

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City, Metro Manila  
  
**NINETEENTH CONGRESS**  
Third Regular Session



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**COMMITTEE REPORT NO. 1492**

Submitted by the Committee on Public Accounts on **June 9, 2025.**

RE: House Resolution No. 1850, investigation in aid of legislation on the reported illegal disbursement of public funds in the Municipality of Silang, Cavite

Informing the House of its findings and recommendations.

Sponsors: Representatives Joseph Stephen ‘Caraps’ S. Paduano and Roy M. Loyola.

Mr. Speaker:

The Committee on Public Accounts to which was referred House Resolution 1850, entitled: Resolution Directing the House Committee on Public Accounts to Conduct an Investigation, in Aid of Legislation, on the Alleged Misuse of Funds and Irregularities in the Procurement Process by the Municipality of Silang, Cavite”, has considered the same and recommends the adoption of the attached Report, including the findings and recommendations contained therein.

Respectfully submitted,

  
JOSEPH STEPHEN “CARAPS” S. PADUANO  
Chairperson, Committee on Public Accounts

**THE HONORABLE SPEAKER  
HOUSE OF REPRESENTATIVES**

## A. PREFATORY STATEMENT

- Through a letter dated August 2, 2024, Acting Mayor Edward Carranza, Acting Vice Mayor Matt Toledo, and Councilor Peping Desingaña, of the Municipality of Silang, Cavite requested the Committee's assistance regarding financial and procurement irregularities involving then suspended Mayor Alston Kevin Anarna and key Local Government Unit (LGU) officials.
- On August 5, 2024, Representative Roy M. Loyola filed House Resolution No. 1850, directing the House Committee on Public Accounts to conduct an investigation, in aid of legislation, on the alleged misuse of funds and irregularities in the procurement process by the municipal government of Silang, Cavite.
- House Resolution 1850 was referred to the Committee on Public Accounts on August 14, 2024.
- The Committee conducted three (3) hearings on August 27, September 16, and December 2, 2024.
- The following resource persons and witnesses were invited:
  - Mayor Kevin Anarna – Municipality of Silang
  - Vice Mayor/Acting Mayor Edward Carranza – Municipality of Silang
  - Sangguniang Bayan Member/Acting Vice Mayor Vin Mark Toledo – Municipality of Silang
  - SB Secretary Jhessa Lizelle B. Lizano-Malabanan – Municipality of Silang
  - Municipal Accountant Keyshia Ann A. Veranda – Municipality of Silang
  - Municipal Engineer Robert B. Marquina – Municipality of Silang
  - Bids and Awards Committee (BAC) Member Ma. Dolores Jeaneth Bawalan – Municipality of Silang
  - BAC Member Merlina B. Cabrera – Municipality of Silang
  - BAC Member Perpetuo T. Desingaña – Municipality of Silang
  - Atty. Osana Therese D. Domingo – Commission on Audit (COA) – Cavite (former Supervising Auditor)
  - Mark Schundel L. Reymundo – COA – Cavite
  - Wilfredo P. Mongoso, Jr. – COA – Cavite
  - Atty. Mark Ranier C. Arenas – COA Regional Office IV-A
  - Maria Theresa R. Poblador – Civil Service Commission
  - Atty. Jordan Nadal – Department of Interior and Local Government (DILG) Legal Officer
  - Jaymar Bareng – Government Procurement Policy Board
  - Irish May Bautista – Philippine Government Electronic Procurement System (PhilGEPS)
  - Atty. Nathaniel Anarna, Jr. – BAC Chairman

- Lesley Anne B. Poblete – Business Permits and Licensing Officer
  - Edgardo Bayan – complainant
  - Edwin Miranda – Petroleum, Oils and Lubricants (POLs) Supplier
  - Elizabeth Asuncion – POLs Supplier
  - Nolan Banda – BMT Marketing
- The Committee terminated the deliberation on January 15, 2025.

## **B. STATEMENT OF FACTS**

- The COA’s 2023 annual audit report revealed that over PHP 1.5 billion in government disbursements were made without proper documentation. The report found that 5,725 financial transactions were processed without the necessary disbursement vouchers and supporting documents, raising concerns about transparency and accountability in the use of public funds.
- A total of 141 cases were filed by various complainants with the Ombudsman against former Mayor Kevin Anarna and his Municipal Administrator, Atty. Nathaniel Anarna, Jr.
- Audit Observation Memorandum (AOM) No. 24-001 by the COA revealed illegal bidding practices in Silang, prompting the Ombudsman to issue a Preventive Suspension Order against the Anarna brothers on April 12, 2024.
- Despite the suspension of the Anarna brothers, additional evidence emerged indicating that disbursements were made without the required competitive bidding and proper documentation. This underscores the necessity of a legislative inquiry to identify loopholes in existing processes and enact remedial legislation to strengthen oversight and ensure compliance with procurement and financial management laws.

