

SIXTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
Second Regular Session )



Senate  
Office of the Secretary

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SENATE  
P. S. R. No. 894

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Introduced by Senator Miriam Defensor Santiago

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### RESOLUTION

DIRECTING THE PROPER COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF  
LEGISLATION, ON THE RECENT COA AUDIT REPORT THAT THE LIVESTOCK  
DEVELOPMENT COUNCIL APPEARS TO HAVE TRANSFERRED FUNDS TO  
VARIOUS NON-GOVERNMENTAL ORGANIZATIONS WHICH WERE NOT  
SELECTED IN ACCORDANCE WITH EXISTING LAWS

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

WHEREAS, Section 28 of the Constitution also states: "Subject to reasonable conditions prescribed by law, the State adopts and implements a policy of full public disclosure of all its transactions involving public interest";

WHEREAS, the Livestock Development Council (LDC) created by virtue of Presidential Decree No. 914 dated 29 March 1976 is under the administrative supervision of the Department of Agriculture (DA); it became an attached agency of the DA by virtue of Executive Order (EO) No. 116 on 10 January 1987;

WHEREAS, the Commission on Audit (COA), in its latest annual audit report, observed that in 2013, the LDC again transferred the amount of P7,718,500.00 to two Non-Governmental Organizations (NGOs), seven Local Government Units (LGUs), Department of Agriculture –Regional Field Unit No. V (DA – RFU V) and Central Luzon State University as financial assistance/support to the implementation of projects which are not within the mandate and functions of the agency as stated under Section 3 of P.D. No. 914;

WHEREAS, the COA report recommended that the Director of LDC ensure that the funds of LDC are utilized only for projects that are within the parameters of its mandate and functions;

WHEREAS, according to the report, the LDC transferred funds as financial assistance and for the conduct of feasibility studies to various Non-Governmental Organizations (NGOs) in the total amount of ₱5,150,500.00, which were not selected in accordance with Item 4.5 of COA Circular No. 2007-001 and Item 1 of the Guidelines on NGO Participation in Public Procurement prescribed under Government Procurement Policy Board (GPPB) Resolution No. 12 - 2007 dated 29 June 2007; moreover, funds were released to the NGOs even in the absence of law earmarking an amount to be specifically contracted out to NGOs as required by Section 53 (11) of Republic Act No. 9184, the Government Procurement Reform Act;

WHEREAS, the COA also observed, that the contract entered into by the agency for consultancy services were not compliant with Section 2 of the IRR of R.A. No. 9184 and the total payments made to NGOs for the consultancy services exceeded the authorized appropriation in FY 2013 for such activity by ₱3.5 million in violation of Section 47 of Presidential Decree No. 1177 dated 30 July 1977;

WHEREAS, the COA recommended that the Director (a) identify the priority projects under its Work and Financial Plan (WFP) which may be implemented by the NGOs, their purpose/s, specifications and intended beneficiaries as well as the time frame within which the projects are to be undertaken and be advertised to ensure transparency; (b) in future transactions with the NGOs, ensure that the requirements of GPPB Resolution No. 12-2007 and R.A. No. 9184 on the selection of NGOs, awarding and entering into agreements be strictly complied with;

WHEREAS, in a special audit report of the COA on the Priority Development Assistance Fund (PDAF) for 2007 to 2009, the COA listed three senators and 32 members of the House of Representatives whose funds were released to implementing agencies, but who requested that the money be transferred to NGOs;

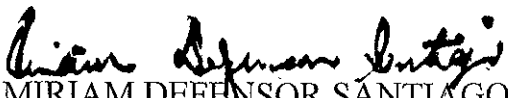
WHEREAS, the COA special audit report criticized these national government agencies for transferring funds and letting the NGOs implement the projects requested by the legislators since the transfer of funds by recipient-state agencies to NGOs must be covered by an appropriation law or an ordinance as required by the Government Procurement Law, lacking that, the implementing agencies should have implemented the project themselves;

WHEREAS, the special audit report for 2007 to 2009 led to the discovery of the use of bogus NGOs in what is now known as the PDAF scam;

WHEREAS, in the wake of the PDAF scam, clear guidelines in the use of NGOs in the implementation of projects using public funds should be implemented;

WHEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED BY THE PHILIPPINE SENATE to direct the proper committee to conduct an inquiry, in aid of legislation, on the recent COA audit report that the Livestock Development Council appears to have transferred funds to various non-governmental organizations which were not selected in accordance with existing laws.

Adopted,

  
MIRIAM DEFENSOR SANTIAGO  
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