

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



HOUSE OF REPRESENTATIVES

Introduced by Representative Rufus B. Rodriguez

House Bill No. 10222

EXPLANATORY NOTE

Section 27, Article II of the 1987 Constitution provides that:

"The State shall maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption."

The Procurement Service - Department of Budget and Management (PS-DBM) was created on October 18, 1978 through Letter of Instruction (LOI) No. 755, and thereafter amended by Executive Order No. 285 and 359. Its primary mandate is to establish an integrated procurement system for the national government in order to take advantage of economies-of-scale in procurement. The PS-DBM acts as a procurement arm of other government agencies for the procurement of common-use supplies, equipment, and infrastructure projects. To avail of this service, government agencies remit in advance to the PS-DBM such funds needed for its procurement.

In addition to procuring common-use supplies, among others, for other national government agencies, the PS-DBM also does trading by buying stocks of common-use supplies for resale to other government agencies using its own budgetary appropriation.

However, the passage of RA No. 9184 or the Government Procurement Reform Act undermines the mandate of the PS-DBM through the inclusion of relevant provisions that seek to strengthen the procurement service of national government agencies.

Section 11, Article 5 of RA 9184 states that "all procurement agencies shall establish a single Bids and Awards Committee (BAC) for its procurement". Section 63 (c) further tasks the Government Procurement Policy Board (GPPB) to strengthen the said BACs by ensuring "that Procuring Entities regularly conduct procurement training programs and prepare a procurement operation manual for all offices and agencies of government."

In addition to its mandate being affected by changes in national policies and legislation, the PS-DBM have dealt with issues regarding the exercise of their mandate in the previous years. There have been many issues and controversies surrounding the PS-DBM most recent of which was the transfer of Php 42 billion by the Department of Health (DOH) to the PS-DBM for the procurement of face shields, face masks, personal protective equipment, and other pandemic-related purchases. The PS-DBM has also been hounded by allegations of improper procedure and over priced acquisitions.

This bill seeks to abolish the PS-DBM. The 1987 Constitution and RA 9184 has made the mandate of the PS-DBM redundant and irrelevant in these current times.

In view of the foregoing, the approval of this bill is earnestly requested.


RUFUS B. RODRIGUEZ

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AN ACT

ABOLISHING THE PROCUREMENT SERVICE - DEPARTMENT OF BUDGET AND MANAGEMENT (PS-DBM), AND FOR OTHER PURPOSES

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

SECTION 1. *Declaration of Policy.* – The State shall maintain honesty and integrity in the delivery of public service and take positive and effective measures against graft and corruption. Thus, the State shall maintain accountability and responsibility among its public officials and employees and shall take appropriate measures to prevent unlawful and ineffectual acts and practices, therefore promoting efficiency and transparency in the conduct of its business.

SEC 2. *Abolition of the Procurement Service - Department of Budget and Management (PS-DBM).* – The Procurement Service - Department of Budget and Management (PS-DBM) created by Letter of Instruction No. 755, and other laws, rules, and regulations is hereby abolished.

As a result 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 their common-use supplies, materials and equipment.

SEC 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. *Provide that*, those who are qualified to retire and receive retirement benefits under existing retirement laws shall be allowed to retire under existing laws, rules, and regulations.

SEC 4. *Reversion of Funds.* – In coordination with the concerned Departments, Agencies, GOCCs, SUCs, and LGUs, all prior year's 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.

SEC 5. *Transition Period.* – Within one (1) year upon 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 the 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 during such period.

SEC 6. ***Separability Clause.*** – If any provision or part of this Act is held invalid or unconstitutional, the remaining parts or provisions not affected shall remain in full force and effect.

SEC 7. ***Repealing Clause.*** – All laws, executive orders, presidential decrees or issuances, letter of instruction, administrative orders, rules, and regulations as well as local ordinances contrary to or inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SEC 8. ***Effectivity Clause.*** – This Act shall take effect fifteen (15) days after its complete publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,