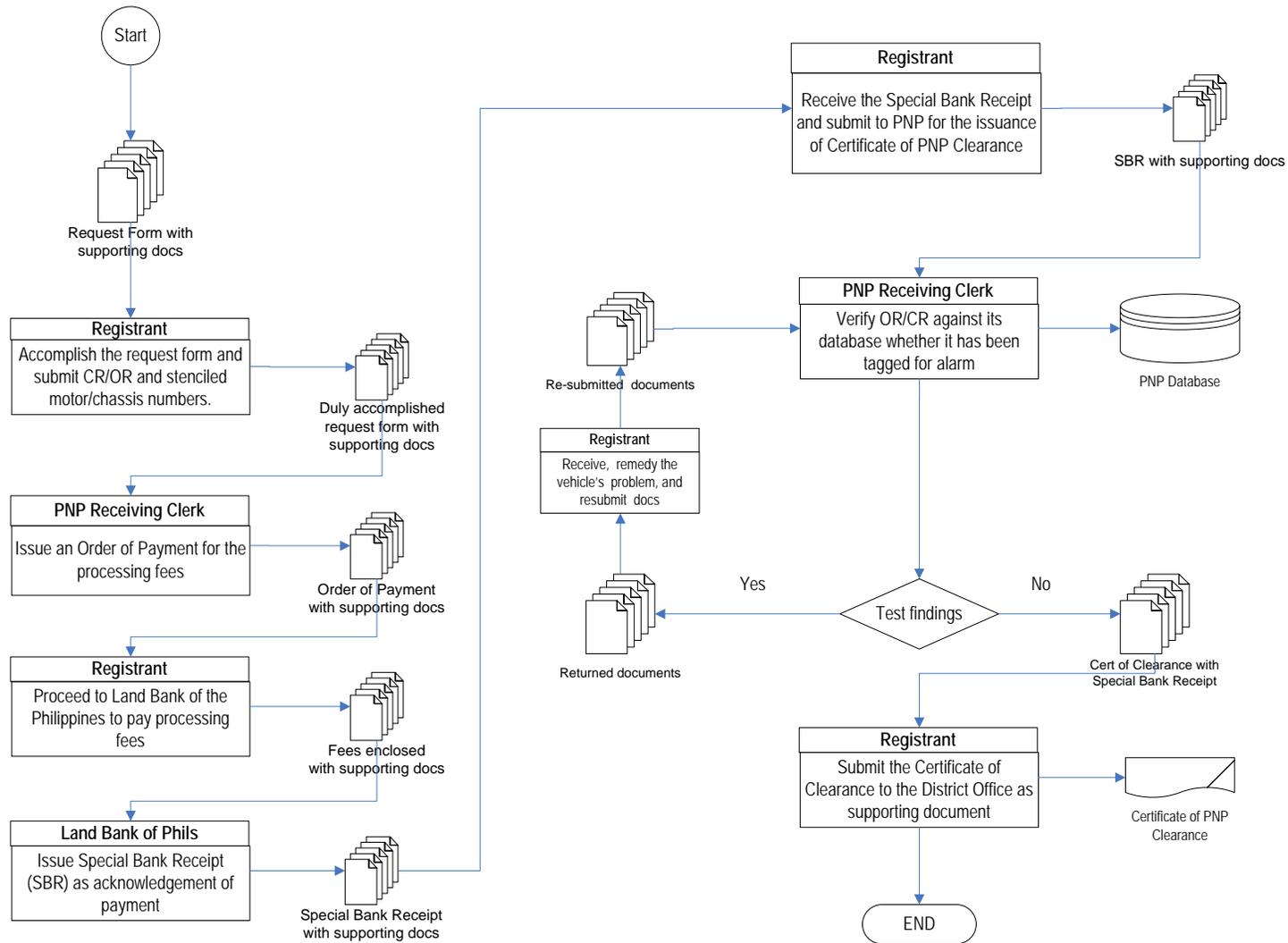
SOURCE DOCUMENT PROCESS MAP (CERTIFICATE OF EMISSION COMPLIANCE)



SOURCE DOCUMENT PROCESS MAP (CERTIFICATE OF LTFRB FRANCHISE)



SOURCE DOCUMENT PROCESS MAP (CERTIFICATE OF PNP CLEARANCE)



6. TIME AND MOTION STUDY OF LTO'S MOTOR VEHICLE REGISTRATION SYSTEM (MVRS)

Introduction

A time and motion study on the motor vehicle registration process is being conducted to get a general idea of the typical processing time for different transactions as well as to gather information on the possible causes of delay. This will be used as an input to the reengineering of the process.

6.1 Methodology

6.1.1 Perspective & unit of analysis

The process will be divided into segments. A segment begins with the registrant placing something (such as documents or payment or going through inspections) 'in' the system and ends when the registrant takes something (such as documents, plates, stickers) 'out'. The duration of each segment will be measured.

These segments will then be clumped together into meaningful stages. For purposes of this study three logical stages have been identified:

- a. **Inspection stage:** this includes the physical inspection and accomplishment of the motor vehicle inspection report (MVIR). The physical inspection contains two segments: stenciling and physical inspection of the lights, wiper, and horn. The accomplishment of the MVIR has three segments: from 'clerk to cashier,' 'inspector,' and 'clerk/chief to releasing.'
- b. **COC Verification Stage** by DTECH
- c. **Registration proper:** this contains two segments, namely, from 'evaluator to cashier' and 'stickers and plates'

6.1.2 Sample

In order for the study to capture a good estimate of the registration process, it will be validated by covering locations differentiated by 3 factors. According to the:

- Classification of the District Office (A or B)
- Proximity to inspection facilities
- Type of registration

6.1.3 District Office (D.O.) classification

Time and motions studies will be conducted at three Class A-D.O.s, namely Makati, Manila East, and PUVRC, and in one Class B-D.O., Diliman.

6.1.4 Proximity to inspection facilities

The Diliman District Office and PUVRC are located near the North Motor Vehicle Inspection (NMVIS) that has facilities for an actual physical inspection of vehicles. While the Makati and Manila East District Offices are far from NMVIS and does not have it's own facilities for actual physical inspection of vehicles. What is suppose to happen in these offices is that there is an inspector who is suppose to examine the vehicle but usually what happens in these offices is what is informally referred to as 'table inspections,' or more of document inspections. The lack of a physical inspection could mean a shorter registration time in these offices.

6.1.5 Type of registration

Although there are many variations of the registration process the three general types of motor vehicle registration transactions can be classified as:

- renewal of registration
- new registration
- registration of public utility vehicles

Other types will be a variation of these processes, differing more on document requirements rather than tasks.

6.2 Findings

6.2.1 Typical processing time

- a. The average total processing time for renewal of registration is two hours and fifteen minutes (2:15), total processing times ranged from 0:39 to 3:20.

RENEWAL of MV Registration
Summary of average processing times overall and per stage

Process	Stats		
	Average	Min Time	Max Time
Inspection Stage	0:24	0:03	0:55
COC Verification	0:03	0:01	0:05
Registration Stage	1:28	0:19	3:12
Evaluator to cashier	1:05	0:15	2:19
Plate and Sticker	0:32	0:02	1:16
PROCESSING TIME FOR RENEWAL	2:15	0:39	3:20

RENEWAL of MV Registration
Summary of percentage (per stage) of processing times

Process	Location					
	diliman		makati		manila east	
	1	2	1	2	1	2
Inspection Stage	35%	73%	15%	15%	15%	1%
COC Verification	3%	1%	2%	3%	3%	2%
Registration Stage	62%	25%	83%	82%	82%	96%
Evaluator to cashier	96%	89%	94%	47%	52%	72%
Plate and Sticker	4%	11%	6%	53%	48%	28%
TOTAL	100%	99%	100%	100%	100%	99%

- b. The bulk of the time went to the registration stage which accounted for 62 to 96% of the processing time. Except for one case in Diliman where 73% of the processing time was spent in the inspection stage. The delay occurred in the stenciling, where the stencil boy had to go through three tries before successfully tracing the engine number. Apparently some engines are more difficult to reach than others.
- c. Within the registration stage the segment which took the longest time was that of the 'evaluator to cashier' which consumed from 52-96% of the registration stage compared to 4 to 48% of the 'plate and sticker' segment. Except for one case in Makati where the segment on 'plate and sticker' took longer, about 73% of processing time.

