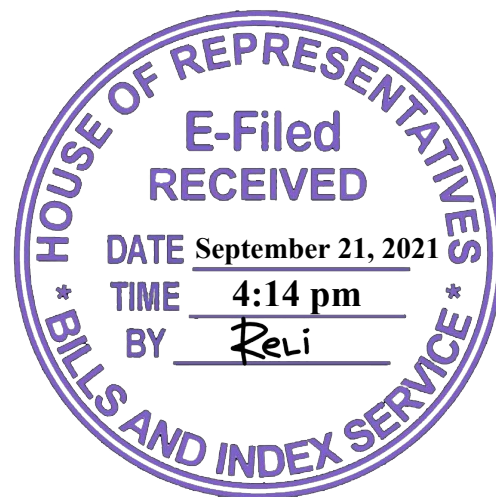


1 Republic of the Philippines
2 **HOUSE OF REPRESENTATIVES**
3 Quezon City

4
5 **EIGHTEENTH CONGRESS**
6 First Regular Session

7
8 **HOUSE BILL No. 10264**
9



10 **Introduced by**
11 **BAYAN MUNA Representatives CARLOS ISAGANI T. ZARATE,**
12 **FERDINAND R. GAITE and EUFEMIA C. CULLAMAT,**
13 **ACT TEACHERS Party-List Rep. FRANCE L. CASTRO,**
14 **GABRIELA Women's Party Rep. ARLENE D. BROSAS**
15 **and KABATAAN Party-List Rep. SARAH JANE I. ELAGO**
16

17 **AN ACT**
18 **ABOLISHING THE PROCUREMENT SERVICE – DEPARTMENT OF BUDGET**
19 **AND MANAGEMENT, AND FOR OTHER PURPOSES**
20

21 **EXPLANATORY NOTE**
22

23
24 The Procurement Service – Department of Budget and Management (PS-DBM) acts as a
25 procurement arm of other government agencies for the procurement of common-use supplies,
26 equipment and infrastructure projects. It was created through Letter of Instruction (LOI) No.
27 755 dated October 18, 1978 which directed the establishment of an integrated procurement
28 system for the national government and its instrumentalities. On July 28, 1987 the President
29 issued Executive Order No. 285 reiterating the mandate of LOI 755 by abolishing the General
30 Services Administration and transferring the procurement and price monitoring functions of
31 the Supply Coordination Office to the PS-DBM. Subsequently, on June 02, 1989 the President
32 issued Executive Order No. 359 which prescribed the systematic expansion of the PS-DBM
33 through a network of regional depots under a governing Procurement Policy Board.
34

35 Amid the coronavirus disease 2019 (COVID-19) pandemic, the representatives of the Bayan
36 Muna Partylist, as well as other lawmakers, questioned the Department of Health's transfer of
37 COVID-19 funds amounting to P42 billion to the PS-DBM for the procurement of face shields,
38 face masks, personal protective equipment, medicines, and other health and medical supplies.
39

40 According to 2020 annual audit report, the Commission on Audit revealed that there are slow-
41 moving COVID-19 items totaling P95.455 million. With the onset of COVID-19 pandemic,
42 there is a high demand and limited supply of surgical face masks and face shields that raised
43 its prices. Such scarcity prompted the PS-DBM to procure surgical face masks and face shields
44 in bulk orders. However, due to failure to deliver to concerned government instrumentalities
45 when the prices are still high, the PS-DBM can't resell such items with the same price level.
46 These unsold 2.7 million surgical face masks could have been used to address the shortage of
47 personal protective equipment especially among health workers if procured not for profit.
48

49 Moreover, the DOH also requested to include COVID-19 vaccines in the list of common-use
50 supplies and equipment to be procured by the PS-DBM. Despite the request being denied due

1 to lack of limitations in terms of manpower, storage equipment and technical expertise, the
2 mere fact that the DOH attempted to pass its responsibilities to PS-DBM instead of utilizing its
3 own Bids and Awards Committee, especially amid a health crisis, reeks negligence and
4 inefficiency.