## **C. ISSUES**

- I. Whether the Municipal Government of Silang, Province of Cavite violated procurement laws, rules and regulations.**
- II. Whether Mayor Anarna's appointment of his brother, Atty. Nathaniel Anarna, Jr, constituted nepotism in violation of applicable laws.**

## D. DISCUSSION ON FINDINGS

### I. The Municipal Government of Silang violated procurement laws, rules and regulations.

The Committee determined that officials of the Municipality of Silang misused public funds and violated procurement laws, rules, and regulations. The following were established during the hearings:

#### a. Non-submission of disbursement vouchers, incidence of simulated biddings, and unaccounted funds, raising concerns on the financial management of the Municipal Government of Silang.

- On April 30, 2024, Acting Mayor Carranza and Acting Vice Mayor Toledo attended the COA Exit Conference for the audit on the expenditures of the Municipality for the year 2023 and were informed about the 5,725 disbursement vouchers, and supporting documents, covering the financial transactions of the Municipality of Silang from January 1 to December 31, 2023 amounting to PhP 1,508,802,258.73, had not been submitted to COA for the requisite audit.
- In the said conference, the COA Audit Team reaffirmed the findings AOM No. 24-003 dated January 25, 2024, stating that the Municipality, under Mayor Anarna, failed to submit 5,725 disbursement vouchers and receipts for 2023. As a result, the validity of all municipal expenditures for the year could not be verified.
- The non-submission of the 5,725 disbursement vouchers and its supporting documents restricted the audit and verification of the COA Audit Team, hence, the validity and regularity of the transactions of the Municipality amounting to PhP 1,508,802,258.73 could not be ascertained.

The COA repeatedly reminded the municipal government of its obligation to submit the required documents. This requirement was further reiterated in a formal letter-request dated November 24, 2023. However, despite multiple follow-ups by the COA Audit Team, the LGU failed to comply with the submission of the necessary documents.

Consequently, the COA issued sixteen (16) AOMs and two (2) Notices of Disallowance (ND) which in sum, disallowed the total amount of P1,384,854,287.86.

The COA's findings <sup>1</sup>are as follows:

- Lack of Annual Investment Program (AIP): The 20% Development Fund for Calendar Year 2023 was not supported by an AIP listing the development projects to be undertaken by the Municipality during the year.

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<sup>1</sup> Summary of Audit and Recommendations, Municipality of Silang, Audit Period January 1 to December 31, 2023

- Unreconciled Cash in Bank Accounts: A discrepancy of PhP 4.3 million between the bank statement and the General Ledger was not reconciled.
- Non-submission of Financial Statements: Key financial reports and supporting documents were not submitted, precluding audit verification.
- Discrepancies to the Property, Plant, and Equipment (PPE) accounts: A previous discrepancy in PPE balances increased to PhP 3.3 billion, with no effort to reconcile records.
- Unverified Accounts Payable: Journal Entry Vouchers (JEV) and supporting documents for PhP148.7 million in accounts payable were not submitted that verification is impossible.
- Incomplete Implementation of Gender and Development (GAD) Programs: Eight GAD-related programs were unimplemented, and three exceeded their budget by PhP 9.4 million.
- Missing Bank Reconciliation Documents: Journal Entry Vouchers (JEVs) and supporting documents for reconciling bank items worth PhP49 million were not submitted.
- Unrecorded Bank Transactions: An account with Land Bank of the Philippines with PhP10,000 and online collections of PhP3 million were not recorded.
- Unfilled Plantilla Positions: 84 permanent positions remained vacant and instead 786 casual employees were hired.
- Improper Use of the fund for the Local Disaster Risk Reduction and Management: Unexpended disaster funds were not included in the investment plan, restricting fund use and limiting disaster preparedness efforts.
- Irregular Procurement of Food and Supplies: Procurements worth PhP9.7 million were processed after events had already taken place, indicating simulated bidding.
- Unverified Purchases of School Supplies: Payment of PhP 17.2 million for school supplies were not supported with complete documents.