6.2.2 Comparing D.O.s

- a. The fastest D.O. in terms of overall processing time for renewal of registration is Makati which does it under an hour (Case1-0:39, Case 2-0:58), followed by Diliman (1:15, 2:06), and Manila East (3:12, 3:20).

RENEWAL of MV Registration
Summary of overall and per stage processing times per case

Process	Location					
	diliman		makati		manila east	
	1	2	1	2	1	2
Inspection Stage	0:44	0:55	0:09	0:06	0:29	0:03
COC Verification	0:04	0:01	0:01	0:01	0:05	0:05
Registration Stage	1:18	0:19	0:48	0:32	2:38	3:12
Evaluator to cashier	1:15	0:17	0:45	0:15	1:22	2:19
Plate and Sticker	0:03	0:02	0:03	0:17	1:16	0:53
PROCESSING TIME FOR RENEWAL	2:06	1:15	0:58	0:39	3:12	3:20

- b. The fastest in terms of the inspection stage is Makati (0:06, 0:09), followed by Manila East (0:03, 0:29), and then Diliman (0:44, 0:55).
- c. For the auxiliary stage the rank goes: Makati, Diliman, Manila East but the difference is negligible ranging from 3 to 4 minutes.
- d. Makati (0:32, 0:48) is the fastest in terms of the registration stage, followed by Diliman (1:18, 1:19), then Manila East (2:38, 3:12).

6.2.3 Factors that could lengthen the process

A factor that lengthened the inspection stage, particularly for one case in Diliman, was the time it took to stencil the engine number. The more ‘inaccessible’ the location of the engine, the longer it seems to take to accomplish this task because it is difficult to reach. Another possible explanation for this process taking longer is that the engine needs to be cooled before the stencil boy can work to avoid burns. Another reason could also be the skill and experience of the stencil boy to reach the ‘inaccessible’ engine numbers. Incidentally, these stencil boys are not official employees of the LTO.

For the registration stage, delay can be caused by occurrences of brownouts or the system going off line. In such cases the registration process is temporarily stopped. Conversely, offline systems seem to hasten the already short DTECH process. During times that it is offline, no stickers are issued. This however does not hamper the registrant from continuing the process. This may suggest that this step can be easily bypassed. Another cause of delay for the registration stage is when LTO runs out of plates or stickers. In such cases the registrant is advised to come at a certain day, but that they have to call before coming just to be sure.

For all stages, a cause of delay is the amount of customer traffic. The registrants waiting time process is affected by the number of transactions a registrant has to compete with before the personnel concerned can address it.

6.3 Partial Results

Renewal of Registration

Location		Diliman District Office						Makati District Office						Manila East District Office					
Class		Class B			Class B			Class A			Class A			Class A			Class A		
For Hire/Not for Hire		Private			Private			Private			Private			Private			Private		
Transaction Variation		Plain			Diplomatic			Plain			Plain			Plain			w/TransfrOwnrshp		
Date		12 May 2006, Friday			23May2006,Tuesday			17 May 2006, Thurs			17 May 2006, Thurs			18 May 2006, Thurs			18 May 2006, Thurs		
Process		Time	Duration in minutes		Time	Duration in minutes		Time	Duration in minutes		Time	Duration in minutes		Time	Duration in minutes		Time	Duration in minutes	
			Per *Seg	Per Stage		Per *Seg	Per Stage		Per *Seg	Per Stage		Per *Seg	Per Stage		Per *Seg	Per Stage		Per *Seg	Per Stage
Inspection Stage				0:44			0:55			0:09			0:06			0:29			0:03
Physical Inspection			0:07			0:21			0:09			0:06			0:29			0:03	
Stencil	IN	10:56			9:24			8:04			8:50			3:00			11:30		
	OUT	11:00	0:04		9:42	0:18		8:13	0:09		8:56	0:06		3:29	0:29		11:33	0:03	
Lights, wiper, horn	IN	11:07			10:01			0:00			0:00			0:00			0:00		
	OUT	11:10	0:03		10:04	0:03		0:00	0:00		0:00	0:00		0:00	0:00		0:00	0:00	
Inspection Paper Work			0:37			0:34			0:00			0:00			0:00			0:00	
Clerk	IN	11:11			9:47			0:00			0:00			0:00			0:00		
Cashier	OUT	11:27	0:16		9:58	0:11		0:00	0:00		0:00	0:00		0:00	0:00		0:00	0:00	
Inspector	IN	11:28			10:04			0:00			0:00			0:00			0:00		
	OUT	11:31	0:03		10:09	0:05		0:00	0:00		0:00	0:00		0:00	0:00		0:00	0:00	
Receiving Clerk	IN	11:32			10:09			0:00			0:00			0:00			0:00		
Releasing	OUT	11:50	0:18		10:27	0:18		0:00	0:00		0:00	0:00		0:00	0:00		0:00	0:00	
COC Verification				0:04			0:01			0:01			0:01			0:05			0:05
DTECH	IN	1:03			10:36			8:13			8:57			3:30			11:35		
	OUT	1:07	0:04		10:37	0:01		8:14	0:01		8:58	0:01		3:35	0:05		11:40	0:05	
Registration Stage				1:18			0:19			0:48			0:32			2:38			3:12
Evaluator	IN	1:07			10:38			8:15			8:59			3:38			1:00		
Cashier	OUT	2:22	1:15		10:55	0:17		9:00	0:45		9:14	0:15		5:00	1:22		3:19	2:19	
Plate and Sticker	IN	2:22			11:01			9:00			9:15			5:01			3:30		
	OUT	2:25	0:03		11:03	0:02		9:03	0:03		9:32	0:17		6:17	1:16		4:23	0:53	
TOTAL DURATION				2:06			1:15			0:58			0:39			3:12			3:20

7. ISO ROADMAP

This project serves as a springboard for ISO (ISO 9001:2000 QMS) certification for Motor Vehicle Registration Processes. The Driver's License Processes in the LTO have already undergone the certification process, and one of Assistant Secretary Lontoc's plans is to have the Registration Processes undergo a similar process.

The steps leading to certification has three stages: Preparation, Alignment, and Certification. The following summarizes these stages, serving as a roadmap for the LTO. These were drawn from the LTO experience from their previous ISO certification process.

7.1 Preparation

The preparatory stage involves a preliminary process review and documentation, as well as an identification of process issues. The outputs of the AIM project provide much of the documentation, as one of its main outputs is an updated Operations Manual, which is currently undergoing further review and consultation. In addition, the project helped in identifying process issues, particularly in the areas of efficiency, compliance, and process monitoring.

7.2 Alignment

From the preparatory stage, several activities will be carried out with a main intent of measuring and also achieving a reasonable level of compliance within the organization, in the following sequence:

- 7.2.1 Initial Gap Assessment: taking off from an understanding of the current processes and initial problems, a formal statement of the current and desired states of the processes is made, followed by a preliminary gap analysis.
- 7.2.2 QMS Planning: a work plan will be created based on the necessary activities drawn from the Gap Assessment stage.
- 7.2.3 Launching: a formal launching of the activities for the alignment stage.
- 7.2.4 ISO Awareness: internal stakeholders will be adequately informed of the purpose of the activities and the required participation.
- 7.2.5 Actual Documentation: the operations manual will be recast, using a prescribed format, consisting of multiple parts:
 - Quality Manual: Policy
 - Departmental Procedures: Internal Processes
 - Work Instructions: Details
 - Forms, Labels and Tags

- 7.2.6 Monitoring of QMS Implementation: compliance to operations as documented will be observed in selected sites.
- 7.2.7 ISO 9000 Internal Quality Audit: an audit activity will be carried out, as follows:
- Training on IQA: train auditors
 - Application: actual conduct of the audit
 - Corrective action: addressing noncompliance
- 7.2.8 Final Gap Assessment: a revised gap analysis, integrating the results of the previous activities.
- 7.2.9 Project Completion Report: concludes the alignment stage, which provides both a detailed documentation of the processes and an internal assessment of the organization's compliance to these processes.

