

EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



SENATE

P.S. Res. No. 539

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

RESOLUTION

DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE COMMISSION ON AUDIT (COA) SHOWING THAT THERE ARE ₱2.2 BILLION WORTH OF EXPIRED OR OVERSTOCKED DRUGS, MEDICINES, AND OTHER SUPPLIES IN THE INVENTORY OF THE DEPARTMENT OF HEALTH (DOH), WITH THE END VIEW OF ADDRESSING SYSTEMIC PROBLEMS IN ITS PROCUREMENT AND DISTRIBUTION MECHANISMS THEREBY MAXIMIZING THEIR EFFICIENCY

1 WHEREAS, Article II, Section 15 of the 1987 Constitution declares that “[t]he
2 State shall protect and promote the right to health of the people and instill health
3 consciousness among them”;

4 WHEREAS, Article II, Section 28 of the same also asserts, in part, that “[t]he
5 State adopts and implements a policy of full public disclosure of all its transactions
6 involving public interest”;

7 WHEREAS, Section 2 of Presidential Decree No. 1455, otherwise known as the
8 “Government Auditing Code of the Philippines”, proclaims that “all resources of the
9 government shall be managed, expended or utilized in accordance with law and
10 regulations, and safeguard against loss or wastage through illegal or improper
11 disposition, with a view to ensuring efficiency, economy and effectiveness in the
12 operations of government. The responsibility to take care that such policy is faithfully
13 adhered to rests directly with the chief or head of the government agency concerned”;

14 WHEREAS, Section 105 of the same makes every officer accountable for
15 government property “for all losses, damages, or deterioration occasioned by

1 negligence in the keeping or use of the property whether or not it be at the time in his
2 actual custody”;

3 WHEREAS, Administrative Order (A.O.) No. 2013-0027 issued by the
4 Department of Health (DOH) on 02 October 2013 required the DOH to adopt and
5 implement the World Health Organization’s (WHO) Annex 5 Guide to the Distribution
6 Practices (GDP) for Pharmaceuticals. Paragraph 7.12 thereof mandates that a “system
7 should be in place to ensure that pharmaceutical products due to expire first are sold
8 and/or distributed first (FEFO) [first expiry/first out]. Where no expiry dates exist for
9 the products, the FIFO [first in/first out] principle should be applied”;

10 WHEREAS, the same A.O. adopted Annex 9.4 Guide to Good Storage Practices
11 for Pharmaceuticals, Paragraph 5,18 of which requires that “[a]ll stocks should be
12 checked regularly for obsolete and outdated materials and pharmaceutical products”;

13 WHEREAS, the COVID-19 pandemic has ravaged our public health system.
14 Latest figures reveal that the Philippines remains the worst hit country in Southeast
15 Asia¹, with over 320,000 total cases and nearly 6,000 deaths as of 5 October;²

16 WHEREAS, DOH, as the most crucial government agency in our pandemic
17 response, should be functioning as efficiently as possible in order to safeguard the
18 health and well-being of Filipinos;

19 WHEREAS, a 2019 report of the Commission on Audit (COA) was recently
20 released and showed that the DOH had approximately ₱2.2 billion in expired, nearly
21 expired, or overstocked drugs, medicines, and other supplies in its inventory;³

22 WHEREAS, the audit reported that expiring medicines accounted for ₱29.95
23 million, while overstocked or slow-moving items accounted for ₱1.144 billion and
24 nearly expired drugs cost ₱1.024 billion;⁴

¹ Center for Strategic & International Studies. (n.d.). *Southeast Asia Covid-19 Tracker*. Retrieved October 6, 2020, from <https://www.csis.org/programs/southeast-asia-program/southeast-asia-covid-19-tracker-0>

² Department of Health. (5 October 2020). *DOH COVID-19 Case Bulletin # 205*. Retrieved October 6, 2020, from <https://www.facebook.com/OfficialDOHgov>

³ Rappler.com. (5 October 2020). *P2.2B worth of DOH drugs expired or sitting in storage – COA*. Retrieved October 6, 2020, from https://www.rappler.com/nation/doh-drugs-expired-sitting-in-storage-coa-october-5-2020?utm_medium=Social&utm_source=Twitter#Echobox=1601900579

