

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**NINETEENTH CONGRESS**  
Third Regular Session



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**COMMITTEE REPORT NO. 1503**

Submitted by the Committee on Good Government and Public Accountability on June 10, 2025

- Re: 1. Privilege Speech (PS) No. 379, delivered by Representative Rolando M. Valeriano on September 3, 2024, that called for an inquiry in aid of legislation on asserting the power of the purse of Congress; and
2. *Motu proprio inquiry* on the failure of the Department of Education (DepEd) to deliver computer units in good condition to end-users and other issues plaguing the agency's budget utilization

Informing the House of its findings and recommendations.

Sponsors: Representatives Joel R. Chua, Rolando M. Valeriano, and Rep. Gerville "Jinky Bitrics" R. Luistro

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Mr. Speaker:

The Committee on Good Government and Public Accountability (Committee) deliberated on the issues raised in Privilege Speech (PS) No. 379, delivered by Representative Rolando M. Valeriano on September 3, 2024, that called for an inquiry in aid of legislation on "Asserting the Power of the Purse of Congress" in relation to the refusal of the Office of the Vice President ("OVP") to address queries from members of Congress and explain alarming deficiencies that were noted on the said office's expenditure of public funds, and observations as to lack of transparency in accounting for the use and disbursement of public funds by the OVP and DepEd.

With the approval of the Committee on Rules, the Committee likewise conducted a *motu proprio inquiry* on the utilization of public funds by DepEd, including (its failure) the failure of the DepEd to deliver computer units in good condition to end-users, as raised by the manifestation of Representative Gerville "Jinky Bitrics" R. Luistro during the hearing of the Committee on Appropriations on September 2, 2024.

Both measures relate to the utilization of the budget and its impact on confidential funds and cash advances by special disbursing officers thus, the Committee consolidated the hearings for having similar issues and subjects. After a thorough deliberation, the Committee hereby submits its report on the matter, including the findings and recommendations thereon.

Respectfully submitted,

  
**HONORABLE JOEL R. CHUA**  
*Chairperson*

Committee on Good Government and Public Accountability

**THE HONORABLE SPEAKER**  
House of Representatives

## PREFATORY STATEMENT

Privilege Speech No. 379 was delivered by Representative Rolando M. Valeriano in plenary on September 3, 2024, in which he called for an inquiry in aid of legislation, on asserting the power of the purse of Congress as to the lack of transparency displayed by the Office of the Vice President (“OVP”) in addressing deficiencies and queries on its use of public funds. It was then referred to the Committee on Good Government and Public Accountability on September 10, 2024, pursuant to the Committee’s jurisdiction over all matters “*directly and principally relating to malfeasance, misfeasance, and nonfeasance in office committed by officers and employees of the government and its political subdivisions and instrumentalities inclusive of investigations of any matter of public interest.*”

In the same vein, Representative Gerville “Jinky Bitrics” R. Luistro questioned the budget utilization of the Department of Education (DepEd) during the deliberation of the Committee on Appropriations on September 2, 2024. The aforementioned department was not able to explain and provide sufficient information on its utilization of public funds, including the alleged failure to deliver computer units in good condition to end-users and other issues plaguing the agency’s budget utilization, with such issue also being well-within the jurisdiction of the Committee on Good Government and Public Accountability.

Pursuant to Section 2(a) of the Rules of Procedure Governing Inquiries In Aid of Legislation of the 19th Congress (IIAL Rules) and the Rules of Procedure Governing Proceedings Before The Committee On Good Government and Public Accountability (“CGGPA Rules”), the Committee decided to conduct a *motu proprio* inquiry on the budget utilization of DepEd. The House Committee on Rules granted the authority for the conduct of the *motu proprio* inquiry on September 18, 2024.

The Committee assumed jurisdiction over the issues presented in PS No. 379 on the budget utilization of the Office of the Vice President and in the *motu proprio* inquiry pertaining to the budget utilization of DepEd for calendar years 2022 to 2023, including the utilization of confidential funds appropriated to these agencies, and forming part of the budget of the OVP and the DepEd, for the said calendar years.

A total of eight (8) public hearings were held on the following dates: September 18 and 25, 2024; October 17, 2024; November 5, 11, 20 and 25, 2024; and December 9, 2024. The Committee also conducted a special meeting called by the members on November 22, 2024. After thorough discussion of all the relevant information and issues, the deliberation on PS No. 379 and on the *motu proprio* inquiry was terminated on June 4, 2025.

To shed light on the issues submitted to the jurisdiction of the Committee, the following resource persons and officials from the concerned agencies were invited and submission of their respective position papers and pertinent supporting documents were considered. The following resource persons attended and participated in the public hearings, namely:

### Office of the Vice President (OVP)

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| 1.  | Vice President Sara Z. Duterte (Only on 18 September and 25 November 2024) | Vice President of the Republic of the Philippines  |
| 2.  | Ms. Winnie G. Dayego   | Chief, Public Assistance Division                  |
| 3.  | Atty. Rosalynne L. Sanchez   | Director for Administrative and Financial Services |
| 4.  | Mr. Norman B. Baloro   | Director, Operations Office                        |
| 5.  | Mr. Michael Angelo S. Saavedra   | Lead, Western Mindanao Satellite Office            |
| 6.  | Mr. Chris G. Sorongon  | Lead, Panay and Negros Islands Satellite Office    |
| 7.  | Ms. Regina Rosa D. Tecson  | Lead, Davao Satellite Office                       |
| 8.  | Mr. Alan P. Tajuakio   | Lead, Eastern Visayas Satellite Office             |
| 9.  | Ms. Julieta L. Villadelrey   | Chief Accountant                                   |
| 10. | Mr. Kelvin Gerome L. Teñido  | Chief Administrative Officer                       |
| 11. | Ms. Ma. Edelyn Rabago  | OIC- Budget Division                               |

12. Atty. Emily Rose Torrentira Chief, Legal Affairs Division

**OVP Officials who attended only after the issuance of *Subpoena Ad Testificandum***

13. Atty. Zuleika T. Lopez (Only on 20 November 2024) Undersecretary and Chief of Staff, Office of the Vice-President  
14. Mr. Edward D. Fajarda (Only on 25 November 2024) Former Special Disbursing Officer of DepEd  
15. Atty. Sunshine Charry A. Fajarda (Only on 25 November 2024) Director for Strategic Management Office and Former Assistant Secretary of DepEd  
16. Mr. Lemuel G. Ortonio (Only on 25 November 2024) Assistant Secretary and Assistant Chief of Staff  
17. Ms. Gina F. Acosta (Only on 25 November 2024) Special Disbursing Officer

**Other Resource Persons Connected With The OVP**

18. Atty. Rhoscel N. Abella Notary Public for the OVP and DepEd; Consultant, OVP  
19. Atty. Lito A. Go, Jr. Private Counsel/Lawyers/Staff  
20. Atty. Anel Antero Private Counsel/Lawyers/Staff  
21. Atty. Katherine C. Sy Private Counsel/Lawyers/Staff  
22. Atty. Tonypet Cabe Private Counsel/Lawyers/Staff  
23. Atty. Ino Trinidad Private Counsel/Lawyers/Staff  
24. Atty. David Michael Gabriel Private Counsel/Lawyers/Staff  
25. Atty. Jocely Gerial-Gabriel Private Counsel/Lawyers/Staff

**Commission on Audit (COA)**

26. Ms. Martha Roxana C. Sese Assistant Commissioner  
27. Atty. Gloria A. Camora Attorney V, Intelligence and Confidential Funds Audit Office (ICFAO)  
28. Mr. Fahad Bin Abdulmalik Tomawis State Auditor, Team Leader National Government Audit Sector (NGAS)  
29. Ms. Marivel C. Bronola OIC - National Government Audit Sector  
30. Ms. Sofia C. Gemora Director IV - National Gov't Audit Sector, Cluster 1 - Cluster 1  
31. Atty. Haide T. Espuelas Director IV - Special Audit Office Special Services Sector (SSS)  
32. Mr. Raymond Viola Vallejo Attorney V - Fraud Audit Office/SSS  
33. Atty. Erwin E. Lapitan Attorney VI  
34. Ms. Melinda S. Torio State Auditor V/ Supervising Auditor  
35. Ms. Norma E. Aquino Director III- NGAS - Cluster 5 Education and Employment  
36. Mr. Socrates Benjie Marbil Attorney VI

**Department of Budget and Management (DBM)**

37. Undersecretary Janet B. Abuel  
38. Undersecretary Rolando U. Toledo Functional Group Head of the Budget Preparation and Execution (BPE) Group  
39. Assistant Secretary Mary Anne Z. dela Vega  
40. Atty. Kristina G. Layug-Abella Attorney VI  
41. Atty. Sarah Jane C. Abuel Legal Service

42. Mr. Mark James S. Evangelista  
43. Dir. Andrea Celene A. Magtalas

Chief BMS, OSEC  
Budget and Management Bureau – C

**Bureau of the Treasury (BTr)**

44. Atty. Jerekko A. Cadorna  
45. Ms. Concepcion Austria  
46. Ms. Erfel Mae A. Ulit  
47. Ms. Jhanine Salvador  
48. Mr. John Michael Dante Petaliz  
49. Mr. Paul Bryan Materum

Officer-in-Charge, Complaints and Investigation Division  
OIC-Director, NCR Regional Office

**Department of Education (DepEd)**

50. Mr. Epimaco V. Densing III  
51. Atty. Mel John L. Verzosa  
52. Mr. Gerard L. Chan  
53. Mr. Revsee A. Escobedo  
54. Ms. Gina O. Gonong  
55. Ms. Cilette L. Co  
56. Mr. Malcolm S. Garma  
57. Mr. Dexter A. Galban  
58. Mr. Omar Alexander V. Romero  
59. Ms. Annalyn M. Sevilla  
60. Maj. General Nolasco A. Mempin (Ret.)  
61. Brig. Gen. Noel Baluyan (Ret.)  
62. Atty. Reynold Munsayac  
63. Ms. Ma. Rhunna L. Catalan  
64. Atty. Michael Wesley T. Poa  
65. Atty. Zenith Europa  
66. Mr. Ferdinand Pitagan  
67. Ms. Shiarell Loida Cruz  
68. Ms. Cholita Tiong  
69. Ms. Gloria Mercado  
70. Atty. Resty Osias  
71. Mr. Janir Ty Datukan  
72. Atty. Sheena Lynne L. Antalan

Former Undersecretary for School Infrastructure and Facilities  
Undersecretary for Administration  
Undersecretary for Procurement  
Undersecretary for Operations  
Undersecretary for Curriculum and Teaching  
Assistant Secretary for Strategic Management  
Assistant Secretary for Operations – Field Operations  
Assistant Secretary for Operations – Bureau of Learner Support Services  
Undersecretary for Legal and Legislative Affairs  
Undersecretary for Finance Service, Project Management Service, Education Program Management Service, Government Assistance and Subsidies Office  
Former Undersecretary for Administration  
Former Assistant Secretary for Administration  
Former Assistant Secretary for Procurement  
Chief Accountant  
Former Undersecretary, Chief of Staff of the Office of the Secretary, and Head of Procuring Entity (HoPE)  
Director IV, Legal Service  
Director IV, Information and Communications Technology Service  
(Teachers End-Users) Former Principal Ramon Magsaysay Elementary school  
OIC-Director, Finance Service  
Former Head of Procurement Entity and Undersecretary for Human Resources and Regional Development  
Former Director IV and BAC VI Chairperson  
Assistant Secretary, Curriculum and Teaching  
Chief Administrative Officer, ProcMS-BACSD

**Philippine Army (PA)**

73. Maj. Gen. Adonis R. Bajao,  
74. Col. Manaros M. Boransing II,  
75. Lt. Col. Magtangol G. Panopio,  
76. Lt. Col. Carlos B. Sangdaan, Jr.  
77. Maj. Rogelio A. Dumbrigue, Jr.,

9<sup>th</sup> Infantry Division Commander;  
MNSA (INF) PA AC of S for CMO, G7, IID  
GSC (INF) PA AC of S for CMO, G7  
5<sup>th</sup> Infantry Division  
7<sup>th</sup> Infantry Division

78. Col. Liberato O. Ramos, JAGS Army Judge Advocate  
 79. Col. Raymund Dante P. Lachica Commander, Vice Presidential Security and Protection Group (VPSPG)

**Department of Justice**

80. Atty. Rufino Ablan Public Assistance Office  
 81. Atty. Luigi L. Biag Public Assistance Office

**Bureau of Immigration (BI)**

82. Atty. Vicente G. Uncad Acting Chief, Certification and Clearance Section

**Department of Foreign Affairs (DFA)**

83. Mr. Von Ryan Pangwi Acting Director  
 84. Mr. Charlie Fiorlan Pernicolas Assistant Director, DFA-OCA

**LandBank of the Philippines (LBP)**

85. Ms. Nenita Camposano Former DepEd Branch Manager and Assistant Vice President  
 86. Ms. Joyce L. Eclavea DepEd Branch Manager and Department Manager  
 87. Atty. Rafael Christopher L. Yap Special Legal Concerns Department  
 88. Ms. Jean Abaya Acting Department Manager, Shaw Blvd Branch  
 89. Ms. Princez Queen Star B. Andal Teller- Shaw Blvd Branch  
 90. Ms. Jojie Gamay Teller- DepEd Branch  
 91. Mr. Crisanto Lorena Guard – DepEd Branch  
 92. Ms. Violeta Constantino Former Branch Manager – Shaw Blvd. Branch  
 93. Mr. Nino Borra Head Security Guard of Shaw Blvd. Branch

In the course of the inquiry, numerous documents, including affidavits and position papers, were obtained from different agencies and persons, including the Commission on Audit, Department of Budget and Management, Bureau of the Treasury, Bureau of Immigration, the Department of Education, Former DepEd Undersecretary Gloria Mercado, and Former DepEd Assistant Secretary Atty. Reynold Munsayac, along with visual presentations from resource persons and members of the Committee and the House of Representatives.

**STATEMENT OF FACTS**

In his privilege speech, Rep. Rolando M. Valeriano emphasized that if budgets of private entities aptly undergo scrutiny, public funds, whether national or local, should undergo austere scrutiny. In the Philippine democratic republic, it is the Legislative Branch, to which the House of Representatives belongs, that exercises constitutional oversight over implementation of the General Appropriations Act. Rep. Valeriano assailed attempts to circumvent the constitutional power of the purse of Congress in relation to the budget utilization of the Office of the Vice President (OVP), and emphasized the Vice-President’s refusal to respond to any questions or inquiries on the budget utilization of the OVP. He emphatically called on Congress to scrutinize the budget utilization of the OVP.

It was in this same principle of exercising congressional oversight that during the September 2, 2024 deliberation of the Committee on Appropriations on the budget of DepEd, Rep. Gerville “Jinky Bitrics” R. Luistro manifested her concurrence to the observations of several House Members and invoked the oversight powers of Congress concerning issues on the agency’s utilization of public funds, including the agency’s failure to deliver computer units in good condition to end-users and the underutilization of the DepEd budget appropriation. In a Letter dated September 12, 2024, the House Committee on Good Government and Public Accountability sought authority to proceed with a *motu proprio* inquiry on the subject matter of Rep. Luistro’s manifestation. The Committee was granted by the House Committee on Rules the authority to proceed on September 18, 2024.

## Initial Hearing – 18 September 2024

For the initial hearing on September 18, 2024, the Committee sent invitations to several officers of the OVP namely: (1) Hon. Sara Z. Duterte (VP Duterte); (2) Atty. Zuleika T. Lopez (Lopez); (3) Ms. Winnie G. Dayego; (4) Atty. Rosalynne L. Sanchez (Sanchez); (5) Mr. Norman B. Baloro (Baloro); (6) Mr. Michael Angelo S. Saavedra; (7) Mr. Chris G. Sorongon; (8) Ms. Zuhairah A. Abas; (9) Mr. Rolmar F. Basalan; (10) Atty. Ma. Cronstancia C. Lim; (11) Mr. John Benedict M. Acosta; (12) Ms. Regina Rosa D. Tecson; (13) Ms. Maria Laiza E. Frogoso-Pamittan; (14) Ms. Jeizel Cone C. Asia; and (15) Mr. Alan P. Tanjuako, to assist on the inquiry as to the budget utilization of the OVP.

When VP Duterte appeared for the first time before the Committee at the hearing on September 18, 2024, she asserted that she appeared as the Vice President and as the duly authorized representative of all officials of the OVP. She refused to take the required oath for witnesses and resource persons, and maintained that there were no funds misused and expressed readiness to respond to any COA audit or cases to be filed. She claimed that the determination of misfeasance, malfeasance and nonfeasance should be matters taken to a court of law. VP Duterte also called for the termination of the inquiry for supposed lack of any proposed legislation or substantive matter for discussion. After more than an hour from the commencement of the hearing, VP Duterte requested to leave the congressional inquiry.

The Committee, in refusing to accede to the request to terminate, noted that the Committee had already taken cognizance of the privilege speech of Rep. Valeriano based on the constitutionally-vested authority of the House of Representatives to conduct inquiries in aid of legislation. In view of the foregoing, Rep. Jonathan Keith T. Flores moved to take cognizance of the issues duly raised by Rep. Valeriano in his privilege speech. Rep. Ramon Rodrigo L. Gutierrez seconded the motion. As a result, the Committee made an express preliminary determination that it has proper jurisdiction over the matters.

## Refusal to Participate of OVP Officials

During the second Committee hearing on September 25, 2024, the Committee issued show cause orders against the following officials of the OVP for their failure to attend the two Committee hearings: Atty. Lopez, Mr. Lemuel G. Ortonio (Ortonio), Atty. Sanchez, Ms. Gina F. Acosta (Acosta), Ms. Julieta L. Villadelrey (Villadelrey), and Mr. Edward D. Fajarda (Mr. Fajarda). Due to their absence during the Committee's third hearing on October 17, 2024, the Committee resolved to issue a *subpoena ad testificandum*, including Atty. Sunshine Charry A. Fajarda (Atty. Fajarda).

Several OVP officials, namely: Atty. Lopez, Mr. Ortonio, Atty. Sanchez, Ms. Villadelrey, Ms. Acosta, Atty. Fajarda, and Mr. Fajarda, jointly submitted a Position Paper dated November 5, 2024 asserting<sup>1</sup> that: (a) the subject matter of the deliberation is not in aid of legislation, and that it is violative of the rights of resource persons; (b) there is a jurisdictional issue, as it is the Committee on Appropriations that has the proper jurisdiction on the issues raised as it relates to the expenditures of the national government; (c) they have the right to decline the invitation of the Committee as resource persons; and (d) possible violation of the *sub judice* rule, necessitating that extreme caution be made in discussing matters pending before the Commission on Audit.

A similarly-worded joint Position Paper, also dated November 5, 2024, was also submitted to the Committee and signed by other OVP officials, namely, Mr. Norman B. Baloro, Ms. Winnie G. Dayego, Mr. Kelvin Gerome Teñido (Teñido), Zuhairah A. Abas, Jeizel Cone C. Asia, Rolmar F. Basalan, Maria Laiza E. Pamittan-Frogoso, Atty. Ma. Constancia C. Lim, Mr. Chris G. Sorongon, Mr. Michael Angelo S. Saavedra, Mr. Maximo M. Alexis Tan, Mr. Alan P. Tanjuakio, and Ms. Regina Rosa D. Tecson.

During the hearing on November 11, 2024, of the seven (7) aforementioned OVP officials who were issued show cause letters for refusing to attend the previous Committee hearings, only Atty. Sanchez and Ms. Villadelrey appeared. Because of this, the Committee resolved to cite in contempt four (4) of the other OVP officials, namely: Mr. Ortonio, Ms. Acosta, Mr. Fajarda, and Atty. Fajarda, ordering their arrest and detention in the House Detention Facility. For humanitarian reasons, Atty. Lopez was not cited

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<sup>1</sup> Position Paper of VP Duterte dated September 23, 2024 received by the Committee on September 25, 2024; and Position Paper received by the Committee on November 5, 2024;

in contempt for her failure to attend the said hearing, as she submitted a Letter explaining her absence was due to a family emergency in Los Angeles, USA, with the Committee directing the re-issuance of a *subpoena ad testificandum* commanding Atty. Lopez to attend the subsequent hearing on November 20, 2024.

On November 12, 2024, the Committee received a Letter dated November 12, 2024 signed by Atty. Fajarda, Mr. Fajarda, and Ms. Acosta, explaining that their non-attendance at the November 11, 2024 hearing was due to official business based on a Travel Order, and requesting that their respective arrest orders be lifted. On November 15, 2024, the Committee also received an undated Letter from Mr. Ortonio, stating that he is aware of the contempt and arrest order issued against him and requesting that such orders be lifted in order for him to participate during the hearing on November 20, 2024.

