Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL No. 10264

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

AN ACT
ABOLISHING THE PROCUREMENT SERVICE – DEPARTMENT OF BUDGET
AND MANAGEMENT, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The Procurement Service – Department of Budget and Management (PS-DBM) acts as a procurement arm of other government agencies for the procurement of common-use supplies, equipment and infrastructure projects. It was created through Letter of Instruction (LOI) No. 755 dated October 18, 1978 which directed the establishment of an integrated procurement system for the national government and its instrumentalities. On July 28, 1987 the President issued Executive Order No. 285 reiterating the mandate of LOI 755 by abolishing the General Services Administration and transferring the procurement and price monitoring functions of the Supply Coordination Office to the PS-DBM. Subsequently, on June 02, 1989 the President issued Executive Order No. 359 which prescribed the systematic expansion of the PS-DBM through a network of regional depots under a governing Procurement Policy Board.

Amid the coronavirus disease 2019 (COVID-19) pandemic, the representatives of the Bayan Muna Partylist, as well as other lawmakers, questioned the Department of Health’s transfer of COVID-19 funds amounting to P42 billion to the PS-DBM for the procurement of face shields, face masks, personal protective equipment, medicines, and other health and medical supplies.

According to 2020 annual audit report, the Commission on Audit revealed that there are slow-moving COVID-19 items totaling P95.455 million. With the onset of COVID-19 pandemic, there is a high demand and limited supply of surgical face masks and face shields that raised its prices. Such scarcity prompted the PS-DBM to procure surgical face masks and face shields in bulk orders. However, due to failure to deliver to concerned government instrumentalities when the prices are still high, the PS-DBM can’t resell such items with the same price level. These unsold 2.7 million surgical face masks could have been used to address the shortage of personal protective equipment especially among health workers if procured not for profit.

Moreover, the DOH also requested to include COVID-19 vaccines in the list of common-use supplies and equipment to be procured by the PS-DBM. Despite the request being denied due
to lack of limitations in terms of manpower, storage equipment and technical expertise, the mere fact that the DOH attempted to pass its responsibilities to PS-DBM instead of utilizing its own Bids and Awards Committee, especially amid a health crisis, reeks negligence and inefficiency.

The 1987 Constitution and the Republic Act No. 9184, otherwise known as the “Government Procurement Reform Act,” which mandates all procurement entity to establish a single Bids and Awards Committee, have made the mandate of the PS-DBM archaic and irrelevant. Worse, it became a breeding ground for graft, corruption, inefficiency and negligence to the duties of other government agencies. Thus, this Bill seeks to abolish the Procurement Service – Department of Budget and Management.

Thus, approval of this Bill is earnestly sought.

Approved,

REP. CARLOS ISAGANI T. ZARATE
Bayan Muna Partylist

REP. EUFEMIA C. CULLAMAT
Bayan Muna Partylist

REP. ARLENE D. BROSAS
Gabriela Women's Party

REP. FRANCIS I. CASTRO
ACT Teachers Partylist

REP. SARAH JANE I. ELAGO
Kabataan Partylist
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AN ACT  
ABOLISHING THE PROCUREMENT SERVICE – DEPARTMENT OF BUDGET  
AND MANAGEMENT, AND FOR OTHER PURPOSES  

Be it enacted by the Senate and House of Representatives of the Republic of the Philippines in  
Congress assembled:  

SECTION 1. Declaration of Policy – It is the policy of the State to maintain honesty and  
integrity in the public service and take positive and effective measures against graft and  
corruption.  

SECTION 2. Abolition of the Procurement Service – Budget and Management. – The  
Department of Budget and Management – Procurement Service (PS-DBM) created under  
Letter of Instruction No. 755 shall be abolished.  

In lieu of the abolition of the PS-DBM, the respective Departments, Agencies, Government-  
Owned and/or -Controlled Corporations (GOCCs), State Universities and Colleges (SUCs),  
and Local Government Units (LGUs) shall, thereafter, undertake the procurement of common-  
use supplies, materials and equipment.  

SECTION 3. Separation and Retirement from Service. – Employees affected by the abolition  
of the PS-DBM shall receive separation benefits under the Government Reorganization Law  
and other existing laws, rules, and regulations: Provided, that those who are qualified to retire  
and receive retirement benefits shall be allowed to retire under existing laws, rules, and  
regulations.  

SECTION 4. Reversion of Funds. – In coordination with the concerned Departments,  
Agencies, GOCCs, SUCs, and LGUs, all prior years’ and current year’s advances for the  
purchase of supplies, materials, and equipment not available in the PS-DBM inventory shall be  
reverted to the National Treasury.  

SECTION 5. Transition Period. – One (1) year upon the effectivity of this Act, the PS-DBM,  
in coordination and under direct supervision of the Department of Budget and Management
(DBM), shall undertake an inventory of all supplies, materials, and equipment under their
custody for use of the different Departments, Agencies, GOCCs, SUCs, and LGUs. The PS-
DBM shall continue to service the requirements for common-use supplies, materials, and
equipment until the inventories of such are fully consumed: Provided, that no additional
procurement shall be undertaken by the PS-DBM.

SECTION 6. Repealing Clause. – All laws, decrees, executive orders, rules or regulations and
other issuances, or parts thereof, which are inconsistent with the provisions of this Act, are
hereby repealed or amended accordingly.

SECTION 7. Separability Clause. – If any portion or provision of this Act is declared
unconstitutional, the remainder of this Act or any provision not affected thereby shall remain
in force and effect.

SECTION 8. Effectivity. – This law shall take effect fifteen (15) days after its publication in
the Official Gazette or in two (2) national newspapers of general circulation.

Approved,