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Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Third Regular Session

HOUSE RESOLUTION No. 2129



Introduced by
BAYAN MUNA Representatives CARLOS ISAGANI T. ZARATE,
FERDINAND R. GAITE and EUFEMIA C. CULLAMAT,
ACT TEACHERS Party-List Rep. FRANCE L. CASTRO,
GABRIELA Women's Party Rep. ARLENE D. BROSAS
and KABATAAN Party-List Rep. SARAH JANE I. ELAGO

RESOLUTION
URGING THE HOUSE COMMITTEE ON GOOD GOVERNMENT AND PUBLIC
ACCOUNTABILITY AND COMMITTEE ON PUBLIC ACCOUNTS TO JOINTLY
INVESTIGATE, IN AID OF LEGISLATION, THE GRAVE INEFFICIENCY,
GROSS INCOMPETENCE AND CRIMINAL NEGLIGENCE OF THE
DEPARTMENT OF HEALTH (DOH) IN MANAGING ITS FUNDS TO COMBAT
THE COVID-19 PANDEMIC

WHEREAS, last August 11, 2021, the Commission on Audit (COA) released the 2020 annual audit report of the Department of Health (DOH) in its website. In the executive summary of the report, COA highlighted the following significant observations:

1. P67,323,186,570.57 worth various deficiencies intended for national efforts of combatting the COVID-19 crisis;
2. P1,225,260,566.29 worth of equipment procured under the Health Facilities Enhancement Program (HFEP) undelivered, unutilized, and/or without calibration and preventive maintenance;
3. P2,832,390,057.33 worth of HFEP infrastructure projects that were either idle/unutilized or with substantial delay in implementation;
4. P65,356,720.70 worth of deficiencies in the distribution of centrally-procured assets to various Operating Units (OUs)
5. P95,675,058.98 worth of nearly expired and/or expired drugs, medicines and other types of inventories;
6. P24,641,119,764.42 worth of unobligated allotments that are aimed at strengthening the agency's capacity to ensuring access to basic public health services to all Filipinos;
7. P306,734,289.77 worth of non-obligation of public funds allotted for Disaster Risk Reduction and Management (DRRM) and during the state of calamity/national emergency;
8. P441,239,379.94 worth of unauthorized and unnecessary balances in depository accounts, and unremitted fees and other receipts or revenues;
9. P3,967,249,291.33 worth of various contracts and projects with procedural deficiencies in the

1 procurement process and lack of documentation, depriving the government of the most
2 advantageous price, resulting in doubtful payment transactions and significant delays; and
3 10. P557,699,748.22 worth of irregular, unnecessary and excessive expenditures;
4

5 **WHEREAS**, it can be noted that the P67 billion worth of deficiencies flagged by the COA were
6 mainly caused by non-compliance of pertinent laws, rules and regulations and contributed to the
7 challenges encountered and missed opportunities of the DOH during the state of calamity/public
8 emergency. The following are some of the notable deficiencies included in the Consolidated
9 Management Letter (CML) on the audit of COVID-19 funds of the DOH, as attached in Annex IV
10 of the AAR:
11

- 12 • P11,890,217,589.50 worth of unobligated allotments that are aimed at strengthening the
13 Department's capacity to address the COVID-19 pandemic;
- 14 • P3,421,390,418 worth of funds allotted for the implementation of foreign-assisted projects
15 whose accomplishment targets were not met as of year-end;
- 16 • P5,038,428,371.74 worth of contracts with procedural deficiencies in the procurement process
17 and lack of documentation;
- 18 • P69,942,628.00 worth of medical equipment and supplies procured for COVID-19 response
19 which are unutilized or not immediately utilized due to factors that could have been avoided
20 had there been proper procurement planning. Moreover, the auditor noted that liquidated
21 damages totaling P4,490,843 were not applied against payments to suppliers in default;
- 22 • P42,412,302,819.95 worth of funds intended for COVID-19 programs that were transferred
23 to procurement/implementing partner-agencies without the required memorandum of
24 agreement (MOA) and other supporting documents;
- 25 • P4,885,000.00 worth of unpaid claims for financial assistance due to delayed downloading of
26 cash allocations through sub-allotment advice;

27
28 **WHEREAS**, in Annex V of the ARR, COA found some P488,953,950.10 worth of unutilized or low
29 utilization of COVID-19 funds in Regions II, V, VI, X, XII and NCR;
30

31 **WHEREAS**, the high unobligated allotments and unpaid obligations totaling P24,641,119,764.42 and
32 P34,483,710,711.50, respectively is caused by challenges encountered in the procurement process, the
33 belated downloading of funds to the Centers for Health Development (CHDs) and other operating
34 units and volume of transactions handled by procurement and implementing partners;
35

36 **WHEREAS**, the COA noted that the deficiencies in the management of Interim Reimbursement
37 Mechanism (IRM) funds totaling P734,503,351.01 by public health care institutions are counter-
38 beneficial to the government's trust of providing quick relief to medical facilities in time of COVID-
39 19 health emergency. In addition to it, in Annex V of the ARR, the auditor pointed out that there are
40 doubtful liquidations of the Philippine Health Insurance Corporation (PhilHealth) claims credited
41 against the IRM worth P81,818,587.50;
42