During the hearing on November 20, 2024, Atty. Lopez appeared before the Committee. However, despite their Letters, Mr. Ortonio, Atty. Fajarda, Mr. Fajarda, and Ms. Acosta once again failed to appear on such date, and were once again cited in contempt. Mr. Baloro, Director for Operations of the OVP, testified that the OVP officials who were absent during the November 11 and 20, 2024 hearings were supposedly in the CARAGA satellite OVP offices due to a week-long thanksgiving event of the OVP held simultaneously in the municipalities of Gingoog, Magallanes, and Butuan City and in the Southern Mindanao satellite office in Marilog. The Committee noted that Ms. Acosta's travel order was for attending various events in celebration of the OVP's 89<sup>th</sup> anniversary from November 18 to 22, 2024, while Mr. Ortonio was granted a travel order to "various places (in Visayas and Mindanao)" dated November 6, 2024 only for the period of November 11 to 15, 2024.

Likewise, during the hearing on November 20, 2024, and upon motion of Rep. France L. Castro (Castro), the Committee cited Atty. Lopez in contempt and a detention order was issued commanding that she be detained for a period of 5 days in the House Detention Facility. This was due to her undue interference in the conduct of proceedings in view of Atty. Lopez' Letter to the COA dated August 21, 2024 in which she argued that the subpoena of pertinent documents of the 2022 and 2023 Confidential Funds of the OVP and DepEd should not be complied with, as well as due to the totality of her conduct and answers before the Committee being evasive.

During the Committee hearing held on November 25, 2024, and upon motion of Rep. Castro, Atty. Lopez' detention order was extended to 10 days. At the same hearing, Mr. Ortonio, Atty. Fajarda, Mr. Fajarda, and Ms. Acosta appeared before the Committee, along with VP Duterte and other OVP officials. Following their voluntary appearance, the Committee resolved to grant a temporary lifting of the arrest order with conditional furlough.

Other compulsory processes were issued by the Committee during the course of the inquiry in aid of legislation, such as *subpoena duces tecum*.<sup>2</sup> Moreover, the period of the inquiry for both PS 379 and *motu proprio* inquiry was extended, following Section 15 of the Rules Governing Inquiries in Aid of Legislation on the Termination of Inquiries.

### Confidential Funds of the OVP

DBM Undersecretary Rolando U. Toledo stated that there was neither a line-item budget nor a request for confidential funds in the 2022 OVP Budget under the 2022 General Appropriations Act (GAA). It was only during the 2022 budget implementation that the DBM received a request from the OVP for a total additional budget of Php 403.46 million for certain items, including a request for confidential funds amounting to Php 250 million. However, out of the Php 250 million request, only Php 125 million was granted which amount was charged in the contingent fund under the Good Governance Program of OVP.

For 2023, Usec. Toledo informed the Committee that there was a line-item budget of Php 500 million in 2023 for OVP for Confidential Funds. However, only Php 375 Million of this was actually advanced and disbursed, in tranches of Php125 Million per quarter from the 1<sup>st</sup> Quarter to the 3<sup>rd</sup> Quarter of 2023. Thus, from the 4<sup>th</sup> quarter of 2022 to the 3<sup>rd</sup> quarter of 2023, the OVP had utilized a total of Php 500 million pesos in confidential funds

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<sup>2</sup> COA for confidential fund related documents of OVP and DepEd; various LGUs for the Youth Leadership Summit documents

Below is a summary of the OVP’s Disbursement Vouchers (DV) for the utilized confidential funds amounting to a total of Php 500 million for calendar years 2022 to 2023, certified copies of which were among the documents submitted to the Committee by the Commission on Audit, in compliance with a subpoena issued by the Committee.

<b>OVP Disbursement Voucher for Confidential Funds</b>	<b>4<sup>th</sup> Quarter 2022</b>	<b>1<sup>st</sup> Quarter 2023</b>	<b>2<sup>nd</sup> Quarter 2023</b>	<b>3<sup>rd</sup> Quarter 2023</b>
Date of Disbursement Voucher Payee: Amount: Certified that expense/cash advance necessary, lawful and incurred under direct supervision of signatory:	12/20/2022 Acosta Php 125 million VP Duterte	01/31/2023 Acosta Php 125 million VP Duterte	04/10/2023 Acosta Php 125 million VP Duterte	07/13/2023 Acosta Php 125 million VP Duterte
Certified by - cash available; - subject to authority to debit account; - supporting documents complete and amount claimed proper;	Villadelrey Yes Yes Yes	Villadelrey Yes blank Yes	Villadelrey Yes blank Yes	Villadelrey blank blank blank
Approved for payment:	Ortonio	Ortonio	Ortonio	Ortonio
Receipt of Payment: Date of receipt:	Acosta 12/20/2022	Acosta 01/31/2023	Acosta 04/24/2023	
Cheque date: Signatory/ies:	12/20/2022 Sanchez Ortonio	01/31/2023 Sanchez Ortonio	04/18/2023 Sanchez Ortonio	07/13/2023 Sanchez Ortonio
Particulars	Cash advance to defray confidential expenses of the OVP for CY 2022	Cash advance to defray confidential expenses of the OVP for the 1 <sup>st</sup> Qtr. of CY 2023	Cash advance to defray confidential expenses of the OVP for the 2 <sup>nd</sup> Qtr. of CY 2023	Cash advance to defray confidential expenses of the OVP for the 3 <sup>rd</sup> Qtr. CY 2023

During the hearing on November 25, 2024, Ms. Acosta testified that, as the SDO for Confidential Funds of the OVP, she prepared all of the ~~Disbursement Vouchers (DV)~~ for the confidential funds upon release of the Special Allotment Release Order by the DBM and upon the direct instruction of VP Duterte.

Each DV was then routed to the signatories indicated therein: VP Duterte as Head of Agency (HoA), Ms. Julieta L. Villadelrey (Villadelrey) as Chief Accountant, Mr. Ortonio as Assistant Chief of Staff, and Ms. Acosta as Payee/Special Disbursing Officer (SDO) who received the cheque signed by Atty. Rosalynne L. Sanchez (Sanchez) as Chief of Director for Administrative and Financial Services Office (AFSO) and Mr. Ortonio. Specifically, VP Duterte certified in each of the four (4) DVs that the funds sought were “necessary, lawful and incurred under [her] direct supervision”. One cheque representing Php 125 Million worth of confidential funds was released each quarter from the 4<sup>th</sup> Quarter of 2022 to the 3<sup>rd</sup> Quarter of 2023.

The OVP Chief Accountant, Ms. Villadelrey, stated that she processed the DV containing supporting documents as required by COA-DILG-DBM-GCG-DND Joint Circular No. 2015-01 (JC 2015-01) on confidential funds. As Chief Accountant, Ms. Villadelrey ensured that the voucher is covered by the allotment order released by the DBM. Further, Ms. Villadelrey also explained that her certification as accountant on the DV only pertains to the cash availability and completeness of supporting documents for the cash advance. During the hearings, it was discovered that Ms. Villadelrey was unfamiliar with confidential funds and its implementing guidelines under JC 2015-01 which was made apparent by the inconsistencies discovered during the course of the Committee hearings. Cash advances to SDOs were recorded as transactions in the Subsidiary Ledger but the General Ledger contained records only of the amount of cheques issued, including cheque number, cheque issuance date and quarter, and not the transaction itself. She received reports on cheque encashment from the Cash Division as part of the General Ledger. While the liquidation of previous cash advances must be accomplished before a subsequent cash advance may be issued to the SDO, Ms. Villadelrey, as Chief Accountant, was not shown the actual liquidation documents submitted by the SDO but was only shown the cover page of a ‘transmittal copy of the supporting documents duly stamped by COA-Intelligence and Confidential Fund Audit Office (ICFAO)’ before she was made to sign the DV for the Confidential Funds of the succeeding quarter.

As for the Liquidation Reports also bearing her signature, Ms. Villadelrey testified that she affixed her signature on the Liquidation Reports, specifically in certification that “supporting documents complete and proper”, but was not shown any of the supporting documents for the Liquidation Reports before these vouchers and reports were sent to COA-ICFAO in a sealed envelope. Ms. Villadelrey issued the said certification on the supporting documents without inspection nor verification of the supporting documents for the Liquidation Report. Ms. Villadelrey directly reports to her supervisor, Atty. Sanchez who is under the Office of the Chief of Staff, headed by Atty. Lopez.

Atty. Sanchez was a signatory to the cheques released to SDO Ms. Acosta for the cash advances of the confidential fund. Atty. Sanchez confirmed that the OVP received confidential funds, but disclaimed any knowledge or participation on its utilization and liquidation. As Director of the AFSSO, Atty. Sanchez supervises five (5) OVP Divisions, namely: (i) Budget Division; (ii) Accounting Division; (iii) Human Resource Development Division; (iv) Cash Division, and; (v) General Services Division. While Ms. Acosta belongs to the AFSSO, she does not report to Atty. Sanchez and instead reports to Atty. Lopez, the Chief of Staff of the OVP. Meanwhile, Atty. Sanchez reports to Mr. Ortonio, who in turn reports to Atty. Lopez, the Chief of Staff of the OVP. Atty. Sanchez stated that VP Duterte and Ms. Acosta have primary knowledge of the confidential funds.

Mr. Ortonio did not deny that he signed the DVs to signify his approval for payment of the requested disbursement of cash advance for confidential funds, and was also a signatory to all four (4) cheques issued to SDO Ms. Acosta of Php125 Million each. After, the cheque is released to Ms. Acosta, being the SDO and payee thereof. Mr. Ortonio disclaimed any knowledge of information and activities in relation to confidential funds but subsequently also admitted that he assisted SDO Ms. Acosta in encashing the four (4) cheques with Landbank. He also admitted that, despite supposedly having no knowledge on the utilization of the OVP confidential funds, he was responsible for preparing the replies issued by the OVP to the Commission on Audit in response to Audit Observation Memoranda (AOM) that were issued raising defects on the utilization and liquidation of the OVP confidential funds.

In her capacity as SDO, Ms. Acosta encashed the cheques for confidential funds from LandBank of the Philippines (LBP) – Shaw Blvd. Branch accompanied by Mr. Ortonio. Ms. Nenita Camposano, the Branch Manager of LBP Shaw Blvd. Branch during the encashment of Ms. Acosta, confirmed that the payee, Ms. Acosta, did encash each of the cheques representing Php 125 million of confidential funds. Disputing SDO Acosta’s claim that they were assisted by Landbank security guards to carry out the four (4) large duffle bags containing each withdrawal, the LBP head security guard on-duty, Mr. Nino Borra, stated that he did not assist Ms. Acosta in carrying the cash due to an existing bank policy prohibiting such assistance.

Under the instruction of VP Duterte, Ms. Acosta turned over the entire amount of the encashed confidential funds to Col. Raymund Dante P. Lachica (Col. Lachica), the Head of the Vice-Presidential Security and Protection Group (VPSG), clearly not an employee of the OVP, who had supposedly been delegated as a Security Officer for OVP Confidential Funds. SDO Ms. Acosta also claimed that it was Col. Lachica who provided her with the prepared Accomplishment Reports, the acknowledgement receipts from beneficiaries or payees, and the Physical and Financial Plan relating to the confidential funds.

Ms. Acosta prepared the Liquidation Report, with the attached Certification and Accomplishment Report on the utilization of confidential funds. In the attached Certification, she and VP Duterte jointly certified and attested that:

“**We** further certify that:

- a. The certifying officer or employee is accountable for the disbursement from the cash advance of CF and/or IF;
- b. The expenses were incurred in connection with the agency’s intelligence and/or confidential operations and activities, with supporting documents attached to the liquidation of CF and for the IF, documentary evidence of payment kept in sealed envelope in the vault in the office of the SDO;

- c. The details and supporting documents of transactions that are classified are in the custody of the agency and kept in its vault which may be inspected by IFCAU if the circumstances so demand;
- d. The funds are not used for payment of salaries and wages, overtime, additional compensation, allowance or other fringe benefits of officials and employees, representation/entertainment expenses, consultancy fees, and construction or acquisition of buildings or housing structures;
- e. The purchase of equipment is relevant to the confidential and/or intelligence activities; and,
- f. The expenditures are necessary and utilized for legal purposes.”

Ms. Acosta repeatedly confirmed that she did not implement the confidential activities listed in the Accomplishment Reports, and did not personally disburse any amount to any payee or recipient named in the Acknowledgment Receipts or Documents Evidencing Payment (DEP) that were submitted to the COA-ICFAO. Below is a summary of the Liquidation Report, Certification, and Accomplishment Report of the OVP for confidential funds:

OVP Liquidation Report	4 <sup>th</sup> Quarter 2022	1 <sup>st</sup> Quarter 2023	2 <sup>nd</sup> Quarter 2023	3 <sup>rd</sup> Quarter 2023
Liquidation Report date	01/10/2023	03/29/2023	07/11/2023	10/23/2023
Serial No.	2022-12-152	2023-03-31	2023-07-133	2023-10-216
Particulars	Liquidation of cash advance granted for the confidential expenses of the Office of the Vice President	Liquidation of cash advance granted for the confidential expenses of the Office of the Vice President under Check No. 0000244053 dated January 31, 2023 with DV # 2023-01-00222	Liquidation of cash advance granted for the confidential expenses of the Office of the Vice President	Liquidation of cash advance granted for the confidential expenses of the Office of the Vice President
Total Amount Spent	Php 125 million	Php 125 million	Php 125 million	Php 125 million
Amount of cash advance	Php 125 million	Php 125 million	Php 125 million	Php 125 million
Cheque #	#0000244027	#0000244053	#0000245511	#0000245664
Cheque date	12/20/2022	01/31/2023	04/18/2023	07/13/2023
Certified: correctness of the above data	Acosta	Acosta	Acosta	Acosta
Date:	No date	No date	July 11, 2023	No date
Certified: purpose of cash advance duly accomplished	VP Duterte	VP Duterte	VP Duterte	VP Duterte
Date:	No date	No date	July 11, 2023	
Certified: supporting documents complete and proper	Villadelrey	Villadelrey	Villadelrey	Villadelrey
Date:	No date	No date	No date	October 23, 2023
JEV No.	Blank	Blank	Blank	Blank
Certification and attestation that:	Acosta and VP Duterte dated 01/10/2022	Acosta and VP Duterte dated 03/30/2023	Acosta and VP Duterte dated 07/11/2023	Acosta and VP Duterte dated 10/09/2023
a. They are accountable for the disbursement from the cash advance of CF and/or IF;	Notarized by Atty. Rhoscel N. Abella (Atty. Abella) on 01/16/2023	Notarized by Atty. Abella on 03/31/2023	Notarized by Atty. Abella on 07/11/2023	Notarized by Atty. Abella on 10/09/2023
b. The expenses incurred in connection with the agency's intelligence and/or confidential operations and activities, with supporting documents attached to the liquidation of CF and for the IF, documentary evidence of payment kept in sealed envelope in the vault in the office of the SDO;				

OVP Liquidation Report	4 <sup>th</sup> Quarter 2022	1 <sup>st</sup> Quarter 2023	2 <sup>nd</sup> Quarter 2023	3 <sup>rd</sup> Quarter 2023
<p>c. The details and supporting documents of transactions that are classified are in the custody of the agency and kept in its vault which may be inspected by IFCAU if the circumstances so demand;</p> <p>d. The funds are not used for payment of salaries and wages, overtime, additional compensation, allowance or other fringe benefits of officials and employees, representation/entertainment expenses, consultancy fees, and construction or acquisition of buildings or housing structures;</p> <p>e. The purchase of equipment is relevant to the confidential and/or intelligence activities; and</p> <p>f. The expenditures are necessary and utilized for legal purposes.</p>				
<p>Accomplishment Report date:</p> <p>Period covered:</p> <p>Program/Project/Activities per Physical and Financial Plan:</p> <p>Actual outcome/accomplishment (amount):</p>	<p>Undated</p> <p>Dec. 21 to 31, 2022</p> <p>Safe implementation of OVP initiatives and confidence-building</p> <p>Surveillance and monitoring (125 million)</p> <p>a. Purchase of information; (14 million)</p> <p>b. Payment of reward; (10 million)</p> <p>c. Rental of other incidental expenses relative to the Maintenance of Safe Houses; (16 million)</p> <p>d. Purchase of supplies; (35 million)</p> <p>e. Provision of medical and food aid; (40 million)</p> <p>f. Payment of incentives or</p>	<p>March 30, 2023</p> <p>Feb. 6 to March 29, 2023</p> <p>Safe implementation of OVP initiatives and confidence-building</p> <p>Surveillance and monitoring (125 million)</p> <p>a. Purchase of information; (10 million)</p> <p>b. Payment of reward; (15 million)</p> <p>c. Rental of other incidental expenses relative to the Maintenance of Safe Houses; (16 million)</p> <p>d. Purchase of supplies; (32 million)</p> <p>e. Provision of medical and food aid; (42 million)</p> <p>f. Payment of incentives or</p>	<p>July 11, 2023</p> <p>April 25 to June 30, 2023</p> <p>Safe implementation of OVP initiatives and confidence-building</p> <p>Surveillance and monitoring (125 million)</p> <p>a. Purchase of information; (12 million)</p> <p>b. Payment of reward; (12 million)</p> <p>c. Rental of other incidental expenses relative to the Maintenance of Safe Houses; (16 million)</p> <p>d. Purchase of supplies; (35 million)</p> <p>e. Provision of medical and food aid; (40 million)</p> <p>f. Payment of incentives or</p>	<p>October 9, 2023</p> <p>July 14 to Sept. 30, 2023</p> <p>Safe implementation of OVP initiatives and confidence-building</p> <p>Surveillance and monitoring (125 million)</p> <p>a. Purchase of information in relation to uncovering of safety and security threats in various areas of engagement of the OVP; (20 million)</p> <p>b. Payment of reward for informants of surveillance and monitoring activities; (35 million)</p> <p>c. Rentals and incidental expenses related to the Maintenance of</p>

OVP Liquidation Report	4 <sup>th</sup> Quarter 2022	1 <sup>st</sup> Quarter 2023	2 <sup>nd</sup> Quarter 2023	3 <sup>rd</sup> Quarter 2023
	travelling relative to the confidential operations (10 million)  Conducted in 132 areas  100% implementation without untoward security-related incidents	travelling relative to the confidential operations (10 million)  Conducted in 127 areas  100% implementation without untoward security-related incidents	travelling relative to the confidential operations (10 million)  Conducted in 111 areas  100% implementation without untoward security-related incidents	d. Safe Houses; (5 million) Purchase of supplies in the conduct of surveillance and monitoring activities in various areas of engagement of the OVP; (50 million) e. Rental of transport vehicle related to surveillance activities (15 million)  Conducted in 122 areas  100% implementation without untoward security-related incidents
Prepared by:	Acosta	Acosta		Acosta
Approved by:	VP Duterte	VP Duterte	Acosta VP Duterte	VP Duterte

COA issued several Audit Observation Memoranda (AOM) on the confidential funds, having been issued quarterly corresponding to the disbursement of the confidential funds of the OVP. Thereafter, the OVP issued the following Responses in relation to the issued AOMs:

	Response to AOM No. 2023-211 dated September 14, 2023 and AOM No. 2023-213 dated October 3, 2023		Response to AOM No. 2024-014 dated February 1, 2024	Response to AOM No. 2024-170 dated August 27, 2024
Date:	October 19, 2023	November 30, 2023	April 19, 2024	August 27, 2024
Period/s of AOM:	December 21 to 31, 2022	December 21 to 31, 2022	February 6 to March 29, 2023  April 25 to June 30, 2023	July 14 to September 30, 2023
Amount of Confidential Expenses:	Php125 million	Php125 million	Php250 million	Php125 million
Signatories:	Ortonio	Lopez Ortonio	Lopez Ortonio	Lopez Ortonio

The House's Committee on Appropriations sought to be informed on the OVP and DepEd's utilization of Confidential Funds through the issuance of a *subpoena* to the COA. However, the OVP, through a letter dated August 21, 2024 addressed to the COA, drafted by Mr. Ortonio and signed by Atty. Lopez, sought to prohibit COA from complying with the *subpoena duces tecum* issued by the Committee on Appropriations of the House of Representatives directing COA to release certain documents relating to the OVP and DepEd confidential funds to Congress. VP Duterte knew of the import of said letter. Despite the letter dated August 21, 2024 and the instruction to not comply with the *subpoena duces tecum*, the COA properly complied with the request of the Committee on Appropriations and furnished the said documents on the OVP and DepEd confidential funds.

