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SENATE

P.S. Res. No. 321

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Introduced by **SENATOR LEILA M. DE LIMA**

RESOLUTION
DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT
AN INVESTIGATION, IN AID OF LEGISLATION, ON THE POSSIBLE
MISUSE AND ALLEGED IRREGULARITIES IN THE DISBURSEMENT OF
CONFIDENTIAL AND INTELLIGENCE FUNDS IN THE DEPARTMENT
OF INFORMATION AND COMMUNICATIONS TECHNOLOGY

1 WHEREAS, on 3 February 2020, it was reported that Undersecretary Eliseo Rio
2 of the Department of Information and Communications Technology (DICT) has
3 tendered his resignation to President¹;

4 WHEREAS, USec. Rio is one of our country's most senior officials in
5 information and communications technology (ICT) governance. He is a former Army
6 general who headed the Armed Forces of the Philippines' communications, electronics
7 and information systems until 2000 and was appointed chief of the National
8 Telecommunications Commission until 2002. He held various positions at the DICT
9 since its creation in 2016 and was appointed acting secretary in 2017 until Sec.
10 Gregorio Honasan formally assumed office on July 1, 2019 after his term in the Senate
11 had ended²;

12 WHEREAS, in a media interview, USec. Rio pointed to the lack of transparency
13 in the disbursement of hundreds of millions of pesos in confidential funds used for
14 surveillance — a function beyond the mandate of the DICT³;

¹ Romero, Paolo. *DICT's Rio quits, cites confidential fund anomaly*. Philstar.com (3 February 2020) Retrieved from: <https://www.philstar.com/headlines/2020/02/03/1989955/dicts-rio-quits-cites-confidential-fund-anomaly>

² *Ibid.*

³ Camus, Miguel. *Usec: DICT funds used for surveillance*. Inquirer.net (4 February 2020) Retrieved from: <https://newsinfo.inquirer.net/1223768/usec-dict-funds-used-for-surveillance>

1 WHEREAS, according to reports, USec. Rio alleges that Sec. Honasan “had
2 secured cash advances charged against the agency's confidential, intelligence and
3 extraordinary expenses worth ₱300 million for 2019⁴;

4 WHEREAS, the amounts were released in three tranches worth ₱100 million
5 each on November 8, December 3, and December 17 last year as "cash advance for
6 confidential expenses in connection with cybersecurity activities." Only the first
7 disbursement has been liquidated, the documents showed⁵;

8 WHEREAS, media reports quote a certain Commission on Audit (COA) Audit
9 Observation Memorandum 2020-001 issued January 20 (AOM) which flagged the
10 irregular release of these funds from confidential expenses.⁶;

11 WHEREAS, according to the said AOM, the DICT underspent for its projects,
12 leaving them a "huge balance" of ₱446 million in its Modified Disbursement System
13 (MDS) sub-account by November 6, 2019. Sec. Honasan then allegedly used that
14 balance as cash advance for his office's confidential and intelligence funds⁷;

15 WHEREAS, the cash advance allegedly violated Joint Circular No. 2015-01,
16 dated 8 January 2015, on the Guidelines for the Entitlement, Release, Use, Reporting,
17 and Audit of Confidential And/Or Intelligence Funds (JC), Sec. 6.1.8.1, which requires
18 the submission of a Notice of Cash Allocation (NCA) issued by the Department of
19 Budget and Management (DBM), specifically for the purpose of confidential expenses
20 (CE) for the grant of cash advance for confidential funds and intelligence funds;

21 WHEREAS, according to the AOM, although the agencies are allowed to use
22 available balances of comprehensively released NCAs, such balances can be used only
23 to cover payment of both current and prior years account payables. However, in the
24 case of CE, the JC, under Section 6.1.2, particularly prohibits the utilization of cash
25 advance as reimbursement of the expenses prior to the granting of the cash advance;

⁴ Luz Lopez, Melissa. *Rio: ₱300-M of DICT's confidential funds released as cash advances to Honasan*. CNN Philippines (3 February 2020). Retrieved from: <https://cnnphilippines.com/business/2020/2/3/DICT-cash-advance-.html>

⁵ *Ibid.*

⁶ *Ibid.*

⁷ Buan, Lian. *DICT's unspent P300-M budget for projects went to intel fund*. Rappler. (3 February 2020). Retrieved from: <https://www.rappler.com/nation/250897-dict-unspent-budget-projects-went-to-intelligence-fund>

1 WHEREAS, the AOM further notes the timing in which the cash advances were
2 made. The processing was done during the last quarter of 2019, which left the
3 department “very little time in accomplishing its desired cybersecurity [Programs,
4 Activities, and Projects (PAPs)] in order to produce the expected outcomes and
5 physical targets within the current year”;

6 WHEREAS, for 2019 General Appropriations Act (GAA), the DICT was given a
7 budget of ₱400 million in confidential and intelligence funds. However, records will
8 bear that it was not included in the National Expenditure Plan (NEP). It was a
9 congressional insertion;

10 WHEREAS, for the 2020 GAA, the DICT again was not given confidential and
11 intelligence funds under the NEP. However, an amount of ₱800 million was later
12 added during the bicameral conference committee;

13 WHEREAS, USec. Rio said that his “position is that the DICT does not need
14 intel or confidential funds because it is not [within] its mandate to conduct intel or
15 surveillance activities. But the position of Secretary Honasan is that this is needed by
16 him”⁸;

17 WHEREAS, USec. Rio said that while he is the undersecretary for operations,
18 he was “not included in the planning process of the use of this confidential funds and
19 it’s limited only to the people Honasan brought with him”⁹;

20 WHEREAS, there is need to determine the propriety of appropriating
21 confidential and intelligence funds, which are given to agencies involved in protecting
22 national security and upholding peace and order, to the DICT;

23 WHEREAS, there is also need to ascertain the extent of confidential and
24 intelligence operations to ensure that it does not violate our laws on data privacy nor
25 violate the rights of our countrymen to due process;

26 WHEREAS, R.A. No. 10844, or the DICT Act of 2015, under Section 6 (n),
27 mandates it to “[e]nsure and protect the rights and welfare of consumers and business

⁸ Panti, LLanesca. *DICT’s Rio quits after being kept ignorant on P300-M confidential fund*. GMA News Online. (3 February 2020). Retrieved from: <https://www.gmanetwork.com/news/news/nation/724639/dict-s-rio-resigns-after-being-kept-in-the-dark-on-intel-fund-releases/story/>

⁹ *Ibid.*

1 users to privacy, security and confidentiality in matters relating to ICT, in coordination
2 with agencies concerned, the private sector and relevant international bodies”;

3 WHEREAS, the Senate, in the exercise of its oversight function, is now duty-
4 bound to scrutinize how DICT made use of its confidential and intelligence funds,
5 especially since such function is clearly absent in its mandate under the law;

6 WHEREAS, if unchecked, confidential and intelligence funds, can be subject to
7 massive corruption due to its limited transparency. Thus, it must be strictly monitored
8 and implemented in accordance with law;

9 **NOW THEREFORE, BE IT RESOLVED AS IT IS HEREBY**
10 **RESOLVED**, to direct the appropriate Senate Committee to conduct an investigation,
11 in aid of legislation, on the possible misuse and alleged irregularities in the
12 disbursement of Confidential and Intelligence Funds in the Department of
13 Information and Communications Technology.

Adopted,


HEILA M. DE LIMA