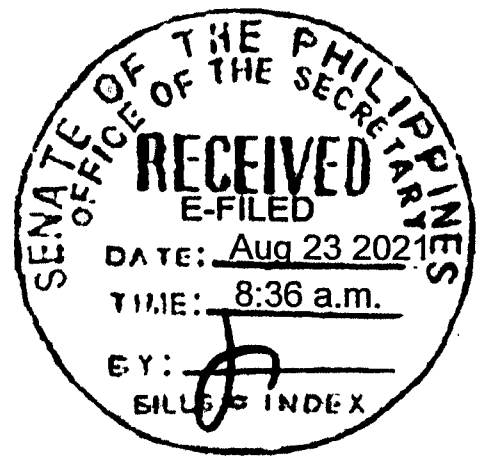


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)



SENATE
P.S. Res. No. 853

Introduced by Senator Grace Poe

RESOLUTION

DIRECTING THE APPROPRIATE SENATE COMMITTEE/S, TO CONDUCT AN INQUIRY IN AID OF LEGISLATION, ON THE DEPARTMENT OF HEALTH'S DEFICIENCIES IN UTILIZING THE P67.32 BILLION COVID-19 FUND AS STATED IN THE 2020 COMMISSION ON AUDIT REPORT, WITH THE END IN VIEW OF ENSURING THAT FUTURE FUNDS ALLOCATED TO THE DEPARTMENT ARE UTILIZED PROPERLY AND IMMEDIATELY FOR ITS INTENDED PURPOSE

1 WHEREAS, Article II, Section 15 of the 1987 Philippine Constitution states that:

2 "The State shall protect and promote the right to health of the people";

3 WHEREAS, the Department of Health (DOH) is at the forefront of the country's
4 COVID-19 pandemic response and was thus given additional funds under Republic Act
5 Nos. 11469 and 11494, otherwise known as Bayanihan 1 and 2 respectively;

6 WHEREAS, last 11 August 2021, the Commission on Audit (COA) publicly
7 released its annual report for 2020. The audit report for the DOH revealed deficiencies
8 in the utilization of the agency's allotment for COVID-19 response amounting to P67.32
9 billion¹;

10 WHEREAS, the deficiencies were mainly attributed to the agency's non-
11 compliance with pertinent laws and regulations which included utilization of funds not
12 for intended purpose, low or zero utilization, improper charging of transactions,

¹ Ornedo, J. (11 August 2021). *DOH flagged over deficiencies in use of P67.32 billion COVID-19 funds*. <https://www.gmanetwork.com/news/news/nation/798947/doh-flagged-over-deficiencies-in-use-of-p67-32-billion-covid-19-funds/story/>

1 doubtful liquidations, procurement without legal basis, and procedural flaws among
2 others²;

3 WHEREAS, COA also noted that these deficiencies have in fact contributed to
4 the challenges and missed opportunities encountered by DOH at the present state of
5 national emergency, and have likewise casted doubts on the regularity of related
6 transactions³;

7 WHEREAS, procedural deficiencies in the procurement process, lack of
8 documentation thereof, as well as lapses in the implementation of projects by DOH in
9 the aggregate amount of at least ₱3.967 billion, were noted by COA as not in keeping
10 with pertinent provisions of the law and have thus deprived the government of the
11 most advantageous prices, resulting in doubtful payment transactions as well as
12 significant delays in project completion⁸;

13 WHEREAS, at least ₱95.675 million-worth of drugs, medicines, and other types
14 of inventories were found to be expired or nearly expired due to the deficient
15 procurement planning, poor distribution and monitoring systems, and identified
16 weakness in the internal controls of the Department⁹;

17 WHEREAS, COA also noted at least ₱1.225 billion worth of equipment procured
18 under the Health Facilities Enhancement Program (HFEP) that were undelivered,
19 unutilized, and/or without calibration and preventive maintenance, as well as several
20 HFEP infrastructure projects amounting to ₱2.832 billion that were either idle,
21 unutilized or with substantial delay in implementation, which subsequently exposed
22 these properties to the risks of deterioration, loss, and wastage, and thus depriving
23 the public of the benefits that could have been derived from the use of said facilities¹⁰;

24 WHEREAS, deficiencies in the distribution of centrally-procured assets to
25 various operating units in the total amount of ₱65.357 million reflect a deficient asset
26 distribution system in the Central Office¹¹;

² Ayalin, A. (11 August 2021). *COA flags 'deficiencies' in DOH management of P67-B COVID funds*. <https://news.abs-cbn.com/news/08/11/21/coa-spots-deficiencies-in-handling-of-p67-b-covid-funds>

³ Commission on Audit. (11 August 2021). *"Part II – Observations and Recommendation Recommendations". COA Annual Audit Report – Department of Health, Paragraph 100.*

⁸ Commission on Audit. (11 August 2021). *"Executive Summary". COA Annual Audit Report – Department of Health, Item E(9).*

⁹ Commission on Audit. (11 August 2021). *"Executive Summary". COA Annual Audit Report – Department of Health, Item E(4).*

¹⁰ *Ibid*, Item E(2).

¹¹ *Ibid*, Item E(3).