As to the operations of the OVP, Atty. Lopez stated that Mr. Ortonio does not directly report to her, despite her position as the Chief of Staff of the OVP. Moreover, Atty. Lopez claimed that she was

not privy to transactions concerning the confidential funds of OVP and merely prepared documents in response to the AOM. Atty. Lopez also admitted that Ms. Acosta reports to her, consistent with the confirmation from Atty. Sanchez who stated that the SDO is under the Office of the Chief-of-Staff. Atty. Lopez also reiterated that she stands by the position of the OVP with regard to the letter dated August 21, 2024, addressed to COA in that the documents pertaining to confidential funds should not be released for several points raised therein, including the application of the *sub judice* rule. Atty. Lopez claimed that she had no knowledge on the functions of SDO as she is only in charge of the economic and socio-projects of the OVP. Having weighed the totality of her actions and statements to the Committee, including her submissions and position papers signed, the Committee found her to have unduly interfered with the hearings in aid of legislation.

In addition, Atty. Lopez also made the following admissions:

- She was a City Administrator of Davao City for more than 10 years and had worked with Ms. Acosta in the processing, utilization and liquidation of the confidential funds of Davao City during the term of VP Duterte as Mayor thereof;
- She was tasked by VP Duterte to inform former DepEd Undersecretary Gloria Mercado that the Secretary has lost confidence in her and that she should resign. In this regard, it bears stating that there were four (4) other DepEd Undersecretaries forced to resign by VP Duterte who was then the DepEd Secretary.
- The letter dated August 21, 2024 addressed to COA requesting that documents relating to the confidential funds should not be submitted to the Committee was issued under the directive of VP Duterte.

### **Confidential Funds of DepEd**

The Committee’s decision to look into the budget utilization of DepEd stemmed from the alleged rigged bidding of the DepEd Computerization Program and non-delivery of Php 9 billion worth of laptops for the E-Learning Program. Aside from the regular fund, DepEd was also allotted confidential funds of Php 150 million in 2023 under the 2023 GAA, with VP Duterte deciding to forgo the Php 37.5 Million of Confidential Funds for the 4<sup>th</sup> Quarter of 2023.

DepEd Undersecretary for Finance Annalyn M. Sevilla (Sevilla) confirmed that in 2022, there was no confidential fund reflected in their May 2022 submission to DBM for the *budget call* for fiscal year 2023. With the new administration in place, DBM asked the agency to confirm the budget proposal it submitted in May 2022. In view of this, the DepEd once again submitted its proposal in August 2022, which did not include confidential funds. However, upon the publication of the National Expenditure Program (NEP) for FY 2023, there was a line item for confidential funds in the amount of Php 150 million reflected under the DepEd, which was the first time the DepEd had proposed for confidential funds.

Usec. Sevilla stated that the end-user, or the person who will request the issuance of a cheque, prepares the ~~disbursement voucher~~ DV and supplies the particulars thereto. She added that as the amount for each of the three (3) cheques for DepEd’s confidential funds is more than Php 10 million, the signature of another undersecretary was necessary on the cheque. She also related how the DVs for confidential funds were completed, to *wit*: (1) the SDO must already be identified who was authorized by the Head of Agency and the Finance team is informed through a memo; (2) the SDO must already be bonded through a fidelity bond, and (3) an obligation request and the DV which is to be signed by the Head of Agency as required under JC 2015-01. Usec. Sevilla denied any knowledge as to how the cheque was encashed, as it would be the payee of the cheque, then Mr. Fajarda, as the SDO, who would encash the same.

DepEd’s SDO for confidential funds is Mr. Fajarda who prepared all the DVs for cash advances of the confidential funds for DepEd in 2023. Below is a summary of the DepEd’s disbursement voucher for the confidential funds for calendar year 2023:

<b>DepEd Disbursement Voucher for Confidential Funds</b>	<b>1<sup>st</sup> Quarter 2023</b>	<b>2<sup>nd</sup> Quarter 2023</b>	<b>3<sup>rd</sup> Quarter 2023</b>
Date:	02/2023	04/19/2023	07/11/2023
Payee:	E. Fajarda	E. Fajarda	E. Fajarda
Amount:	Php 37.5 million	Php 37.5 million	Php 37.5 million

<b>DepEd Disbursement Voucher for Confidential Funds</b>	<b>1<sup>st</sup> Quarter 2023</b>	<b>2<sup>nd</sup> Quarter 2023</b>	<b>3<sup>rd</sup> Quarter 2023</b>
Certified that expenses/cash advance necessary, lawful and incurred under direct supervision of signatory:	VP Duterte	VP Duterte	VP Duterte
Certified [that] - cash available; - subject to authority to debit account; - supporting documents complete;	Catalan Yes Yes Yes	Catalan Yes Blank Blank	Catalan Yes Blank Yes
Approved for payment:	Sevilla	Sevilla	Sevilla
Receipt of Payment:	E. Fajarda	E. Fajarda (No printed name, but same signature)	E. Fajarda (No printed name, but same signature)
Date of receipt:	02/20/2023	04/19/2023	No date
Particulars:	1 <sup>st</sup> Qtr of CY 2023 cash advance payment of allotments under the Maintenance and Other Operating Expenses (MOOE) authorized under p. 376 of RA 11936 of the GAA, FY 2023 and Sec. 85, p. 778 of the General Provision FY 2023	2 <sup>nd</sup> Qtr of CY 2023-allocation Replenishment of cash advance under the MOOE authorized under p. 376 of RA 11936 of the GAA, fy 2023 and Sec. 85, p. 778 of the General Provision FY 2023	Replenishment of cash advance under the MOOE authorized under p. 376 of RA 11936 of the GAA, FY 2023 and Sec. 85, p. 778 of the General Provision FY 2023
<b>Cheque Issued in Relation to Disbursement Voucher</b>	<b>1<sup>st</sup> Quarter 2023</b>	<b>2<sup>nd</sup> Quarter 2023</b>	<b>3<sup>rd</sup> Quarter 2023</b>
Cheque No. Cheque date: Signatory/ies:	0000000453 02/20/2023 Sevilla Mercado	0000000964 04/19/2023 Sevilla Mercado	0000002250 07/11/2023 Sevilla Mercado
Pay to the Order of: Cheque Amount:	E. Fajarda Php 37.5 million	E. Fajarda Php 37.5 million	E. Fajarda Php 37.5 million

Ms. Ma. Rhunna L. Catalan (Catalan), DepEd’s Chief Accountant, certifies that the DV has ‘*supporting documents and sealed in the vault of the SDO*’. However, Ms. Catalan testified that she was not shown copies of the required attached documents to the DV, and was only requested by Atty. Sunshine Charry A. Fajarda (Atty. Fajarda), then DepEd’s Assistant Secretary, and formerly the Head Executive Assistant of the DepEd Secretary, VP Duterte, to sign the DVs for the Confidential Funds. As further detailed below, Ms. Catalan received ‘*envelopes*’ from Atty. Fajarda with the amount of P25,000.00 per envelope for nine (9) months.

Atty. Fajarda, as the former Assistant Secretary of DepEd and former Head Executive Assistant of VP Duterte, confirmed that she was in charge of the administrative work which included securing the signature of VP Duterte on documents for her signature. Included in these documents are the DVs for the release of confidential funds, which were supposedly routed to the office of VP Duterte in DepEd from its Accounting Office. After securing VP Duterte’s signature, she then returns these documents to Mr. Edward Fajarda (Mr. Fajarda), her husband, who is the DepEd SDO for Confidential Funds. After Mr. Fajarda receives the signed DVs, he then brings these documents to DepEd’s Accounting Office for the release of the cheques pertaining to confidential funds.

Usec. Sevilla approves the voucher for payment and the cheques are issued and signed by both Usec. Sevilla and Ms. Gloria Mercado (Mercado). Ms. Mercado was DepEd’s former Undersecretary for Human Resources and Organizational Development, and likewise the agency’s Head of Procuring Entity.

Mr. Fajarda, to whom the cheques for confidential funds was released, would encash the same in LBP – DepEd Branch, which encashment was processed by then Branch Manager, Ms. Nenita P. Camposano (Camposano). Per Mr. Fajarda, he was accompanied by two (2) other security personnel, one of whom is named *Allan*. On a weekly basis, Mr. Fajarda disbursed the encashed confidential funds to Lt. Col. Dennis Nolasco, a member of the VPSG, who had supposedly been appointed as Security Officer

for the Confidential Funds of DepEd. Lt. Col. Nolasco was under Col. Lachica, who was in-charge of confidential operations of both OVP and DepEd. Mr. Fajarda admitted that it was VP Duterte who designated Lt. Col. Nolasco as SO for DepEd, and that VP Duterte gave Lt. Col. Nolasco the authority to disburse the confidential funds. Mr. Fajarda stated that he has no knowledge as to how the confidential funds were actually disbursed, as he merely gave to Lt. Col. Nolasco on a weekly basis varying amounts, from Php 4 to 6 million. He added that his knowledge of the disbursement of confidential funds by Lt. Col. Nolasco was limited to the information on the quarterly activity plan submitted to him by Lt. Col. Nolasco. Mr. Fajarda, with the help of Lt. Col. Nolasco, then prepares the Accomplishment Reports, which included the Liquidation Reports.

According to Mr. Fajarda, it was Lt. Col. Nolasco who made the actual and further disbursements of the confidential funds. He added that Lt. Col. Nolasco merely gave to him the Acknowledgement Receipts supposedly executed by the recipients of confidential funds, which he then submitted as part of the Liquidation Report he submitted to the COA. Mr. Fajarda certified the correctness of the Liquidation Report and VP Duterte certified that the funds were fully spent. Below is a summary of the Liquidation Report and Certification of DepEd for confidential funds:

<b>DepEd Liquidation Report</b>	<b>1<sup>st</sup> Quarter 2023</b>	<b>2<sup>nd</sup> Quarter 2023</b>	<b>3<sup>rd</sup> Quarter 2023</b>
Liquidation Report Date:	03/31/2023	06/30/2023	09/29/2023
Serial No.	2023-03-30	2023-06-30	2023-09-30
Particulars	To liquidate the cash advance granted for the payment of operational/MOOE expenses of the Vice President/Secretary of the Department covered by Cheque No. 0000000453 dated February 20, 2023 with DV No. 2023-02-02987	To liquidate the cash advance granted for the payment of operational/MOOE expenses of the Vice President/Secretary covered by Cheque No. 0000000964 dated April 19, 2023 with DV No. 2023-04-05905	To liquidate the cash advance granted for the payment of operational/MOOE expenses of the Vice President/Secretary covered by Cheque No. 0000002250 dated July 11, 2023 with DV No. 2023-07-10503 dated July 11, 2023
Total Amount Spent	P37.5 million	P37.5 million	P37.5 million
Amount of cash advance	P37.5 million	P37.5 million	P37.5 million
Cheque #	#0000000453	#0000000964	#0000002250
Cheque date	02/20/2023	04/19/2023	07/11/2023
Certified correctness of the above data Date:	E. Fajarda March 31, 2023	E. Fajarda June 30, 2023	E. Fajarda September 29, 2023
Certified purpose of cash advance duly accomplished Date:	VP Duterte March 31, 2023	VP Duterte June 30, 2023	VP Duterte September 29, 2023
Certified supporting documents complete and proper Date:	Catalan March 31, 2023	Catalan June 30, 2023	Catalan No date
JEV No.	3370	Blank	Blank
Certification and attestation that: a. They are accountable for the disbursement from the cash advance of CF; b. The expenses were incurred in connection with the agency's confidential operations and activities, with supporting documents attached to the liquidation of CF, documentary evidence of payment kept in sealed envelope in the vault in the office of the SDO; c. The details and supporting documents of transactions that are classified are in the custody of the agency and kept in its vault which may be inspected by IFCAU if the circumstances so demand; d. The funds are not used for payment of salaries and wages, overtime, additional compensation,	E. Fajarda and VP Duterte dated 03/31/2023  Notarized by Atty. Abella on 04/04/2023	E. Fajarda and VP Duterte dated 06/30/2023  Notarized by Atty. Abella on 07/03/2023	E. Fajarda and VP Duterte dated 10/02/2023  Notarized by Atty. Abella on 10/04/2023

DepEd Liquidation Report	1 <sup>st</sup> Quarter 2023	2 <sup>nd</sup> Quarter 2023	3 <sup>rd</sup> Quarter 2023
allowance or other fringe benefits of officials and employees, representation/ entertainment expenses, consultancy fees, and construction or acquisition of buildings or housing structures; e. The purchase of equipment is relevant to the confidential activities; and f. The expenditures are necessary and utilized for legal purposes.			
Accomplishment Report date:	March 31, 2023	June 30, 2023	September 30, 2023
Period covered:	February 20 to 30 March 2023	April 20 to June 29, 2023	July 12 to September 30, 2023
Program/Project/Activities per Physical and Financial Plan:	<ol style="list-style-type: none"> <li>1. Counter-Insurgency Programs</li> <li>2. Abuse Prevention and Control within Schools</li> <li>3. Anti-Illegal Activities Operations</li> <li>4. Anti-extremism/terrorism Programs</li> </ol>	<ol style="list-style-type: none"> <li>1. Counter-Insurgency Programs</li> <li>2. Abuse Prevention and Control within Schools</li> <li>3. Anti-Illegal Activities Operations</li> <li>4. Anti-extremism/terrorism Programs</li> </ol>	<ol style="list-style-type: none"> <li>1. Counter-Insurgency Programs</li> <li>2. Abuse Prevention and Control within Schools</li> <li>3. Anti-Illegal Activities Operations</li> <li>4. Anti-extremism/terrorism Programs</li> </ol>
Actual outcome/ accomplishment (amount):	<ol style="list-style-type: none"> <li>1. Prevention of recruitment by NPA and other communist and leftist groups towards teachers and students (Php 9.375 million) <ul style="list-style-type: none"> <li>- Purchase of Information (Php 2.47 million)</li> <li>- Payment of Reward (Php 2 million)</li> <li>- Purchase of Supplies (Php 2.805 million)</li> <li>- Payment of Incentives or Travelling relative to the Confidential Operations (Php 2.1 million)</li> </ul> </li> </ol> <p>Conducted surveillance in 115 areas</p> <p>100% implementation of activities without untoward security-related incidents</p> <ol style="list-style-type: none"> <li>2. Reduce Abuses against Learners (Php 10 million) <ul style="list-style-type: none"> <li>- Purchase of Information (Php 2.22 million)</li> <li>- Payment of Reward (Php 2.13 million)</li> <li>- Purchase of Supplies (Php 2.955 million)</li> <li>- Payment of Incentives or Travelling relative to the Confidential</li> </ul> </li> </ol>	<ol style="list-style-type: none"> <li>1. Prevention of recruitment by NPA and other communist and leftist groups towards teachers and students (Php 9.3 million) <ul style="list-style-type: none"> <li>- Purchase of Information (Php 2.5 million)</li> <li>- Payment of Reward (Php 2.05 million)</li> <li>- Purchase of Supplies (Php 2.9 million)</li> <li>- Payment of Incentives or Travelling relative to the Confidential Operations (Php 1.85 million)</li> </ul> </li> </ol> <p>Conducted surveillance in 113 areas</p> <p>100% implementation of activities without untoward security-related incidents</p> <ol style="list-style-type: none"> <li>2. Reduce Abuses against Learners (Php 10.075 million) <ul style="list-style-type: none"> <li>- Purchase of Information (Php 2.228 million)</li> <li>- Payment of Reward (Php 2.37 million)</li> <li>- Purchase of Supplies (Php 2.855 million)</li> <li>- Payment of Incentives or Travelling relative to the Confidential</li> </ul> </li> </ol>	<ol style="list-style-type: none"> <li>1. Prevention of recruitment by NPA and other communist and leftist groups towards teachers and students (Php 9.2 million) <ul style="list-style-type: none"> <li>- Purchase of Information in communist group recruitment within Public Junior High School and Senior High Schools (Php 1.917 million)</li> <li>- Payment of Reward to informants relative to recruitment activities of communist groups being done within schools (Php 1.846 million)</li> <li>- Purchase of Supplies used for surveillance activities in schools (Php 2.549 million)</li> <li>- Rental of Transport Vehicle relative to countering insurgency programs in schools (Php 2.888 million)</li> </ul> </li> </ol> <p>Conducted surveillance in 124 areas</p> <p>100% implementation of activities without untoward security-related incidents</p> <ol style="list-style-type: none"> <li>2. Reduce Abuses against Learners (Php 10.125 million)</li> </ol>

DepEd Liquidation Report	1 <sup>st</sup> Quarter 2023	2 <sup>nd</sup> Quarter 2023	3 <sup>rd</sup> Quarter 2023
	<p>Operations (Php 2.695 million)</p> <p>Conducted surveillance in 122 areas</p> <p>100% implementation of activities without untoward security-related incidents</p> <p>3. Eliminate Illegal activities within Schools (Php 9 million)</p> <ul style="list-style-type: none"> <li>- Purchase of Information (Php 2.078 million)</li> <li>- Payment of Reward (Php 1.5 million)</li> <li>- Rental of Other Incidental Expenses relative to the Maintenance of Safe Houses (Php 1.15 million)</li> <li>- Purchase of Supplies (Php 1.692 million)</li> <li>- Payment of Incentives or Travelling relative to the Confidential Operations (Php 2.58 million)</li> </ul> <p>Conducted surveillance in 119 areas</p> <p>100% implementation of activities without untoward security-related incidents</p> <p>4. Gather information necessary implementation of general peace and order within the department (Php 9.125 million)</p> <ul style="list-style-type: none"> <li>- Purchase of Information (Php 1.075 million)</li> <li>- Payment of Reward (Php 1.879 million)</li> <li>- Rental of Other Incidental Expenses relative to the Maintenance of Safe Houses (Php 1.775 million)</li> <li>- Purchase of Supplies (Php 1.34 million)</li> <li>- Provision of Medical and Food Aid (Php 1.98 million)</li> <li>- Payment of Incentives or Travelling relative to</li> </ul>	<p>Operations (Php 2.622 million)</p> <p>Conducted surveillance in 125 areas</p> <p>100% implementation of activities without untoward security-related incidents</p> <p>3. Eliminate Illegal activities within Schools (Php 9.1 million)</p> <ul style="list-style-type: none"> <li>- Purchase of Information (Php 2.266 million)</li> <li>- Payment of Reward (Php 1.732 million)</li> <li>- Rental of Other Incidental Expenses relative to the Maintenance of Safe Houses (Php 1.15 million)</li> <li>- Purchase of Supplies (Php 1.548 million)</li> <li>- Payment of Incentives or Travelling relative to the Confidential Operations (Php 2.404 million)</li> </ul> <p>Conducted surveillance in 121 areas</p> <p>100% implementation of activities without untoward security-related incidents</p> <p>4. Gather information necessary implementation of general peace and order within the department (Php 9.025 million)</p> <ul style="list-style-type: none"> <li>- Purchase of Information (Php 1.168 million)</li> <li>- Payment of Reward (Php 1.879 million)</li> <li>- Rental of Other Incidental Expenses relative to the Maintenance of Safe Houses (Php 1.775 million)</li> <li>- Purchase of Supplies (Php 1.293 million)</li> <li>- Provision of Medical and Food Aid (Php 1.98 million)</li> <li>- Payment of Incentives or Travelling relative to</li> </ul>	<ul style="list-style-type: none"> <li>- Purchase of Information in relation to cases involving child pornography (Php 2.273 million)</li> <li>- Payment of Reward to informants who have given verified information on child grooming happening in schools (Php 2.112 million)</li> <li>- Purchase of supplies for surveillance activities being done against suspected individuals involved in child grooming and child pornography (Php 2.854 million)</li> <li>- Rental of Transport Vehicle relative to the abuse prevention and control in schools (Php 2.886 million)</li> </ul> <p>Conducted surveillance in 131 areas</p> <p>100% implementation of activities without untoward security-related incidents</p> <p>3. Eliminate Illegal activities within Schools (Php 9.140 million)</p> <ul style="list-style-type: none"> <li>- Purchase of Information relative to car loan scams whose victims are mostly DepEd personnel (Php 2.54 million)</li> <li>- Payment of Reward for individuals giving information on illegal activities such as drug trade in schools (Php 2.413 million)</li> <li>- Purchase of Supplies for surveillance activities of individuals suspected to be involved in drug trade in public schools (Php 2.18 million)</li> <li>- Rental of Transport Vehicle for Confidential Operations to combat illegal activities in schools (Php 2.007 million)</li> </ul> <p>Conducted surveillance in 129 areas</p>

DepEd Liquidation Report	1 <sup>st</sup> Quarter 2023	2 <sup>nd</sup> Quarter 2023	3 <sup>rd</sup> Quarter 2023
	<p>the Confidential Operations (Php 1.076 million)</p> <p>Conducted surveillance in 80 areas</p> <p>100% implementation of activities without untoward security-related incidents</p>	<p>the Confidential Operations (Php 930 thousand)</p> <p>Conducted surveillance in 85 areas</p> <p>100% implementation of activities without untoward security-related incidents</p>	<p>100% implementation of activities without untoward security-related incidents</p> <p>4. Gather information necessary implementation of general peace and order within the department (Php 9.035 million)</p> <ul style="list-style-type: none"> <li>- Purchase of Information on individuals that engage in activities that promote terrorism and extremism in schools (Php 2.312 million)</li> <li>- Rental and Incidental Expenses relative to the upkeep of safe houses for informants of terror groups identified to be operating directly in schools (Php 2.005 million)</li> <li>- Purchase of Supplies for surveillance activities to prevent anti-extremism in schools (Php 2.592 million)</li> <li>- Purchase of Information necessary for the crafting of policies for surrenderees who are identified as minors. (Php 2.126 million)</li> </ul> <p>Conducted surveillance in 127 areas</p> <p>100% implementation of activities without untoward security-related incidents</p>
Prepared by:	E. Fajarda	E. Fajarda	E. Fajarda
Approved by:	VP Duterte	VP Duterte	VP Duterte

The Accomplishment Reports submitted by the DepEd to the COA contained four (4) activities, namely: Counter-insurgency Programs, Abuse Prevention and Control within Schools, Anti-Illegal Activities Operations, and Anti-extremism/terrorism Programs.

