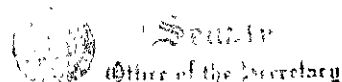



16th CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
Second Regular Session)



15 JUN 10 P3:43

SENATE

RECEIVED BY: 

COMMITTEE REPORT NO. 182

Submitted by the Committee on Finance JUN 10 2015

Re: P.S.R. No. 988 and 896

Recommending that these be archived

MR. PRESIDENT:

The Committee on Finance to which were referred P.S.R. Nos. 988 and 896, both introduced by Senator Miriam Defensor Santiago, *entitled*:

P.S.R. No. 988

“RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE ALLEGED P3.787 BILLION UNACCOUNTED DISBURSEMENT ACCELERATION PROGRAM FUNDS OF FOUR GOVERNMENT-OWNED AND CONTROLLED CORPORATIONS”

P.S.R. No. 896

“RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE COA REPORT THAT P660 MILLION DISBURSEMENT ACCELERATION PROGRAM FUNDS THAT WERE GIVEN TO THE PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES MEANT TO BOOST THE ECONOMY REMAIN UNSPENT OR UNACCOUNTED FOR”

have considered the same and has the honor to report them back to the Senate with the recommendation that these be archived considering that the three corporations which are the subject of P.S.R. No. 988 have fully returned the balances of their fund releases from the Disbursement Acceleration Program (DAP) Fund to the National Treasury, namely:

1. National Electrification Administration
2. National Dairy Authority
3. Philippine Fisheries Development Authority

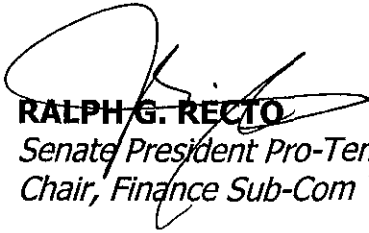
while the Philippine Institute for Development Studies (PIDS) which is the subject of both PSR Nos. 988 and 896 has yet to return the amount of ₱ 241.072 million to the National Treasury. The said amount refers to the balance of the funds transferred to the Commission on Higher Education (CHED) by the PIDS which was also transferred to various State Universities and Colleges (SUCs). The PIDS can only fully liquidate the remaining balance once CHED and SUCs submits their liquidation report.

In addition there are issuances from the Commission on Audit (COA) and the Department of Budget and Management (DBM) that will also addressed the concerns of the above resolutions, to wit:

1. The Commission on Audit, upon the request of the Committee on Finance, has issued COA Memorandum No. 2015-005 dated March 30, 2015, addressed to all COA Auditors directing them to ensure the immediate refund/return to the Bureau of the Treasury (BTr) of all unobligated and/or unutilized DAP funds. Said issuance further required the immediate liquidation of the DAP funds transferred by recipient agencies to other agencies/instrumentalities and the submission of the status on the liquidation and refund/return of the same.
2. The Department of Budget and Management (DBM) has issued Circular letters (Circular letters No. 2011-15 and No. 2013-12) providing that unutilized Notice of Cash Allocations corresponding to the book balance will automatically lapse at a certain period.



FRANCIS "CHIZ" G. ESCUDERO
Chairman, Committee on Finance



RALPH G. RECTO
Senate President Pro-Tempore
Chair, Finance Sub-Com "D"



SERGIO R. OSMEÑA III
Chair Finance Sub-Com "B"



LOREN B. LEGARDA
Chair, Finance Sub-Com "C"



TEOFISTO L. GUINGONA III
Chair, Finance Sub-Com "E"

MEMBERS:

RAMON "BONG" REVILLA JR.

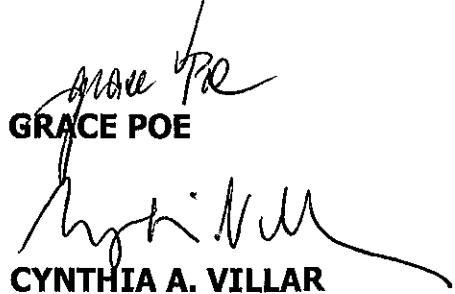
PIA S. CAYETANO



FERDINAND R. MARCOS JR.