7.3 Certification

The actual certification involves 2nd and 3rd party auditors. The first part of the audit (2nd Party Audit) is by a designated external auditor, which can be involved as early as the alignment stage, in preparation for the actual formal audit.

The second part (3rd Party Audit) is with an actual certifying body.

Finally, a resulting Quality Manual is finalized and produced for the LTO.

8. STAKEHOLDER ANALYSIS

8.1 Listing of Stakeholders

The stakeholders for these motor vehicle-related processes are listed below, together with a brief summary of their interests and positions vis-à-vis this process improvement project:

- 8.1.1 *Registrants, including vehicle owners, manufacturers, assemblers importers, and dealers.* This stakeholder group would benefit from this project, particularly since transaction efficiency may improve.
- 8.1.2 *LTO officials and employees in charge of vehicle-related transactions.* The LTO assistant secretary is a champion of the project and is reform-driven; her endorsement should be sustained. As for LTO officials and employees, there are many project sponsors among them, although an important consideration is the additional work imposed on them as a result.
- 8.1.3 *Private companies such as STRADCOM, who have existing arrangements with the LTO with regard to their processes.* STRADCOM should in fact be considered as a unique stakeholder altogether, since it is the IT arm of the LTO with a unique arrangement in that STRADCOM controls the information system and consequently its data. Although they welcome the reengineering effort as it may improve their business position, they are cautious and protective of their business turf and interests.
- 8.1.4 *Government agencies (e.g., BOC and PNP) and private organizations (e.g., private emission testing centers, DTECH) that are involved in the processing, production, and authentication of documentary requirements.* Their cooperation may be required during process improvement, yet they are motivated by their government mandates or business interests.
- 8.1.5 *Agencies such as the Bureau of Internal Revenue (BIR) and the Insurance Commission (IC) whose mandated processes may benefit from information sharing and linkages with the LTO.* Although they are ultimately the potential beneficiaries of the reform, they may be preoccupied with their regular activities. The support of those agencies' top management is a must if process improvement requires these agencies' cooperation.

Initial interviews and feedback sessions have been conducted with some of the above stakeholders and more formal focus group discussions (FGDs) have been planned in order for the team to validate its findings. A more comprehensive stakeholder analysis is presented in the following matrix.

Legend

GROUPS/ ACTOR	- Those the that will benefit, or are in a position to either drive or restrain efforts with regards to the Re-engineering and Interconnectivity Project
INTEREST	- Groups' concerns/ stakes that can be affected by the project (such as problems & needs)
Rating	- high, medium, low
RESOURCES	- These can come in the form of: financial/ material; infrastructure; manpower; access or control over vital information; power (Status or social position / Coercion/ Legitimacy / Influence)
Resource mobilization capacity	- Ease and speed with which the group can mobilize and deploy its resources - high, medium, low
IMPACT OF COOPERATION ON THE PROJECT	- In the event that they choose to cooperate are the effects on the project objectives positive or negative; is this effect high or medium or low
POSITION WITH REGARDS TO THE PROJECT	- Whether the group is supportive or resistant or has mixed feelings about the project
STRATEGY	- To gain their cooperation to maximize positive impact on the project

8.2 Stakeholder Analysis Matrix: Registrants & from LTO

Group/ Actor	Interest Affected by the Project		Resources		Impact of Cooperation on the Project		Position with regards to the Project		Strategy
	Rating	Interests	Resources	Resource mobilizati on capacity	Rating	Impact	Rating	Position	
Registrants including vehicle owners, dealers, manufacturers, assemblers and importers	High	Prefer expedient transactions at minimum cost Data accuracy affects them in terms of delays and fraud	Information on the current performance of the MVRS	High	Positive & High	Valuable input for identifying problems and issues	Mixed	would support changes that result in efficiency, but may be wary of implications that increase taxes and costs	Inform and gather their input through FGDs
LTO Assistant Secretary	High	Wants to drive reforms Wants to work directly with IC and not have to deal directly with the insurance industry	Power to mobilize stakeholder within LTO Sets the direction of re-engineering efforts and signs orders and regulations	High	Positive & High	She is our main sponsor, will drive this reform, and sign resulting regulations	Supportive	Demonstrated her all-out support through concrete actions such as forming a TWG to redesign the Manual	Seek directions from her; seek her endorsement when assistance is required from LTO officials and employees
LTO Central Office officials	High	Wants to focus on policy making function and delegate frontline services to D.O.s (currently they are still involved in frontline services)	Access to information; manpower for data gathering; formulation of regulations, and other activities in support of reengineering	High	Positive & High	Officials and managers can give valuable input since they are knowledgeable about the current MVRS and it's problems; and they drive re-engineering efforts since they have clout, though they are in general guided by instructions and regulations	Mixed	Primarily concerned with how project activities would impact on their work Some policy makers and managers support reform and improvements	Inform and involve those who are supportive of the reform activities. Involve them in setting re-engineering objectives and the actual redesign of the system and change management.

Stakeholder Analysis Matrix: LTO continued

Group/ Actor	Interest Affected by the Project		Resources		Impact of Cooperation on the Project		Position with regards to the Project		Strategy
	Rating	Interests	Resources	Resource mobilizati on capacity	Rating	Impact	Rating	Position	
LTO NCR Operations Head & DO Chiefs	High	Responsible for the implementation of MVRS. They are taking the brunt of the problems since they are caught in between the regulation makers and the clients (registrants)	Access to information; manpower for data gathering; formulation of regulations, and other activities in support of reengineering	High	Positive & High	Officials and managers can give valuable input since they are knowledgeable about the current MVRS and its problems; and they drive re-engineering efforts since they have clout, though they are in general guided by instructions and regulations	Supportive	They are very positive about re-engineering and have already given input regarding problems and suggestions on how to address them.	Tap them in prioritizing problems and get their input for re-design and change management
LTO employees	High	Job security and implications on workload	Information on the current state of MVRS; and manpower for data gathering	Low	Positive & High	Grassroots perspective on problems at the point of contact with registrants. Can also give input regarding improvements.	Mixed	Dependent on whether they are given the order by their superiors. LTO is undermanned, so when they let employees help out in the project it will affect their operations.	Seek the necessary approval from superiors so they can feel free to cooperate. Spread out tapping of employees across many D.O.s so that operations is not significantly hampered.