COA issued AOMs for the three (3) quarters of disbursement of DepEd's confidential funds, citing among others, the lack documentary evidence of payments, non-utilization for confidential expenses permitted under JC No. 2015-01, absence of supporting documents evidencing success of information gathering and/or surveillance activities on account of the information given by the informer, and non-submission of the Physical and Financial Plan (PFP) to reflect the specific confidential activities to which the fund was used.

Upon receipt of the AOMs from COA, and instead of coordinating with SDO Mr. Fajarda who was logically the DepEd employee who should have been in a position to assist him on the matter, Atty. Michael Wesley T. Poa, former Undersecretary and Chief of Staff of VP Duterte, instead requested for “any documents evidencing payment” to be secured by Maj. Gen. Nolasco Mempin (Mempin), former DepEd Undersecretary for Administration. Eventually, Maj. Gen. Mempin provided Atty. Poa with several Certifications from the Philippine Army on the Youth Leadership Summit and Information Education Campaigns from various Military Officers from the Philippine Army, to whom he was acquainted with. Atty. Poa attached these certifications from the Philippine Army to DepEd’s Reply to COA’s AOMs on the disbursement of confidential funds as the agency’s proof of the success of information-gathering activities that merited payment of rewards.

In compliance with the subpoenas issued by the Committee, COA also submitted the documents related to the confidential funds of the DepEd, including the Audit Observation Memoranda and the replies thereto, as follows

	<b>Response to AOM No. 2024-015 dated February 1, 2024</b>	<b>Response to AOM No. 2024-171 dated August 8, 2024</b>
Date:	April 17, 2024	August 22, 2024
Period/s of AOM:	February 20 to March 30, 2023 April 30 to June 29, 2023	July 12 to September 29, 2023
Amount of Confidential Expenses:	Php 37.5 million	Php 37.5 million
Signatories:	Atty. Poa	Atty. Poa

Similar to SDO Ms. Acosta, Mr. Fajarda, who was the SDO for DepEd during the time of the utilization of the agency’s confidential funds, stated that he gave the money or disbursed the confidential funds to Lt. Col. Dennis Nolasco. He added that during the encashment of cheques, two (2) other security personnel were with him. He handed the cash to Lt. Col. Nolasco who allegedly distributed to the intended recipients and have them signed the Acknowledgment Receipts on a weekly basis, ranging from between Php 4 to 6 million. He gave the names to Committee Chairperson Chua in confidence of the two (2) security personnel who accompanied him during the encashment of the cheques. It was later revealed that Lt. Col. Nolasco was under Lt. Col. Lachica, the Head of the VPSPG, and who was supposedly in-charge of confidential operations of both OVP and DepEd, although the agencies have different mandates – none of which pertain to national security or peace and order.

LBP’s former Branch Manager at Shaw Boulevard Branch, Ms. Violeta Constantino, testified that the security guards of LBP are not allowed to help their clients considering the risks that they could be subjected to should fortuitous events happen during the transfer. Hence, it was bank policy that the security guards of LBP do not help carry the money encashed by clients.

Statement from the Philippine Army on the use of DepEd Confidential Funds

On the use of confidential funds by DepEd for the Youth Leadership Summit (YLS) Program, Rep. Luistro pointed out that the basis of the liquidation of DepEd funds pertain to the locations of the YLS activities indicated in the Certifications issued by officials of the Philippine Army without any indication or correlation on the source of information. The Certifications indicate the following places where information was used: Zamboanga del Norte, Zamboanga del Sur, Zamboanga Sibugay, Basilan, Sulu, Ilocos Norte, Ilocos Sur, La Union, Bulacan, Nueva Ecija, Zambales, Camarines Norte, Camarines Sur, Albay, Sorsogon, and Masbate.

During the hearings, Rep. Luistro was able to elicit from various military officials of the Philippine Army that no confidential funds were transferred to the Armed Forces of the Philippines by the DepEd, despite issuance of various Certifications by Maj. Gen. Adonis R. Bajao (Ret.), Col. Manaros M. Boransing II (Boransing), Lt. Col. Magtangol G. Panopio (Panopio), and Lt. Col. Carlos B. Sangdaan, Jr. (collectively, the “Military Officials”) The Military Officials stated that, with regard to the Certifications used by DepEd as justification for the agency’s utilization of its confidential fund, the DepEd did not transfer any funds to the Armed Forces of the Philippines (AFP), and that issuance of the Certifications were submitted to the DepEd through the request of Maj. Gen. Mempin. Col. Boransing admitted that the YLS were regular programs of the AFP, whereas Lt. Col. Panopio stated that the AFP, the participants

from the Philippine National Police and Local Government Units (LGU) shouldered their own expenses when they participate in the program. Atty. Poa stated that he has no knowledge about the operationalization of the fund and merely asked Maj. Gen. Mempin for any proof of successful information gathering or surveillance activities to justify the use of confidential funds, only after the DepEd received an AOM from the COA.

It was also revealed through the testimonies of the Military Officials that the Certifications issued on the conduct of YLS were used as evidence of success of information gathering despite the fact that no confidential funds were actually transferred by DepEd to the AFP. The certifications were acquired by Maj. Gen. Mempin at the behest of Atty. Poa to answer the AOM issued by COA on the utilization of the said confidential funds.

#### Suspected Fabrication of Acknowledgment Receipts for OVP and DepEd Confidential Funds

In the course of the inquiry, the Committee noted discrepancies and circumstances which cast doubt on the authenticity of the Acknowledgment Receipts submitted by the OVP and DepEd as supposed documentary evidence of the payments made to recipients of the Confidential Funds of the agencies, including the following observations as to Acknowledgment Receipts, among others:

- (1) The same named recipient, 'Kokoy Villamin' appeared in OVP and DepEd Acknowledgment Receipts but with varying signatures;
- (2) Acknowledgment Receipts bore no names, only signatures;
- (3) Acknowledgment Receipts had unreadable names without any signatures;
- (4) Acknowledgment Receipts had clearly fictitious names such as 'Mary Grace Piattos' and 'Milky Secuya';
- (5) Acknowledgment Receipts were written with the exact same writing instrument/pen;
- (6) Acknowledgment Receipts were written in the exact same writing style/penmanship;
- (7) Acknowledgment Receipts dated as 2023 were submitted to justify expenses incurred in 2022;
- (8) Acknowledgment Receipts were issued in various locations across the country on the same date despite the physical impossibility to do so;
- (9) Acknowledgment Receipts for the payment of rental expenses recorded exorbitant amounts despite the absence of documentary requirements such as a lease contract that provided for the amount of rent; and
- (10) Acknowledgement Receipts bore receipt dates corresponding to periods when the concerned agency did not have any confidential funds to disburse.

#### Submission of the COA-ICFAO

In response to the queries of the Committee during the Hearing, Atty. Gloria A. Camora (Camora) of the COA-ICFAO testified that:

- (1) In applying the JC 2015-01, the COA does not verify the accuracy or truthfulness of the contents of the documents submitted to ICFAO. COA's audit of confidential funds appears to be ministerial, focusing primarily on whether the agency complied with the documentary requirements for liquidation under JC 2015-01.
- (2) Regarding limitations for review, COA noted that it does not flag as irregular the DEPs with missing printed names, with repeated names, or which make use of the same handwriting or ink, as long as the documents bear signatures and appear complete on their face. Although Atty. Camora concurred with the report that the OVP spent Php 125 million in 11 days, she noted that the COA did not find anything irregular in the documents and was not able to look into the regularity or irregularity of the said expenditure.
- (3) However, when irregularities in the DEPs have been raised by the Committee, Atty. Camora concurred among others that:
  - a. It is physically impossible for SDO Fajarda to have been in several provinces in the same day to disburse confidential funds and have several Acknowledgment Receipts signed by different recipients;
  - b. It is irregular for two Acknowledgment Receipts to indicate different dates and different payees, but with same manner of handwriting and using the same ink;

- c. While some Acknowledgment Receipts may contain typographical errors as to details, it is highly unusual for 158 acknowledgment receipts to be all erroneously dated 2023, when they were submitted to support expenses incurred in 2022;
- (4) COA issued a Notice for Disallowance for Php 73 million worth of confidential funds spent by the OVP in the 4<sup>th</sup> Quarter of 2022, including Php 69 million disallowed due to the OVP's failure to provide evidence of the success of its information gathering/surveillance activities to support the payment of rewards. Atty. Camora explained that since the OVP submitted a mere listing of activities attended by the Vice President, this did not meet the requirement of JC 2015-01. In contrast, COA accepted as proof of success the YLS Certifications submitted by the DepEd as they were issued by an independent agency, i.e. AFP.
- (5) Atty. Camora agreed that it is the SDO, not the Security Officers or any personnel of the agency, who is authorized to disburse confidential funds.

However, the Committee noted that the resource limitations of the COA may be preventing it from verifying the accuracy or truthfulness of the contents of the documents submitted to ICFAO, and that COA's duty to audit funds appeared to be performed in a manner that turned its auditing function into a ministerial duty— so long as the agency submitted the documents required to be submitted under JC 2015-01, without being able to determine if such compliance was falsified or genuine. Rep. Bienvenido Abante Jr. (Rep. Abante) also found out that COA does not conduct ocular inspections on its audit activities while Rep. Ernesto Dionisio Jr. noted that COA only requires Acknowledgment Receipts as proof of the safehouse expenditure by the OVP.

Ms. Gemora of the COA-National Government Audit Sector Cluster 1 said that COA is bound by JC 2015-01 and that they are reviewing the same considering the issues surfacing and the observations of the Committee.

The Committee also noted the absence of certain supporting documents pertaining to the confidential fund utilization of the OVP such as lease contracts. Committee Chairperson Chua said that the mandate of the OVP is bereft as to the use of safehouses, to which Atty. Camora replied that the agency indicated OVP initiative and confidence building as justification.

#### Submission to the Philippine Statistics Authority (PSA)

During the Committee hearing on November 5, 2024, initial findings found on the Acknowledgement Receipts submitted by the DepEd and OVP to the COA were presented before the Committee. These findings on the Acknowledgement Receipts, as well as those discovered during the course of the inquiry in aid of legislation, included, among others: (1) hundreds of Acknowledgement Receipts submitted by the DepEd had no names and only a signature and date, with unreadable names, unsigned and only a name, or are undated; (2) Various Acknowledgement Receipts from both the DepEd having the same payees; (3) Identical entries, amount expended, and number of Acknowledgement Receipts for the second and third quarter of 2023 under "Provision of Medical and Food Aid" of the DepEd; (4) Acknowledgement Receipts signed by the same ink or pen; (5) Acknowledgement Receipts with blatantly fake names, such as *Mary Grace Piattos*; (6) Repeating names, indicating payees having received confidential funds several times; (7) Dates on the Acknowledgement Receipts submitted by the OVP, during which the OVP did not have any confidential funds; (8) Identical signatures but executed on different dates, or have different names; and (9) DepEd Acknowledgement Receipts for payment of rewards to informers in which the location indicated therein do not fall within the areas where the YLS activities were conducted based on the Certifications issued by the officers of the Philippine Army.

During the Committee hearing on November 20, 2024, Rep. Raul Angelo "Jil" D. Bongalon (Rep. Bongalon) moved for the submission of the names of recipients in these acknowledgement receipts to the Philippine Statistics Authority (PSA) to verify whether the indicated payees really existed, highlighting *Mary Grace Piattos*. This was seconded by Rep. Joseph Stephen "Caraps" S. Paduano (Rep. Paduano) and Rep. Zia Alonto Adiong (Rep. Adiong), and was thus carried.

In light of this, Committee Chairperson Rep. Chua sent a Letter to the PSA requesting it to conduct a verification from its Civil Registry Database, including birth, marriage, and death certificates, for "*Mary Grace Piattos*". The PSA would later issue a Certification dated 25 November 2024 in which the PSA found a negative record for *Mary Grace Piattos* in its Civil Registry System.

Committee Chairperson Rep. Chua would later send another Letter to the PSA requesting for verification of persons indicated on the Acknowledgement Receipts submitted by the DepEd and OVP. The PSA would then issue two certifications, namely: (1) PSA Certification dated December 8, 2024, which found that 405 of the 677 recipients of confidential funds from the DepEd were without birth records; and (2) PSA Certification dated December 11, 2024, which found that 1,322 of the 1,992 recipients of confidential funds from the OVP were without birth records.

### DepEd Regular Funds

As to the Computerization Program of DepEd, Department Order No. 16, series of 2023 revising Department Order No. 78, series of 2010, the management of DepEd Computerization Program (DCP) was transferred from the program director to the Office of the Undersecretary for Administration. VP Duterte entrusted Maj. Gen. Mempin with the DCP. The 0% accomplishment of the DCP was attributed to delays brought about by the change in administration. Only the DCP 2022 was processed and procured during 2023 and delivered late in 2023.

DepEd Assistant Secretary Dexter Galban (Galban) mentioned other DepEd programs including the school-based feeding program of DepEd with a budget of Php 5.69 billion, of which there were 1.6 million beneficiaries composed of learners up to Grade 6 students who are classified as severely wasted and wasted in all schools under the said program. Despite the decentralization of the program to the school division offices levels, there was failure in its implementation, due to supplier issues. He added that of the 217 divisions in the DepEd, 192 were able to implement the program with no delays or issues, with the remaining being either delay on the implementation and issues with technical specifications and/or spoiled products. On the frequency of the feeding program, Asec. Galban admitted that the SDOs decided the program modality – in 2023 to 2024, it was implemented 5 days a week for the duration of 4 to 5 months.

As to the utilization of regular funds, including classroom budget, Mr. Epimaco V. Densing III (Densing), former DepEd Undersecretary for School Infrastructure and Facilities, said that DepEd had an initial target for the construction of 6,379 classrooms for 2023, but after the DPWH, as implementor of the program, made additional factors, the new target was decreased to 5,133 classrooms . However, it fell short as only 192 classrooms were successfully constructed in 2024 and all are one-story buildings. There is also Php 5.8 billion budget for facilities. Mr. Densing admitted that it was him who chose and decided which PAPs will be removed considering the lower budget appropriation during his tenure. Rep. Johnny Ty Pimentel (Pimentel) shared that Mr. Densing was involved in asking an 18% commission from a number of House Representatives for school construction and that he decided to terminate the construction of school in Surigao del Sur. Mr. Densing vehemently denied being involved in such activity.

Another DepEd program is the Last Mile School (LMS) Program to which a budget of Php 1.5 billion was allotted from 2021 to 2023, with Php 3 billion for 2024 alone. Based on Memorandum OM-OUSIF-2024-0389, 98 sites were target areas for Calendar Year 2021. As of September 12, 2024, only 37 Centrally Procured LMS were built and the other 61 was terminated, either by default or convenience. As to the Division Level LMS for 2024, there are 166 target sites for 2024 where 82 sites are still undergoing procurement and the other are still ongoing. DepEd has difficulty in the implementation of the program due to the remoteness of the targeted locations.

### “White Envelopes” in DepEd

During the Committee hearing on September 25, 2024, former DepEd Undersecretary Mercado, who appeared to have signed liquidation documents on the confidential funds for the DepEd, revealed that she received nine (9) envelopes containing Php 50,000.00 each from Atty. Fajarda, who informed her that these were from VP Duterte, some labeled with “HoPE”, from the period of February 2023 to September 2023. Receiving the envelopes made her uncomfortable as it may be considered as bribery given her designation as the Head of the Procuring Entity, or HoPE. She also stated that:

- a. She signed cheques in the amount of Php 37.5 million for DepEd, which was corroborated by Usec. Sevilla;
- b. Mr. Fajarda was the SDO to whom the cheques she signed were issued;

- c. In relation to the DCP, in view of the looming bidding failure of the DCP, sometime in 2023, former DepEd Assistant Secretary for Procurement, Atty. Reynold Munsayac (Munsayac) approached her and suggested in the presence of three (3) other DepEd officials “*Mag-usap usap na lang, para hindi masayang and 2022 budget*”, to which Usec. Mercado retorted that it was a violation of the Rules on Procurement.
- d. She was forced to resign by VP Duterte, through Atty. Lopez and Mr. Ortonio, supposedly due to loss of confidence of the former. She added that this was the same means by which other DepEd officials, namely Atty. Christopher Lawrence S. Arnuco, Atty. Jose Arturo “Brady” C. De Castro, and Atty. Michael Kristian R. Ablan, were asked to resign.

Atty. Munsayac denied the allegations of Usec. Mercado and gave his version to the effect that there was actually a bidder, albeit disqualified, and there were post-qualifications that might lapse.

Atty. Lopez stated that she informed Usec. Mercado of the decision of VP Duterte to ask her to resign in 2023 due to loss of trust and confidence, along with Mr. Ortonio. She added that this was an isolated incident, and that she was the one that informed Usec. Mercado since VP Duterte was concurrently the Secretary of the DepEd.

DepEd Chief Accountant Ms. Catalan also admitted that she received nine (9) envelopes on different occasions containing Php 25,000.00 each from Atty. Fajarda. She said that Atty. Fajarda mentioned to her that the money came from VP Sara Duterte who was then the Secretary of DepEd. Rep. Paduano manifested that Ms. Catalan was another official who admitted receiving money from VP Duterte through Atty. Fajarda, aside from Usec. Mercado.

Committee Chairperson Chua inquired from Ms. Catalan on the number of occasions that she received the money from Atty. Fajarda purportedly given by VP Duterte. Ms. Catalan admitted that she received the envelope containing Php 25,000.00 monthly from February 2023 to September 2023 from Atty. Fajarda. She initially thought that the money given to her was sourced from the confidential funds but was made to understand by Atty. Fajarda, when she asked the source of the money, that it was from the Vice President. The envelopes were discreetly given to her by Atty. Fajarda when she started signing the disbursement vouchers for the release of the confidential funds. This coincides with the time period during which Ms. Mercado testified receiving envelopes containing monies from Atty. Fajarda.

Rep. Amparo Maria Zamora pointed out that Ms. Catalan’s Accountant Certification on the DVs included a statement that it was “with supporting documents and sealed in the vault of SDO”, implying that she examined the supporting documents, contrary to the admission of Ms. Catalan that she was not given the opportunity to examine the necessary documents and she signed the vouchers as “requested” by Atty. Fajarda.

Atty. Resty Osias, Director IV and Bids and Awards Committee Chairperson of DepEd, testified that he also received envelopes containing money from Atty. Fajarda. The envelopes contain minimal amounts ranging from Php 12,000.00 to Php 15,000.00 per month. Atty. Osias received envelopes from April to September 2023, having been summoned four times.

## **RELEVANT LAWS, RULES, AND REGULATIONS**

The Committee considered pertinent Constitutional provisions, laws on public funds, and rules and regulations on the disbursement of public funds in examining the facts and various testimonies given during the Committee hearings.

### **The Constitution**

Article IX, Section 1, of the Constitution states that public office is a public trust, and as such, all public officers and employees must, at all times, be accountable to the people; serve them with utmost responsibility, integrity, loyalty, and efficiency; act with patriotism and justice, and lead modest lives. The Constitution mandates that all government officials and employees must be accountable to the public for all public funds that are coursed through their office.

Section 1 of Article VI of the Constitution states that:

“The legislative power shall be vested in the Congress of the Philippines which shall consist of a Senate and a House of Representatives, except to the extent reserved to the people by the provision on initiative and referendum.”