⁴ *Ibid.*

1 WHEREAS, in response to the COA report, the DOH stated that the expired or
2 nearly expired supplies were purchased back in 2017 and 2018, and those supplies
3 which were still usable were distributed early in the year;⁵

4 WHEREAS, the DOH added there was a problem with the courier or delivery
5 contract of the DOH-Supply Chain and Management Office (SCMO), causing a
6 distribution backlog;⁶

7 WHEREAS, in the report, COA attributed the issue to what it called “poor
8 procurement planning, inefficient and uncoordinated transfer or distribution, and
9 lack of monitoring and proper storage.”;⁷

10 WHEREAS, auditors also said this was a sign of “excessive expenditure” as
11 items were procured beyond what was needed. As a result, the curative efficacy of the
12 drugs and medicines are affected as well, resulting in a “wastage of government funds,
13 thus, failing to deliver quality health care services.”;⁸

14 WHEREAS, this is not the first time that the DOH had been flagged by COA for
15 its over-procurement and poor distribution of medicine. In July 2019, according to
16 COA’s annual audit report, the DOH, as of 31 December 2018, had ₱18.449 billion
17 worth of medicine purchased from 2015 to 2018 which had yet to be distributed to
18 government hospitals, health centers and other government treatment facilities;⁹

19 WHEREAS, in the same report, COA said 70.23 percent or ₱12.991 billion of
20 the undistributed medicines were bought in 2018, despite the high balance or stocks
21 from the previous years;¹⁰

22 WHEREAS, COA also reported that ₱294.767 million worth of drugs which
23 remained in the DOH warehouses were found to be nearing expiration as of January
24 2019, while ₱30.353 million worth of medicine were found to have already expired;¹¹

25 WHEREAS, the problems with over-procurement and poor distribution of
26 medicines and other medical supplies seem to be systemic as it predates the arrival of

⁵ *Ibid.*

⁶ *Ibid.*

⁷ *Ibid.*

⁸ *Ibid.*

⁹ Marcelo, E. (25 July 2019). *COA flags DOH over poor distribution of medicine.*
<https://www.philstar.com/headlines/2019/07/25/1937710/coa-flags-doh-over-poor-distribution-medicine>

¹⁰ *Ibid.*

¹¹ *Ibid.*

1 the COVID-19 pandemic and cannot be attributable to the strict lockdowns imposed
2 by the national government to contain the spread of the virus;

3 WHEREAS, these inefficiencies, which have long been prevalent within the
4 DOH, are unacceptable, as it is the primary agency tasked with safeguarding public
5 health;

6 WHEREAS, the DOH should be prudent and diligent in spending government
7 funds by limiting procurement to supplies urgently and immediately needed for the
8 current year;

9 WHEREAS, the DOH must conduct judicious and meticulous procurement
10 planning to prevent expiration and insufficiency of supplies;

11 WHEREAS, there is a need to conduct a thorough review of the DOH's
12 procurement contracts to see if expired medicines could still be returned to and
13 replaced by suppliers;

14 WHEREAS, there is a need for the DOH to strictly implement the timeline on
15 the distribution of the inventories, and speed up the distribution of expiring medicines
16 to their intended beneficiaries to mitigate potential wastage;

17 WHEREAS, there is also a need to re-evaluate the DOH's internal procedures
18 on custodianship, issuance, and stock level monitoring to avoid further expiring
19 purchases;

20 WHEREAS, an investigation is needed in order to determine the causes of these
21 delays and inefficiencies in order to exact accountability from the parties involved and
22 ensure government transparency in the management and utilization of public funds;

23 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE, to direct the
24 appropriate Senate Committee to conduct an inquiry, in aid of legislation, on the
25 Commission on Audit (COA) Report showing that there are ₱2.2 billion worth of
26 expired or overstocked drugs, medicines, and other supplies in the inventory of the
27 Department of Health (DOH), with the end view of addressing systemic problems in
28 its procurement and distribution mechanisms thereby maximizing their efficiency.

Adopted,


LEILA M. DE LIMA