Stakeholder Analysis Matrix: LTO continued

Group/ Actor	Interest Affected by the Project		Resources		Impact of Cooperation on the Project		Position with regards to the Project		Strategy
	Rating	Interests	Resources	Resource mobilizati on capacity	Rating	Impact	Rating	Position	
STRADC OM	High	Concerned with how project activities would impact on their business position and proprietary information. They have pending interconnectivity proposals to government agencies and private sector.	Information & infrastructure: They have control over the information system and its data. They have the capability to generate reports on LTO information.	High	Positive & High	They can provide baseline data on MVRS and the characteristics of transactions. They can identify critical problems and points for improvement in the current MVRS. They have existing proposals on interconnectivity.	Mixed	Reengineering effort is welcomed in general as it may improve their business position, but they are at the same time cautious and protective of their turf. They are very particular that the team sign a non-disclosure agreement.	Keep them in the loop and consider their proposals; recognize the impact on their business before presenting proposals

8.3 Stakeholder Analysis Matrix: Other Government Agencies

Group/ Actor	Interest Affected by the Project		Resources		Impact of Cooperation on the Project		Position with regards to the Project		Strategy
	Rating	Interests	Resources	Resource mobilizati on capacity	Rating	Impact	Rating	Position	
BIR	High	Meet their mandate of increased revenue	Ownership of a taxpayer database which can be linked to the MVIS for transaction validation	High	Positive & High	Crucial agency for interconnectivity.	Supportive	It has expressed its tacit support for the project and so far no resistance can be observed with regards to interconnectivity.	There is a necessity to maintain its support and interest on the project. They should be kept within the loop for its critical contribution might be tapped in the near future.
IC	High	Mandate to regulate CTPL to prevent fraud and revenue leaks	Power & information: They regulate the insurance industry. They are one of the agencies that will approve the new CTPL system. They can demand necessary information from insurance industry e.g. for reconciliation of statistics on registration and COCs	High	Positive & High	Crucial agency for interconnectivity.	Mixed	Although it shares the same principles of reengineering the issuance of COC to prevent fraud and revenue risk, it has the tendency to go "alone" in designing the information system that will enable its database to inter-operate with private insurance firms.	We must exert constructive pressure to influence leaders to realize the potential for interconnectivity.

Stakeholder Analysis Matrix: Other Government Agencies, continued

Group/ Actor	Interest Affected by the Project		Resources		Impact of Cooperation on the Project		Position with regards to the Project		Strategy
	Rating	Interests	Resources	Resource mobilization capacity	Rating	Impact	Rating	Position	
BOC	High	Processing of imported vehicles	Information on authenticity of Certificate of Payment Receipt (CPR)	High	Positive & High	Interconnectivity with them will provide LTO with the capability to verify the validity of CPR	Mixed	May resist process change; Support dependent on agency management directions and perceived benefit to them	
PNP		Authenticity of PNP clearance	Information on authenticity of PNP clearance	High	Positive & High	Interconnectivity with them will provide LTO with the capability to verify the validity of PNP clearance	Mixed		Inform the agency of potential benefits early and identify someone who will champion the effort
MMDA		Changes in LTO regulations affect the regulations they enforce				Interconnectivity	Mixed		

8.4 Stakeholder Analysis Matrix: Private Sector

Group/ Actor	Interest Affected by the Project		Resources		Impact of Cooperation on the Project		Position with regards to the Project		Strategy
	Rating	Interests	Resources	Resource mobilization capacity	Rating	Impact	Rating	Position	
Insurance Industry (PIRA)	High	Eliminate fake COCs to increase revenues and avoid duplicate claims	PIRA, link to the insurance industry. Information: legitimate insurance companies, valid COC #s and what license plate # it is tied up to.	High	Positive & High	Provide information necessary for backend reconciliation with regards to COC. Interconnectivity for future efforts towards online COC verification	Mixed	Apprehensive to the point of mistrusting LTO officials and personnel.	IC officials will be the key to galvanize support among forerunner of PIRA.
DTEC (Owner of COC Verification Project)	High	Protect their legal ownership of the COC Verification Project. Eliminate fake COCs.	Information: legitimate insurance companies, valid COC #s and what license plate # it is tied up to. Capability to verify COC: manpower, infrastructure, & presence in most of the D.O.s nationwide. Provides means (stickers) for LTO to verify authenticity of COC	High	Negative & High	Provide information necessary for backend reconciliation with regards to COC (but if it can be taken from PIRA, may not need their help). Other important stakeholders (LTO & STRADCOM) view them negatively. The perception is they are ineffective in doing their job and that their system is not adequate.	Mixed	Will support if their position is protected, but wary since they view PIRA & STRADCOM as competitors & they're relationship with LTO is not exactly positive as indicated by their on-going court case on ownership of COC Verification Project	The possibility of post-Dtech scenario must be examined. In the meantime, we have to include Dtech as a major stakeholder of the project. However, we should be cautious on investing on them in the long-run.

Stakeholder Analysis Matrix: Private Sector, continued

Group/ Actor	Interest Affected by the Project		Resources		Impact of Cooperation on the Project		Position with regards to the Project		Strategy
	Rating	Interests	Resources	Resource mobilizati on capacity	Rating	Impact	Rating	Position	
PETCs	High	Connectivity will help them comply with government regulation; and protect their revenues by weeding out fake CECs	Information on legitimacy of PETC; PETC results and number connected to license plate	High	Positive & High	Interconnectivity with them will provide LTO with the capability to verify the validity of CECs	Mixed	They will comply with whatever directives DOTC issues for as long that it advances their proprietary interests.	Recognize the impact on their businesses before presenting any proposals

B. PROPOSED SYSTEMS FOR MOTOR VEHICLE REGISTRATION

Introduction

This section describes recommendations regarding process improvement for motor vehicle related process in the Land Transportation Office (LTO). A diagnostic report was prepared in July 2006, which identified several process issues pertaining to internal compliance, transaction time, and document authentication.

In formulating solutions that seek to address these issues, a participative approach was taken, to ensure LTO ownership of process revisions and updates. The team engaged the involvement of key groups within the LTO: the Study Group formed by Assistant Secretary Lontoc to update the operations manual and the Project Monitoring Office in charge of system issues. The team facilitated reengineering activities with these groups through various workshops that focus on the update of the operations manual to improve compliance and the analysis and monitoring of causes of transaction delay.

On source document authentication and linkages, the chosen focus was on the CTPL requirement and the franchise confirmation requirement. Proposals on process improvement and linkage arrangements with respect to the establishment and authentication of these documentary requirements were driven by directions from the different agency heads (LTO, IC, and LTFRB).

An important stakeholder in this project is STRADCOM, a private company that serves as the LTO's IT arm, through the LTO-IT project. The company has a Build-Own-Operate (BOO) arrangement with the LTO and is in charge of the automation and interconnection of the different LTO district offices. Although the team was able to engage some participation from STRADCOM, information exchange was very limited due to confidentiality issues that they have raised. As a result, information technology and database details of the study have been limited to what LTO personnel could provide.

The rest of this section begins with a summary of the diagnostic report and a presentation of additional diagnostic information. This is followed by sections that describe the project team's recommendations resulting from process reengineering activities and efforts to improve interagency linkages. It concludes with an implementation plan that highlights the activities that have been carried out through the project and the next steps expected from the agencies concerned.

1. SUMMARY OF PROCESS DOCUMENTATION AND DIAGNOSTICS

The following process issues were identified in the process documentation and diagnostics:

1.1 Issues regarding internal compliance

- 1.1.1 Process documentation is outdated, limited to a 1997 operations manual. Since then, there were substantial changes in the LTO's processes due to regulations and circulars between the 1997-2006 period. In particular, LTO's processes underwent automation (under the LTO-IT project with STRADCOM) and the system became operational in 2003, although there was no manual update to accompany the corresponding process changes.
- 1.1.2 Process implementation is inconsistent across different district offices (DOs) suggesting significant internal discretion. Actual activities carried out for the different stages in registration vary for the different locations, in some cases. In fact, actual practice would sometimes conflict with regulations.

1.2 Issues regarding transaction time/delay

- 1.2.1 Registration transaction times differ significantly. The most common transaction is the plain renewal transaction; time and motion studies reveal that such transactions can be carried out in less than an hour (sometimes within 30 minutes) although the transaction could take up to more than 3 hours in some cases. Other transactions take much longer, particularly those that involve special circumstances relating to the vehicle or the transacting owner. Two main reasons for delay were identified: information system downtime and errors, and, pending issues particular to the registration transactions.
- 1.2.2 Delays also result from the establishment of source documents.