Justice Antonio Nachura defined legislative power as the power to propose, enact, amend and repeal laws and is vested in Congress. (Outline Reviewer in Political Law, 2006 Edition, p. 236).

The Constitution further gives to the Congress of the Philippines the power of the purse. Article VI, Section 29 provides that “No money shall be paid out of the Treasury except in pursuance of an appropriation made by law.” In simple words, Congress has the authority to legislate how much is to be spent by the government year after year, and what these expenses are.

### **The General Appropriations Act (GAA) for 2022 and 2023 for Confidential Funds**

While there was a definition of the confidential funds in the GAA, there was no guideline as to the standards, requirements or qualifications before a civilian agency shall be entitled to confidential funds. Implementation of confidential funds was left to the Commission on Audit, Department of Budget and Management, Department of Interior and Local Government, Governance Commission for Government Owned or -Controlled Corporations, and Department of National Defense.

<b>2022 GAA</b>	<b>2023 GAA</b>
<p><b>Sec. 83. Confidential Funds.</b> Confidential funds authorized in this Act shall be released or disbursed only upon approval of the Department Secretary concerned.</p> <p>Confidential expenses refer to those related to surveillance activities in civilian government agencies that are intended to support the mandate or operations of the agency.</p> <p>Agencies utilizing confidential funds shall submit to the President of the Philippines and both Houses of Congress a quarterly report on the accomplishments in the use of said funds.</p> <p>Implementation of this Section shall be subject to COA-DBM-DILG-GCG-DND J.C. No. 2015-01 dated January 8, 2015 and such other guidelines issued thereon.</p>	<p><b>Sec. 85. Confidential Funds.</b> Confidential funds authorized in this Act shall be released or disbursed only upon approval of the Department Secretary concerned.</p> <p>Confidential expenses refer to those related to surveillance activities in civilian government agencies that are intended to support the mandate or operations of the agency.</p> <p>Agencies utilizing confidential funds shall submit to the President of the Philippines and both Houses of Congress a quarterly report on the accomplishments in the use of said funds.</p> <p>Implementation of this Section shall be subject to COA-DBM-DILG-GCG-DND J.C. No. 2015-01 dated January 8, 2015 and such other guidelines issued thereon.</p>
<p><b>Sec. 86. Disbursement of Funds.</b> Public funds for obligations incurred with proper authorization shall be disbursed through the BTr or authorized government servicing banks under the Modified Disbursement System, subject to any guidelines which may be issued thereon.</p>	<p><b>Sec. 88. Disbursement of Funds.</b> Public funds for obligations incurred with proper authorization shall be disbursed only through the BTr or authorized government servicing banks under the Modified Disbursement System, subject to guidelines issued thereon.</p>
<p><b>Sec. 87. Incurrence or Payment of Unauthorized or Unlawful Obligation or Expenditure.</b> Disbursements or expenditures incurred in violation of existing laws, rules and regulations shall be rendered void. Any and all public officials or employees who will authorize, allow or permit, as well as those who are negligent in the performance of their duties and functions which resulted in the incurrence or payment of unauthorized and unlawful obligation or expenditure shall be, personally liable to the government for the full amount committed or expended and, subject to disciplinary actions in accordance with Section 43, Chapter 5 and Section 80, Chapter 7, Book VI of E.O. No. 292.</p>	<p><b>Sec. 89. Incurrence or Payment of Unauthorized or Unlawful Obligation or Expenditure.</b> Disbursements or expenditures incurred in violation of existing laws, rules and regulations shall be rendered void. Any and all public officials or employees who will authorize, allow or permit, as well as those who are negligent in the performance of their duties and functions which resulted in the incurrence or payment of unauthorized and unlawful obligation or expenditure shall be, personally liable to the government for the full amount committed or expended and, subject to disciplinary actions in accordance with Section 43, Chapter 5, and Section 80, Chapter 7, Book VI of E.O. No. 292.</p>

Moreover, allocation of confidential funds for the OVP and the DepEd in the GAA for 2022 and 2023 were as follows:

2022 GAA	2023 GAA
<b>OVP</b>	<b>OVP</b>
Confidential, Intelligence and Extraordinary Expenses	Confidential, Intelligence and Extraordinary Expenses
Confidential Expenses -	Confidential Expenses P500,000,000.00
<b>DepEd</b>	<b>DepEd</b>
Confidential, Intelligence and Extraordinary Expenses	Confidential, Intelligence and Extraordinary Expenses
Confidential Expenses -	Confidential expenses P150,000,000.00

### **Presidential Decree No. 1445 or the Government Auditing Code of the Philippines**

Accountable officers, whose duties permit or require the possession or custody of government funds, are required to be bonded under the law.<sup>3</sup> An accountable officer shall be personally liable for disbursing government funds in violation of rules and regulation even if the same was under the direction of a superior officer.<sup>4</sup> The officer directing the illegal disbursement shall be primarily liable and the accountable officer who failed to notify the directing officer in writing of the illegality of disbursement shall be secondarily liable.<sup>5</sup>

### **COA Circular No. 97-002 dated February 10, 1997**

The COA issued the rules and regulations governing the granting, utilization and liquidation of cash advances within the Philippine government agencies. COA Circular No. 97-002 (Cir. No. 97-002) provides for two (2) types of cash advance, namely: the regular cash advance and the special cash advance.

The regular cash advances are those granted to cashiers, disbursing officers, paymasters, and/or property/supply officers for salaries and wages, commutable allowances, honoraria and other similar payments to officials and employees, and petty operating expenses consisting of small payments for maintenance and operating expenses which cannot be paid conveniently by cheque or are required to be paid immediately.

On the other hand, special cash advances are those granted on the explicit authority of the Head of Agency only to duly-designated disbursing officers or employees for other legally authorized purposes, such as 1) current operating expenditures of the agency field office for salaries, wages, and allowances, and 2) travel expenditures.

COA Circular No. 97-002 also provides for the guidelines on the granting and utilization of cash advances as well as for the liquidation of the same. There are also reports and documents that are required to support the liquidation of the cash advance and the accountable officer shall be held criminally liable for failure to settle his accounts.

While cash advance has been resorted to as facilitative tool in the financial operations of the government, it is recognized that it has certain problems. The cash advances covered by Cir. No. 97-002 was limited to two (2) types: regular and special cash advances.<sup>6</sup> Special cash advances are granted on the explicit authority of the HoA to duly designated disbursing officers when it is impractical to pay expenses through cheque such as salaries, wages and allowances, maintenance and other operating expenses, and travel expenditures.<sup>7</sup> An employee must be duly appointed or designated as disbursing officers to be able to perform disbursing functions, except for cash advances for travel.<sup>8</sup>

It is also prohibited to transfer cash advance from one Accountable Officer (AO) to another and must be used solely for the specific legal purpose for which it was granted and not for encashment of cheques or liquidation of a previous cash advance.<sup>9</sup>

<sup>3</sup> P.D. 1445, §101-108.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> COA Cir. No. 97-002, §3.

<sup>7</sup> COA Cir. No. 97-002, §3.2.

<sup>8</sup> COA Cir. No. 97-002, §4.1.5.

<sup>9</sup> COA Cir. No. 97-002, §4.1.6 to 4.1.7.

## **Public Bonding Law Sections 313-335 of Act No. 2711 or the Revised Administrative Code of 1917**

Section 314 of the Public Bonding Law defined an accountable officer to be one whose *'nature of the duties performed by such officer, agent, or employee, permits or requires the custody of funds or property for which is accountable, be deemed a bondable officer.'* The legal requirement of bonding is reinforced in the Administrative Code of 1987.<sup>10</sup> Only bonded officers may have custody of public funds.

### **COA-DILG-DBM-GCG-DND Joint Circular (JC) No. 2015-01 on the *Entitlement, Release, Use, Reporting and Audit of Confidential and/or Intelligence Funds* dated January 8, 2015**

Entitlement to confidential fund depends on whether a civilian agency was expressly provided budget allocation for confidential funds under the GAA or other laws,<sup>11</sup> provided that the confidential fund allocation shall be supported with a PFP indicating the proposed amount allocated for each PAP, where disbursements pertaining to confidential/intelligence expenses shall be based.<sup>12</sup> National Government Agencies (NGAs) with appropriated confidential fund shall utilize the same subject to the approval of the Department Secretary.<sup>13</sup>

Confidential activities shall be carried out with proper collaboration with any law enforcement agencies and specified in the Accomplishment Report of the agency.<sup>14</sup> JC 2015-01 also laid down the coverage of confidential expenses to include the following:<sup>15</sup>

1. Purchase of information necessary for the formulation and implementation of PAPs relevant to national security and peace and order;
2. Rental of transport vehicle related to confidential activities;
3. Rentals and incidental expenses related to the maintenance of safehouses;
4. Purchase or rental of supplies, materials and equipment for confidential operations that cannot be done through regular procedures without compromising the information gathering activity concerned;
5. Payment of rewards to informers (non-employee of concerned government agency) subject to the following conditions:
  - a. Approval by the HoA in the case of NGAs;
  - b. Supported with documents evidencing the success of the information gathering and/or surveillance activities on account of the information given by the informer; and
  - c. Directly related to the conduct of specific confidential activities of authorized agencies.
6. Uncover/prevent illegal activities that pose a clear and present danger to agency personnel/property, or other facilities and resources under the agency protection, done in coordination with appropriate law enforcement activities;
7. Others that may be authorized by the GAA or other special law/s.

JC 2015-01 also prohibited the use of confidential fund for payment of a) salaries, wages, overtime, additional compensation, allowance or other fringe benefits of officials and employees who are employed by the government in whatever capacity or elected officials, except when authorized by law, b) representation, consultancy fees or entertainment expenses, or c) construction or acquisition of buildings or housing structures.<sup>16</sup> In addition, disbursements from confidential shall be supported with documentary evidence of payment, among others, which shall be submitted to the ICFAU in a sealed envelope signed by the SDO.<sup>17</sup> Confidential fund disbursements shall also be supported by a Certification of Accountable Officer/s of the confidential fund containing the following:<sup>18</sup>

1. That the certifying officer or employee is accountable for the disbursements from the cash advance of CF and/or IF;

<sup>10</sup> Executive Order No. 202, Administrative Code of 1987.

<sup>11</sup> 4.1.1 of JC 2015-01.

<sup>12</sup> 4.2 of JC 2015-01.

<sup>13</sup> 4.3 of JC 2015-01.

<sup>14</sup> 4.9 of JC 2015-01 enumerating law enforcement agencies such as the Philippine National Police, Armed Force of the Philippines, Philippine Drug Enforcement Authority, or other agencies with law-enforcement functions.

<sup>15</sup> 4.8 of JC 2015-01.

<sup>16</sup> 4.11 of JC 2015-01.

<sup>17</sup> 4.12 of JC 2015-01.

<sup>18</sup> 4.15 of JC 2015-01.

2. That expenses were incurred in connection with the agency's intelligence and/or confidential operations and activities, with supporting documents attached to the liquidation for CF, and for the IF, documentary evidence of payment kept in a sealed envelope in the vault in the office of the SDO;
3. That the details and supporting documents of transactions that are classified are in the custody of the agency and kept in its vault which may be inspected by ICFAU if the circumstances so demand;
4. That the funds are not used for payment of salaries and wages, overtime, additional compensation, allowance or other fringe benefits of officials and employees, representation/entertainment expenses, consultancy fees and construction or acquisition of buildings or housing structures;
5. That the purchase of equipment (if there is any) is relevant to the confidential and/or intelligence activities; and
6. That the expenditures are necessary and utilized for legal purposes.

The Budget Officer, Chief Accountant, Treasurer, depending upon participation on the transaction, and Project Officer may be held accountable together with the SDO for misuse of the confidential fund.

For strengthening accountability, JC 2015-01 also requires submission of Quarterly Accomplishment Report on the use of confidential funds, certified by the HoA of the NGA, which released confidential funds, not later than the 15<sup>th</sup> day of the first month of the succeeding quarter to the President of the Philippines, Senate President, and Speaker of the House of Representatives and to the Department Secretary.<sup>19</sup> The agencies shall report the specific detail of the corresponding expenditures by object in the Accomplishment Report as indicated in the PFP.<sup>20</sup>

As to the granting and liquidation of cash advances for confidential fund, the SDO or HoA shall be duly bonded for the cash advance not to exceed the appropriation and the maximum cash accountability as indicated in the designation order and approved bond application.<sup>21</sup> JC 2015-01 also explicitly prohibited transfer of cash advances or any form of payment from one agency to another for purposes of confidential or intelligence activities.<sup>22</sup> As to documentary requirements, the ICFAU may also require other supporting documents it deems necessary for the proper evaluation of liquidation documents submitted.<sup>23</sup>

The responsibilities of the HoA, SDO, Agency Accountant, COA Chairperson through the ICFAU, and the Audit Team Leader are as follows:<sup>24</sup>

<b>HoA<sup>25</sup></b>	<b>SDO<sup>26</sup></b>	<b>Agency Accountant<sup>27</sup></b>	<b>COA Chairperson<sup>28</sup></b>	<b>Audit Team Leader<sup>29</sup></b>
<p>a. In his/her discretion, assume the responsibility as SDO of the IF/CF of his or her agency, or designate a regular/permanent employee of the agency for that purpose;</p> <p>b. Approve the cash advances for CF or IF and oversee its agency-</p>	<p>a. Disburse the CF and IF in accordance with the provisions of JC 2015-01;</p> <p>b. Maintain separate records of all transactions in CDR for CF and IF and retain a certified photocopy/duplicate copy of required supporting documents and reports on the</p>	<p>a. Ensure that the amount of CE and IE will not exceed the authorized funds provided for the CF and IF;</p> <p>b. Ensure that the amount of CF and IF handled by the HoA/SDO will not exceed the maximum cash accountability covered by the fidelity bond;</p>	<p>a. Conduct post audit of the liquidations of disbursements from the cash advances for the CE and IE of government agencies;</p> <p>b. Retain for safekeeping all liquidation reports and supporting papers;</p> <p>c. Maintain and update a record of the cash advances and their</p>	<p>a. Verify the completeness of the supporting documents attached to the DV of the cash advance for CF and/or IF contained in confidential envelope per transmittal letter submitted by the Agency Accountant. He or his authorized representative shall open the sealed envelope in front of the</p>

<sup>19</sup> 5.2 of JC 2015-01.

<sup>20</sup> 5.2.2 of JC 2015-01.

<sup>21</sup> 6.0 of JC 2015-01.

<sup>22</sup> 6.1.6 of JC 2015-01.

<sup>23</sup> 6.2.3.7 of JC 2015-01.

<sup>24</sup> 6.3 of JC 2015-01.

<sup>25</sup> JC 2015-01, §6.3.1.

<sup>26</sup> 6.3.2 of JC 2015-01.

<sup>27</sup> 6.3.3 of JC 2015-01.

<sup>28</sup> 6.3.4 of JC 2015-01.

<sup>29</sup> 6.3.5 of JC 2015-01.

HoA <sup>25</sup>	SDO <sup>26</sup>	Agency Accountant <sup>27</sup>	COA Chairperson <sup>28</sup>	Audit Team Leader <sup>29</sup>
<p>wide use and disposition;</p> <p>c. Institute and maintain sound and effective internal control measures to discourage and prevent irregular, unnecessary, well as promote prudence in the use of government resources by, those involved in the intelligence and/or confidential operations;</p> <p>d. Approve the LR of the cash advances for CF and IF;</p> <p>e. Approve and transmit a quarterly accomplishment report on the use of IF to the President of the Philippines, and on the use of CF to the President of the Philippines, the Senate President, Speaker of the House of the Representatives, or to the Secretary of the DILG, as the case may be;</p> <p>f. Ensure the submission by the Agency Accountant of all DV for CF and IF cash advance, with complete required supporting documents to the concerned COA ATL within (7) working days from release of the cheque, as well as the liquidation thereof in accordance with Section 6.2 of JC 2015-01; and</p> <p>g. Ensure compliance with JC 2015-01 and related issuances of government oversight bodies on CF and IF;</p>	<p>utilization of CF and IF;</p> <p>c. Prepare and submit to the HoA, for approval, the LR and progress reports of the cash advances and the quarterly accomplishment report on the use of CIIF; and</p> <p>d. Prepare and submit to ICFAU the LR of cash advances supported with documentary requirements in accordance with JC 2015-01.</p>	<p>c. Record the cash advance in the books of accounts and maintain a separate subsidiary record of cash advances solely for CF and IF per SDO;</p> <p>d. Submit all DVs for cash advance for intelligence and confidential activities/projects, with complete required supporting documents, within seven (7) working days from release of the cheque to the COA ATL concerned in a sealed envelope with a visible label "CONFIDENTIAL- For the COA ATL Only" and with a covering transmittal letter enumerating the submissions;</p> <p>e. Record the liquidation in the books within five days after the receipt of the copy of the transmittal of documents duly acknowledged by the ICFAU. He shall submit the corresponding Journal Entry Voucher (JEV) to the COA ATL; and</p> <p>f. Ensure that the amount subject of ND is restored in the books of accounts upon receipt of the said notice from ICFAU.</p>	<p>liquidations pertaining to CE and IE for each individual AO and for each agency;</p> <p>d. Issue an AOM, NS or ND addressed to the HoA as may be warranted in accordance with the RRSA or COA Circular No. 2009-006 dated September 15, 2009 and any subsequent amendments thereof;</p> <p>e. Keep records of all AOM/NS/ND issued to the HoA including the NFD and COE, in the event of failure to settle the disallowance; and</p> <p>f. Provide the concerned ATL and the Agency Accountant with a copy of the AOM, NS and ND issued in relation to the post-audit of the liquidation of cash advances for CF and IF.</p>	<p>Agency Accountant or his representative. If found incomplete, the ATL or his representative shall not stamp "received" and shall return the cash advance documents in a sealed envelope signed by the COA ATL/authorized staff.</p> <p>b. Ensure that the submitted DV and supporting documents have been post-audited within fifteen (15) days from receipt from the Agency Accountant in accordance with the RRSA;</p> <p>c. In the post audit of the cash advance for CF and IF, the COA ATL shall be guided by JC 2015-01 and, among others, the provisions of the GAA, charter of the GOCC, issuances of DILG, COA and other oversight agencies, and other pertinent laws, rules and regulations;</p> <p>d. Maintain and update a record for each SDO per agency of the cash advances and their liquidations pertaining to CF and IF; and</p> <p>e. Submit to the Office of the Chairperson, COA, Attention: ICFAU a Report of Submission of Cash Advance for CE and IC and results of Audit thereof (Annex G OF JC 2015-01) containing the status of the audit, including copy of the AOM, NS and ND issued, if any, on or before the 15<sup>th</sup> day of each month. Submission during a given/reported month which have not been audited yet, or when an AOM/NS/ND was issued shall continuously be reported until such month that post audit has been completed or</p>

HoA <sup>25</sup>	SDO <sup>26</sup>	Agency Accountant <sup>27</sup>	COA Chairperson <sup>28</sup>	Audit Team Leader <sup>29</sup>
				the AOM/NS/ND has been settled.

A Security Officer as defined in JC 2015-01 refers to personnel who by reason of his duty or employment has been officially designated as such to have access to security information.<sup>30</sup> Security information is further defined to refer to information, the safeguarding or security of which is necessary in the interest of national security. This information refers to the national defense, peace and order, intelligence and counter-intelligence programs of DND and DILG (PNP) and other government agencies performing intelligence information gathering for internal security operations, territorial and international defense, and security engagement.<sup>31</sup> Unless an accountable officer, the Security Officer is not bonded per JC 2015-01. Not being an accountable officer, the Security Officer is not authorized to possess or disburse funds.

There shall also be a Cash Disbursement Record (CDR) maintained by the SDO as required in the New Government Accounting System Manual, which record shall contain each invoice/receipt/voucher individually, or the total disbursements for the day depending on the volume of transactions, to be kept in a safe or steel cabinet with lock in the office of the SDO when not in use and taken out by the ICFAU or duly authorized representative or an official duly authorized by the HoA, who shall issue necessary receipt.<sup>32</sup>

### ISSUES

1. WHETHER OR NOT CONFIDENTIAL FUNDS OF OVP AND DEPED WERE USED FOR EXPENSES AND ACTIVITIES NOT AUTHORIZED BY EXISTING LAWS.
2. WHETHER OR NOT THE CONFIDENTIAL FUNDS OF OVP AND DEPED WERE PROPERLY REPORTED, UTILIZED, AND LIQUIDATED.
3. WHETHER OR NOT MALFEASANCE, MISFEASANCE OR NON-FEASANCE WERE COMMITTED BY PUBLIC OFFICIALS AND EMPLOYEES IN THE UTILIZATION AND LIQUIDATION OF THE CONFIDENTIAL FUNDS OF OVP AND DEPED.

