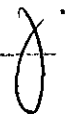


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SENATE
P. S. R. No. 1408

RECEIVED BY: 

Introduced by Senator Miriam Defensor Santiago

RESOLUTION
DIRECTING THE PROPER SENATE COMMITTEE
TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION,
ON THE 2014 COMMISSION ON AUDIT REPORT THAT THERE WERE
IRREGULARITIES IN THE ₱41.2-M HOUSING FUND
INTENDED FOR EARTHQUAKE VICTIMS

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

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

7 WHEREAS, Commission on Audit (COA) Circular No. 2009-001, issued on 12 February
8 2009 states:

9 3. Submission and Review Process

10 3.1. Contracts

11 3.1.1. Within five (5) working days from the execution of a contract by the
12 government or any of its subdivisions, agencies or instrumentalities, including
13 government-owned and controlled corporations and their subsidiaries, a copy of
14 said contract and each of all the documents forming part thereof by reference or
15 incorporation shall be furnished to the Auditor of the agency concerned. In case of
16 agencies audited on an engagement basis, submission of a copy of the contract
17 and its supporting documents shall be to the Auditor of the mother agency or
18 parent company, as the case may be.

19 3.1.2. The copies of documents required to be submitted shall include but
20 not limited to the following:

- 21 a. Invitation to Apply for Eligibility and to Bid;
- 22 b. Letter of Intent;
- 23 c. Eligibility Documents and Eligibility Data Sheet;
- 24 d. Eligibility Requirements;
- 25 e. Results of Eligibility Check/Screening;
- 26 f. Bidding Documents (Sec. 17.1, IRR-A, RA 9184);
- 27 g. Minutes of Pre-bid Conference, if applicable;
- 28 h. Agenda and/or Supplemental Bid Bulletins, if any;
- 29 i. Bidders Technical and Financial Proposals;

- 1 j. Minutes of Bid Opening;
- 2 k. Abstract of Bids;
- 3 l. Post Qualification Report of Technical Working Group;
- 4 m. BAC Resolution declaring winning bidder;
- 5 n. Notice of Post Qualification;
- 6 o. BAC Resolution recommending approval;
- 7 p. Notice of Award;
- 8 q. Contract Agreement;
- 9 r. Performance Security;
- 10 s. Program of Work and Detailed Estimates;
- 11 t. Certificate of Availability of Funds, Obligation Request;
- 12 u. Notice to Proceed
- 13 v. Such other documents peculiar to the contract and/or to the mode of
- 14 procurement and considered necessary in the auditorial review and in the
- 15 technical evaluation thereof.

16 WHEREAS, the *Manila Bulletin* on 8 June 2015 reported that the Commission on Audit
17 (COA) discovered irregularities in the ₱41.2-M housing fund intended for earthquake victims in
18 the Province of Bohol;

19 WHEREAS, state auditors claimed that the Municipality of Sagbayan in Bohol received
20 funds amounting to ₱41,290,914 from the National Housing Authority (NHA) under its Housing
21 Materials Assistance Program, intended for 4,130 families whose houses were damaged October
22 2013 Bohol earthquake;

23 WHEREAS, the COA charged that the Municipality of Sagbayan failed to submit the
24 required purchase order and contract with Bohol-based A.A. De Vera Construction, along with
25 supporting documents for the funds received from the NHA;

26 WHEREAS, such non-compliance prevent state auditors from inspecting the goods
27 procured and checking the legality and reasonableness of the transaction;

28 WHEREAS, the COA report stated that based on the disbursement vouchers, full
29 payment of the contract was made on 2 May 2014, but the list of recipients; memorandum of
30 agreement between the local government unit (LGU) and the NHA; and other required
31 documents were not submitted within the five-day deadline;

32 WHEREAS, the report further provided that the LGU has yet to submit the documents as
33 of the date of audit, despite a written demand letter dated 5 November 2014 sent to the mayor;

34 WHEREAS, the state auditors also discovered some deficiencies in its review of other
35 attached supporting documents, which prevented them from checking and computing for any
36 liquidated damages in case of delay in the delivery of items;

1 WHEREAS, the report stated that the failure of the LGU to submit all necessary
2 documents, especially the list of recipients, hindered the auditor to verify and confirm who the
3 actual beneficiaries were, as well as the items they actually received;

4 WHEREAS, in the report, the COA recommended that the management submit all the
5 original copies of the supporting documents required under the COA circular;


6 WHEREAS, the COA also recommended that the municipal accountant properly review
7 the supporting documents attached to the disbursement vouchers to ensure that these sufficiently
8 support transactions involving financial claims;

9 WHEREAS, the COA reiterated the need for the submission of the requirements to
10 achieve the implementation of a systematic and effective review process, which would
11 consequently generate timely and relevant audit results;

12 WHEREAS, the Congress, in consultation with the COA, should determine the need to
13 enact a law or amend existing laws in order to ensure transparency and minimize irregularities in
14 government contracts;

15 WHEREFORE, BE IT HEREBY RESOLVED BY THE PHILIPPINE SENATE to direct
16 the proper Senate committee to conduct an inquiry, in aid of legislation, on the report that that
17 there were irregularities in the ₱41.2-M housing fund intended for earthquake victims.

Adopted,


MIRIAM DEFENSOR SANTIAÑO
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