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SENATE
P.S. Resolution No. 348

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Introduced by **SENATOR IMEE R. MARCOS**

RESOLUTION
DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN
INQUIRY, IN AID OF LEGISLATION, INTO THE ALLEGED CORRUPTION
INVOLVING THE ROAD TRANSPORTATION IT INFRASTRUCTURE PROJECT
OF THE LAND TRANSPORTATION OFFICE (LTO)

WHEREAS, Article II, Section 27 of the 1987 Constitution states that, "*The State shall maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption*";

WHEREAS, according to Republic Act (R.A.) No. 9184 otherwise known as the "Government Procurement Reform Act," the State shall promote the ideals of good governance in all its branches, departments, agencies, subdivisions, and instrumentalities, including government-owned and/or -controlled corporations, and local government units. It further provides that the principles of transparency and equal opportunity, among others shall be adhered to;

WHEREAS, sometime in 2012, the National Economic Development Authority-Investment Coordination Committee (NEDA-ICC) approved the "*DOTC Road Transportation IT Infrastructure Project*," a Php 8.2 billion-project to procure a bespoke information technology system for the Land Transportation (LTO). However, after approval, the LTO subdivided the Project into Component A and Component B. Further dividing Component B to several Sub-Components allegedly reaching as many as twenty, as of 31 December 2021;

WHEREAS, in December 2013, the Department of Transportation and the LTO initiated the tender of the first subdivided project, Component A, costing Php 3.4 billion;

WHEREAS, it was only on 12 December 2017 that the LTO published the Invitation to Bid on Component A. Thereafter, in a Resolution dated 07 May 2018, Dermalog Joint Venture won the Project – Component A;

WHEREAS, on 17 May 2018, the LTO issued the Notice of Award to Dermalog Joint Venture for a contract price of Php 3.19 billion. The Project shall have a Data Center, NOC and Technical Support Center by the seventeenth week or by October 2018;

WHEREAS, on 2018, initially the LTO conducted steps for Component B, having the following details: (a) Sub-Component A – amounting to Php 387 million for the procurement of computer desk, all-in-one wireless printer, and uninterruptible power supply for front liners and cashiers; (b) Sub-Component B – amounting to Php 327 million for the procurement of computer desk with uninterruptible power supply for LTO Driving Examination Centers; and (c) Sub-Component C – amounting to Php 238 million for the procurement of network appliances and installation services;

WHEREAS, it was only on 17 December 2021 that the LTO was able to issue a Certificate of Final Completion and Acceptance for Component A to Dermalog Joint Venture which would mean that Component A was delayed by three years or more that should have warranted damages;

WHEREAS, the Commission on Audit noted on its 2020 Report that there was delayed implementation of the Road IT Infrastructure Project. It further stated that Dermalog Joint Venture tested the structural capabilities of the designated building only on 13 June 2018, the very same month it was supposed to have delivered the Data Center;

WHEREAS, data also showed that at least twelve extension orders were issued and granted to Dermalog Joint Venture over various aspects of the Project;

WHEREAS, aside from its unreasonable delay, the NEDA-ICC did not also approve the splitting of the Project into Components and, thus, such was in violation of Republic Act No. 9184 otherwise known as the Government Procurement Reform Act which prohibits the splitting of projects;

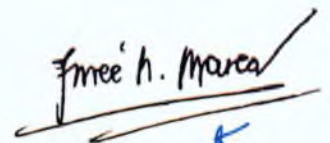
WHEREAS, the unwarranted splitting of Project and the unreasonable extensions given by the LTO to Dermalog Joint Venture also allegedly constitute violation to the Anti-Graft and Corrupt Practices Act (R.A. No. 3019), which is grossly disadvantageous to the government, and violation of the Revised Penal Code under Article 220 (Technical Malversation);

WHEREAS, as per the Commission on Audit in its 2022 Audit Observation Memorandum, there were also issues concerning unjust payments or overpayments made by LTO to Dermalog which is detrimental to the government;

WHEREAS, given the abovementioned circumstances, there is a need to inquire as to the alleged anomalies involved in the implementation of the Road Transportation IT Infrastructure Project (Component A and B, including its various Sub-Components) of the LTO;

NOW, THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED, directing the appropriate Senate committee to conduct an inquiry, in aid of legislation, into the alleged corruption involving the Road Transportation IT Infrastructure Project of the Land Transportation Office (LTO).

Adopted,

A handwritten signature in black ink that reads "Imee R. Marcos". The signature is written in a cursive style and is positioned above a horizontal line.

IMEE R. MARCOS