Mayor Anarna explained that the delayed submission of vouchers was due to the municipal accountant's maternity leave and claimed that all required documents have since been submitted to COA. Ms. Keyshia Veranda, the municipal accountant, affirmed this explanation. Moreover, the Mayor claimed that the majority of the disbursement

vouchers have already been presented to the COA, albeit delayed, due to the temporary absence of the accountant.<sup>2</sup>

The Committee finds this justification unpersuasive. While administrative delays may occur, the duty to ensure the timely submission of financial records remains a legal obligation of the municipality. Failure to do so raises concerns regarding accountability and compliance with audit regulations.

Delaying the processing of vouchers creates opportunities for fraud, as it allows the possibility of fabricating or backdating vouchers. Therefore, the only proper safeguard against such risks is the timely submission of these financial documents.

Unjustified delays in financial reporting may give rise to administrative and even criminal liability under the law. As the head of the procuring entity, the mayor is ultimately responsible for ensuring compliance with financial reporting and procurement regulations. Likewise, the municipal accountant, as the officer in charge of financial documentation, is duty-bound to facilitate the timely and accurate submission of reports. Failure to comply with these duties may constitute violations of Republic Act No. 3019 or the Anti-Graft and Corrupt Practices Act – particularly Section 3(e), which penalizes officials who cause undue injury to the government or any party, or give unwarranted benefits to any private entity through manifest partiality, evident bad faith, or gross inexcusable negligence.

Moreover, both the Local Government Code and Presidential Decree 1445 or the Government Auditing Code of the Philippines specifically provide that all lawful expenditures and obligations incurred during a fiscal year shall be taken up in the accounts of that year.<sup>3</sup> This rule serves as a safeguard against the improper shifting of expenses to subsequent fiscal years, which could be exploited to manipulate budgets, conceal unauthorized expenditures, or fabricate artificial surpluses or deficits.

It is imperative that the financial records of the LGU are properly maintained in a timely and transparent manner, rather than being rectified only after irregularities are flagged by the COA. This lenient approach to financial management creates opportunities for the misappropriation of public funds and fosters corruption, undermining accountability and good governance.

#### **b. Delayed Disclosures and Late Postings on PHILGEPS**

The Committee determined that 133 procurements were belatedly posted on PhilGEPs, in violation of RA 9184 or the Government Procurement Reform Act and its Implementing Rules and Regulations. The failure to comply with these requirements violated transparency standards, raised suspicions of bid rigging and impartiality, and invalidated procurement transactions.

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<sup>2</sup> TSN dated August 27, 2024 (III-4)

<sup>3</sup> Section 350 LGC and Section 119 PD1445

Mayor Anarna admitted that his administration only followed the past administration's practices, believing them to be correct. When the COA flagged the transactions, his administration adjusted their processes to ensure compliance.<sup>4</sup>

The Mayor's justification is untenable. As the chief executive of the municipality, he is duty-bound to ensure compliance with established legal and regulatory procedures. Ignorance of the law or reliance on the practices of the previous administration does not absolve him of responsibility, nor does it justify the continued implementation of irregular or unlawful processes. Public officials are expected to exercise due diligence in governance, and failure to do so may constitute negligence, misconduct, or even liability under relevant laws.

### **c. Testimonies of former LGU employees**

Disputing the Mayor's case are the testimonies of former BAC members Ma. Dolores Jeaneth Bawalan and Merlina B. Cabrera, who served in the LGU until March 31, 2023, and until March 1, 2023, respectively. They admitted that violations of procurement laws, rules, and regulations have been a longstanding practice under Mayor Anarna's administration.<sup>5</sup>

Ms. Bawalan admitted that there were times the BAC did not convene for Small Value Procurement and that she often signed BAC documents after the actual procurement had occurred.

Ms. Bawalan noted that she felt pressured and was often made to feel like a "*kontrabida*" whenever she raised concerns. Ms. Bawalan explained that the stress from her job, particularly due to the irregularities and perceived pressure, led her to take early retirement before reaching the mandatory retirement age of 65.

On the other hand, Ms. Merlina Cabrera explained that she and others retired early due to fear and pressure from signing documents without proper review, stating that they were told that decisions were already made by the administration. She also mentioned being placed in floating status without a memo.<sup>6</sup>

These testimonies strongly reinforce the allegations of procurement irregularities under Mayor Anarna's administration. The statements of Mses. Bawalan and Cabrera carry significant probative value, as they were directly involved in the procurement process and had firsthand knowledge of the violations. They are ordinary employees with no apparent motive to fabricate allegations. Their decision to retire early, despite financial and career considerations, further underscores the gravity of the pressure and irregularities they witnessed. Furthermore, their admissions against their own interest—acknowledging their participation in a flawed system—lend credibility to their testimonies.