1.3 Issues regarding source document authentication

- 1.3.1 Authentication processes for some source documents are inadequate. In many cases, registrations are allowed without a valid document. In the case of the CTPL requirement, fake CTPLs may persist, particularly because the current authentication and verification process may be bypassed. In the case of the franchise confirmation requirement, registrations can proceed even without a valid LTFRB franchise, particularly because little measures are adopted to ensure that the LTFRB franchise confirmation in the LTO agrees with the actual data from the LTFRB. Whether a registration transaction is allowed to proceed is ultimately dependent on the evaluator's discretion, leaving much room for anomalies. Comparisons between IC and LTO data and between LTFRB and LTO data yield significant disparities, suggesting that these anomalies indeed occur.

1.3.2 There are electronic linkage efforts and proposals that seek to address these authentication and linkage problems, although they have not materialized due to various constraints. For the CTPL requirement, competing proposals put forth by different agencies and private entities (e.g., PIRA, IC, GSIS, STRADCOM) appear to have been stymied by legal and political issues. For the franchise confirmation requirement, electronic linkage possibilities (proposed by STRADCOM) between the LTO and LTFRB have been restricted by LTFRB's limited IT capability and cost implications.

2. ADDITIONAL DIAGNOSTIC INFORMATION

The following additional diagnostic information is presented to serve to support some of the analyses and recommendations in the succeeding sections:

- Time and motion study that covers more random samples and observes both transaction time and possible causes for delay.
- Comparative data on CTPL COC issuances and vehicle registrations, from different sources: LTO, IC, COCAS, and DTECH.
- List of fields encoded during registration transactions.

2.1 Time and motion study

The time and motion study was conducted between 29 August 2006 and 5 September 2006 at the Manila East District Office. A similar study was conducted during the diagnostic phase but the sample transactions observed then were limited. This time, the intention was to observe more transactions and to verify the existence of problems that impact on transaction time identified during interviews and FGDs. Among these problems were information system errors and pending transactions.

The following table indicates a sampling of plain registration renewal transactions observed during three different days at different times during the day:

Date and Start Time	Transaction Time (hours:minutes)	Remarks
August 30, 9:23am	1:02	
August 30, 11:04am	0:34	
August 30, 1:31pm	0:39	
August 30, 1:34pm	0:38	
August 31, 9:33am	0:28	
August 31, 10:31am	0:40	
August 31, 10:58am	1:00	information system error (Jaguar) occurred
August 31, 11:49am	1:12	
August 31, 1:01pm	0:38	
September 5, 1:39pm	3:06	Information system error (Infoimage) occurred
September 5, 2:17pm	0:28	
September 5, 2:23pm	0:27	

The above table indicates that renewal transactions typically take less than one hour and even less than 30 minutes in some cases. Those that take more than an hour appear to be associated with information system errors. Transaction time is also dependent on the type or complexity of the transaction and whether there are pending issues with the transaction, as the following examples illustrate:

Transaction Type	Transaction Time (hours:minutes)	Particulars
Renewal registration with pending issues	2:11	Sticker not released because of mismatch in chassis number
New registration	6:37	Low priority because walk-in renewals are entertained first
Transfer of ownership	1:42	
Renewal plus transfer of ownership	3:42	Two transactions

Raw data and other sample transactions covered by the time and motion study are available as an appendix to this document.

2.2 CTPL and vehicle data

The following table indicates the differences between CTPL and vehicle data as recorded by the different stakeholders, namely, LTO, IC, PIRA, DTECH, for the years 2004 and 2005.

Year	LTO: number of vehicles registered	IC: number of COCs declared by insurance firms	PIRA: number of COCs in the COCAS database	DTECH: number of COCs verified
2004	4,760,593	1,673,549	3,700,000 (estimated)	3,465,846
2005	5,059,753	(not yet available)	4,115,766	4,387,578

2.3 Fields encoded during registration

The following is a listing of fields encoded during registration, particularly those fields involving vehicle details, insurance information, and franchise information. These fields are being enumerated to assess possibilities for data reconciliation with other databases.

VEHICLE DETAILS

- Engine Number
- Chassis Number
- Plate Number
- Vehicle Type
- Vehicle Classification
- Make
- Series
- Body type
- Year Model
- Color

INSURANCE INFORMATION

- Insurance Company Name
- Cover No (COC#)
- Issue Date
- Expiry Date

FRANCHISE INFORMATION

- Franchise Number
- Confirmation Date
- Expiry Date
- Purpose
- Operator
- Route

3. PROCESS REENGINEERING

The reengineering activities that were conducted focus on the improvement in internal compliance and the improvement in transaction time for motor vehicle related processes.

3.1 On internal compliance

A Study Group was formed by Assistant Secretary Lontoc in response to the need to update the LTO's 9-year old operations manual for motor vehicle related processes. The team regularly met with the chairperson of the Study Group, Atty. Lina Estrada, and facilitated the conduct of two workshops with the group (in July and September 2006) geared towards improving the presentation of the updated manual. Among the improvements incorporated in the manual are:

- 3.1.1 The updating of legal bases (circulars and other issuances) for the different aspects of motor vehicle related processes.
- 3.1.2 The reorganization of the manual to separate procedures from policies and documentary requirements, and to include the process involving MAIDs (Manufacturers, Assemblers, Importers, and Dealers).
- 3.1.3 A clearer categorization of transactions that clarifies the transactions which were previously called "special" transactions. The updated categories are: new registration, renewal, and miscellaneous (primarily comprising transactions that require a change in the certificate of registration).
- 3.1.4 A consistent presentation of flowcharts and documentary requirements across different transaction processes and types.

As of 13 October 2006, a complete draft has been produced, although it is still undergoing internal review within the Study Group. The most recent draft as of this writing is attached to this document.

Assistant Secretary Lontoc directed the group to include process review and technology improvements in their scope, upon completion of the updated manual. This directive aids in sustaining the study group's efforts. The manual also serves as preparatory work for ISO certification as it addresses some gaps with respect to process specifications. ISO certification itself is a long involved process which includes more detailed documentation, training, and process audits from internal and external bodies.

3.2 On transaction time

To address transaction delay issues, the team coordinated with the Project Monitoring Office (PMO) headed by LTO Management Information Division Chief Grace Mempin. A workshop was conducted in September 2006 with the group where the reasons for transaction delay were enumerated and categorized. Results from the time and motion studies indicate that the main causes for delay include information system issues and procedural issues related to problematic transactions; these two main causes were elaborated on during the workshop. Problems with the information system included system errors, upload problems, and cases of system downtime or slowdown. Procedural problems included failure of LTO personnel to comply with steps in the process (e.g., encoding of stickers and plate release, backend scanning) and delayed response in the handling of pending transactions. A summary categorization of delay issues follows:

3.2.1 System-related limitation

- a. System slowdown
- b. Offline
- c. Hanging
- d. Program errors (e.g., closure of application, null error, etc)
- e. Hardware

3.2.2 Procedural issue

- a. Rejected transactions due to incorrect evaluation of requirements (detected by approving officer)
- b. Pending transaction due to problems with previous registration
- c. Pending transaction because of the failure/difficulty of LTO personnel to carry out required steps
- d. Delay resulting from the special treatment and insertion of other transactions

There was a third category that emerged as another cause of delay, but this involved limitations of the registrant (e.g., incomplete documentation or failure to settle violations), which the group decided to exclude from the scope of the workshop.

