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COMMITTEE MEETING ON HOUSE MEASURES				
COMMITTEE	MEASURES		SUBJECT MATTER	ACTION TAKEN/DISCUSSION
	NO.	PRINCIPAL AUTHOR		
Good Government and Public Accountability	<i>Motu proprio</i> Inquiry		Inquiry into the 2020 audit report of the Commission on Audit (COA) on the utilization of funds by the Department of Health (DOH) for the procurement of medical supplies and equipment for COVID-19 response	<p>The Committee, chaired by Rep. Michael Edgar Aglipay (Party-List, DIWA), will continue its inquiry into issues relative to the procurement of medical supplies and equipment for DOH's COVID-19 response in its next meeting on October 4.</p> <p>At the outset, Rep. Aglipay reiterated the Committee's aim of seeking the truth about the issues raised without political bias or agenda. He said that the Committee is focused only on determining whether there was malfeasance, misfeasance or nonfeasance committed by government officials, whether or not in conspiracy with private persons, in relation to the controversial procurement of medical supplies and equipment for COVID-19 response by the DOH.</p> <p>In today's hearing, the Committee Members again took turns in posing questions to the resource persons on the issues at hand.</p> <p>Rep. Johnny Ty Pimentel (2nd District, Surigao del Sur) asked the DOH to clarify the supposed expiration of face shields and whether or not there were expiry dates placed on the face shields supplied by Pharmally Pharmaceutical Corp. (Pharmally).</p> <p>Rep. Pimentel was referring to the discussions in the previous meeting of the Senate Blue Ribbon Committee during which Pharmally executive Krizle Grace Mago claimed that Pharmally changed the expiry date of the face shields that it delivered to the government to a later date.</p> <p>DOH Secretary Francisco Duque III said that the shelf life of medical-grade face shields established by the DOH is 36 months. He clarified that only the "styropor" (or polysterene) component of the face shield is subject to the 36-month shelf life which, according to him, may become powdery after a period of time. The Health Secretary also informed the Committee that the DOH will investigate if there was indeed expiry dates placed on the face shields delivered by Pharmally in light of the revelations of Mago.</p> <p>Rep. Aglipay asked if the face shields delivered by Pharmally caused harm to the health workers who used them.</p> <p>DOH Undersecretary Carol Taiño answered that there were no such reports.</p> <p>Rep. Pimentel said that with the statements made by the DOH and other important inputs from other</p>

<p>Continuation... Good Government and Public Accountability</p>				<p>resource persons present during the Committee's previous hearings, the following information can already be established: the procurement process was legal as it was undertaken in compliance with Republic Act 11469 or the Bayanihan to Heal as One Act (Bayanihan 1); there were no ghost deliveries of supplies and payments were made only after delivery; and the face masks and personal protective equipment (PPE) procured from Pharmally were not overpriced.</p> <p>Bayanihan 1 grants the President authority to procure in the most expeditious manner COVID-19 related supplies and equipment. The law also provides that transactions for COVID-19 response are "exempted from RA 9184 or the Government Procurement Reform Act and other relevant laws."</p> <p>Meanwhile, Deputy Speaker Rodante Marcoleta (Party-List, SAGIP) and Rep. Ron Salo (Party-List, KABAYAN) questioned the propriety of the issuance of Government Procurement Policy Board (GPPB) Circular No. 01-2020 or the Guidelines for Emergency Procurement under the Bayanihan 1.</p> <p>The Circular mandates the procuring entities to directly negotiate or procure from a legally, technically, and financially capable supplier, distributor, manufacturer, contractor, or consultant. It also requires the submission of mayor's permit, income or business tax return, and omnibus sworn statement for transactions pertaining to the purchase of goods and services with an approved budget above P500,000.</p> <p>The Deputy Speaker stressed that while the intention of Congress under Bayanihan 1 was to completely exempt the procurement of direly needed medical equipment for COVID-19 response from the requirements of RA 9184, the GPPB, through the said circular, still required certain submissions to prove the financial capacity of suppliers.</p> <p>Rep. Salo likewise stated that adding or modifying the requirements for eligibility of suppliers in the procurement process outside of the Bayanihan 1 law is tantamount to the exercise of unwarranted discretions that may eventually lead to graft and corruption.</p> <p>GPPB Technical Support Office Deputy Executive Director Melissa Yan explained that the requirements set in Circular No. 01-2020 are for purposes of establishing safeguards in favor of the government. Yan admitted that such requirements were based on the more stringent legal, technical and financial eligibility requirements under RA 9184 and its Implementing Rules and Regulations.</p> <p>Deputy Speaker Marcoleta questioned Abrea Consulting Group President and Chief Executive Officer Raymond Abrea about the latter's testimony during the Senate hearings. He noted that Abrea gave an analysis on Pharmally's audited financial statement as to whether or not due diligence was done in connection with the procurement of the face masks and PPEs by the Procurement Service of the</p>
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<p>Continuation... Good Government and Public Accountability</p>				<p>Department of Budget and Management (PS-DBM) using the funds transferred by the DOH.</p> <p>Based on the COA audit report on COVID-19 funds allocated to the DOH in 2020, an amount of P41.4 billion pandemic response funds were transferred to the PS-DBM for the immediate procurement of COVID-19 medical supplies. The said fund transfer was flagged by the COA due to the absence of a memorandum of agreement and other supporting documents between the DOH and the PS-DBM.</p> <p>Abrea confirmed that there was lack of due diligence on the part of the PS-DBM in assessing the supplier of the questioned medical supplies. He said that PS-DBM was not able to establish the financial capability of Pharmally considering that the company only has an initial capitalization of P625,000 based on the latter's financial statement. Likewise, Pharmally did not provide clear information as to where its financing and supplies came from.</p> <p>Rep. David "Jay-Jay" Suarez (2nd District, Quezon) took Abrea to task for his unprofessional conduct. Rep. Suarez contended that without permission from Pharmally, or its corporate accountant, Abrea proceeded to look into the company's book of accounts.</p> <p>Abrea explained that it was the Senate which requested him to do so. But, he clarified that he did not look into Pharmally's accounting books and records but just its audited financial statement.</p> <p>Other Members who made their manifestations during the meeting were Deputy Speaker Eduardo "Bro. Eddie" Villanueva (Party-List, CIBAC), Rep. Cesar "Jawo" Jimenez Jr. (1st District, Zamboanga City), and Rep. Ferdinand Gaithe (Party-List, BAYAN MUNA).</p> <p>Upon a unanimous vote, the Members of the Committee shall issue a <i>subpoena ad testificandum</i> to Mago to compel her to testify before the Committee and shall also send a letter to the Senate Blue Ribbon Committee to obtain its permission to allow Pharmally's Director Lincoln Ong to attend the Committee's next hearing. Ong is detained at the Senate after he was cited in contempt for allegedly evading questions posed by the Members of the Senate Blue Ribbon Committee.</p>
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