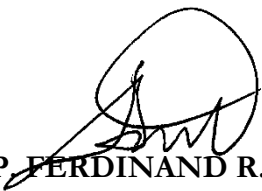
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6 The 1987 Constitution and the Republic Act No. 9184, otherwise known as the “Government
7 Procurement Reform Act,” which mandates all procurement entity to establish a single Bids
8 and Awards Committee, have made the mandate of the PS-DBM archaic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

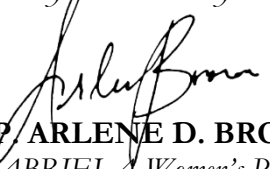
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13 Thus, approval of this Bill is earnestly sought.

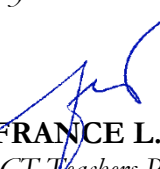
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15
16 *Approved,*


REP. CARLOS ISAGANI T. ZARATE
Bayan Muna Partylist


REP. EUFEMIA C. CULLAMAT
Bayan Muna Partylist


REP. FERDINAND R. GAITE
Bayan Muna Partylist


REP. ARLENE D. BROSAS
GABRIELA Women's Party


REP. FRANCE L. CASTRO
ACT Teachers Partylist


REP. SARAH JANE I. ELAGO
Kabataan Partylist

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16
17 **AN ACT**
18 **ABOLISHING THE PROCUREMENT SERVICE – DEPARTMENT OF BUDGET**
19 **AND MANAGEMENT, AND FOR OTHER PURPOSES**
20

21
22 *Be it enacted by the Senate and House of Representatives of the Republic of the Philippines in*
23 *Congress assembled:*
24

25 **SECTION 1. *Declaration of Policy*** – It is the policy of the State to maintain honesty and
26 integrity in the public service and take positive and effective measures against graft and
27 corruption.
28

29 **SECTION 2. *Abolition of the Procurement Service – Budget and Management.*** – The
30 Department of Budget and Management – Procurement Service (PS-DBM) created under
31 Letter of Instruction No. 755 shall be abolished.
32

33 In lieu of the abolition of the PS-DBM, the respective Departments, Agencies, Government-
34 Owned and/or -Controlled Corporations (GOCCs), State Universities and Colleges (SUCs),
35 and Local Government Units (LGUs) shall, thereafter, undertake the procurement of common-
36 use supplies, materials and equipment.
37

38 **SECTION 3. *Separation and Retirement from Service.*** – Employees affected by the abolition
39 of the PS-DBM shall receive separation benefits under the Government Reorganization Law
40 and other existing laws, rules, and regulations: *Provided*, that those who are qualified to retire
41 and receive retirement benefits shall be allowed to retire under existing laws, rules, and
42 regulations.
43

44 **SECTION 4. *Reversion of Funds.*** – In coordination with the concerned Departments,
45 Agencies, GOCCs, SUCs, and LGUs, all prior years' and current year's advances for the
46 purchase of supplies, materials, and equipment not available in the PS-DBM inventory shall be
47 reverted to the National Treasury.
48

49 **SECTION 5. *Transition Period.*** – One (1) year upon the effectivity of this Act, the PS-DBM,
50 in coordination and under direct supervision of the Department of Budget and Management

1 (DBM), shall undertake an inventory of all supplies, materials, and equipment under their
2 custody for use of the different Departments, Agencies, GOCCs, SUCs, and LGUs. The PS-
3 DBM shall continue to service the requirements for common-use supplies, materials, and
4 equipment until the inventories of such are fully consumed: *Provided*, that no additional
5 procurement shall be undertaken by the PS-DBM.
6

7 **SECTION 6. *Repealing Clause.*** – All laws, decrees, executive orders, rules or regulations and
8 other issuances, or parts thereof, which are inconsistent with the provisions of this Act, are
9 hereby repealed or amended accordingly.
10

11 **SECTION 7. *Separability Clause.*** – If any portion or provision of this Act is declared
12 unconstitutional, the remainder of this Act or any provision not affected thereby shall remain
13 in force and effect.
14

15 **SECTION 8. *Effectivity.*** – This law shall take effect fifteen (15) days after its publication in
16 the Official Gazette or in two (2) national newspapers of general circulation.
17
18

19 *Approved,*