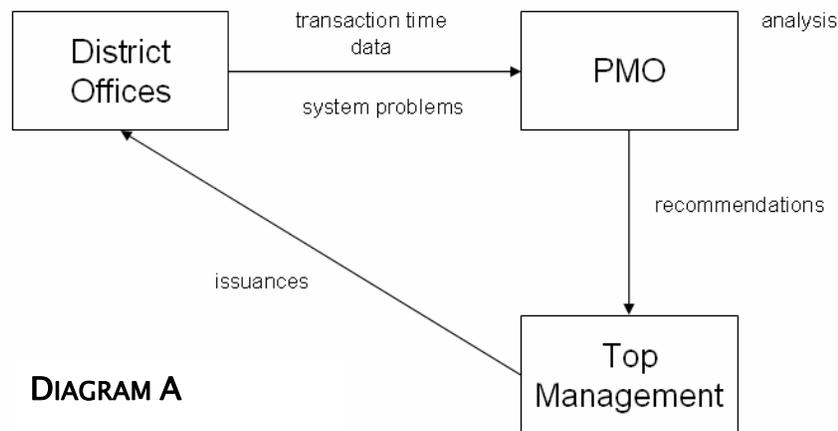
Noting that common registration transactions (i.e., renewals) take less than an hour to complete, *assuming* there are no system issues and the transaction is not complex and not problematic, process change recommendations focus on measures that address information system problems and that handle problematic transactions, instead of streamlining the current process.

3.2.3 The team's recommendations include:

- *Installing a process that regularly monitors transaction time performance in the different district offices for the different types of transactions. The information this process provides will allow the central office to distinguish isolated cases from perennial problems and respond accordingly.*
- *Installing a process of reporting and classifying information system issues that provides data on frequency and urgency, among others, thereby improving the service-level relationship between STRADCOM and LTO.*

The processes provide a more quantitative basis for policy recommendations. The following diagram illustrates the resulting relationship between district offices, the PMO, and top management.

District offices provide data on transaction times of problematic transactions as well as system problems as they occur, from which the PMO analyzes and prioritizes, based on the frequency and gravity of the cases that occur. This ultimately results in recommendations, courses of action, and corresponding issuances to be complied with by the district offices.



There have been previous attempts to measure transaction issues but they have not been formalized nor sustained. The recommendation is to formalize these processes.

**Process for reporting occurrences
and transaction times for delayed transactions**

- 1 The evaluator/approving officer/releasing officer or other responsible LTO personnel categorizes the delayed case, issues an exception slip with a timestamp, and attaches the slip to the transaction. In the case of a system problem, a screenshot may also be attached.
- 2 Responsible LTO personnel or STRADCOM site-support resolves the case, provides details for resolution and has it time-stamped. Unresolved cases are also noted (indicate “unresolved” instead of a timestamp).
- 3 At the end of a period (week or month), the district office (DO) prepares a report for submission to PMO, summarizing the extent of each cause of delay, frequency of occurrence, frequency of resolution, and average resolution time.
- 4 PMO summarizes and analyzes the reports from the DOs and makes recommendations based on the frequency and gravity of cases.
- 5 PMO updates exception slip and report templates as necessary, based on the information provided by the DOs.

Process for reporting information system related problems

- 1 The user records the occurrence of an information system problem, including category and time details in an exception slip, and attaches screenshots as necessary. If the problem or error is transaction-specific, the process described above applies; if the problem is not transaction-specific (e.g., offline or hardware error), the same slip can be used but indicate “not applicable or NA” in the plate number and transaction type fields.
- 2 The DO submits a problem/error log report to the PMO, summarizing the frequency of each kind of system problem, and the method of resolution.
- 3 PMO summarizes and prioritizes, forwards to STRADCOM to initiate formal verification of problems, resulting in actions for resolution

**Report Template
(Information System Problem Log)**

Period: DD MM YYYY to DD MM YYYY

Nature of system problem	Number of occurrences	Current method of resolution

4. LINKAGES

4.1 Current process

At the heart of the current authentication and verification process for CTPL COCs is a centralized database system called COCAS (COC Authentication System), managed by the Philippine Insurers and Reinsurers Association (PIRA). When CTPL insurance is sold to the registrant, the insurance firm (or broker, or agent) encodes insurance and vehicle data into COCAS. The registrant then passes through a verification step at a station (handled by DTECH Management Inc) located at LTO District Office premises, where the authenticity of the COC is verified. At this stage, a DTECH representative connects (using the internet or SMS) to COCAS, encodes COC and vehicle information, and affixes a sticker on the COC if a verification is received. The registrant then submits documents to the LTO evaluator, where the evaluator checks whether the COC has indeed been verified by ensuring that a sticker is present, before proceeding with the registration transaction.

The insurance firms eventually declare the number of COCs issued to the Insurance Commission (IC) and pay corresponding taxes to the Bureau of Internal Revenue (BIR).

Diagram B illustrates the process described; transaction risks associated with each step in the process are also indicated.

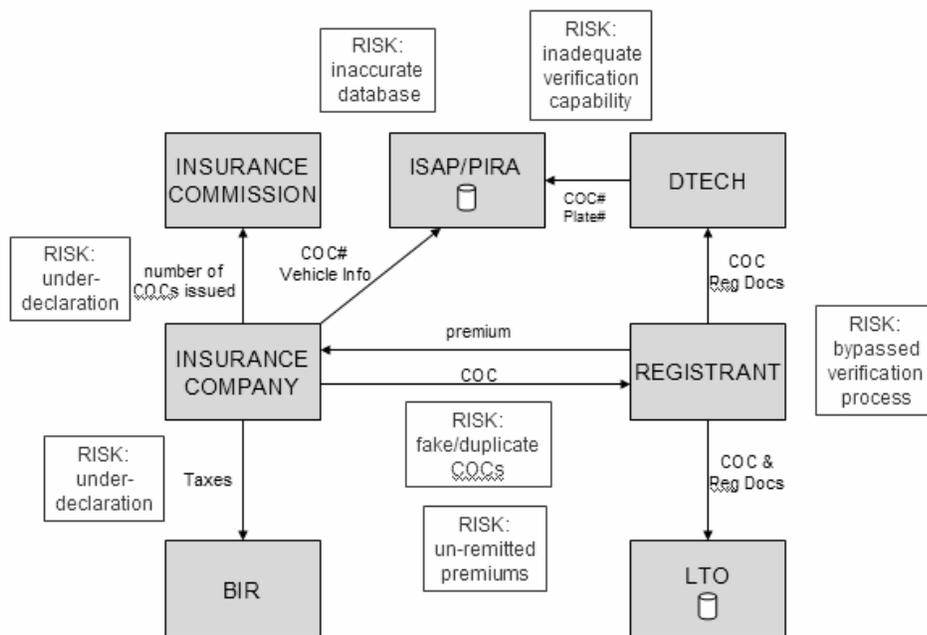


Diagram B

4.2 Limitations of the current process

There are limitations with the current process, among them:

- 4.2.1 The verification system can be bypassed. Registrations may be allowed by the LTO without DTECH authentication, thereby possibly allowing for fake or duplicate COCs.
- 4.2.2 DTECH capability has been put into question. Technical difficulties have been encountered and observed.
- 4.2.3 The COCAS database could be outdated or unsynchronized since the encoding phase could be delayed or bypassed.
- 4.2.4 Under-declarations could occur between insurance companies and the IC/BIR.

In addition, there is no electronic link from COCAS to the LTO database, nor are there data reconciliation steps to detect discrepancies between the two databases. Data from 2004 indicate a disparity between IC and LTO data: an estimated PHP 2.8B in premiums should have been collected according to LTO registration data, but only PHP 1.6B has been declared with the IC. This disparity also has consequences on the taxes remitted to the government (approximately PHP 270M, in the case of year 2004).

