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SENATE
P. S. R. No. 1563

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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 COMMISSION ON AUDIT REPORT THAT THE
PHILIPPINE ECONOMIC ZONE AUTHORITY HAS BEEN OVERPAYING ITS
PERSONNEL BY A TOTAL OF ₱697 MILLION IN SALARIES, ALLOWANCES, AND
BENEFITS FROM 2009 TO 2014

- 1 WHEREAS, the Constitution provides in Article 2, Sections 27 and 28:
- 2 Section 27. The State shall maintain honesty and integrity in the public
3 service and take positive and effective measures against graft and corruption.
- 4 Section 28. Subject to reasonable conditions prescribed by law, the State
5 adopts and implements a policy of full public disclosure of all its transactions
6 involving public interest.
- 7 WHEREAS, Presidential Decree No. 1597, or a decree "further rationalizing the system
8 of compensation and position classification in the National Government," Section 6, states:
- 9 Exemptions notwithstanding, agencies shall report to the President,
10 through the Budget Commission, on their position classification and
11 compensation plans, policies, rates and other related details following such
12 specifications as may be prescribed by the President.
- 13 WHEREAS, state auditors found that the Philippine Economic Zone Authority (PEZA)
14 overpaid its personnel by a total of ₱697 million in salaries, allowances, and benefits from 2009
15 to 2014;
- 16 WHEREAS, in 2014 alone, the PEZA has allegedly overpaid its personnel by ₱165
17 million;
- 18 WHEREAS, the Commission on Audit (COA), in its recently released report, said the
19 overpayment is the result of new salary rates approved by the PEZA Board of Trustees effective
20 1 July 2009, but neither approved nor reported to the President through the Department of
21 Budget and Management (DBM);
- 22 WHEREAS, the bloated payments were also allegedly made despite notices of
23 disallowance issued by the COA for similar disbursements made from 2009 to 2013;

1 WHEREAS, the PEZA claimed that it is currently appealing these notices of
2 disallowance;

3 WHEREAS, state auditors asserted that although the PEZA has authority to promulgate
4 its own compensation plan as provided under Republic Act No. 7916, Section 16, as amended by
5 R.A. No. 8748, also known as the "Special Economic Zone Act," its charter also mandates close
6 conformity with the principles under R.A. No. 6758, also known as the "Compensation and
7 Position Classification Act of 1989";

8 WHEREAS, the COA cited the case of *Intia v. Commission on Audit*¹, where the
9 Supreme Court ruled that P.D. No. 1597, Section 6, applies to government corporations whose
10 charters grant them the power to fix their own compensation system;

11 WHEREAS, the Court in *Intia* agreed with the COA that payments for representation and
12 transportation allowances (RATA) fixed under rates approved through a board resolution of the
13 Philippine Postal Corporation must be disallowed for failure to submit the same for review and
14 approval of the DBM;

15 WHEREAS, all government agencies must adhere to laws and other issuances on
16 salaries, allowances, and benefits for its personnel;

17 WHEREAS, the PEZA must secure approval from the President for the salary increase
18 made in July 2009, and, pending such approval, discontinue the implementation of salary
19 adjustments and the use of the new rates in computing benefits and premiums;

20 WHEREAS, the Congress, through relevant legislation, must command strict adherence
21 to the COA, particularly to notices of disallowance;

22 WHEREAS, on the other hand, legislation must also be considered to mandate the COA
23 to immediately decide on appeal memoranda on notices of disallowance in order to make such
24 notices final and enforceable;

25 WHEREFORE, BE IT HEREBY RESOLVED BY THE PHILIPPINE SENATE to direct
26 the proper Senate committee to conduct an inquiry, in aid of legislation, on the Commission on
27 Audit report that the Philippine Economic Zone Authority has been overpaying its personnel by a
28 total of ₱697 million in salaries, allowances, and benefits from 2009 to 2014.

Adopted,


MIRIAM DEFENSOR SANTIAGO
RP

¹ 306 SCRA 593 (1999).