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<sup>4</sup> TSN dated September 16, 2024 (IV-6)

<sup>5</sup> TSN dated September 16, 2024 (II-2)

<sup>6</sup> TSN dated September 16, 2024 (II-3)

Their testimonies also highlight potential violations of RA 9184, particularly the failure to conduct proper BAC deliberations and the undue influence exerted on procurement decisions, which point to abuse of discretion and possible graft under RA 3019.

**d. Questionable 'Silangueno Ball' Expenses: Procurement processes for items worth P889,880 for the event were complied only after the event, violating procurement rules**

The procurement of flowers for the Silangueno Ball, an annual festivity in the municipality, violated RA 9184 because the flowers were delivered before completing the required procurement standards such as posting in the PhilGEPS system, conducting a bidding process, and issuing a Notice to Proceed. These steps were finalized only after the flowers had already been delivered.

On January 5, 2024, the COA issued AOM No. 24-001 (2023), which found irregularities in the procurement of bulbs for streetlights with tunnel entrance and flowers for the Silangueno Ball. The procurement, amounting to Php160,000.00, was deemed irregular and illegal under COA Circular No. 2012-003<sup>7</sup>. The COA reported that all bidding documents, including the PhilGEPS Bid Notice Abstract, were dated from January 31 to February 10, 2023, despite the event having already transpired on January 28, 2023. The COA concluded that this indicated simulated bidding and non-compliance with the 2016 Revised Implementing Rules and Regulations (IRR) of RA 9184, which mandates competitive and transparent procurement processes.

On March 27, 2024, Mr. Edgardo A. Bayan, a concerned citizen, filed a complaint before the Office of the Ombudsman against Silang Mayor Alston Kevin A. Anarna and his brother, Municipal Administrator and concurrent BAC Chairperson Nathaniel A. Anarna Jr. The complaint charged both officials with Grave Misconduct, Serious Dishonesty, and Conduct Prejudicial to the Best Interest of the Service due to the illegal and irregular procurement of flowers and streetlights for the event.

On April 12, 2024, the Office of the Ombudsman issued an Order imposing preventive suspension against Mayor Anarna and Administrator Anarna Jr. under Section 9 of Administrative Order No. 17, as amended, and Section 24 of Republic Act No. 6770, or the Ombudsman Act of 1989. The Order placed both officials under preventive suspension for a maximum period of six (6) months, without pay, pending the administrative adjudication of their cases. The Order specified that any delay in the resolution of the case due to the respondents' fault, negligence, or petition would not be counted in computing the suspension period.

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<sup>7</sup> Updated Guidelines for the Prevention and Disallowance of Irregular, Unnecessary, Excessive, Extravagant and Unconscionable Expenditures

On April 24, 2024, the suspension order was officially served to Mayor Anarna and Administrator Anarna Jr. Following this, VM Carranza and SB Member Toledo assumed office as Acting Mayor and Acting Vice Mayor, respectively.

On July 8, 2024, the COA issued a Notice of Disallowance due to the failure to follow these proper procurement procedures.

In October 2024, the Office of the Ombudsman found Mayor Anarna and several local government employees administratively liable for grave misconduct and serious dishonesty.

During the hearing, Mayor Anarna and his brother admitted that compliance with the procurement process of flowers and streetlights for the Silangeño Ball were processed late. The GPPB affirmed payments made before going through the prescribed procurement process is illegal as it violates RA 9184.

**e. Purchase Agreement to supply the Petroleum Fuel, Oil, and Lubricants (POL) requirements of the Municipality of Silang, Cavite to Corban Logistics Inc. (Corban) amounting to Thirty million pesos (30,000,000.00) and continued to supply until April of 2024.**

The Committee found that under the administration of Mayor Anarna, the municipality procured its fuel supply from multiple companies. Focus on Corban and M. Asuncion Gasoline Station was made as they have no formal contracts with the municipality. During the hearing, the municipality failed to present any formal contract with these companies for the supply of POL to the municipal government and instead relied solely on a purchase agreement. This indicates that the transactions did not undergo the required bidding process and failed to comply with procurement laws, rules, and regulations.

