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SENATE
P. S. R. No. 1220

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Introduced by Senator Miriam Defensor Santiago

RESOLUTION
DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY,
IN AID OF LEGISLATION, ON THE ALLEGED BLATANT IRREGULARITIES IN
DISBURSEMENT OF CASH ADVANCES ALLEGEDLY PERPETRATED BY
MAKATI CITY HALL EMPLOYEES

WHEREAS, the Constitution, Article 2, Section 27 states: "The State shall maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption";

WHEREAS, Republic Act 6713, also known as the Code of Conduct and Ethical Standards for Public Officials and Employees, Section 2 provides: "It is the policy of the State to promote a high standard of ethics in public service. Public officials and employees shall at all times be accountable to the people and shall discharge their duties with utmost responsibility, integrity, competence, and loyalty, act with patriotism and justice, lead modest lives, and uphold public interest over personal interest";

WHEREAS, Republic Act 9184, also known as the Government Procurement Reform Act, Section 3 states: "All procurement of the national government, its departments, bureaus, offices and agencies, including state universities and colleges, government -owned and/or-controlled corporations, government financial institutions and local government units, shall, in all cases, be governed by these principles:

- (a) Transparency in the procurement process and in the implementation of procurement contracts, xxx
- (c) Streamlined procurement process that will uniformly apply to all government procurement. The procurement process shall simple and made adaptable to advances in modern technology in order to ensure an effective and efficient method xxx";

WHEREAS, an article in *The Manila Bulletin's* 19 July 2009 issue cited a Commission on Audit (CoA) report on Makati City's finances that indicated serious fund irregularities committed by city officials, including the grant of P200 million in cash advances as a means of evading regular public biddings for various city projects;

WHEREAS, the CoA report allegedly assailed Binay's administration for failing to justify the cash advances as it pointed out irregularities committed in the disbursement of the funds; the city hall employees failed to liquidate the cash advances by submitting receipts and other acceptable evidences of expenditures;

WHEREAS, state auditors reportedly disclosed that advances granted by the city government ranged from P100 to P1 million;

WHEREAS, according to Director Roland A. Rey of the CoA National Capital Region-local government sector, the city government granted a total P200,635,959.90 in cash advances to officials and employees who were not duly appointed or designated as disbursing officers as of December, 2008; this amount remained unliquidated, while disbursing officers who have been entrusted such huge amounts have track records of failing to justify their expenses in the past;

WHEREAS, the amount of unjustified cash advance could be the biggest among Metro Manila localities;

WHEREAS, in its 2008 audit of Makati City's finances, CoA admonished the granting of honoraria to officials and employees for doing tasks that can be performed by regular personnel of certain departments;

WHEREAS, the city government also violated an audit directive that prohibits the grant of cash advances for regular purchases; cash advances were used for regular purchases thereby disregarding the requirement on public bidding and/or other modes of procurement as per Republic Act 9184;

WHEREAS, CoA noted that an analysis of the transactions have indicated that the cash advances were used to purchase materials for the repair and maintenance of buildings, equipment, and motor vehicles, maintenance and improvement of roads and other land improvement; these are purchases that ordinarily should pass public biddings or other modes of procurement as provided under the law;

WHEREAS, such expenditures do not warrant the granting of cash advances in material amounts because they are not time bound nor emergency in nature;

WHEREAS, it was further noted that the personnel were granted additional cash advances although the previous advances were not yet liquidated in violation of CoA Circular 97-0002;

WHEREAS, the auditors warned that considering that large amounts of cash advances were distributed to city employees, there is a possibility that not all were spent for the purpose they were intended for and it is imperative for the unspent money to be returned immediately;

WHEREFORE, be it hereby resolved by the Philippine Senate, to direct the proper Senate Committee to conduct an inquiry in aid of legislation, on the alleged blatant irregularities in disbursement of cash advances allegedly perpetrated by Makati City hall employees.

Adopted,


MIRIAM DEFENSOR SANTIAGO

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