### FINDINGS

In the Philippines, governmental powers are divided among three (3) branches of the government: power of the sword to the Executive; power of the pen to the Judiciary; and the power of the purse to the Congress. The power of the purse directly affects the lives of the people and Congress assumes the role of formulating spending and taxing policies to support expenditures which directly affect the economy, and a way to have income redistribution.

Congress must ensure that funds allocated through the GAA be spent solely and with proper authorization and accountability, and funded programs be checked for future reference in appropriating laws. While existing laws provide the Executive Branch some flexibility in budget implementation, it is important that Congress ensure that executive decisions over the budget are based on intents and priorities set in the GAA.

Inquiries in aid of legislation is a Constitutionally mandated power granted to the Legislative branch, the purpose of which is to ensure proper implementation of laws, including that which provides for public spending under the General Appropriations Act.

This congressional oversight function granted by the Constitution to Congress is delegated to the Committee on Good Government and Public Accountability. In addition, the Committee's inquiries pertain to the budget utilization of the important law of the land and that is the GAA. The Committee has jurisdiction considering this pertains to budget utilization and not budget preparation, which is under the

<sup>30</sup> JC 2015-01, §3.27.

<sup>31</sup> JC 2015-01, §3.28.

<sup>32</sup> JC 2015-01, §7.0.

power of the House of Representatives to legislate. Finally, inquiries in aid of legislation shall not be hindered by any action before any court, tribunal, quasi-judicial or administrative body.

Obstruction besieged the eight (8) public hearings of the Committee. Various officials of the OVP resisted the jurisdiction of the House of Representatives and refused to recognize its constitutional mandate to conduct inquiries in aid of legislation. Inquiries, as a rule, are to be resolved within sixty (60) calendar days. Due to their unbridled refusal to cooperate, this resulted in protracted hearings to obtain facts and delays in resolving the issues presented by the measures subject of the inquiries. This thus necessitated the Committee to extend the period of inquiry in accordance with the Rules Governing Procedures on Inquiries in Aid of Legislation.

During the eight (8) public hearings of the Committee's inquiry in aid of legislation, certain facts came to light particularly on the grant and utilization of confidential funds by civilian agencies. As a result of the inquiries, two (2) bills espousing accountability have been filed – Special Disbursing Officer Accountability and an Act Regulating the Use of Confidential Funds.

**CONFIDENTIAL FUNDS OF THE OFFICE OF THE VICE PRESIDENT AND DEPARTMENT OF EDUCATION WERE DISBURSED CONTRARY TO LAWS, RULES, AND REGULATIONS**

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From December 2022 to September 2023, the OVP utilized confidential funds totaling Php 500 million, while from February to September 2023, DepEd used confidential funds amounting to Php 112.5 million, with a total of Php 612.5 million confidential funds disbursed under the directive of VP Duterte as HoA of both agencies.

Based on the matters revealed and discovered in the course of the public hearings, the OVP and DepEd Confidential funds were not used for legitimate confidential expenses, and gaps in the guidelines for the reporting and liquidation of confidential funds were apparently exploited to prevent scrutiny of the improper, and possibly illegal, use of said funds. Even assuming the Confidential Funds were utilized for confidential expenses that are permissible under the existing guidelines, such expenses were highly irregular, unnecessary, exorbitant, and extravagant such as to result in the gross wastage of public funds to the injury of the public.

1. *The OVP does not have a national security mandate and used confidential funds on programs, activities, and projects not in the PFP contrary to JC 2015-01*

JC 2015-01 requires that confidential funds be supported with a Physical and Financial Plan (PFP) indicating the proposed amount allocated for each program, activity, and project, where disbursements pertaining to confidential expenses shall be based.<sup>33</sup>

Apart from there being no clear purpose related to the OVP's mandate that would require it to maintain safehouses, Mr. Teñido, OVP's Budget Officer, admitted that there was no breakdown of the rentals or expenses for the maintenance of safehouses nor specific target expense and that he is not involved. He said that the expenses for the maintenance of safehouses is part of the confidential activity but there is no menu of expenses on confidential funds. Mr. Teñido also explained that while he was involved in the budget request for confidential funds, no list of programs was prepared as it only indicated the Confidential Fund expense and the amount. He testified that the satellite offices started as soon as VP Duterte assumed office on July 2022. There were no satellite offices during the 2022 GAA preparation, but the funding was sourced from the Good Governance Program. There was also no need for transfer approval as it was allocated to the same program.

Mr. Teñido defined confidential funds to be used for confidential activities such as surveillance of civilian offices to fulfill its mandate. In the case of the OVP, in relation to the entirety of its programs, Mr. Teñido stated that confidential expenses is part of the overall budget – not a separate item within that program. The confidential fund of the OVP is used as an augmentation of the existing regular fund. As to

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<sup>33</sup> JC 2015-01, §4.2.

which item was related to a national security threat, Mr. Teñido stated that there was no express item based on the PFP.

The members of the Committee were in unison to recommend that there should be a clear definition of which activities are regular activities and those that relate to national security threats to justify the use of confidential funds. Mr. Teñido said that DBM accepted the OVP’s PFP, including ‘confidence building activities’, without requesting for further documents or substantiation.

COA’s Audit Team Leader for the OVP, Mr. Tomawis, cited the OVP’s mandate culled from its financial statements included in Annual Audit Report, that “[t]he OVP, as the second highest office in the land, committed to the service of the nation, performs executive, ceremonial and advocacy functions collaborating with stakeholders and organizations in both public and private sectors to develop and promote programs, that uplift the Filipino people.” As noted by Rep. Luistro, this indicates that there is no basis for stating that the OVP has the mandate of promoting and maintaining peace and order, conducting surveillance activity, and even matters concerning national security.

Similarly, Atty. Sanchez could not identify the item in the OVP’s Programs, Activities, and Projects (PAP) presented in the PFP that would pertain to national security. Atty. Sanchez could also not provide a specific PAP to which confidence building relates. In fact, confidence building did not necessarily pertain to the purchase of information. When Committee Vice Chairperson Janette L. Garin (Rep. Garin) questioned whether all OVP programs are directed towards counter-terrorism, Atty. Sanchez confirmed that the PFP was general. Thus, as pointed out by Rep. Garin, there seems to be a confusion that the confidential funds would be used to safely implement programs under the regular fund despite the fact that, as stated by Mr. Tomawis, the OVP has no mandate related to national security. Accordingly, and as manifested by Rep. Garin, if the utilization of the confidential fund was not aligned with a specific program related to national security, this could make a case of technical malversation. Committee Chairperson Chua stressed that the mandate of OVP does not include peace and order and national security and surveillance activities that will accord it confidential funds.

It has been noted by the Committee that the release and liquidation of confidential funds of government agencies are looser compared to the requirements for regular funds appropriated under the General Appropriation Law. Based on JC 2015-01, confidential funds are disbursed to national government agencies (NGAs) for confidential expenses. In one of the presentations of Committee Chairperson Chua presented before the Committee, he noted that in the Notice of Disallowance No. 2024-002-100 on the confidential fund of OVP for CY 2022, 58.63% or Php 73.287 million out of the Php 125 million total amount was spent only in 11 days, or Php 11.36 million per day, to undertake surveillance activities in 132 areas over the holidays in December 2022. Committee Chairperson Chua continued to present the specific observations of the COA for the confidential funds of the OVP for 2023 showing similar patterns of utilization or liquidation as that of the disallowed items from the fourth (4<sup>th</sup>) quarter of 2022, as follows:

	1Q 2023	2Q 2023	3Q 2023
Payment of Rewards	Php 15 million	Php 12 million	Php 35 million
Medical and Food Aid	Php 42 million	Php 40 million	-
Payment of Incentives or Travelling relative to Confidential Operations	Php 10 million	Php 20 million	-
<b>TOTAL/% OF DISBURSEMENT WITH SAME DEFICIENCIES (out of Php 125 Million per quarter)</b>	Php 67 million 53.6%	Php 72 million 57.6%	35 million 28%

\*No disbursement of confidential funds for 4Q 2023

In fact, Atty. Camora agreed that it may be deduced from the submissions of the OVP that payments for the safehouses by the agency were made for the duration of 11 days, covering 132 areas and that 34 persons were paid thereon from the CY 2022 confidential funds. The amounts related to the payment of safehouses that range from Php 250,000.00 to Php 1,000,000.00 totaled to Php 16 million. As affirmed by COA, the following are the details of rental expenses of the OVP:

Period	Amount Spent by OVP	Total Number of Dates Spent
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4 <sup>th</sup> quarter of 2022, or from December 21 to 31, 2022	Php 16 million	11 days
1 <sup>st</sup> quarter of 2023 or from February 6 to March 29, 2023	Php 16 million	52 days
2 <sup>nd</sup> quarter of 2023, or from April 25 to 30 June 2023	Php 16 million	67 days
3 <sup>rd</sup> quarter of 2023, or from July 14 to September 30, 2023	Php 5 million	79 days

It has also been pointed out by COA, through Atty. Camora, that some of the rental payments for safehouses in 2022 per day were as follows: Php 3.7 million in December 27, 2022, Php 2.6 million in December 28, 2022, and Php 2.45 million in December 29, 2022 or a total of Php 8.75 million in just three (3) days.

Moreover, AOMs were issued on the expenditures of these confidential funds as the OVP failed to comply with documentation requirements under JC 2015-01. COA also flagged expenses for payment of salaries and purchase of tables as reflected in OVP's revised AR.

As has been noted by Rep. Joseph Stephen "Caraps" S. Paduano, the requirement under JC 2015-01 on liquidation of confidential funds is less strict in its documentary requirements for liquidation compared to COA Circular No. 97-002 on liquidation of regular fund cash advances. Nevertheless, the confidential funds are public funds, and there is a duty to ensure that they are spent for the purposes that they were appropriated for by Congress.

COA Director IV Sofia Gemora said that for regular fund audit, there is a memorandum that reimbursable expense receipts are allowed and need not have further substantiating document for amounts up to Php 1,000.00 only. There is no equivalent policy for confidential funds.

Rep. Abante also found out that COA does not conduct ocular inspections. While Rep. Ernesto Dionisio noted the admission from COA that it only requires Acknowledgment Receipts as proof of the safehouse expenditure, and that the agency did not inquire further on the regularity or irregularity of the OVP's expenditure of Php 125 million in 11 days.

In this regard, Rep. Romeo M. Acop clarified the COA representative's understanding that under JC 2015-01, the COA supposedly is not mandated to verify or validate the accuracy or truthfulness of the contents of the documents submitted to the Intelligence and Confidential Fund Audit Unit (ICFAU), and that COA's duty to audit fund appeared to be more of a ministerial duty so long as the agency complied with the circular. It was pointed out that the non-verification of the accuracy or truthfulness of even a sampling of the receipts would render the audit of confidential funds useless.

*2. Unverified spurious acknowledgment receipts put in doubt the veracity and existence of the recipients and actual disbursement of the confidential funds*

Upon examination by the Committee of the Acknowledgement Receipts submitted by the DepEd and OVP to the COA, several factors were found on the face thereof which raised serious doubts as to their authenticity and due execution, and correlatively, as to whether confidential funds were truly received by its supposed end-users or payees in accordance with the purposes stated in the PFP for the relevant period.

Rep. Acop observed that the Acknowledgement Receipts submitted by both the OVP and DepEd used the same ink and an unusual ink color in signing some of the documents, there are similarities in the handwriting, 787 receipts had no signatures, 302 receipts had unreadable names, 5 names were repeated. Atty. Camora admitted that they did not observe the details before and acknowledged the similarities of the ink color. COA also admitted as well that they do not look into the veracity of the information contained in the acknowledgement receipts submitted by OVP, whether they are real persons. Rep. Acop noted that a certain *Mary Grace Piattos* signed the receipts and suggested the absurdity of the name alluding to a restaurant and a brand of a potato chip snack.

Rep. Ramon Rodrigo Gutierrez observed that 158 acknowledgement receipts were dated in the last quarter of 2023. To recall, no confidential funds were released to the OVP during this period.

Nonetheless, COA accepted the explanation of the OVP that these were mere *inadvertent* errors. The Acknowledgement Receipts bearing dates in the last quarter of 2023 were used to liquidate the confidential fund and expenses for 2022. Whether it was an acceptable margin of error, Rep. Gutierrez said that it was highly unlikely, but COA did not dispute the submission of the said Acknowledgment Receipts. Rep. Gutierrez also pointed out the physical impossibility of the delivery and encashment of the confidential fund in view of the several disbursements varying across different locations. Further, Rep. Jefferson F. Khonghun also raised the dubious presentation of the acknowledgement receipts without indication of the period covered by the payment and proves anomaly in the spending of the confidential funds.

Actual existence of recipients to whom the confidential funds were disbursed were also doubtful. Out of the 1,992 names found in the OVP acknowledgment receipts showed 1,322 do not have record of birth, 1,456 without marriage record, and 1,593 without record of death as certified by the PSA. While the 677 Acknowledgement Receipts submitted by DepEd contained many individual names, verification from the PSA showed that out of the 677 names found in the DepEd Acknowledgment Receipts, 405 do not have record of birth, 445 without marriage record, and 508 without record of death.

Further, during the course of the proceedings, it was discovered that the DepEd submitted Certifications to the COA only after the issuance of the COA of Audit Observation Memorandum 2024-015 dated 1 February 2024, which required the DepEd to provide documents evidencing the success of the information gathering and/or surveillance activities on account of the information given by the informer, which amounted to Php15.54 Million based on the Accomplishment Reports for February 20 to March 30, 2024 and April 20 to June 29, 2024, respectively. During the inquiry, Maj. Gen. Mempin stated that he was asked by Atty. Poa to coordinate with the Philippine Army commanders regarding the conduct of the YLS, to get feedback from the units of the Philippine Army, and how the YLS was effective in ensuring that students, out-of-school youths and even indigenous peoples are protected as it is one of the thrusts of the agency – for the youth to be productive members of the country. Maj. Gen. Mempin then submitted the Certifications from the military officials from the Philippine Army as documents evidencing payments for the conduct of YLS to Atty. Poa, who in turn attached these Certifications to the DepEd's Response to AOM No. 2024-015 dated April 17, 2024.

However, Col. Boransing would later reveal, as confirmed by his superiors, that there were no confidential funds transferred from DepEd to the AFP for the program and that they were unaware that the Certifications the agency issued would be used as documents evidencing payment supporting the liquidation of DepEd's confidential fund. The Philippine Army issued the certification at the behest of DepEd, as requested by Maj. Gen. Mempin. Col. Boransing stated that it was issued because their activities are multi-stakeholder activities, and a lot of agencies ask for the same certification which is a standard certification issued to all agencies. Some of the resource speakers of the Philippine Army during YLS include the PNP, the Chief of Police of the Municipality, and the ones that conducted the YLS are line units – infantry battalions. Col. Boransing has personal knowledge of the conduct of the YLS where local government unit delegates use their local funds and other stakeholder participants, such as the Philippine Drug Enforcement Authority and DepEd, used their own funds.

Moreover, YLS is a regular program of the Philippine Army and that the agency has not received any fund from DepEd in the conduct of their summits, as testified by the Military Officers. Maj. Gen. Bajao issued certifications for the conduct of 9 Youth Leadership Summits engaging 863 senior high students and 197 other young individuals across the provinces of Camarines Norte, Camarines Sur, Albay, Sorsogon, and Masbate. Lt. Sangdaan issued a certification about the 22 YLS activities and 49 activities for the Information Education Campaign held in the provinces of Ilocos Norte and Ilocos Sur, including La Union. He also affirmed that the certification was issued at the instruction of his Commander and by the request of Gen. Mempin. Lt. Col. Panopio likewise stated that similar to Col. Boransing, he issued a certification address to DepEd that 205 youth students from different schools participated in three Youth Leadership Summits in the provinces of Bulacan, Nueva Ecija, and Zambales. Lt. Col. Panopio mentioned that he was in communication with Maj. Gen. Mempin and that each stakeholder spent their own funds. Lt. Col. Panopio supervised and monitored the activities of the Youth Leadership Summit. Maj. Dumbrigue also confirmed his issuance of the certification pertaining to the joint anti-insurgency campaign from January 1 to December 31, 2023 with 313 insurgency awareness and 9,616 posted social media products based on the date of their line units. Maj. Dumbrigue also stated that the anti-insurgency

awareness programs were conducted in partnership with different schools and local government units where the line units conduct intensified information awareness drives on security awareness.

Atty. Poa explained that he asked Maj. Gen. Mempin for proof of success of information gathering in reply to COA's AOM and thought that it was appropriate to submit the certifications. Thereafter, COA treated DepEd's submission of the certifications from the Philippine Army as compliance without having verified whether it was actually proof of success of information gathering or whether confidential funds were actually used for the Youth Leadership Summit. Rep. Jonathan Keith T. Flores concluded that DepEd claimed an activity it did not conduct and used the certifications to justify its utilization of the confidential fund. Atty. Poa stated that there were meeting to draft a memorandum of agreement for an operation with the Philippine National Police, but the agreement was not included. Rep. Flores was in disbelief that Atty. Poa sought to include the certifications in justifying DepEd's utilization of the confidential funds considering his profession and the contents of the certification.

It must be highlighted that the OVP and DepEd's respective Chief Accountants, Ms. Villadelrey and Ms. Catalan, respectively, admitted that they were not able to verify the documents attached to the Liquidation Reports submitted to the COA. OVP's Chief Accountant, Ms. Villadelrey, admitted that she signed the respective LRs of the OVP on the supporting documents as '*complete and proper*' without inspection nor verification of its contents because the same were merely given to her to sign. Similarly, DepEd's Chief Accountant, Ms. Catalan, stated that she was made to sign the Liquidation Report, and was only shown the cover letter of the submission made to the COA evidencing the use of confidential funds and was not shown the supporting documents for its utilization. Ms. Villadelrey and Ms. Catalan are both accountable as the persons releasing the cash advance and having signed the liquidation report.

Notably, Section 6.2.3.7 of JC No. 2015-01 provides the ICFAO may also require other supporting documents it deems necessary for the proper evaluation of liquidation documents submitted. However, as admitted by Atty. Camora of COA-ICFAO, reliance was placed upon the documents without further requiring verification of the recipients named in the Acknowledgment Receipts, which receipts were used as DEPs. This flaw in JC 2015-01 was subject to abuse that put into question the reliability of the Acknowledgment Receipts or documents evidencing payment supporting the utilization of confidential funds.

Deputy Speaker David "Jay-jay" C. Suarez and several other members of the Committee further inquired as to COA's policy in terms of acknowledgement receipts – whether further substantiating documents was necessary if the acknowledgement receipt bears only a signature. The Acknowledgement Receipts are questionable considering that 200 of the receipts bear only signature as proof of receipt of money or services from the government. Ms. Gemora of COA said that for regular fund audit, there is a memorandum that reimbursable expense receipts is allowed and need not have further substantiating document for amounts up to Php 1,000.00 only. There is no equivalent policy for confidential funds. Rep. Amparo Maria J. Zamora pointed out that the Acknowledgement Receipts submitted to COA were prepared by the SDO and the VP Duterte as HoA. Ms. Gemora also agreed that COA auditors were bound by JC 2015-01, but opined that submission of the acknowledgement receipts would have merited further substantiation in regular fund audits. Ms. Gemora added that JC 2015-01 should be revisited. Rep. Gutierrez recommended the revision of JC 2015-01 to impose stricter requirements and rules on submission of documents evidencing payment of confidential expenses because signatures that payments were made should not suffice and proof of actual recipients should be submitted.

Rep. Adiong summarized the Committee's observations on the Acknowledgment Receipts that some have no names, some only contain signatures, names were repeatedly used in both OVP and DepEd, same handwriting, and ink, which led the Committee to infer fabrication of Acknowledgment Receipts. There are 4,500 Acknowledgment Receipts for both OVP and DepEd with recipients whose identities could not be verified because no attachment was required by JC 2015-01. The Committee also discovered a payee named *Kokoy Villamin* for both OVP and DepEd, but the signatures were different. Atty. Camora also observed the difference in the signatures of *Kokoy Villamin* but did not notice the difference during the audit because different auditors handled audit of the confidential funds of OVP and DepEd. It was also manifested by Atty. Camora that certificate of success is attached to Acknowledgment Receipts for purchase of information only. Rep. Adiong manifested that confidential fund is then open to abuse and mismanagement if the current HoA stays. Atty. Camora stated that while signatures alone were accepted

as proof of receipt in the acknowledgement receipt, COA will now require both the name and signature prospectively.