Moreover, the Committee found that Corban is not a fuel company. In addition to the absence of a formal contract, the procurement of fuel from Corban was fraught with numerous irregularities.

The Committee's findings are as follows:

- No Sangguniang Bayan resolution was issued to authorize the purchase agreement.
- There was no BAC resolution approving the procurement of fuel.
- Corban, owned by Mr. Edwin Miranda, has close ties to Mayor Anarna, raising concerns of potential conflicts of interest and abuse of authority.
- Corban had no existing gas station.
- Corban operated without a business permit, in violation of RA 7160, thereby depriving the municipality of lawful revenue from permit fees and taxes.

- Corban was not registered with the PhilGEPS, in violation of the IRR of RA 9184, which mandates PhilGEPS registration for all government suppliers.
- Corban established a fuel storage facility on municipal land without a lease agreement.
- Transactions with Corban circumvented the competitive bidding process, raising concerns of potential bid simulation or direct contracting without proper justification.

Acting Mayor Carranza confirmed that after reviewing files and consulting with the BAC and legal team, there was no BAC resolution for awarding the contract to Corban in 2023. This was verified by BAC Secretary Cherrylyn Paredes, who stated there was no BAC resolution issued for 2023.<sup>8</sup>

Edwin Miranda, the owner of Corban, confirmed that the company began transacting with the Municipality of Silang in January 2023. Former BAC members, including Ms. Bawalan and Ms. Cabrera, stated they could not recall the specific details of this transaction.

Mr. Miranda was questioned about how his company came to do business with the Municipality of Silang. Mr. Miranda stated that a certain Atty. Glenn Abellon, who is a common acquaintance, had recommended the opportunity to him. Atty. Abellon is not employed by the municipality, but Mayor Anarna confirmed that Atty. Abellon is his fraternity brother. Mr. Miranda further confirmed that he was approached by Mayor Anarna and his brother, Administrator Anarna Jr., to set up a gasoline station in Silang.

Mr. Miranda financed the construction and operation of the station himself, despite an initial agreement that the Anarna brothers would contribute Php2 million and share profits (10% of net income from every liter sold). Mr. Miranda admitted that his business operated without a business permit in Silang, Cavite, and he wasn't registered under PHILGEPS, which is required for government contracts. Miranda claimed the municipality owes Corban close to Php3 million pesos, but Acting Mayor Carranza stated there has been no billing since his assumption to office and that the municipality might not honor it since the transactions were deemed illegal.

The municipal government procured its POL requirement from Corban, a newly established company with no existing gas station, despite the availability of other well-established fuel providers. Mayor Anarna justified this decision by citing the expansion of the municipality's fleet, including additional ambulances, which allegedly necessitated additional fuel suppliers. He also said that Corban offered lower fuel prices. However, these reasons are insufficient and do not justify violating established laws, rules, and regulations.

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<sup>8</sup> TSN dated September 16, 2024 (IX-3)

The Committee found the explanations weak and unconvincing. Numerous established gasoline stations in the Municipality of Silang were available for the LGU's fuel procurement. The claim that Corban offered lower fuel prices was likewise unpersuasive, as Corban had incurred construction costs, which it would inevitably recover through future fuel sales. Given these circumstances, the only reasonable conclusion is that Corban and the Anarna brothers colluded to misappropriate public funds for their own benefit.

**II. Mayor Anarna's appointment of his brother violated the prohibition against nepotism**

Mayor Anarna admitted appointing his brother, Atty. Nathaniel Anarna Jr., as the Municipal Administrator of Silang and Chairperson of the BAC.

He claimed that legal consultations were sought and that no explicit prohibition against such an appointment was mentioned. He further defended his decision by citing trust and confidence in his brother, emphasizing their familial relationship as the basis for the appointment.

Furthermore, he explained that upon assuming office, he encountered difficulties working with long-standing department heads, many of whom had held their positions since 1986. He claimed that this made it challenging to find personnel he could trust for key appointments, which is why he placed his brother in the roles of Municipal Administrator and Chairperson of the BAC.<sup>9</sup>

However, the Committee finds this justification untenable. The testimonies and findings presented indicate a pattern suggesting that these appointments were not made solely out of necessity but rather as a means to facilitate corruption and the misuse of public funds. By placing his brother in strategic positions, Mayor Anarna effectively consolidated control over procurement and administrative functions, creating an environment ripe for opportunities to commit graft and malversation, manipulate public funds, and illegally amass wealth.

