



REPUBLIC OF THE PHILIPPINES

Senate

Ferdinand R. Marcos, Jr.

Senator

BY MAIL

19 August 2014

HON. LEOVEGILDO R. RUZOL

Municipal Mayor
General Nakar, Quezon

Dear Mayor Ruzol:

I have been furnished a copy of the Notice of Disallowance through a letter dated 30 June 2014 addressed to your honorable office from the Commission on Audit (COA) Local Government Sector – Quezon Province Audit Team Leader Romeo B. Limarag and Supervising Auditor Wilhelmina R. Cabuhat. Enclosed is a copy of the said letter for your reference.

As indicated in the attached letter, COA has audited the release of Special Allotment Release Order (SARO) No. BMB-G-12-T002502 dated 4 June 2012 in the amount of P10 million out of the Priority Development Assistance Fund (PDAF) allotment from my office. The Notice of Disallowance further states:

"The transaction amounting to P10 million is being disallowed as this was undertaken without due regard to existing laws and regulations. The release of SARO and corresponding Notice of Cash Allocation (NCA) by the DBM to the Municipality of General Nakar, and subsequent transfer of fund by the Municipality to Social Development Program for Farmers Foundation, Inc. (SDPFFI) was not compliant with the requirement of DBM National Budget Circular (NBC) No. 476 dated September 20, 2001, pertinent provisions of the General Appropriations Act (GAA) for the year and COA Circular No. 96-003 dated February 27, 1996. Thus, the transaction was considered illegal and irregular, defined under COA Circular No. 85-55A, as amended by COA Circular No. 2012-003 dated October 29, 2012."

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Consequently, I have been included among the persons determined to be liable for this disallowance.

I write to inquire if there is truth to the findings of COA on the following points:

- That *"the implementation of livelihood projects was not undertaken by the Municipality but instead by the Social Development Program for Farmers Foundation, Inc. endorsed by the legislators, inspite (sic) of the absence of any appropriation law or SB Resolution as required under GPPB Resolution No. 12-2007."*
- That *"the selection of NGOs was not compliant with the provision of COA Circular No. 2007-001 and GPPB Resolution 12-2007 and the implementation of projects were merely covered by a Memorandum of Agreement not compliant with existing regulations."*
- That *"the SDPFFI was not even selected in accordance with the guidelines on participation of NGOs in public procurement prescribed under GPPB Resolution No. 12-2007 for transfer authorized by law. As provided for in the GPPB Resolution, the selection of NGOs shall either be through Competitive Bidding, prescribed under Section 21.2.4 of the IRR-A R.A. 9184. However, the Municipality accepted the NGOs and transferred funds to the SDPFFI based merely on the supported endorsement of the sponsoring legislator."*
- That *"the Municipality failed to adopt transparency and accountability in the transfer and utilization of PDAF amounting to P10 million intended for the implementation of Livelihood Project (Organic Farming for High Value Crops for Micro-entrepreneurs and Small Farmers) of General Nakar, Quezon as these were not publicized and posted in the PHILGEPS as required under National Budget Circular No. 537 dated February 20, 2012."*
- That *"the procurement was not done thru competitive bidding as the funds were just transferred to the SDPFFI, who undertook the actual procurement of farm inputs, hence there was nothing to post such as invitation to bid, award and date of completion."*
- That *"the NGOs (sic) physical and legal existence turned out to be questionable as the given address as appearing in the Mayor's Permit and BIR Certificate of Registration (Block 40, Lot 28, Iligan St. South City Homes, Binan, Laguna) of SDPFFI at the time of the transaction is a mere residential house."*

I distinctly recall having written to your office sometime in June 2012 that the release of the funds under my Priority Development Assistance Fund (PDAF) allocation for the implementation of the project should be **in accordance with existing government rules and regulations.**

In line with this, I would like to formally request your office to furnish me a copy of the documents pertaining to the transaction covered by the Notice of Disallowance.

I hope you can shed light on this matter at the soonest possible time.

Very truly yours,


FERDINAND R. MARCOS, JR.

FRM:kr