1 WHEREAS, it was also discovered that liquidity damages amounting to ₱4.49
2 million were not applied against payments to suppliers which effectively denied the
3 government the means to enforce compensation¹²;

4 WHEREAS, the report further revealed that an amount of ₱42.41 billion
5 intended for the DOH's COVID-19 response was transferred to procurement or to
6 partner agencies without a Memorandum of Agreement and other supporting
7 documents¹³;

8 WHEREAS, deficiencies in Philhealth's management of Interim Reimbursement
9 Mechanism (IRM) fund amounting to ₱734.5 million were also flagged¹⁴;

10 WHEREAS, aside from the glaring management deficiencies, the agency also
11 has a substantial amount of unobligated allotments totaling ₱24.641 Billion¹⁵ as of
12 December 31 last year, which was aimed at strengthening the agency's capacity of
13 ensuring access to basic public health services to all Filipinos and of fortifying the
14 health care delivery system. The billions of pesos that remained unutilized by the
15 Department against the backdrop of the COVID-19 pandemic is not only
16 administratively irresponsible, but is also patently and morally reprehensible;

17 WHEREAS, a total of ₱441,239,379.94 of unauthorized and unnecessary
18 balances in depository accounts as well as fees and other receipts and revenues
19 remained unremitted to the National Treasury, which the COA noted as contrary to
20 law and regulations¹⁶;

21 WHEREAS, the report also rendered an adverse opinion on the financial
22 statements of the DOH due to misstatements in the accounting of assets, liability,
23 cash, receivables, inventory and properties, plants, and equipment (PPE)¹⁷. COA noted

¹² Ayalin, A. (11 August 2021). *COA flags 'deficiencies' in DOH management of P67-B COVID funds*. <https://news.abs-cbn.com/news/08/11/21/coa-spots-deficiencies-in-handling-of-p67-b-covid-funds>

¹³ Ornedo, J. (11 August 2021). *DOH flagged over deficiencies in use of P67.32 billion COVID-19 funds*. <https://www.gmanetwork.com/news/news/nation/798947/doh-flagged-over-deficiencies-in-use-of-p67-32-billion-covid-19-funds/story/>

¹⁴ Magsambol, B. (11 August 2021). *DOH's poor use of P67 billion COVID-19 funds led to 'missed opportunities' – auditors*. <https://www.rappler.com/nation/coa-says-poor-use-billions-covid-19-funds-led-missed-opportunities>

¹⁵ Commission on Audit. (11 August 2021). *"Part II – Observations and Recommendation Recommendations". COA Annual Audit Report – Department of Health*, Paragraph 159.

¹⁶ Commission on Audit. (11 August 2021). *"Executive Summary". COA Annual Audit Report – Department of Health*, Item E(8).

¹⁷ Commission on Audit. *Department of Health 2020 Audit Report*. <https://www.coa.gov.ph/index.php/national-government-agencies/2020/category/9305-department-of-health>

1 that DOH's financial statements did not "present fairly, in all material respects" the
2 Department's financial position¹⁸;

3 WHEREAS, COA also established that the Department and its operating units'
4 lack of the adequate internal control systems have exposed governmental funds,
5 properties, and other resources to "risks of malversation, theft, wastage,
6 obsolescence, and loss of government funds"¹⁹;

7 WHEREAS, in response to the COA report, DOH said the deficiencies are purely
8 compliance, procedural and documentary issues which are currently being addressed
9 by the agency²⁰;

10 WHEREAS, DOH maintained that they have exerted efforts to effectively
11 implement Bayanihan I and II. The agency added that of the P79.79 billion COVID-19
12 funds it received, P68.99 billion was utilized as of December 2020 for the procurement
13 of test kits, personal protective equipment, and payment for benefits and salaries of
14 healthcare workers²¹;

15 WHEREAS, these deficiencies prove to be counter-beneficial to the
16 government's efforts to curb the spread of the disease at a crucial time. Instead of
17 being utilized to support and boost the country's pandemic response, the funds either
18 remained idle or were not properly and immediately used for its purpose²²;

19 WHEREAS, these funds were provided to strengthen the agency's health
20 resources in light of the COVID-19 pandemic, but the implementation deficiencies
21 denied our countrymen of their right to health at a time when it is most needed;

22 WHEREAS, as there is a move to provide further funding to DOH for COVID-
23 19 response and recovery through a proposed Bayanihan III and with the forthcoming
24 budget deliberation for Fiscal Year 2022, there is an urgent need to correct these
25 deficiencies, seek accountability, and ensure that future funds are better handled;

26 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE, as it is hereby resolved,
27 to directing the appropriate Senate Committee/s, to conduct an inquiry in aid of

¹⁸ Deiparine, C. (11 August 2021). *COA calls out DOH for 'deficiencies' in P67-B COVID-19 funds.*
<https://www.philstar.com/headlines/2021/08/11/2119247/coa-calls-out-doh-deficiencies-p67-b-covid-19-funds>

¹⁹ Commission on Audit. (11 August 2021). "*Part II – Observations and Recommendation Recommendations.*"
COA Annual Audit Report – Department of Health, Paragraph 154.

²⁰ Ibid.

²¹ Gonzales, C. (11 August 2021). *DOH: We're addressing deficiencies in management of P67.32-B COVID funds.*
<https://newsinfo.inquirer.net/1472272/doh-were-addressing-deficiencies-in-management-of-p67-32-b-covid-funds>

²² Ibid.

- 1 legislation, on the Department of Health's deficiencies in utilizing the ₱67.32 billion
- 2 COVID-19 fund as stated in the 2020 Commission on Audit Report, with the end in
- 3 view of ensuring that future funds allocated to the Department are utilized properly
- 4 and immediately for its intended purpose.

Adopted.


GRACE POE