

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

HOUSE of REPRESENTATIVES
House Bill No. 4723

Introduced by: MA. THERESA B. BONOAN-DAVID
4th District, City of Manila

EXPLANATORY NOTE

Part of the legislative priorities of Congress for fiscal reforms to achieve macroeconomic stability is to provide a framework for stronger financial oversight of Government-Owned or Controlled Corporations, Government Financial Institutions, state-owned universities, and other agencies in the public sector.

Article XII, Section 16 of the Constitution provides that Government-Owned or Controlled Corporations may be created or established by special charters in the interest of the common good and subject to the test of economic and financial viability.

Despite the explicit mandate under the Constitution for these corporations to be subject to the test of economic and financial viability, Government-Owned or Controlled Corporations account for an inordinately high proportion of the country's external debt, public sector deficits, and total credits.

There is thus a need for Congress to review, monitor, and evaluate the overall performance of these Government-Owned or Controlled Corporations to ascertain whether or not these corporations have been fulfilling their mandates under their respective charters and are economically and financially viable. Congress must ensure the accountability of these entities through effective monitoring and oversight for the benefit of the people.

In view of the foregoing, the passage of this bill is earnestly sought.


MA. THERESA BONOAN-DAVID
4th District, City of Manila

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Introduced by: MA. THERESA B. BONOAN-DAVID
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**AN ACT TO ENSURE THE ACCOUNTABILITY OF
GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS
(GOCC), GOVERNMENT FINANCIAL INSTITUTIONS,
STATEOWNED UNIVERSITIES, AND OTHER SIMILAR AGENCIES IN
THE PUBLIC SECTOR BY REQUIRING THESE ENTITIES
TO BE EVALUATED AND SUBJECTED TO THE TEST OF ECONOMIC
AND FINANCIAL VIABILITY, CREATING A CONGRESSIONAL
OVERSIGHT COMMITTEE THEREFOR, AND FOR OTHER PURPOSES**

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

SECTION 1. Short Title. - This Act shall be known as the "Government-Owned or Controlled Corporations (GOCCs) Accountability Act of 2011."

Sec. 2. Policy. - It is the policy of the State to create or establish Government-Owned or Controlled Corporations only in the interest of the common good and subject to the test of economic and financial viability.

Every Government-Owned or Controlled Corporation must be free from fraud, abuse, and wastage, and must be made accountable through effective monitoring and oversight by Congress for the benefit of the people.

Sec. 3. Government-Owned or Controlled Corporation Defined. - For purposes of this Act, "Government-Owned or Controlled Corporation" or "GOCC" refers to a stock or non-stock corporation, performing governmental or proprietary functions directly chartered by special law or, if otherwise formed, is owned or controlled by the Government directly or indirectly through a parent or subsidiary corporation. It

includes Government Financial Institutions, state-owned universities, and other similar agencies in the public sector.

Sec. 4. Submission of Reports. - Every GOCC is required to submit quarterly and consolidated annual reports to Congress.

Each quarterly report, to be submitted within thirty (30) days from the end of each calendar quarter, shall be in the form of an executive summary concerning the finances and operations of the GOCC and shall indicate any achievement and major projects. It shall include all financial reports and minutes of directors' and shareholders' meetings for the subject quarter.

Each annual report, to be submitted within sixty (60) days from the end of each calendar or fiscal year as may be applicable, shall include the following:

- 1) A list of directors and officers;
- 2) A consolidated executive summary;
- 3) A summary of the remuneration paid to directors and officers over the last year;
- 4) The Commission on Audit report for the last year; and
- 5) The audited financial statement for the last year,

Sec. 5. Mandatory Publication. - Every GOCC is required to disclose and publish in at least one (1) newspaper of general circulation within thirty (30) days from the end of each calendar or fiscal year as may be applicable the following information:

- 1) Travel and hospitality expenses for directors and officers; and
- 2) Contracts for goods and services over five hundred thousand pesos (P500,000.00)

Sec. 6. Creation of a Congressional Oversight Committee for GOCCs. - There is hereby created a Congressional Oversight Committee for GOCCs to be composed of six (6) members, with three (3) representatives each from the Senate and the House of Representatives, and co-chaired by the Chairpersons of the Senate Committee on Government Corporations and Public Enterprises and the House Committee on Government Enterprises and Privatization.

The Congressional Oversight Committee for GOCCs shall receive and evaluate the reports submitted by the GOCCs to Congress. It shall

be the principal legislative monitoring arm and policy recommending body for all GOCCs.

Sec. 7. Powers and Functions of the Congressional Oversight Committee for GOCCs. - The Congressional Oversight Committee for GOCCs shall have the following powers and functions:

- 1) Prescribe and adopt guidelines that will govern its work;
- 2) Secure from any department, bureau, office, agency, or instrumentality of the Government such assistance as may be needed, including technical information preparation and production of reports and submission of recommendations or plans as it may require;
- 3) Summon by subpoena ad testificandum any public or private citizen to testify before it, or require by subpoena duces tecum to produce before it such records, reports or other documents as may be necessary in the performance of its functions;
- 4) Use resource persons from the public and private sectors as may be needed;
- 5) Hold hearings, receive testimonies and reports pertinent to its specified concerns;
- 6) Approve the budget for the Congressional Oversight Committee for GOCCs and all disbursements therefrom, including compensation of all personnel;
- 7) Organize its staff and hire and appoint such employees and personnel, whether temporary or contractual, subject to applicable laws; and
- 8) Exercise all other powers necessary to attain its purposes.

Sec. 8. Conduct of Review. - The Congressional Oversight Committee for GOCCs shall review the quarterly and annual reports submitted by the GOCCs to Congress.

The Congressional Oversight Committee for GOCCs may require the submission of additional pertinent corporate and commercial documents and/or the revelation of all relevant data as may be deemed necessary for the conduct of such review. Failure to submit any of the required documents or to reveal any required data shall subject the directors and officers of the concerned GOCC to appropriate administrative, civil, and criminal liability.

The Congressional Oversight Committee for GOCCs shall review the reports, documents, and data submitted by each GOCC and shall be authorized to conduct investigations in furtherance of such review. The scope of review shall include the:

- 1) The accomplishments of the goals and as may be set forth in their respective charters;
- 2) Propriety of the allocation of resources of each GOCC;
- 3) Existences or instances of duplication of functions; and
- 4) Financial and social investment rate of returns and productivity:

Sec. 9. Submission of Recommendations. - The Congressional Oversight Committee on GOCCs shall submit its recommendations to the Senate and the House of Representatives, copy furnished to the Office of the President, for appropriate action. The recommendations may include the following:

- 1) Continued existence of and corresponding budgetary allocation for each GOCC;
- 2) Termination of the existence of or budget allocation for the GOCC by either privatization or dissolution;
- 3) Merger or consolidation of GOCCs performing similar or overlapping functions;
- 4) Restructure of the GOCCs in the Executive branch;
- 5) Adjustment of compensation packages for directors, officers, and employees;
- 6) Filing of appropriate civil, criminal, or administrative charges;
- 7) Contract review or renegotiation as may be appropriate; and
- 8) Other recommendations as may be deemed appropriate

Sec. 10. Repealing Clause. - All laws, decrees, orders, rules and regulations or other issuances or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Sec. 11. Separability Clause. - If any portion or provision of this Act is declared unconstitutional, the remainder of this Act or any provisions not affected thereby shall remain in force and effect.

Sec. 12. Effectivity Clause. - This Act shall take effect after fifteen (15) days following the completion of its publication either in the Official Gazette or in a newspaper of general circulation in the Philippines.

Approved.