43 **WHEREAS**, the COA repeatedly pointed out the delays in the delivery of much-needed medical
44 equipment, supplies and devices resulting to delays in the provision of quality health services during
45 the pandemic;
46

47 **WHEREAS**, the COA, in its 2010-2020 annual audit reports (AAR) of the DOH's purchase and

1 allocation of drugs, medicines and vaccines, highlighted that there is an existence of nearly expiring
2 and expired drugs and medicines;

3
4 **WHEREAS**, according to 2018 AAR, around P367.16 million worth of drugs and medicines were
5 found near expiring. Around P357.31 worth of drugs and medicines were procured by the DOH
6 Central Office (DOH CO) wherein P294.77 million were found in the DOH CO warehouses, while
7 P62.544 were distributed to various recipient agencies. Meanwhile, P9.85 million worth of drugs and
8 medicines were procured by centers for health development (CHDs) and hospitals;

9
10 **WHEREAS**, an overstocking of drugs and medicines since CY 2015 up to CY 2018 with a balance
11 of P18.5 billion still in the DOH warehouses. Around P12.99 billion or 70.23% of the amount pertains
12 to the 2018 purchases and P295.77 million or 2% were found to be nearly expiring as of January 31,
13 2019;

14
15 **WHEREAS**, according to 2018 AAR, around P30.35 million worth of drugs and medicines
16 distributed to various CHDs, hospitals, and treatment and rehabilitation centers (TRCs) were found
17 expired wherein P12.65 million worth of items were procured by the DOH CO while P17.70 million
18 were procured by CHDs and hospitals;

19
20 **WHEREAS**, according to 2019 AAR, the COA found that there are P2.2 billion worth of drugs and
21 medicines, medical and dental supplies procured that are either expired or overstocked/slow-
22 moving/idle or nearly expiring. Of the amount, P29.95 million were expired items, P1.14 billion were
23 overstocked/slow-moving/idle items, and P1.02 billion were items near expiry;

24
25 **WHEREAS**, according to the 2020 AAR, the COA found that there are P95.15 million worth of
26 drugs, medicines and other types of inventories that are nearly expired and/or expired. The COA
27 noted that the presence of overstocked, idle and slow-moving inventory items evidences excessive
28 spending as the procured items constitute volume far more than what the OUs presently need. As in
29 the past years, the problem was exacerbated by breakdown of the inventory/supply management
30 system such as deficient procurement planning, poor distribution and monitoring systems, and
31 identified weakness in internal controls;

32
33 **WHEREAS**, the COA flagged the claims from the PhilHealth totaling to P118,943,357.63 of six (6)
34 OUs were denied by the PhilHealth for various reasons resulting in the loss of income of the hospital.
35 Moreover, claims totaling to P8,778,846.00 which were returned to the hospital pose possible
36 additional loss of income. The auditor noted that this manifest the persistent failure to address the
37 identified causes/challenges leading to such conditions and continuous non-compliance with existing
38 regulations. Note that in Annex VII of the ARR, it is revealed that one of the cited causes of denied
39 claims is that the PhilHealth system is bogged down or off-line, or there is no internet connection in
40 the hospital, resulting to filing beyond the 60-day statutory period;

41
42 **WHEREAS**, for more than a year of never-ending militarist lockdown of the Duterte administration,
43 it failed to free the people from the clutches of both the health and economic crises. The Filipino
44 people are practically already begging for the Philippine government to already enforce health
45 solutions to solve this health crisis. Numerous groups and organizations call for free mass testing,
46 intensified and aggressive contact tracing, effective quarantine and isolation, and free COVID-19
47 treatment but were told impossible due to lack of funds, while billions were misused and unused by
48 the DOH;

1
2 **WHEREAS**, amid this COVID-19 pandemic, the government, especially the DOH, are expected to
3 efficiently allocate and use the limited resources in the pursuit of ending the health crisis. The
4 inefficiency, delay and the incompetence in the delivery of the much-needed services to the public
5 already amount to criminal negligence as thousands of Filipinos already died and are dying of getting
6 infected of the viral disease;

7
8 **WHEREAS**, as representatives of the people, it is the primordial duty of the members of the House
9 of Representatives to uphold the interests and protect the lives of the Filipino people, not just from
10 the onslaught of the COVID-19 pandemic, but also from corrupt practices that deny the public from
11 accessing the much-needed quality public services.

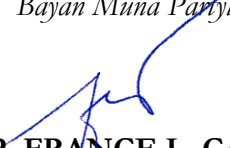
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13 **NOW THEREFORE BE IT RESOLVED**, that the House of the Representatives, through its
14 Committee on Good Government and Public Accountability and Committee on Public Accounts, to
15 jointly investigate, in aid of legislation, the grave inefficiency, gross incompetence and criminal
16 negligence of the Department of Health in the management of its funds to combat the COVID-19
17 pandemic.


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19 *Adopted,*


REP. CARLOS ISAGANI T. ZARATE
Bayan Muna Partylist


REP. FERDINAND R. GAITE
Bayan Muna Partylist


REP. EUFEMIA C. CULLAMAT
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REP. FRANCE L. CASTRO
ACT Teachers Partylist


REP. ARLENE D. BROSAS
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REP. SARAH JANE I. ELAGO
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