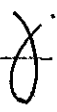




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SENATE  
P. S. R. No. 1411

RECEIVED BY: 

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Introduced by Senator Miriam Defensor Santiago

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RESOLUTION  
DIRECTING THE PROPER SENATE COMMITTEE  
TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION,  
ON THE COMMISSION ON AUDIT REPORT THAT  
SEVERAL ANOMALIES WERE FOUND IN THE USE AND DISBURSMENT  
OF THE PRIORITY DEVELOPMENT ASSISTANCE FUND ALLOTTED  
TO THE COOPERATIVE DEVELOPMENT AUTHORITY

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, Article 2, Section 28 also states: "Subject to reasonable  
5 conditions prescribed by law, the State adopts and implements a policy of full public disclosure  
6 of all its transactions involving public interest";

7 WHEREAS, Commission on Audit (COA) Circular No. 2007-001 states:

8 5.0 Accounting and Reporting.

9 5.1. It shall be the responsibility of the recipient NGO/PO to keep and  
10 maintain financial and accounting records of the funds granted by GO in  
11 accordance with the Philippine Accounting Standards. The NGO/PO shall submit  
12 the required financial reports to the GO as agreed upon in the MOA and make  
13 available all records and documents, including disbursement vouchers relative to  
14 the utilization of the funds, to the COA auditors.

15 5.2 The GO shall keep and maintain financial and accounting records of  
16 funds granted to NGO/PO in accordance with the Philippine Financial Reporting  
17 Standards (PFRS). The accounting entries shall be prescribed in a separate  
18 circular to be issued by the Government Accounting and Financial Management  
19 Information System;

20 WHEREAS, the 2013 COA report on the Cooperative Development Authority (CDA)  
21 noted various deficiencies in the Priority Development Assistance Fund (PDAF) disbursements  
22 totalling ₱43,755,000 and in the submitted liquidation reports;

23 WHEREAS, the anomalies allegedly included the identification of cooperative-  
24 beneficiaries in the Special Allotment Release Orders (SAROs); failure to create a committee to

1 screen the technical and financial capabilities of coop-beneficiaries; and failure to spend funds in  
2 accordance with the project proposal;

3 WHEREAS, state auditors also claimed that the CDA released two checks totalling  
4 ₱2,000,000 to the same beneficiary within a week's time despite the beneficiary's non-  
5 compliance with the documentary requirements, and that the CDA also granted PDAF to coop-  
6 beneficiaries outside its regional jurisdiction;

7 WHEREAS, according to the COA, the CDA did not properly report and account for the  
8 PDAF and liquidation reports were not supported with proper documents in violation of COA  
9 Circular No. 2007-001 which, to an extent, casted doubts on the technical and financial  
10 capabilities of the cooperatives to implement projects and properly manage the funds;

11 WHEREAS, the COA report also took notice of unliquidated financial assistance  
12 amounting to ₱384,793,662.37 due from non-government organizations and people's  
13 organizations;

14 WHEREAS, the COA said that the accumulation of unliquidated financial assistance was  
15 due to the failure of management to closely monitor the submission of liquidation documents,  
16 inspect project implementation and financial records, and institute legal action against defaulting  
17 cooperatives;

18 WHEREAS, the report also said that out of the ₱179,150,700 total PDAF releases from  
19 2011 to 2013, ₱101,055,313.47 or 56 percent were not liquidated as of year-end; thus, casting  
20 doubts as to the status of project implementation and subjecting the public funds remaining in the  
21 possession of the cooperatives to the risk of possible loss;

22 WHEREAS, in addition to this, the report alleged that loans granted to cooperatives  
23 amounting to some ₱133.7 million remained uncollected for over a decade due to the failure of  
24 Management to enforce the remedies and sanctions provided for in the CDA policies and  
25 Procedures on Lending;

26 WHEREAS, the CDA's failure to collect overdue loans has resulted in the  
27 government's loss of much needed resources;

28 WHEREAS, although the Supreme Court has already declared the PDAF  
29 unconstitutional and the COA has already established guidelines with regard to the report,  
30 liquidation, and accounting of the PDAF, the government should still review if anomalies were  
31 indeed committed by the CDA that could amount to graft and corruption charges in court;

32 WHEREAS, on the one hand, the proper government agencies should review if charges  
33 should be made against CDA officials who were responsible for the proper use, disbursement,  
34 and liquidation of funds;

1           WHEREAS, on the other hand, Congress should review if stricter measures or guidelines  
2 are needed in order to address anomalous acts prevalently committed by government agencies;

3           WHEREFORE, BE IT HEREBY RESOLVED BY THE PHILIPPINE SENATE to direct  
4 the proper Senate committee to conduct an inquiry, in aid of legislation, on the commission on  
5 audit report that several anomalies were found in the use and disbursement of the Priority  
6 Development Assistance Fund allotted to the Cooperative Development Authority.

Adopted,

  
MIRIAM DEFENSOR SANTIAGO  
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