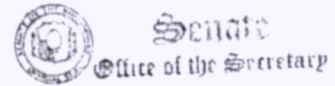


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



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SENATE

P. S. Res. No. 116

RECEIVED BY: _____

Introduced by Senator Ralph G. Recto

RESOLUTION

DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE PRACTICE OF OUTSOURCING THE PROCUREMENT OF NON-COMMON-USE SUPPLIES AND EQUIPMENT OF THE PHILIPPINE NATIONAL POLICE AND OTHER GOVERNMENT AGENCIES, WITH THE END IN VIEW OF STRENGTHENING GOVERNMENT MECHANISMS TO ENFORCE PUBLIC PROCUREMENT LAWS, IMPROVING TRANSPARENCY IN THE PROCUREMENT PROCESS, ADOPTING AND ENFORCING A SIMPLE, STREAMLINED AND EFFICIENT SYSTEM OF PROCUREMENT, AND PROVIDING EFFECTIVE, SATISFACTORY AND TIMELY PUBLIC SERVICE FOR ALL

1 WHEREAS, the Constitution mandates the State to maintain honesty and
2 integrity in the public service and take positive and effective measures against graft
3 and corruption;

4 WHEREAS, the State is mandated, pursuant to Republic Act No. 9184, otherwise
5 known as the "*Government Procurement Reform Act*," to promote the ideals of good
6 governance in all its branches, departments, agencies, subdivisions, and
7 instrumentalities, including government-owned and/or -controlled corporations and
8 local government units;

9 WHEREAS, the government recognizes, through the 2016 Revised
10 Implementing Rules and Regulations of Republic Act No. 9184, the need to ensure
11 that the procurement of goods, infrastructure projects and consulting services remain
12 competitive and transparent;

13 WHEREAS, the Supreme Court ruled in *San Diego vs. Municipality of Naujan*
14 that public biddings are held for the best protection of the public and to give the public
15 the best possible advantages by means of open competition among bidders;

1 WHEREAS, the government procurement law provides for the exception to
2 competitive bidding in highly exceptional cases, in which alternative methods of
3 procurement are adopted subject to the prior approval of the Head of the Procuring
4 Entity and justified by the conditions provided in the law and its implementing
5 guidelines;

6 WHEREAS, Agency-to-Agency Procurement is one of the alternative methods
7 of procurement wherein procuring entities, which may not have the proficiency or
8 capability to undertake a particular procurement, are allowed to outsource
9 procurement tasks to servicing agencies to hasten project implementation;

10 WHEREAS, Agency-to-Agency Procurement could provide the government with
11 the benefit of expertise, economy and efficiency, thereby allowing the conscientious
12 and effective utilization of public funds while providing government clients with the
13 convenient manner of procuring supplies, equipment, services and infrastructure;

14 WHEREAS, under the current policy regime, the Procurement Service-
15 Department of Budget and Management (PS-DBM) and the Philippine International
16 Trading Corporation (PITC) are mandated to provide procurement outsourcing
17 services for common- and non-common-use supplies and equipment for government
18 agencies and instrumentalities;

19 WHEREAS, the Philippine National Police (PNP) engaged the services of the
20 PITC to procure supplies and equipment necessary for police operations in 2016
21 amounting to P1.35 billion;

22 WHEREAS, the PNP has made advance payments through the issuance of
23 Agency Procurement Requests covered by Notice of Cash Allocation Nos. BMB-D-16-
24 0002759, BMB-D-16-0003518, and BMB-D-16-0005153;

25 WHEREAS, according to the Commission on Audit (COA) 2017 Annual Audit
26 Report for the PNP, the police organization has utilized the services of the PITC without
27 complying with the prerequisite procedures set forth in Government Procurement
28 Policy Board (GPPB) Resolution No. 18 s. 2007, which requires procuring entities, prior
29 to entering into an Agency-to-Agency Agreement with a servicing agency, to conduct
30 a cost-benefit analysis to determine the efficiency and economy of such agreement
31 for the government, and to approve a resolution of its Bids and Awards Committee
32 recommending the use of such agreement scheme;

1 WHEREAS, COA likewise observed that the cost of service fees and taxes that
2 will be collected from the PNP by the PITC amounting to P23.90 million could have
3 been used to procure other supplies, equipment or assets had the PNP handled the
4 procurement itself;

5 WHEREAS, according to the 2018 COA Annual Audit Report for the PITC, the
6 corporation has delivered only a total of P137.49 million worth of equipment to the
7 PNP, or completion rate of only 10.20% as of December 2018;

8 WHEREAS, the same 2018 audit report revealed that apart from the P1.21
9 billion worth of undelivered mobility and combat asset requirements due from the
10 PITC as of December 2018, the PNP has to collect about P5.08 billion worth of projects
11 from the PS-DBM intended for the procurement of common-use supplies, materials
12 and various equipment, military and police supplies, and municipal police stations;

13 WHEREAS, outsourcing procurement to PITC and PS-DBM appears to be
14 counter-productive despite claims to the contrary, given the significant amount of
15 unsettled liabilities due to other government agencies and instrumentalities arising
16 from procurement outsourcing services;

17 WHEREAS, according to the 2018 COA Annual Audit Report for PITC, the
18 corporation has received about P30.63 billion worth of fund transfers from various
19 agencies for the procurement of various requested items;

20 WHEREAS, according to the 2018 COA Annual Audit Report for PS-DBM, the
21 agency has recorded about P17.04 billion due to various government agencies and
22 instrumentalities for the procurement of various items and projects;

23 WHEREAS, certain government agencies are reportedly exploiting the loophole
24 in the law to circumvent the limitations on budget validity imposed by Congress
25 through the annual Government Appropriations Act;

26 WHEREAS, there is a need to ensure that the government procurement laws
27 remain responsive to the needs and challenges of the time, that public funds are
28 disbursed and utilized in a responsible and efficient manner, that government
29 programs and projects are safeguarded from red tape and corruption, and that all
30 Filipinos benefit from effective, satisfactory and timely public service: Now, therefore,
31 be it

1 RESOLVED BY THE SENATE, as it is hereby resolved, To direct the appropriate
2 Senate Committee to conduct an inquiry, in aid of legislation, on the practice of
3 outsourcing the procurement of non-common-use supplies and equipment of the
4 Philippine National Police and other government agencies, with the end in view of
5 strengthening government mechanisms to enforce public procurement laws,
6 improving transparency in the procurement process, adopting and enforcing a simple,
7 streamlined and efficient system of procurement, and providing effective, satisfactory
8 and timely public service for all.

Adopted,



RALPH G. RECTO

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