The Committee further found that Mayor Anarna violated Section 49 of Presidential Decree No. 807, which prohibits the appointment of relatives within the third degree of consanguinity or affinity to positions in the government, except for those classified as confidential. The Supreme Court, in *Laurel v. Civil Service Commission* (G.R. No. 71562, October 28, 1991), has ruled that municipal and provincial administrators do not fall under the category of confidential positions, rendering Nathaniel Anarna's appointment illegal under the law.

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<sup>9</sup> TSN dated September 16, 2024 (V-1)

Mayor Anarna defended his appointment of his brother by citing the approval of the SB and concurrence from the Civil Service Commission (CSC). However, the Committee emphasized that local legislative bodies cannot override national laws, and any CSC concurrence does not supersede clear legal prohibitions against nepotism.

With respect to the appointment of his brother as BAC Chair, Mayor Anarna justified it by arguing that there was no express prohibition under Republic Act No. 9184 (Government Procurement Reform Act) on such appointment.

The Municipal Accountant also claimed that they sought the advice of the COA through Atty. Osana Domingo, the former Supervising Auditor of Silang, Cavite, before the Mayor appointed his brother as BAC Chair.

Atty. Domingo was invited to address this allegation and she categorically denied the claim, stating that she had never provided such advice, and that no one from the municipal government had approached her for any guidance regarding the appointment.

<sup>10</sup>

This demonstrates bad faith on the part of the Mayor. First, he failed to correct the false testimony of his Municipal Accountant, presumably believing it to be in his favor. His deliberate silence and inaction indicate a willful intent to mislead or conceal material facts. Moreover, allowing false statements to stand unchallenged suggests an attempt to justify an otherwise improper or unlawful appointment, further reinforcing the pattern of irregularity and abuse of authority. Under the law, bad faith may be inferred from acts intended to deceive, manipulate, or circumvent legal requirements, which could constitute administrative misconduct or even criminal liability under RA 3019.

As BAC Chairperson, Nathaniel Anarna held a position of significant authority over municipal procurement processes. Based on the findings of the COA and the admissions made during the hearings, the Committee has sufficient grounds to conclude that his appointment was both morally and legally questionable.

Mr. Jaymar Bareng of the GPPB cited GPPB NPM No. 17-2018, emphasizing that nepotism rules apply to appointments and designations in the BAC, particularly those made by the head of the procuring entity. He stressed that the prohibition against nepotism extends to relatives within the prohibited degree of consanguinity or affinity under existing laws.

The Committee agreed with the GPPB's position, underscoring that nepotism rules should be strictly enforced in the designation of BAC members to uphold fairness, transparency, and accountability in government procurement.

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<sup>10</sup> TSN dated September 16, 2024 (V-3)

In the case of the municipal government of Silang, the recurring and widespread instances of misuse of public funds would not have been as extensive had the positions of Mayor and BAC Chair not been held by siblings. The BAC Chair, who was also appointed as the Municipal Administrator, occupied a key role in procurement processes, raising serious concerns about conflicts of interest and lack of independent oversight. The extent of their scheme to facilitate and ensure the manipulation of public funds is evident in the deliberate structuring of appointments and authority within the LGU, effectively consolidating control over both executive and procurement functions to circumvent proper checks and balances.

Accordingly, the Committee finds that the appointment of Atty. Nathaniel Anarna, Jr. as Municipal Administrator and BAC Chair is in direct violation of PD 807 and established jurisprudence.

### **CONCLUSION**

The Committee on Public Accounts reiterates that this inquiry was conducted in aid of legislation and in pursuit of good governance, with the primary objective of addressing systemic weaknesses in public financial management. It is not intended to single out individuals for political purposes or to prejudge the culpability of any party.

While the Committee exercises its oversight function to uncover financial mismanagement and procurement irregularities, it remains the responsibility of relevant legal bodies, such as the Ombudsman and the courts, to determine administrative and criminal liability, if any, through proper legal proceedings and in full adherence to due process. The role of the Committee is to recommend remedial legislation to strengthen fiscal policies and institutional safeguards, as well as to ensure that government agencies uphold their mandate in safeguarding public funds through checks and balances. If the Committee finds deficiencies in an agency's performance, it may recommend appropriate measures to improve efficiency, transparency, and accountability in public financial management.

The findings of this Committee serve as a factual basis for enacting legislative and policy reforms that will prevent similar violations in the future. By identifying loopholes in existing laws and procurement processes, the Committee aims to recommend stronger safeguards and institutional improvements that reinforce transparency, accountability, and efficiency. This commitment to financial integrity is essential to restoring public confidence in government operations and ensuring that taxpayer money is used in accordance with the public interest.