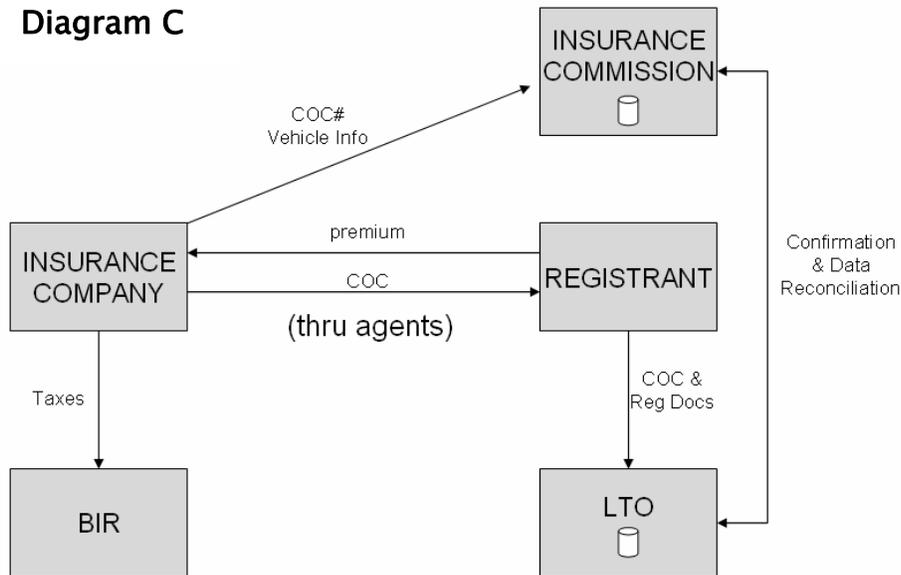
4.3 Proposed process - long term

Consultations with Assistant Secretary Lontoc of the LTO and Commissioner Escobillo of the IC yielded the following directions with respect to process improvement for the CTPL requirement:

- 4.3.1 The LTO only deals with IC and no other private entities, when it comes to authenticating CTPL insurance information; in effect, the IC assumes its regulatory role.
- 4.3.2 Electronic linkage and regular data reconciliation between the two agencies should be installed.

The long-term recommendation includes an electronic link between the LTO and the IC. Insurance information, upon purchase, ends up in a database maintained by the IC. Registration proceeds, if a valid insurance record exists in that database; the vehicle record in the LTO database is either tagged when the IC connects to it, or the LTO connects to the IC database to check if a valid insurance record exists. Regular data reconciliation between the two databases is carried out to cover exceptions. The following figure summarizes this setup.

Diagram C



In the proposed process, when the registrant acquires CTPL coverage from an insurance company, broker, or agent, the premium payment may be coursed through banks or payment centers, but the data should ultimately be transmitted to the IC database. An online link between LTO and the IC database then provides for real-time processing.

By the time the vehicle owner registers, the vehicle should be already tagged as insured, or be verified through the online link, and registration will be allowed to proceed. During situations when connections fail, registrations of untagged vehicles may be permitted, but supported by data reconciliation processes between the IC and the LTO. Reconciliation should be carried out regularly, and corrective action should be taken when discrepancies are detected.

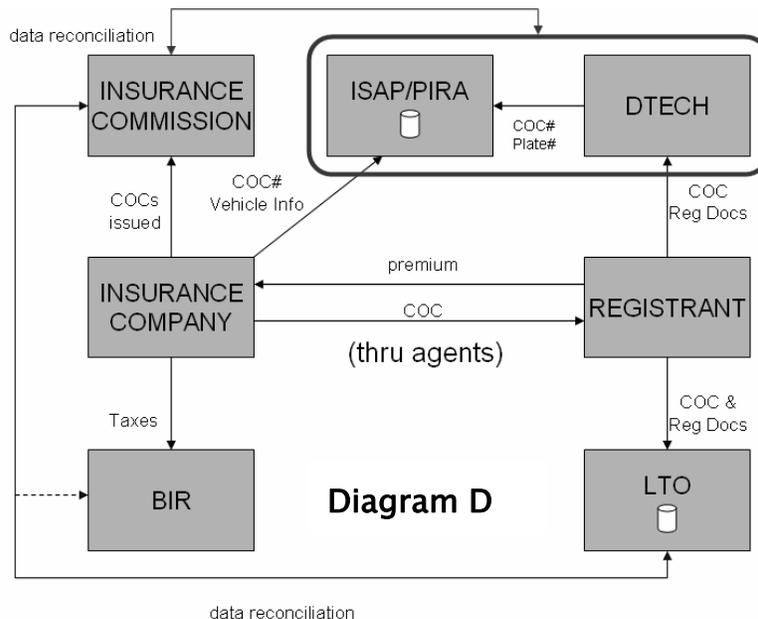
The above proposal assumes a level of preparedness from the different agencies, particularly for the IC, where a database of insurance information should be set up (replacing COCAS in the current system). The IC needs to build such a database to affirm its regulatory role in the issuance of CTPL insurance.

4.4 Proposed short-term interventions

The following are some constraints that prevent the agencies from immediately implementing the proposal described.

- There are legal restrictions in connection with the current contract with DTECH Management, Inc.
- IC needs to first set up its insurance database and strengthen its IT capability.
- There will be significant preparations required from LTO/STRADCOM and possibly other entities (e.g., banks, if the IC decides to require payments to be coursed through banks).
- There are competing proposals with respect to CTPL processing, involving other agencies and departments, with varying degrees of influence.

However, a data reconciliation process could be set up in the short-term, on top of the current process, in order to address some of the existing transaction risks. The data reconciliation will be between the COCAS and LTO databases. In particular, the following information, stored by both databases, can be reconciled, on a monthly and annual basis: license plate number and chassis number of the vehicle and its corresponding insurance details, COC# and the name of the insurance firm. The figure below summarizes this short-term setup.



The reconciliation process will be an arrangement between the IC and the LTO. The LTO, through STRADCOM, can produce the indicated data. The IC, on the other hand, can require that COCAS data be turned over by PIRA to the IC, or require insurance firms to produce detailed COC information, instead of just totals. The reconciliation process will achieve multiple objectives:

- 4.4.1 Measure the extent of effectiveness or ineffectiveness of the current CTPL authentication system. Vehicles present in the LTO database but not present in the COCAS database, for instance, represent the number of possible transactions that have bypassed the CTPL authentication and verification process.
- 4.4.2 The IC can further reconcile the data from COCAS with the data from DTECH and declarations made by the insurance firms to the IC and the BIR.
- 4.4.3 The activity prepares the agencies for an inevitable activity in the future, regardless of what proposal pushes through. There will be corrective actions formulated resulting from discrepancies detected from the reconciliation process; such actions will, in turn, aid in minimizing the transaction risks.

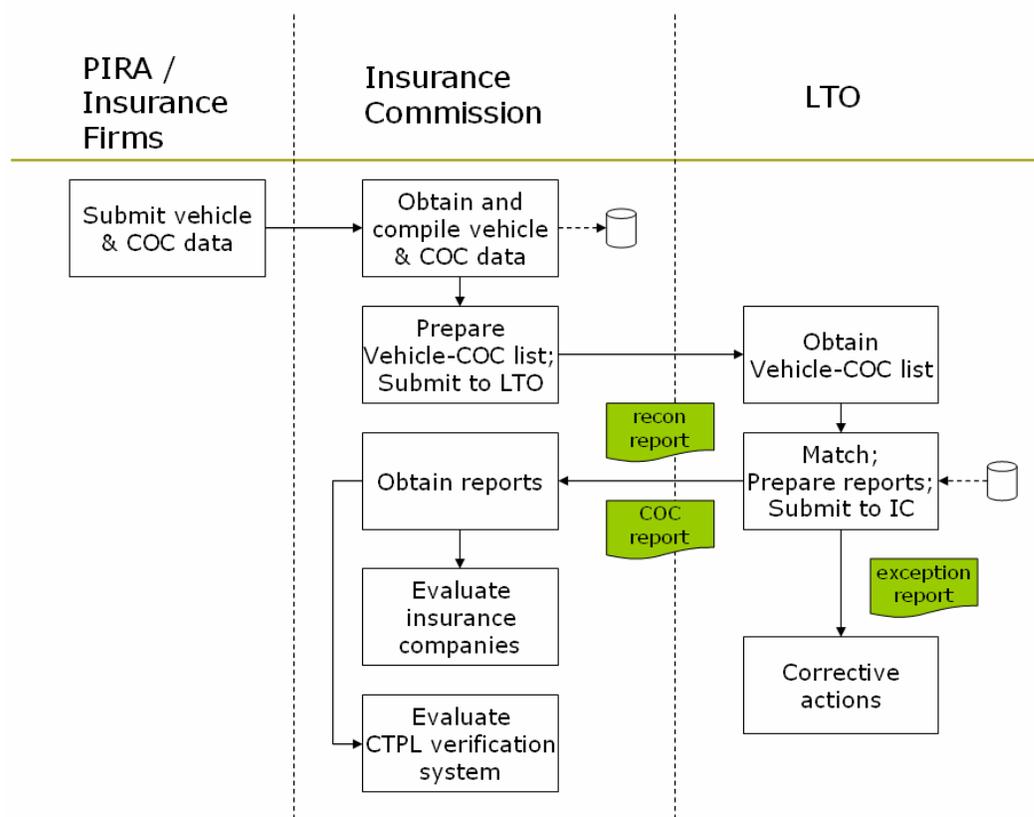
Procedural Specifications for the Proposed Reconciliation Process