3. *SDOs, who are co-terminus accountable officers with fidelity bonds, disbursed confidential funds to Security Officers who are neither accountable officers nor have any fidelity bonding.*

At surface level, the documents submitted to COA-ICFAO to substantiate utilization of confidential funds seemed to have complied with JC 2015-01. During the hearings, however, it was discovered that the documents submitted were unverified and were found to be spurious, i.e. Acknowledgement Receipts contained names of persons who do not have any birth record at the PSA; Acknowledgement Receipts contained names without signatures; Acknowledgement Receipts without any names, only signatures; Acknowledgement Receipts that do not correspond to the place of public fund utilization; and certifications issued by AFP personnel despite the fact that no funds were transferred from DepEd to AFP for several YLS. As compared with the more stringent audit process of regular funds, the COA itself admitted that the current audit of confidential funds based on the JC 2015-01 sorely lacked in terms of circumspection and additional layers of verification.

During the course of the hearings, it was revealed that a public officer neither in the employ of the OVP nor DepEd was tasked to disburse OVP and DepEd confidential funds. Confidential funds encashed by the bonded SDOs, Ms. Acosta and Mr. Fajarda, were disbursed to Security Officers, Col. Lachica and Lt. Col. Nolasco, who were neither bonded nor employed by the OVP and DepEd, under the directive of the Head of Agency, VP Duterte.

As admitted by SDOs Ms. Acosta (OVP) and Mr. Fajarda (DepEd), all confidential funds encashed by them were released to SO Col. Lachica and Col. Nolasco, respectively, at the direction of VP Duterte. The SOs admitted that they have no knowledge of the confidential operations but would accomplish liquidation reports and certifications on the disbursement of the confidential funds supposedly used during confidential operations. The SOs, who were part of the Vice-Presidential Security and Protection Group (VPSPG), were designated by VP Duterte as Security Officers. A Security Officer as defined in JC 2015-01 refers to a personnel who by reason of his duty or employment has been officially designated as such to have access to security information.<sup>34</sup> Col. Lachica and Lt. Col. Nolasco are not accountable officers endowed with duties that permit or require the custody of funds or property. They are also not bonded officers, unlike SDOs. Ms. Acosta, during the hearings, belatedly realized that she should not have further delegated to Col. Lachica what was delegated to her as an SDO. Atty. Camora of the COA-ICFAO further confirmed that the SDOs could not have delegated the authority of disbursing the public funds entrusted to them and there are penalties for violating the guidelines on confidential funds.

Mr. Fajarda also added that during the encashment of cheques, two other security personnel accompanied him, whose names he submitted to Chairperson Chua. The Committee also discovered that Lt. Col. Nolasco reports to Col. Lachica, who was in-charge of confidential operations of both OVP and DepEd, despite the fact that the two agencies have different mandates – none of which pertain to national security or peace and order necessitating the use of confidential funds. Atty. Camora recognized that SDOs cannot further delegate the disbursement of the confidential funds specially entrusted to them and that there are penalties for violating the guidelines on confidential funds under JC 2015-01. The Committee also discovered that the actual disbursement of both the OVP and DepEd confidential funds was done by VP Duterte's designated Security Officers, without bonding and authority, and who were active members of the Philippine armed forces merely assigned to the VPSG. Ms. Acosta, SDO for the OVP, claimed that she did not know how the confidential funds were utilized and operationalized, but signed the liquidation report after further disbursing the confidential funds to Col. Lachica. Rep. Luistro observed that Ms. Acosta's actions violated PD 1445 where unauthorized transfer of disbursement, and utilization of the confidential fund for purposes other than for confidential expense, was prohibited and for which she should be held liable.

Mr. Fajarda, SDO for DepEd, admitted that it was he and VP Duterte who discussed the confidential funds of DepEd. However, for operations, he communicated with SO Lt. Col. Nolasco, who

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<sup>34</sup> JC 2015-01, §3.27.

was designated by Col. Lachica. Mr. Fajarda disbursed confidential funds to Lt. Col. Nolasco, who would further disburse the funds. Mr. Fajarda could not verify the expenses, or the actual recipients of the confidential funds, nor verify the correctness of the date as indicated in the Accomplishment Reports as it was Lt. Col. Nolasco who fed him information as to the expense category.

It was also revealed that SDOs Ms. Acosta and Mr. Fajarda were not permanent employees but co-terminus employees whose educational background were unrelated to finance, accounting, or auditing. This is in complete contravention with JC 2015-01<sup>35</sup> which states that SDOs should be regular/permanent employees of the agency for that purpose. However, VP Duterte, as HoA of the OVP and DepEd, appointed coterminous employees.

Atty. Jerekko A. Cadorna (Cadorna) of the Bureau of the Treasury (BTr) stated that accountable officers are liable to losses and have personal liability for loss of public funds due to negligence. Atty. Cadorna added that the BTr recommends a different evaluation criterion for SDOs who are generally designated additional accountable officers, on top of their core functions that do not ordinarily involve public funds or property. A fidelity bond is required to ensure proper usage of public funds. He likewise stated that the fidelity bond is a certain portion of the accountable amount from which the losses would be reimbursed and does not cover the full risk of loss for the government in cases of misuse.

It was also reported that Mr. Fajarda's accountability was at Php 50 million, but the bond was for only Php 4 million with a premium of Php 60,000 to be paid by the agency for bond confirmation. As the bond is minimal, Rep. Acop received confirmation from Atty. Cadorna that based on his opinion, there would be no incentive for Mr. Fajardo to properly use Php 50 million. Rep. Acop also manifested that Mr. Fajarda was not asked to show capacity to cover the amount of Php 50 million considering his salary grade was leveled at 17, or Php 40,000/month. Rep. Acop expressed concern as to how a Php 4 million bond could protect public fund worth Php 50 million at the hands of an SDO. Atty. Cadorna stated that he could not impart wisdom to the Committee as he was not part of the team setting the matrix of schedule of premium rates as it has been set since time immemorial and items were just added throughout the years. He also added that he would refer the matter to BTr principals for their position. Rep. Acop expressed the need to amend the matrix since the bond coverage does not even reach 20%.

Rep. Jude A. Acidre inquired as to the SDOs bonding. Atty. Sanchez answered that the bond of the SDO was determined based on the amount of cash advance to the SDO and the guidelines of the BTr. The procedure was that payment of the bond premium comes from the agency, and the BTr holds on to the bond premium depending on the period of the SDO's bonding, which is 3 years in the case of Ms. Acosta. Rep. Acidre manifested that the bond of Mr. Fajarda was less than ¼ of his cash advance and there was a need to revisit the BTr matrix to become a deterrent for technical malversation.

4. *Confidential funds were used for expenses other than confidential expenses and was unjustifiably exorbitant, excessive, extravagant and/or unconscionable.*

The amount of OVP and DepEd confidential fund was unjustifiably exorbitant, excessive, extravagant and/or unconscionable. This was admitted by Ms. Villadelrey who was in agreement with Rep. Suarez that the amount of the confidential funds requested by the OVP. Said view was also shared by officials of the COA, that some of the line expenses presented by the agencies were unusual and were exorbitant. In 2022 alone, the OVP spent Php 125 million during the period of December 21, 2022 to December 31, 2022 or a duration of just 11 days. This showed that the OVP spent an average of Php 11,363,636.36 per day, including four non-working holidays, i.e. Christmas Eve, Christmas Day, Rizal Day, and New Year's Day. The Committee also noted the utilization of Php 16 million on rental and maintenance of safehouses during the eleven-day period, averaging Php 1,454,545.45 per day.

Atty. Camora confirmed AOMs were issued on the expenditures of this confidential fund as the OVP failed to comply with documentation requirements. The COA also flagged down the OVP's expenses for payment of salaries and purchase of tables as reflected in its revised Accomplishment Report.

As to safehouses, Atty. Camora observed that payment of safehouses by the OVP using confidential funds ranged from Php 250,000.00 to Php 1 million with a total of Php 16 million. Details of

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<sup>35</sup> §6.3.1

rental expenses, as affirmed by COA, were as follows: 4<sup>th</sup> quarter of 2022 – P16 million, spent for 11 days, 1<sup>st</sup> quarter 2023 – P16 million spent for 53 days (for the period Feb 6-March 29), 2<sup>nd</sup> of 2023 – P16 million spent for 67 days, 3<sup>rd</sup> quarter of 2023 –P5 million spent for 79 days, and no cash advance nor liquidation for the 4<sup>th</sup> quarter of 2023. Atty. Camora also shared that some of the rental payments for safehouses in 2022 per day were as follows: P3.7 million in December 27, 2022, P2.6 million in December 28, 2022, and P2.45 million in December 29, 2022 or P8.75 million in 3 days. The Committee observed that the daily cost of payment to safehouses was more than the cost of the most expensive hotel room in the country.

It was further noted that, based on the Accomplishment Report, AOMs and the acknowledgment receipts themselves, both DepEd and OVP appear to have used confidential funds to pay for such ordinary expenses as transportation, medicines, food and even office supplies.

**MALFEASANCE WAS COMMITTED BY PUBLIC OFFICERS AND EMPLOYEES OF THE OVP AND DEPED IN THE PERFORMANCE OF THEIR DUTIES AND IN THE UTILIZATION OF THE CONFIDENTIAL FUNDS**

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*1. The OVP officials and employees impeded Congress' constitutionally mandated duty of conducting inquiries in aid of legislation through irregular issuances of travel orders and their unjustified refusal to attend congressional hearings on the agency's utilization of confidential funds.*

Several attempts were noted to have been made by the concerned OVP and DepEd officials to suppress documents related to the confidential funds. Among others, the OVP, through Atty. Lopez, issued a Suppression letter dated August 21, 2024 urging COA not to release documents to Congress, in direct contravention of the issued *subpoena duces tecum*. The Committee found this letter urging COA to disobey the issued *subpoena duce tecum* to be a sign of disrespect to Congressional authority. The Committee also found that this obstructed the right of the public to be fully informed as to how agencies entrusted with confidential funds utilize such funds.

In addition, OVP public officials and employees unjustifiably refused to attend congressional hearings. This was evident in the various position papers they submitted to the Committee, questioning jurisdiction and expressing their refusal to participate in the legislative inquiry. It was only during the fourth and fifth hearing of the Committee when OVP officials and employees started attending, after the Committee was compelled to issue of compulsory processes.

Rep. Flores also observed irregularities in the travel orders issued to Mr. Fajarda and Ms. Acosta as the travel orders were vague, did not specify a location of travel, and stated only *various areas* based on the inquiry of Atty. Sanchez with OVP Central Records Unit. Atty. Lopez claimed that, despite being the OVP Chief of Staff, she supposedly had no idea where the invited officers were, and pointed to Mr. Ortonio as the signatory of TO 2024-1037. Rep. Flores also expressed incredulity as to the issuance of generic travel orders not specifying the official's destination and agenda.

When the OVP officials and employees testified on the confidential funds, the Committee found it incredulous that Ms. Acosta does not report at all to Atty. Lopez on her performance of her role as SDO for Confidential Funds. While Atty. Sanchez pointed to Atty. Lopez as SDO Ms. Acosta's direct principal under the Office of the Chief of Staff, Atty. Lopez denied said claim and asserted that Ms. Acosta reports directly to VP Duterte insisting on '*compartmentalization*'. Considering that Atty. Sanchez and Lopez were superiors of Ms. Acosta, it was impossible for them to not know of Ms. Acosta's actions over the confidential funds. Atty. Lopez also testified that she has no information as to the recipients of the confidential funds as it supposedly did not go through her and there were certain matters which she supposedly was not privy to. Yet it strains credulity that two officials working immediately under Atty. Lopez – Mr. Ortonio and Ms. Acosta – could leave the premises of their office together for purposes of withdrawing and transporting each quarterly disbursement of confidential funds, accompanied or escorted by members of the VPSPG at that – with their immediate superior completely having no knowledge of such activity.

*2. VP Duterte, through Atty. Fajarda, bribed DepEd employees by reason of their function.*

The Committee hearings revealed that Atty. Fajarda gave envelopes containing money, purportedly coming from VP Duterte, to employees of DepEd, namely: Atty. Resty Osias, Ms. Gloria Mercado, and Ms. Ma. Rhunna L. Catalan.

Former DepEd Undersecretary Ms. Mercado, who signed liquidation documents and cheques on the confidential funds, revealed that she received nine envelopes worth Php 50,000.00 each from VP Duterte, with some envelopes labeled as 'HoPE' (for Head of Procuring Entity), from February 2023 to September 2023. Ms. Mercado stated that she felt uncomfortable in receiving the envelopes as it may be considered as bribe given her designation as the HoPE.

Ms. Catalan, Chief Accountant, also admitted to having received '*envelopes*' from Atty. Fajarda. The amount of money in the envelopes she received was around Php 25,000.00 per envelope for a period of 9 months. In her opinion, Ms. Catalan initially thought that the money given to her was sourced from the confidential funds but she was made to understand by Atty. Fajarda that the money was from the personal funds of VP Duterte. She added that the envelopes were discreetly given to her by Atty. Fajarda inside the latter's office with no one else present. In addition, she started receiving the envelopes when she signed the disbursement vouchers for the release of the confidential funds.

Atty. Resty Osias, former DepEd Director IV and Bids and Awards Committee Chairperson, testified that he also received envelopes containing money from Atty. Fajarda. The envelopes contain minimal amounts ranging from Php 12,000.00 to Php 15,000.00 per month. Atty. Osias received envelopes from April to September 2023, having been summoned four times.

### *3. OVP officials Atty. Lopez and Mr. Ortonio, in representation of VP Duterte, interfered with the operations of DepEd.*

Atty. Lopez admitted during the hearings that she, together with Mr. Ortonio, called Ms. Mercado to resign in 2023 upon the behest of VP Duterte. Ms. Mercado supposedly lost the trust and confidence of VP Duterte for her failure to comply with procurement laws relative to the computerization program. Atty. Lopez and Mr. Ortonio called Ms. Mercado to the OVP office, without prior notice on her "resignation". Atty. Lopez also called former DepEd employees to resign in the same manner, namely Atty. Christopher Lawrence S. Arnuco (Arnuco), Atty. Jose Arturo "Brady" C. De Castro (De Castro), and Atty. Michael Kristian R. Ablan (Ablan).

Atty. Lopez initially explained that when she dismissed Ms. Mercado in representation of VP Duterte, such was done as an isolated case, since she does not ordinarily meddle with the affairs of DepEd. Ms. Mercado was an undersecretary and served the DepEd Secretary based on trust and confidence and could be removed for loss of the same. Atty. Lopez claimed that due process was accorded when she told Ms. Mercado of the reasons why VP Duterte lost trust and confidence on her and that she was being let go. Rep. Luistro found that Ms. Mercado was summarily dismissed as Atty. Lopez admitted that Ms. Mercado was not given a copy of the complaint, no hearing date was set, and no resolution was given to her.

Atty. Lopez later admitted that she had also asked other DepEd officials to resign, in the same manner as Ms. Mercado, through a call informing them that VP Duterte had lost her trust and confidence in them. Atty. Lopez confirmed that those were Attys. Arnuco, De Castro, and Ablan.

### *4. The OVP and DepEd Officials Committed Malfeasance in the Utilization of Confidential Funds*

The Committee hearings revealed that under the instructions of VP Duterte, officers of the OVP and DepEd facilitated the misuse of the confidential funds allocated to the OVP and the DepEd in 2022 and 2023 in the total amount of Php612.5 million.

During the hearings, it was exposed that the Acknowledgment Receipts submitted by both offices, the OVP and the DepEd appear to be dubious or fabricated. More than half of the indicated payees belonged to fictitious persons or deceased individuals. As later verified by the PSA, a majority of the names indicated in the Acknowledgment Receipts had no records of birth with the PSA or recorded to be deceased. Moreover, several receipts were seemingly executed in different locations on the very same

day, an impossibility that further cast doubt on their authenticity. It was likewise revealed that a majority of the Acknowledgment Receipts were signed with the same handwriting or signature, despite having been executed by different persons.

### *OVP*

Ms. Acosta testified before the Committee that she was directed by VP Duterte to hand over the confidential funds of the OVP to Col. Raymund Lachica of the VPSPG. She further disclosed that VP Duterte personally instructed her to prepare the necessary disbursement vouchers to facilitate the release of these funds, and admitted that she has no knowledge as to how the said funds were utilized. During the hearings, it was revealed that the OVP's confidential funds were expended on various items, including safehouses. Notably, in the fourth (4th) quarter of 2022 alone, an average of Php 1,454,545.50 per night was spent solely for safehouses, and the entire confidential fund for that quarter was fully exhausted within a brief period of just eleven (11) days.

### *DepEd*

Mr. Fajarda revealed that in the DepEd, he would only disburse the confidential funds of the DepEd to the SO designated by VP Duterte to disburse funds—Lt. Col. Dennis Nolasco. He added that no one else apart from Col. Dennis Nolasco received any portion of the confidential funds of the DepEd, and that he regularly delivered cash from the confidential funds of the DepEd to Col. Dennis Nolasco. Mr. Fajarda likewise revealed that the Acknowledgment Receipts submitted by him as SDO as proof of the disbursement of the confidential funds had merely been provided by Col. Dennis Nolasco.

Mr. Poa admitted that he instructed Col. Nolasco Mempin to obtain proof of the accomplishment of information gathering and surveillance operations in relation to the DepEd's alleged payment of rewards. Col. Nolasco Mempin thereafter received four (4) Certifications certifying the success of the conduct of YLS campaigns executed by the four (4) Military Officers. The four (4) Certifications which were submitted to the COA made it appear that confidential funds of the DepEd were used on the YLS organized by the AFP. At the hearings, the four (4) Military Officers who executed the Certifications denied having received confidential funds from the DepEd and stated that the YLS were funded by the AFP and/or the Local Government Unit where the programs took place.

## **CONCLUSIONS**

Pursuant to its Constitutional mandate to conduct inquiries in aid of legislation, the Committee determined the urgency of crafting needed legislation that aims to regulate confidential funds imposing penalties for its misuse and another legislation that imposes qualifications and penalties on special disbursing officers. The Committee filed the following measures:

1. House Bill No. 11192, entitled "*An Act Regulating the Allocation and Utilization of Confidential and Intelligence Funds Imposing Penalties for Misuse and Misappropriation*," introduced by Representatives Joel R. Chua, Bienvenido M. Abante, Jr., Aurelio "Dong" D. Gonzales, Jr., David "Jay-Jay" C. Suarez, Franz S. Pumaren, Lorenz R. Defensor, Julienne "Jam" Baronda, Jude A. Acidre, Johnny Ty Pimentel, Romeo M. Acop, Rep. Janette L. Garin, Rep. Crispin Diego "Ping" Remulla, Jefferson F. Khonghun, Roberto T. Uy, Jr., Jonathan Keith T. Flores, Loreto S. Amante, Horacio P. Suansing, Jr., Rolando M. Valeriano, Joseph "Jojo" L. Lara, Arnan C. Panaligan, Francisco Paolo C. Ortega V, Ernesto M. Dionisio, Jr., Charisse Anne C. Hernandez, Robert Ace S. Barbers, Zia Alonto Adiong, Ramon Rodrigo L. Gutierrez, Gerville "Jinky Bitrics" R. Luistro, Joseph Stephen "Caraps" S. Paduano, Dan S. Fernandez, Margarita "Atty. Migs" B. Nograles-Almario, Cheeno Miguel D. Almario, Mikaela Angela B. Suansing, Amparo Maria J. Zamora, Lordan G. Suan, and Raul Angelo "Jil" D. Bongalon.

The bill, otherwise known as "*Confidential and Intelligence Funds (CIF) Utilization and Accountability Act*," defines CIF, regulates which agencies are entitled thereto, imposes percentage limits to CIF within an agency's budget, places limitations on CIF utilization, imposes reporting and public disclosure of CIF, regulates the confidential status of confidential funds, introduces prima facie evidence

of misused of CIF, sets penalties, prescription of crimes, creates implementing rules and regulations, and mandates the Commission on Audit and other agencies involved in Joint Circular No. 2015-01 and the Bureau of Treasury to review and revise their existing circulars in accordance with the bill.

2. House Bill No. 11193, entitled “*An Act Regulating the Special Disbursing Officers and Imposing Penalties for Misuse and Misappropriation of Funds*”, introduced by Representatives Joel R. Chua, Bienvenido M. Abante, Jr., Aurelio “Dong” D. Gonzales, Jr., David “Jay-Jay” C. Suarez, Franz S. Pumaren, Lorenz R. Defensor, Julianne “Jam” Baronda, Jude A. Acidre, Johnny Ty Pimentel, Romeo M. Acop, Rep. Janette L. Garin, Rep. Crispin Diego “Ping” Remulla, Jefferson F. Khonghun, Roberto T. Uy, Jr., Jonathan Keith T. Flores, Loreto S. Amante, Horacio P. Suansing, Jr., Rolando M. Valeriano, Joseph “Jojo” L. Lara, Arnan C. Panaligan, Francisco Paolo C. Ortega V, Ernesto M. Dionisio, Jr., Charisse Anne C. Hernandez, Robert Ace S. Barbers, Zia Alonto Adiong, Ramon Rodrigo L. Gutierrez, Gerville “Jinky Bitrics” R. Luistro, Joseph Stephen “Caraps” S. Paduano, Dan S. Fernandez, Margarita “Atty. Migs” B. Nograles-Almario, Cheeno Miguel D. Almario, Mikaela Angela B. Suansing, Amparo Maria J. Zamora, Lordan G. Suan, and Raul Angelo “Jil” D. Bongalon.

