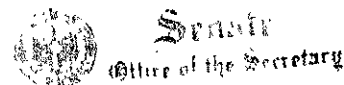



SIXTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
Third Regular Session )



15 OCT -7 P3:49

SENATE  
P. S. R. No. 1616

RECEIVED BY: 

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 FOUND IRREGULARITIES IN ADVERTISING CONTRACTS  
WORTH A TOTAL OF ₱1.2 BILLION ENTERED INTO BY THE GOVERNMENT FOR ITS  
TOURISM PROMOTION CAMPAIGN

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 Sections 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 *Manila Bulletin* on 22 September 2015 reported that the Commission on  
8 Audit (COA) has revealed irregularities in the ₱1.2-billion advertising contracts entered into by  
9 the government for its tourism promotion campaign “It’s More Fun in the Philippines”;

10 WHEREAS, state auditors claimed that the advertising contracts were not subjected to  
11 public bidding and were renewed and extended in an amount more than what was stated in the  
12 original contract in violation of various provisions of Republic Act No. 9184 or the Procurement  
13 Law;

14 WHEREAS, the COA reportedly said it would disallow audit expenses amounting to  
15 ₱999.78 million unless the Department of Tourism (DOT) and the Tourism Promotions Board  
16 (TPB) can justify their failure to follow procurement rules and regulations;

17 WHEREAS, COA records allegedly show that on 12 October 2012, the government  
18 agencies entered into a contract worth ₱199.95 million with an advertising consultant to  
19 undertake the production of creative materials needed for the implementation of the “It’s More  
20 Fun in the Philippines” media campaign;

21 WHEREAS, the COA claimed that its review of the original contract with the advertising  
22 consultant together with the amendments, renewal in January 2013 for ₱400 million, and  
23 extension of the same in October 2013 for ₱599.78 million, disclosed several deficiencies or  
24 irregularities for violation of various provisions of R.A. No. 9184 and other pertinent laws;

1 WHEREAS, state auditors also said that the procurement of the advertising service was  
2 not even included in the Annual Procurement Plan of the TPB and therefore not in accordance  
3 with R.A. No. 9184, Section 7.2;

4 WHEREAS, they also reportedly took note of how two prospective bidders—the  
5 advertising consultant that bagged the project and another bidder—were declared ineligible, yet  
6 declared shortlisted bidders by the Special Bids and Awards Committee;

7 WHEREAS, the COA report stated that TPB entered into an advertising services  
8 contract with the advertising consultant, despite its ineligibility, together with its renewal and  
9 amendments, without securing first the approval of the Board of Directors. The advertising  
10 contract was later ratified only by the TPB Board of Directors on 19 June 2014;

11 WHEREAS, the audit team further claimed that the advertising services were  
12 implemented through a multi-year contract without the authority of the Department of Budget  
13 and Management (DBM), contrary to R.A. No. 10155 or the General Appropriations Act of  
14 2012, Section 21, and DBM Circular Letter No. 2004-12 dated 27 October 2004, which states  
15 that no agency shall enter into a multi-year contract without securing a Multi-year Obligational  
16 Authority;

17 WHEREAS, the COA report added that renewal and extension of the contract was not  
18 done through public bidding, although the amount was over and above the original service  
19 contract of ₱199.95 million;


20 WHEREAS, state auditors added that automatic renewal of the contract was meant to do  
21 away with competition through public bidding, which aims to protect the public interest or the  
22 very purpose of R.A. No. 9184;

23 WHEREAS, the Congress, in consultation with the COA, should strengthen  
24 existing laws to address loopholes in procurement agreements between government agencies and  
25 private entities;

26 WHEREFORE, BE IT HEREBY RESOLVED BY THE PHILIPPINE SENATE to direct  
27 the proper Senate committee to conduct an inquiry, in aid of legislation, on the Commission on  
28 Audit report that found irregularities in the advertising contracts entered into by the government  
29 for its tourism promotion campaign.

Adopted,

/ersmg

  
MIRIAM DEFENSOR SANTIAGO  
JP