## RECOMMENDATIONS

The Committee recommends the following actions:

- The Office of the Ombudsman shall file administrative and criminal charges, if warranted, against responsible officials of the Municipality of Silang for violations of:
  - Republic Act No. 9184 (Government Procurement Reform Act) – for failure to conduct competitive bidding and for engaging in procurement activities without proper documentation.
  - Republic Act No. 3019 (Anti-Graft and Corrupt Practices Act) – for alleged irregularities in the procurement process and the misuse of public funds.
  - Civil Service Rules and Regulations – for the improper appointment of a municipal official in a dual capacity that may constitute a conflict of interest.
  - Presidential Decree No. 1445 - for non-compliance with established auditing rules, including, failure to submit financial documents in a timely manner and the misrepresentation of financial statements.
- The Department of the Interior and Local Government (DILG) shall issue a directive reminding all LGUs of their obligation to adhere strictly to procurement laws, including the mandatory posting of transactions in PhilGEPS. It will investigate the appointment of the Municipal Administrator as Chairperson of the BAC to determine whether it violates existing local government regulations.
- The COA shall fast-track the resolution of audit findings concerning the Municipality of Silang, particularly on notices of disallowance involving transactions that lacked proper documentation. It will strengthen enforcement mechanisms to ensure that LGUs comply with audit recommendations in a timely manner. It will consider revising audit procedures to reduce delays in reporting irregularities, allowing for more immediate intervention when procurement violations occur.
- The CSC shall issue clarifications or propose amendments to existing rules that would prohibit nepotism appointments to prevent conflicts of interest in procurement processes.

The House of Representatives will propose amendments to relevant laws to:

- Establish stricter penalties for non-compliance with procurement procedures.
- Require real-time or periodic reporting of procurement activities to enhance audit transparency.
- Prohibit key municipal officials from holding dual positions that create conflicts of interest in procurement processes.

- Strengthen oversight functions of the Committee on Public Accounts by institutionalizing closer coordination with COA and DILG for tracking procurement violations at the local level.

Finally, the aforementioned government agencies shall be furnished with a copy of the Committee Report to notify them of the findings and enable them to take appropriate action on the respective recommendations.

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City, Metro Manila

**NINETEENTH CONGRESS**  
Third Regular Session

House Resolution No. 1850



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Introduced by Honorable Roy M. Loyola

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**RESOLUTION DIRECTING THE HOUSE COMMITTEE ON PUBLIC ACCOUNTS TO CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, ON THE ALLEGED MISUSE OF FUNDS AND IRREGULARITIES IN THE PROCUREMENT PROCESS BY THE MUNICIPALITY OF SILANG, CAVITE**

**WHEREAS**, the Constitution mandates that public office is a public trust and that 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;

**WHEREAS**, according to Republic Act 12009, otherwise known as the "New Government Procurement Act," the State shall promote the ideals of good governance with a view towards transparency, competitiveness, efficiency, proportionality, accountability, public monitoring, procurement professionalization, sustainability, and value for money in government procurement;

**WHEREAS**, among the governing principles in government procurement is transparency by providing access to all related information in accordance with open contracting practice that enables disclosure of data and facilitates information sharing related to all stages of procurement;

**WHEREAS**, on 02 August 2024, PBGen. Erward E. Carranza, Mr. Mark Anthony A. Toledo, and Mr. Perpetuo T. Desingano in their capacities as Acting Municipal Mayor, Acting Vice Mayor, and member of the Sangguniang Bayan, respectively, in the Province of Cavite, wrote a letter requesting for assistance regarding the disconcerting financial status of the municipality, caused by previous irregularities and blatant disregard to pertinent provisions of the then governing procurement law (RA No. 9184) and its implementing rules and regulations;

**WHEREAS**, on 27 March 2024, Mr. Edgardo A. Bayan filed a complaint against Municipality of Silang Mayor Alston Kevin A. Anarna ("Mayor Anarna", for brevity) and his brother, Municipal Administrator and BAC chairperson Nathaniel "Jung" A. Anarna, Jr. ("Administrator Anarna, Jr.", for brevity) for grave misconduct, serious dishonesty, and conduct prejudicial to the best interest of the service;

**WHEREAS**, the complaint was based on AOM No. 24-001 (2023) issued by the commission on audit which revealed an illegal and irregular conduct of bidding as defined under COA Circular No. 2012-003;