AQUILINO "KOKO" PIMENTEL III



GRACE POE



JUAN EDGARDO ANGARA

CYNTHIA A. VILLAR

MIRIAM DEFENSOR-SANTIAGO

MANUEL M. LAPID

JINGGOY EJERCITO ESTRADA



VICENTE C. SOTTO III

MARIA LOURDES "NANCY" S. BINAY



JOSEPH VICTOR G. EJERCITO

EX- OFFICIO MEMBERS:

JUAN PONCE ENRILE
Minority Leader

ALAN PETER S. CAYETANO
Majority Leader


VICENTE C. SOTTO III
Acting Minority Leader

RALPH G. RECTO
Senate President Pro-Temporé

FRANKLIN M. DRILON
Senate President

14 OCT 30 P2:04

SENATE
P. S. R. No. 988

RECEIVED BY: 

Introduced by Senator Miriam Defensor Santiago

RESOLUTION

DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY,
IN AID OF LEGISLATION, ON THE ALLEGED ₱3.787 BILLION UNACCOUNTED
DISBURSEMENT ACCELERATION PROGRAM FUNDS OF FOUR GOVERNMENT-
OWNED AND CONTROLLED CORPORATIONS

WHEREAS, the Constitution, Article 2, Section 27 provides: “The State shall maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption”;

WHEREAS, Section 28 further provides: “Subject to reasonable conditions prescribed by law, the State adopts and implements a policy of full public disclosure of all its transactions involving public interest”;

WHEREAS, in an article posted at ABS-CBNnews.com on 21 October 2014, it was reported that the Commission on Audit (COA) has ordered four government-owned and controlled corporations (GOCCs) to account for a total of ₱3.787 billion in Disbursement Acceleration Program (DAP) funds released to them;

WHEREAS, in its 2013 Annual Financial Reports on GOCCs released on 20 October 2014, COA states that of the ₱3.787 billion, ₱2.405 billion in DAP funds were unused by the following GOCCs:

1. National Electrification Administration – ₱1.58 billion;
2. Philippine Institute for Development Studies – ₱560 million;
3. National Dairy Authority – ₱167.44 million; and
4. Philippine Fisheries Development Authority – ₱98 million;

WHEREAS, the COA report also added that the ₱1.382 billion that were actually used by the GOCCs remain unliquidated as of 31 December 2013, as follows:

1. National Electrification Administration – ₱998.189 million;
2. Philippine Institute for Development Studies – ₱296.809 million; and
3. National Dairy Authority – ₱87.002 million;

WHEREAS, the DAP was introduced on 27 October 2011 by the Department of Budget and Management (DBM);

WHEREAS, the DBM reportedly said that the program was intended to speed up public spending and boost economic growth;

WHEREAS, on 1 July 2014, the Supreme Court declared certain acts and practices under the DAP as unconstitutional:

1. declaring unobligated portions of the budget as savings before the end of the fiscal year;
2. transferring savings from one government branch to another; and
3. releasing funds to activities, projects or programs not covered by regular appropriations;

WHEREAS, the COA reportedly said that the four GOCCs should return the unutilized DAP funds to the Bureau of Treasury pursuant to the pronouncement of the Supreme Court that the DAP is unconstitutional;

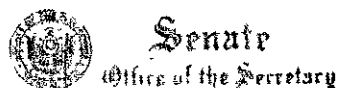
WHEREAS, the report further claimed that the DAP objective of accelerating government spending was not attained due to delays or non-release of funds to project proponents;

WHEREFORE, BE IT HEREBY RESOLVED BY THE PHILIPPINE SENATE to direct the proper Senate committee to conduct an inquiry, in aid of legislation, on the alleged ₱3.787 billion unaccounted Disbursement Acceleration Program funds of four government-owned and controlled corporations.

Approved,

Miriam Defensor Santiago
MIRIAM DEFENSOR SANTIAGO

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



'14 SEP -4 P1 :40

SENATE
P. S. R. No. 896

RECEIVED BY: *f*

Introduced by Senator Miriam Defensor Santiago

RESOLUTION

DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE COA AUDIT REPORT THAT ₱660 MILLION DISBURSEMENT ACCELERATION PROGRAM FUNDS THAT WERE GIVEN TO THE PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES MEANT TO BOOST THE ECONOMY REMAIN UNSPENT OR UNACCOUNTED FOR

WHEREAS, the Constitution, Article 2, Section 27 provides: "The State shall maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption";

WHEREAS, Section 28 of the Constitution also states: "Subject to reasonable conditions prescribed by law, the State adopts and implements a policy of full public disclosure of all its transactions involving public interest";

WHEREAS, the *Philippine Daily Inquirer*, in its 3 September 2014 issue, reported that the Commission on Audit (COA) has raised red flags on the use of ₱660 million from the Disbursement Acceleration Program (DAP) that was given to the Philippine Institute for Development Studies (PIDS), a government think tank, saying that the huge sums meant to boost the economy remained either unspent or unaccounted for;

