*Senate*
*Office of the Secretary*

'15 SEP 29 P3 :11

SENATE
P. S. R. No. __1600__

RECEIVED BY:

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 THE GOVERNMENT SERVICE
INSURANCE SYSTEM SPENT A TOTAL OF ₱406 MILLION IN UNAUTHORIZED
BONUSES AND UNNECESSARY EXPENSES IN 2014

1     WHEREAS, the Constitution, Article 2, Sections 27 and 28 state:

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, the Commission on Audit (COA) claimed that the Government Service
8 Insurance System (GSIS) in 2014 released ₱251.4 million for allowances and benefits for
9 executives and employees, without the approval of the Office of the President as required by
10 Presidential Decree No. 1597, or the law rationalizing the system of compensation and position
11 classification in the national government;

12     WHEREAS, state auditors alleged that some allowances and benefits were not aligned
13 with the amount approved by the Department of Budget and Management (DBM) for its 2014
14 Corporate Operating Budget, while two other allowances were not recommended;

15     WHEREAS, the allowances and benefits in question included mid-year financial
16 assistance, ₱113 million; rice allowance, ₱78.8 million; meal subsidy, ₱32.8 million; anniversary
17 bonus, ₱13.7 million; uniform and clothing allowances, ₱12.7 million; and Damayan extended
18 program, ₱501,520;

19     WHEREAS, state auditors also charged that the GSIS had incurred various expenditures
20 amounting to ₱147.1 million that are against COA rules for being irregular, unnecessary,
21 extravagant, and unconscionable;

1    WHEREAS, these expenses allegedly included funds for the procurement of health
2    insurance plans from a private insurance company, amounting to ₱65.4 million; ₱8.8 million for
3    team building activities; and public relations and advertisement activities costing ₱72.9 million;

4    WHEREAS, the COA pointed out that GSIS employees are already covered by the
5    mandatory Philippine Health Insurance Corporation for their health and hospitalization
6    requirements;

7    WHEREAS, the COA also said that the GSIS should revisit the guidelines on the use of
8    tri-media in disseminating new programs and exercise prudence in disbursing funds for event
9    sponsorships;

10   WHEREAS, the COA also questioned the hiring of consultants for ₱6.5 million and the
11   commissioning of private lawyers for ₱1.9 million;

12   WHEREAS, although recognizing the GSIS board's discretion, the COA said it's
13   authority to fix the compensation of its officers and employees is not absolute, citing the case of
14   *Intia v. COA*, 306 SCRA 593 (1999), where the Supreme Court held that:

15          It must be stressed that the Board's discretion on the matter of personnel
16          compensation is not absolute as the same must be exercised in accordance with
17          the standard laid down by law, that is, its compensation system, including the
18          allowances granted by the Board, must strictly conform with that provided for
19          other agencies under RA No. 6758 (Salary Standardization Law), in relation to the
20          General Appropriations Act. To ensure such compliance, the resolutions of the
21          Board affecting such matters should first be reviewed and approved by the
22          Department of Budget and Management pursuant to Section 6 of P.S. No. 1597.

23   WHEREFORE, BE IT HEREBY RESOLVED BY THE PHILIPPINE SENATE to direct
24   the proper Senate committee to conduct an inquiry, in aid of legislation, on the Commission on
25   Audit report that the Government Service Insurance System spent a total of ₱406 million in
26   unauthorized bonuses and unnecessary expenses in 2014.

        Adopted,

                                            MIRIAM DEFENSOR SANTIAGO