The bill seeks to regulate special disbursing officers and impose qualifications aside from having been designated by the Head of Agency. Penalties are also proposed to be imposed for misuse of funds for which they are accountable, in addition to any other penalties they may be subject to under other existing laws and regulations.

Despite the filing of these House Bills, there are still many gaps in the existing laws and agency guidelines pertaining to fidelity bond of special disbursing officers, budget and technical resources, COA’s auditing policies and procedures on confidential funds, and submission of certain requisite documents such as the Physical and Financial Plans, Acknowledgement Receipts, Accomplishment and Liquidation Reports.

After a thorough deliberation, taking into consideration all testimonies given and documents submitted, the Committee concludes:

1. Documents submitted to COA-ICFAO to purportedly substantiate confidential funds utilization were unverified and found to be spurious, *i.e.* Acknowledgement Receipts containing names of persons with no birth records in the PSA; Acknowledgement Receipts with only names and no signatures; Acknowledgement Receipts without names and only signatures; Acknowledgement Receipts that do not correspond to the place of confidential funds utilization; Acknowledgment Receipts that demonstrate physical impossibility of actual disbursement, such as multiple disbursements in a single day across distant geographical locations; Acknowledgment Receipts with dates that fall outside the period of availability of Confidential Funds; Acknowledgement Receipts executed by supposedly different persons but bore resemblance or similarity as to ink and pen and/or handwriting, among others; Acknowledgement Receipts with apparently fabricated or fictitious names; Certifications issued by AFP personnel without funds having been transferred from DepEd to AFP for Youth Leadership Summits; among others;
2. Confidential funds were encashed by bonded SDOs but custody of such funds were transferred to an SO who is not bonded nor duly authorized, under the express instruction of the Head of Agency;
3. The SOs, who are neither bonded nor designated as SDOs to whom public funds are actually entrusted to, facilitated the preparatory steps and the documents to be submitted for the liquidation of confidential funds. Similarly, this was done pursuant to the instructions and orders of the Head of Agency;
4. The OVP and DepEd SDOs are not permanent employees, but are instead coterminous employees, whose educational background are unrelated to finance, accounting, or auditing as their position requires;
5. The amount of confidential funds is clearly exorbitant and disproportionate to the listed purposes thereof;
6. Bonding of SDOs do not cover the risk of loss for the government in confidential funds. Specifically, the approved bond amount and the corresponding bond premium required from the

SDOs are significantly lower than their amount of accountability or the total funds they may hold; and

7. While imposing a different set of documentary requirements compared to the liquidation of regular funds, Joint Circular No. 2015-01 was violated and circumvented in the case of the OVP and DepEd confidential funds subject of the legislative inquiry.

## **RECOMMENDATIONS**

As a result of the findings that formed bases for the Committee's conclusions, the following recommendations were reached:

1. Address the gaps and abuses in the application of Joint Circular No. 2015-01 and to impose stricter requirements and rules on submission of documents evidencing payment of expenses using confidential funds.
2. Impose stricter qualifications for SDOs other than a recommendation and appointment from the Head of Agency.
3. Fidelity bond premium should be equivalent to the SDOs accountability or accountable fund in custody. A different requirement for SDOs considering it is a designation on top of their regular work.
4. Conduct of fraud audit by the COA on the subject confidential fund of OVP and DepEd.
5. Rigid auditing to be performed exclusively by the COA-ICFAO in order not to compromise its confidentiality.
6. There should be a standard in identifying civilian government agencies entitled to confidential funds and that the confidential funds given to an agency should be a percentage of its total budget.
7. Stricter penalties for misuse and misappropriation of confidential funds.
8. Amend Republic Act No. 1405 or the Secrecy of Bank Deposits Law to ensure that information as to the bank accounts of government funds would be accessible to Congress given certain safeguards and guidelines since this is still public funds.
9. Review of reinstating the requirement of SALN of accountable officers and special disbursing officers.
10. The filing of criminal, civil, and administrative cases to accountable officers for technical malversation, graft and corruption, and plunder, among others, as follows:
  - a. Technical malversation under Article 220 of the Revised Penal Code (RPC) against VP Duterte, SDOs Ms. Acosta and Mr. Fajarda in relation to Article 217 on the presumption of malversation for having used confidential funds for purposes other than for confidential activities;
  - b. Falsification under Article 171 of the RPC for making it appear that funds were disbursed to actual individuals where Acknowledgement Receipts were questionable – ink, penmanship, and existence of the recipients;
  - c. Use of falsified documents under Article 172 of the RPC evident in the use of falsified Acknowledgment Receipts;
  - d. Perjury under Article 183 of the RPC against VP Duterte and Ms. Acosta, as the notarized Certification contained a statement that the funds were used for necessary and legal purposes in the relation to the agency's confidential activities as signed by the Head of Agency and special disbursing officers;
  - e. Bribery under Articles 210 and 211 of the RPC against VP Duterte and Atty. Fajarda, being the individuals who offered the white envelopes containing money other than salaries, to employees of DepEd;
  - f. Corruption of public officers under Article 212 of the RPC against DepEd employees involved in the illegal disbursement and improper liquidation of subject confidential funds;

- g. Plunder under Republic Act No. 7080 against Vice President Duterte, DepEd Officials Mr. Fajarda, Atty. Fajarda, Maj. Gen. Mempin, Lt. Col. Nolasco, Col. Lachica, Usec. Sevilla, , and OVP Officials Atty. Lopez, Mr. Ortonio, Ms. Acosta, Col. Lachica, and John Does, for amassing at least Php 50 million in public funds while the confidential funds misused amounts to Php 612.5 million and the *wheel of conspiracy* in *Arroyo v. People* (2016) has been established during the Committee's hearings; and
  - h. Betrayal of public trust and culpable violation of the Constitution.
11. Admission to the Witness Protection Program of the DOJ under Republic Act No. 6981, or the Witness Protection, Security and Benefit Act, former and present officials of DepEd who can assist in the prosecution of the criminal and civil cases relating to the illegal use of confidential funds.
  12. Finally, copy of this Committee Report be furnished to the Office of the Ombudsman, COA, DOJ and DBM for their information and appropriate action.

(PO – Deputy Speaker Frasco)

REP. DE VENEZIA. ... also digital, and enhancing collaboration, we can ensure that the creative economy not only thrives but also contributes to a more inclusive and sustainable global future.

I call upon all of you to join in these efforts, to support our creative professionals and creators and stakeholders, and to champion policies that will shape the future of the creative economy. Together, we can create a vibrant and equitable creative economy that benefits all.

Together, we can make our nation the premiere creative hub in ASEAN by the year 2030, a beacon of innovation and cultural excellence.

Mr. Speaker, again, happy Philippine Creative Industries Month. To everyone here, *(Applause)* woo, we did it! Please organize an event in your respective districts—a workshop, an exhibit, a talk—in partnership with the LGU as well. Let's—let's spread the gospel of creativity.

People always say, naku, creative industry, huh, malayo naman 'yan sa bituka. Huwag na lang natin pansinin 'yan, but as you can see, P1.7 trillion to our economy, seven million jobs. These are consequential figures. So, nagbibigay ng trabaho ang creative sa mamamayang Pilipino. So, pagtuunan po natin ng pansin ang ating malikhaing Pinoy.

Maraming salamat at masantos ya agew ed si kayon amin. Thank you.  
*(Applause)*

THE DEPUTY SPEAKER (Rep. Frasco). Daghang salamat to our creative industry champion in the House, my good friend, Congressman Toff de Venecia. I'd like to note that you're one-minute shy of one hour with regards to your privilege speech. *(Applause)* And thank you for complimenting the Secretary of Tourism whom I know very well. I'll send the message to her.

Thank you very much.

Majority Leader.

REP. TOLENTINO. Mr. Speaker, I move that we refer the speech of the Honorable de Venecia to the Committee on Rules for its appropriate action.

THE DEPUTY SPEAKER (Rep. Frasco). Is there any objection? *(Silence)* The Chair hears none; the privilege speech of the Honorable Christopher de Venecia is hereby referred to the Committee on Rules. *(Gavel)*

Majority Leader.

REP. TOLENTINO. Mr. Speaker, I move to extend the Privilege Hour for another hour.

THE DEPUTY SPEAKER (Rep. Frasco). Is there any objection? *(Silence)* The Chair hears none; the motion is approved. *(Gavel)*

Majority Leader.

REP. TOLENTINO. Mr. Speaker, I move to recognize Fr. Job Callarackal Oommen as the guest of Honorable Oca Malapitan from the First District of Caloocan.

THE DEPUTY SPEAKER (Rep. Frasco). To the guest of Honorable Malapitan, welcome to the House of Representatives. *(Applause)* Thank you for your visit.

Majority Leader.

REP. ESCUDERO. Mr. Speaker, I would like to acknowledge the guests of Representative Luisa Lloren Cuaresma of the Lone District of Nueva Vizcaya, namely, visitors from the municipality of Diadi, Nueva Vizcaya: Municipal Councilor Norma Miguel, Punong Barangay Aniceta Manzano, Ronald Galido, Josie Baybayan, Judith Cadeliña, Ivy Carbonel, Alan Gahindan, Vener Valera, Fredelino Dela Cruz, Dominic Ladores, Claro Tuguinay, Barangay Secretary Irma Tubay, Ms. Marilyn Magno, Ms. Jane Manzano, Mr. Nehemias Baybayan Jr., Mr. Jonathan Dexter Manzano.

THE DEPUTY SPEAKER (Rep. Frasco). To the guests of the Honorable Luisa Lloren Cuaresma, welcome to the House of Representatives. Thank you for your visit.

Majority Leader.

REP. DIONISIO. Mr. Speaker, I humbly request that we recognize for his privilege speech, the Congressman of the Second District of the city of Manila, Congressman Roland “CRV” Valeriano.

THE DEPUTY SPEAKER (Rep. Frasco). To the Congressman of the Second District of Manila, Representative Valeriano, you are recognized for your privilege speech. *(Gavel)*

PRIVILEGE SPEECH OF REP. VALERIANO

REP. VALERIANO. Mr. Speaker, mga kapuwa ko mambabatas, sambayanang Pilipino, magandang hapon po sa inyong lahat.

Sa anumang negosyo, maliit man o malaki, normal na dumadaan sa pagsusuri ng mga boss ng negosyo ang operasyon at budget ng negosyo. Alam iyan ng mga entrepreneur.

Saan mang lungsod, munisipyo, o barangay, ang operasyon at budget ng LGU ay dumaraan sa pagsusuri ng kanilang konseho. ...

*/amc*

(PO – Deputy Speaker Frasco)

REP. VALERIANO. ... pagsusuri ng kanilang konseho.

Ganiyan po ang proseso dahil tayo ay bahagi ng isang demokratikong republika. Hindi po tayo monarkiya, komunistang rehimen, o diktadurya.

Ang Pilipinas ay isang demokratikong republika. Kapag eleksiyon, wala tayong iniluluklok na hari o reyna o emperatriz sa puwesto ng kapangyarihan. Ang ating demokratikong republika ay mayroong Kongreso, Hudikatura, at Ehekutibo—tatlong sangay ng gobyerno na pantay-pantay at binabalanse ang isa't isa.

Tungkulin natin dito sa Kongreso na busisiin ang panukalang budget ng Ehekutibo at ang panggastos ng mga nakaraang ipinagkatiwalang pondo ng bayan.

Hindi pera ng Pangalawang Pangulo ang Office of the Vice President budget para sa 2022, 2023, 2024, at 2025. Pondo ng bayan 'yan. Kaya nga mayroong budget hearings ay para malaman ng madlang pipol kung paano ginagastos ng mga opisina ng gobyerno ang pondo ng bayan na ipinagkatiwala sa kanila.

Ngunit nitong nakaraang linggo, inilantad ng Vice President ang kaniyang hindi kagandahang asal, at kawalan ng respeto sa ating Saligang Batas at demokratikong republika.

Dito sa Kamara, hindi natin tinatapatan ng kabatasan ang kabastusan. Maling asal kasi 'yan.

Sa Maynila at dito sa Kamara, pamantayan natin ang pagiging magalang, kasi kaugaliang Pilipino ‘yan.

Maling akala ni Vice President na siya ay hindi maaaring salungatin ng kahit sino. Iyan ang asal na nasaksihan natin sa budget hearing ng Office of the Vice President.

Maling akala ni VP na may kapangyarihan siyang utusan ang Committee on Appropriations na palitan ang presiding officer nito. Mabuti't tuwirang sinagot ang kabastusang ito sa isang magalang na paraan ni presiding officer.

Maling akala rin ni VP na wala tayong karapatan magtanong ng anumang bagay tungkol sa budget ng kaniyang opisina.

Isang karuwagan at pag-iwas sa tanong ang kaniyang sagot. Iyan ang nagdudumilat na katotohanang nasaksihan natin sa budget hearing. Takot sa mga lehitimong mga tanong ng taumbayan.

Sa simula pa lang ng kaniyang presentasyon at ayon sa kaniyang sinasabi, wala na talaga siyang balak na sumagot sa anumang tanong.

Sinayang ng Pangalawang Pangulo ang pagkakataon na ibida sa sambayanang Pilipino ang accomplishments ng Office of the Vice President.

Pagkakataon na sana niyang patunayan sa Kongreso at sambayanan kung sino ang mga naging beneficiaries ng kaniyang mga socioeconomic programs.

Ang nakakapagtaka sa kaniyang budget ng 2023, 2024, at 2025 ay bakit sa National Capital Region lang nakalaan ang mga ayuda programs niya.

Bilang Chairman ng House Committee on Metro Manila Development, nagtataka lang ako kung saan sa Metro Manila napunta ang bilyong pondo ng socioeconomic programs sa kaniyang office.

Nagtataka ako dahil siya naman ay Pangalawang Pangulo ng buong bayan.

Sinayang din ng Pangalawang Pangulo na ibida sa Kongreso at sambayanan kung ano o kung kanino nakipag-partner ang Office of the Vice President.

Sa kanilang 2025 budget proposal, mayroon 977,615 beneficiaries. Nasaan na nito? Totoo ba ito lahat at verified ba?

Sabi ng OVP sa kanilang budget proposal, nagkaroon din sila ng 793 strategic partnership noong 2023. Nasaan ang listahan ng strategic partnership at mga strategic partnership agreements?

At kapag walang totoong listahan ng beneficiaries at totoong dokumento ng strategic partnership, hindi malayong maghinala ang taumbayan na nawala ang pondo ng bayan, para siguro sa darating na panahon.

Sa halip na sagutin nang matino ang mga ...

*/cass*

(PO – Deputy Speaker Frasco)

REP. VALERIANO. ... sagutin nang matino ang mga tanong ng Kongreso, ay paulit-ulit lang na binasa ang kaniyang sagot.

At bilang pagtatapos, nais ko lang pong ipaalala sa mga botante at sa Maynila, at sa buong bansa, hindi nararapat sa atin lalo na't siya'y nag-aambisyon na maging Pangulo, ang ayaw magsabi kung saan ginastos ang pondo ng bayan. Sino ba talaga ang pinaglilingkuran n'ya? Baka naman ang boss n'ya ay humaharang sa bangka ng mga Pilipinong mangingisda o ang mga promotor ng POGO. Ganiyan ba ang asal ng ating Bise Presidente at nag-aambisyong maging Presidente? We deserve better.

Salamat po.

THE DEPUTY SPEAKER (Rep. Frasco). Thank you very much.

Majority Leader.

REP. TAN (K.M.). Mr. Speaker, I move that we refer the speech of the Honorable Rolando Valeriano to the Committee on Rules for its appropriate action.

THE DEPUTY SPEAKER (Rep. Frasco). Is there any objection?  
(*Silence*) The Chair hears none; the privilege speech of Representative Rolando Valeriano is hereby referred to the Committee on Rules. (*Gavel*)

Majority Leader.

REP. TAN (K.M.). Mr. Speaker, I move that we suspend the Privilege Hour.

THE DEPUTY SPEAKER (Rep. Frasco). Is there any objection?  
*(Silence)* The Chair hears none; motion is approved. *(Gavel)*

Majority Leader.

REP. ESCUDERO. Mr. Speaker, I would like to acknowledge the guests of Representative Bambi Emano of the Second District of Misamis Oriental. From the province of Misamis Oriental, municipality of Libertad, namely: Vice Mayor Sharon Ballangan, SB Member Nolasco Marba, SB Member Lilian Gallogo, SB Member Pacita Bonane, SB Member Felix Ratunil, SB Member Elmer Jagonal, ABC President Remelda Bongalos, SB Staff Flora Mae Bularon, and the wife of SB Felix Ratunil—Sol Ratunil.

THE DEPUTY SPEAKER (Rep. Frasco). To the guests of the Honorable Bambi Emano, welcome to the House of Representatives. *(Applause)*

Daghang salamat sa inyong pagbisita.

Majority Leader.

#### CONSIDERATION OF H. RES. NO. 1975

REP. TAN (K.M.). Mr. Speaker, under the Business for the Day, I move that we consider House Resolution No. 1975, and may I request that the Secretary General be directed to read the title of the said Resolution.

THE DEPUTY SPEAKER (Rep. Frasco). Is there any objection?  
*(Silence)* The Chair hears none; the Secretary General is directed to read the title of House Resolution 1975. *(Gavel)*

THE SECRETARY GENERAL. House Resolution 1975: RESOLUTION EXPRESSING THE UNQUALIFIED SUPPORT OF THE HOUSE OF

REPRESENTATIVES TO THE AGREEMENT FOR COOPERATION BETWEEN THE GOVERNMENTS OF THE REPUBLIC OF THE PHILIPPINES AND THE UNITED STATES OF AMERICA CONCERNING PEACEFUL USES OF NUCLEAR ENERGY.

THE DEPUTY SPEAKER (Rep. Frasco). Thank you very much.

Majority Leader.

ADOPTION OF H. RES. NO. 1975

REP. TAN (K.M.). Mr. Speaker, I move for the adoption of House Resolution No. 1975.

VIVA VOCE VOTING

THE DEPUTY SPEAKER (Rep. Frasco). There is a motion to adopt House Resolution No. 1975. All those in favor, please say *Aye*.

SEVERAL MEMBERS. *Aye*.

THE DEPUTY SPEAKER (Rep. Frasco). All those against, say *Nay*.  
(*Silence*) The *ayes* have it; House Resolution No. 1975 is hereby adopted.  
(*Gavel*)

Majority Leader.

CONSIDERATION OF H.B. NO. 10804  
ON SECOND READING

PERIOD OF SPONSORSHIP AND DEBATE

REP. BOLILIA. Mr. Speaker, under the Calendar of Business for the Day, I move that we consider House Bill No. 10804, under Committee Report No. 1183, and that the Secretary General be directed to read the title of the said measure.

So moved.

THE DEPUTY SPEAKER (Rep. Frasco). Is there any objection? (*Silence*)  
Chair hears none; the Secretary General is directed to read the title of House Bill No. 10804. (*Gavel*)

THE SECRETARY GENERAL. House Bill No. 10804: AN ACT GRANTING PHILIPPINE CITIZENSHIP TO JOB CALLARACKAL OOMMEN.

THE DEPUTY SPEAKER (Rep. Frasco). Majority Leader.

REP. BOLILIA. Mr. Speaker, I move to recognize Representative Roman Romulo of the Lone District of Pasig City to sponsor the said measure.

THE DEPUTY SPEAKER (Rep. Frasco). The Honorable Roman Romulo is hereby recognized. (*Gavel*)

#### SPONSORSHIP SPEECH OF REP. ROMULO

REP. ROMULO. Thank you, Mr. Speaker, Majority Leader, colleagues in this august Chamber.

It is my privilege to sponsor, on behalf of the principal author, the Honorable Oscar G. Malapitan, and my coauthor, the Honorable Juliet Marie de Leon Ferrer, House Bill No. 10804, AN ACT GRANTING PHILIPPINE CITIZENSHIP TO JOB CALLARACKAL OOMMEN.

To grant Philippine citizenship to said person who has been staying in the Philippines for the last 22 years.

He undertook his theological studies in the Philippines from 1982 to 1988.

He was ordained a Deacon on December 15, 1987, at the National Shrine of Our Lady ... /jrb/