WHEREAS, the PIDS is a nonstock, nonprofit state corporation that provides research papers and studies to help the government in national planning and policy-making; it was created in 1977 by virtue of Presidential Decree No. 1201;

WHEREAS, according to the 2013 annual audit COA report, ₱213 million of DAP funds granted to the PIDS from 2011 to 2012 remained dormant in Landbank deposit accounts;

WHEREAS, the COA also reported that the PIDS had failed to account for ₱297 million in channeled funds to government schools, universities, and colleges (SUCs);

WHEREAS, the COA also reportedly said that even the ₱100 million in DAP funds that the PIDS, an attached agency of the National Economic and Development Authority (NEDA), was able to spend for real estate turned out to be problematic;

WHEREAS, a blueprint of the agency's research program called the PIDS Research Agenda is updated every five years to respond to emerging economic and social issues; the areas added in the new master plan for 2010 to 2014 include geopolitics, metropolitan issues, infrastructure, industrial policies, and conditional cash transfer;

WHEREAS, according to the COA report, the utilization of the ₱560 million from the DAP granted to the PIDS and the Commission on Higher Education (CHED) to fund various research, development, and extension projects did not accelerate spending as envisioned in the DAP; this means that the expected amount that should have flowed as stimulus to boost the economy remained in the possessions of these agencies;

WHEREAS, the *Inquirer* reported that the PIDS requested the funds and it tapped the CHED as a conduit for the deployment of the bulk of these funds—₱536 million for distribution to 49 research projects in 25 SUCs; however, the COA said that of the amount given to the CHED, ₱309.79 million was released as of end-2013, with ₱194.2 million left unused;

WHEREAS, Socioeconomic Planning Secretary Arsenio Balisacan, PIDS chair and director general of the NEDA, reportedly said that the use of the ₱300 million in question was aboveboard;

WHEREAS, according to Balisacan, the PIDS has not actually utilized all the funds yet and some of these funds will spill into 2015;

WHEREAS, the COA reportedly asked the CHED to fully account for some ₱2.4 million in interest income from the money kept in a bank account for one-and-a-half years, saying that aside from the check number in the CHED report, no documents acknowledging the receipt of fund by each SUC was submitted;

WHEREAS, according to the COA, the PIDS also failed to submit the copies of the agreements between CHED and SUCs on the use of the DAP funds;

WHEREAS, the COA noted that it would have been more appropriate for the PIDS to have had a copy of these individual agreements since it is the institute primarily responsible for the DAP fund, having received the full amount directly from the Department of Budget and Management;

WHEREAS, the COA report said that the PIDS used only ₱36.764 million, or 66 percent, of the ₱56 million left in its coffers, with the balance of ₱19.235 million still untouched as of 2013;

WHEREAS, the COA has reportedly ordered the PIDS to return the interest earned from the idle funds but the PIDS claimed that these were deposits in noninterest-earning accounts;

WHEREAS, the COA, in addition, noted that the PIDS has made bad land investment using ₱100 million in DAP funds;

WHEREAS, the COA reported that the PIDS was granted ₱100 million in DAP funds for the purchase of a property in Quezon City from the National Housing Authority (NHA) in August last year to use the property for its own building; but the COA noted that the 2,580-square-meter property turned out to be the site of the sewage treatment facility of Philippine Children Medical Center (PCMC);

WHEREAS, the COA report stated that the hospital's eviction from the area has prompted widespread opposition, forcing the PIDS and the NHA to suspend the deal; it was learned that the PIDS management was aware of this situation and that prior to the sale, the head of PCMC was informed of the ongoing negotiation, and he raised no objection against the transaction;


WHEREAS, to resolve the problem, PCMC proposed to buy back the property from the PIDS but the COA noted that up to now, the DBM had yet to release funds to facilitate the deal;

WHEREAS, in its recommendations, the COA suggested that the NHA replace the PCMC lot with another property of equal value and within the same vicinity and request the DBM to return PIDS' ₱100 million to be deducted from PCMC's annual subsidy;

WHEREAS, the COA also asked the PIDS to speed up the use of the DAP funds; urge the CHED to force the SUCs to submit a liquidation report; suspend DAP releases to SUCs that have not yet used up their initial allocations; and return the unused DAP funds to the National Treasury, including the interest earned on the idle funds;

WHEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED BY THE PHILIPPINE SENATE to direct the proper Senate committee to conduct an inquiry, in aid of legislation, on the COA audit report that ₱660 million Disbursement Acceleration Program funds that were given to the Philippine Institute for Development Studies meant to boost the economy remain unspent or unaccounted for.

Adopted,


MIRIAM DEFENSOR SANTIAÑO
PP

/mant4Sept2014