At the end of each reconciliation period (month-end or year-end):

1. The IC obtains and compiles vehicle and insurance data, particularly the following fields, for each CTPL COC purchase for the given period
 - Vehicle License Plate Number
 - Vehicle Chassis Number
 - Insurance Company
 - COC Number
 - Purchase date

The data are obtained either from PIRA through the COCAS database, and/or directly from the insurance companies, and may contain other relevant information such as payment premium and vehicle details.
2. The IC submits to the LTO an electronic copy of all CTPL COC purchases for the given period with the following fields:
 - Vehicle License Plate Number
 - Vehicle Chassis Number
 - Insurance Company
 - COC Number
3. The LTO, through STRADCOM, matches these records with vehicle registrations for the given period and produces the following reports:
 - a. Reconciliation Report (electronic copy): the same records submitted by the IC with an additional reconciliation field whose values are either
 - M: exact match
 - A: vehicle record absent from LTO
 - C: mismatch with company name
 - N: mismatch with COC#
 - CN: mismatch with both company name and COC#
 - b. Exception Report: for each registration transaction present in the LTO database but absent in the records submitted by the IC, the following fields
 - Vehicle License Plate Number
 - Vehicle Chassis Number
 - Insurance Company
 - COC Number
 - District Office where the transaction was carried out
 - Transaction date
 - Transacting LTO user
 - c. COC Report: for each insurance company
 - Name of insurance company
 - Number of registered vehicles with COCs under that company
 - Number of COCs according to IC data
 - Difference between the two totals
4. The LTO submits the Reconciliation Report to the IC
5. The IC uses the Reconciliation Report for analysis and assessment of its current CTPL verification system
6. The IC uses the COC Report for comparison and evaluation against insurance company declarations. Summary information may be forwarded to the BIR to aid in assessment of insurance companies.
7. The LTO uses the Exception Report for possible corrective or preventive action against erring DOs, employees, or vehicle owners.

The following flowchart illustrates the above process:



Suggested Implementing Guidelines for a Data Reconciliation Process between the Land Transportation Office (LTO) and the Insurance Commission (IC)

The LTO shall:

1. Carry out monthly and yearly data reconciliation activities with the IC.
2. During each reconciliation period, receive from the IC an electronic list of records representing COC purchases made during that period. The list will contain the following fields:
 - Vehicle License Plate Number
 - Vehicle Chassis Number
 - Insurance Company
 - COC Number
3. Reconcile the IC records submitted with its database and produce the following reports:
 - a. Reconciliation Report (electronic copy): the same records submitted by the IC with an additional reconciliation field whose values are either
 - M: exact match
 - A: vehicle record absent from LTO
 - C: mismatch with company name
 - N: mismatch with COC#
 - CN: mismatch with both company name and COC#
 - b. Exception Report: for each registration transaction present in the LTO database but absent in the records submitted by the IC, the following fields
 - Vehicle License Plate Number
 - Vehicle Chassis Number
 - Insurance Company
 - COC Number
 - District Office where the transaction was carried out
 - Transaction date
 - Transacting LTO user
 - c. COC Report: for each insurance company
 - Name of insurance company
 - Number of registered vehicles with COCs under that company
 - Number of COCs according to IC data
 - Difference between the two totals
4. Submit the Reconciliation Report and the COC report to the IC.
5. Formulate and carry out a process of corrective or preventive actions, resulting from the Exception Report produced. These actions may include:
 - preventing registrations with insurance information coming from erring insurance companies
 - informing district offices of the occurrence of these spurious records and compelling these offices to reduce their occurrence

**Suggested Implementing Guidelines for a Data Reconciliation Process between the Land
Transportation Office (LTO) and the Insurance Commission (IC),
continued**

The IC shall:

1. Carry out monthly and yearly reconciliation activities with the LTO.
2. Build a database of properly insured vehicles, by regularly obtaining data from the COCAS database and the insurance companies. The following information will be stored in the IC database:
 - Vehicle License Plate Number
 - Vehicle Chassis Number
 - Insurance Company
 - COC Number
 - Purchase date
3. During each reconciliation period, submit to the LTO an electronic copy of all CTPL COC purchases for that period with the following fields:
 - Vehicle License Plate Number
 - Vehicle Chassis Number
 - Insurance Company
 - COC Number
4. Receive from the LTO a Reconciliation Report and a COC Report.
5. Formulate and carry out a process of corrective or preventive actions, resulting from the Reconciliation Report and COC Report. These actions may include:
 - reassessment of the privileges of insurance companies with under-declarations
 - evaluation of the current CTPL authentication system

5 IMPLEMENTATION PLAN

The process improvement efforts initiated and facilitated through this project require institutionalization to ensure sustainability within the LTO. With the active participation of LTO personnel particularly with respect to the update and improvement of internal processes, relevant issuances within the organization are in progress and shall be circulated to the concerned offices as soon as they have been finalized.

5.1 Operations manual update

5.1.1 Summary of activities carried out during the project

Assistant Secretary Lontoc issued a memo in May 2006 forming a Study Group (chaired by Atty Lina Estrada) tasked to update the LTO's operation manual for motor vehicle related processes. The project team coordinated with and assisted the study group through two workshops conducted on 26 July 2006 and 6 September 2006. Several drafts of the manual were produced, incorporating updates resulting from the workshops and meetings held by the study group.

5.1.2 Next steps

- Consultation with regions c/o Atty Estrada
- Incorporate final revisions into the manual
- Final issuance, signed by the head of office
- Continuous improvement (process review and audit)
- Preparations for ISO certification

5.2 Transaction monitoring

5.2.1 Summary of activities carried out during the project

Time and motion studies were carried out (in May 2006 and August 2006) to determine transaction times for registration and discover issues and problems that impact on transaction time. Results from the time and motion studies were presented and validated in a workshop conducted with the Project Monitoring Office (PMO) on 12 September 2006. In the workshop, transaction delay issues were enumerated and categorized. In a follow up meeting on 9 October 2006, transaction monitoring processes were formulated. The specifications of these processes were prepared by the project team and submitted to the PMO on 26 October 2006. The specifications were used by the PMO to draft a corresponding issuance.

5.2.2 Next steps

- Pilot implementation of monitoring processes at selected sites
- Incorporate final revisions
- Final issuance, signed by the head of office
- Formulate system review process with STRADCOM
- Provide inputs for ISO certification

5.3 CTPL COC reconciliation

Summary of activities carried out during the project:

Initially, separate consultations were made with the different agency heads, and a working proposal for CTPL authentication was presented in an interagency workshop on 25 July 2006, attended by top management from LTO, LTFRB, and BIR. The proposal was refined and presented to the staff of the different agencies (LTO, with STRADCOM, LTFRB, IC, and BIR) in another workshop conducted on 21 September 2006. A MOA between LTO and LTFRB was drafted, and then presented to the agency heads on 7 November 2007, in which, some revisions were recommended. The draft MOA was revised accordingly.