**WHEREAS**, on 12 April 2024, the Office of the Ombudsman imposed a Preventive Suspension Order against Mayor Anarna and Administrator Anarna, Jr.;

**WHEREAS**, it appears that Mayor Anarna and his brother Administrator Anarna, Jr. devised a scheme wherein past occasions and simulated bidding procedures are used and taken advantage of to justify the use of public funds;

**WHEREAS**, during the 30 April 2024 COA exit conference on the 2023 expenditures of the Municipality of Silang, Mayor Anarna failed to cooperate and withheld the release of 5,725 disbursement vouchers (DV) in the amount of **One Billion Five Hundred Eight Million Eight Hundred Two Thousand Two Hundred Pesos and Seventy Three Centavos (P1,508,802,258.72)** and their supporting documents notwithstanding the request of COA;

**WHEREAS**, on several occasions, COA issued sixteen (16) Audit Observation Memoranda, two (2) Notices of Disallowance, and the Statement of Audit Suspensions, Disallowances and Charges (SADC) dated 30 June 2024, which are the basis of additional complaints filed before the Office of the Ombudsman against Mayor Anarna and his brother Administrator Anarna, Jr., as well as, other members of the BAC, its secretariat, and other involved officers of the Municipality of Silang for disbursements made without the proper bidding procedures and/or worse, simulated bidding that squandered an aggregate of **Twenty Three Million Twenty-two Thousand Pesos Two Hundred Fifty Seven Pesos and Ninety Eight Centavos (P23,022,257.98)**. Said amount is only the tip of the iceberg, as the amount is reflected in the **141 out of the 5,725** withheld disbursement vouchers;

**WHEREAS**, the remaining undisclosed disbursement vouchers and the surrounding circumstances of their release must be made available for scrutiny in keeping with the basic principle of transparency and accountability in the use of taxpayer's money;

**WHEREAS**, expenditures of the Municipality of Silang in the aggregate amount of **one billion three hundred eighty four million eight hundred fifty four thousand two hundred eighty seven pesos and eight six centavos (P1,384,854,287.86)** was disallowed by the Commission on Audit as reflected on the Statement of Audit Suspensions, Disallowances and Charges (SADC), dated 30 June 2024;

**WHEREAS**, it is worthy to note that after the effectivity of the suspension of Mayor Anarna and his brother Administrator Anarna, Jr., more documentary evidence were unearthed showing numerous disbursements of public money that were made before pre-requisite bidding and posting in the PhilGEPS which appears to be made to show a semblance of compliance with the requirements of law;

**WHEREAS**, it appears that compliance with the very basic requisite posting of Notices of Awards, Contract/Purchase Orders or Notices to Proceed were forgone in many instances;

**WHEREAS**, the Office of the Ombudsman eventually issued a preventive suspension order against other members of the BAC, its secretariat, and other involved officers of the Municipality of Silang who aided in facilitating these anomalous transactions;

**WHEREAS**, the abovementioned facts are to be established and testified to by former BAC members who likewise added that affixing the signatures in BAC Resolutions seemed to be ministerial as BAC members are under duress, undue influence, and threat of losing their jobs if they do not comply with the commands of Mayor Anarna and/or his brother Administrator Anarna Jr.;

**WHEREAS**, Mayor Anarna, as the Head of the Procuring Entity in the Municipality of Silang, should account for the public funds disbursed especially those disbursements of public money that were made before pre-requisite bidding and posting in the PhilGEPS and on the reported fake occasions that were revealed by investigations;

**WHEREAS**, it is but proper for the House Committee on Public Accounts to take cognizance of this issue as it involves an apparent circumvention of our procurement laws which we are mandated to remedy by filling in the gaps of the law, if any, to avoid further abuses and misuse of public funds;

**NOW, THEREFORE, BE IT RESOLVED**, as it is hereby resolved by the House of Representatives, to direct the Committee on Public Accounts to conduct an investigation, in aid of legislation, on the alleged misuse of funds and irregularities in the procurement process by the accountable officials of the Municipality of Silang, Cavite with the end in view of promoting accountability and amending our procurement laws and other relevant law, if found necessary.

Adopted.

A handwritten signature in black ink, appearing to be 'Roy M. Loyola', written over a horizontal line. The signature is stylized with a large loop at the top and a long horizontal stroke at the bottom.

**ATTY. ROY M. LOYOLA**  
Representative, 5<sup>th</sup> District of Cavite