

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



'22 AUG 10 P5 :46

SENATE

S.B. No. 1123

RECEIVED BY: _____

Introduced by **SENATOR IMEE R. MARCOS**

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

EXPLANATORY NOTE

Section 27, Article II of the 1987 Constitution provides that, *"The State shall maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption."*

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

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

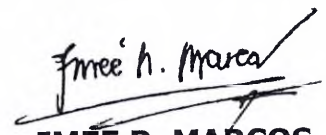
However, the passage of RA No. 9184 or the "Government Procurement Reform Act" undermines the mandate of the DBM-PS through the inclusion of relevant provisions that seeks to strengthen the procurement service of national government agencies. Section 11, Article 5 of RA 9184 states that *"all procurement agencies shall*

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

In addition to its mandate being affected by changes in national policies and legislation, the DBM-PS have dealt with issues regarding the exercise of their mandate in the previous years. In August 2021, the Senate Committee on Accountability of Public Officers and Investigations have conducted a series of investigations on the transfer of PhP 42 billion by the Department of Health (DOH) to the DBM-PS for the procurement of face shields, face masks, personal protective equipment, and other pandemic-related purchases. This August 2022, the DBM-PS found itself again involved in procurement issues related to the acquisition of laptops for the Department of Education.

This bill, which was also filed last Eighteenth Congress, seeks to address the systemic corruption in the DBM-PS by abolishing the said agencies. The passage of the 1987 Constitution and RA No. 9184 has made the mandate of the DBM-PS archaic and irrelevant in these current times. The DBM-PS has become a fertile breeding ground of graft and corruption and, as such, should be abolished as it has outlived its functions to the National Government.

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


IMEE R. MARCOS

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

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

7
8 **SEC. 2. Abolition of the Department of Budget and Management – Procurement**
9 *Service (DBM-PS).* – The Department of Budget and Management – Procurement
10 Service (DBM-PS) created under Letter of Instruction No. 755 and other laws, rules,
11 and regulations shall be abolished.

12
13 In lieu of the abolition of the DBM-PS, the respective Departments, Agencies,
14 Government Owned and/or Controlled Corporations (GOCCs), State Universities and
15 Colleges (SUCs), and Local Government Units (LGUs) shall, thereafter, undertake the
16 procurement of common-use supplies, materials and equipment.

17
18 **SEC. 3. Separation and Retirement from Service.** – Employees affected by the
19 abolition of DBM-PS shall receive separation benefits under the Government
20 Reorganization Law and other existing laws, rules, and regulations. *Provided that,* those

1 who are qualified to retire and receive retirement benefits under existing retirement
2 laws shall be allowed to retire under existing laws, rules, and regulations.

3
4 **SEC. 4. *Reversion of Funds.*** – In coordination with the concerned Departments,
5 Agencies, GOCCs, SUCs, and LGUs, all prior year’s and current year’s advances for the
6 purchase of supplies, materials, and equipment not available in the DBM-PS inventory
7 shall be reverted to the National Treasury.

8
9 **SEC. 5. *Transition Period.*** – One (1) year upon effectivity of this Act, the DBM-
10 PS, in coordination and under direct supervision of the Department of Budget and
11 Management (DBM), shall undertake an inventory of all the supplies, materilas, and
12 equipment under their custody for use of the different Departments, Agencies, GOCCs,
13 SUCs, and LGUs. The DBM-PS shall continue to service the requirements for common-
14 use supplies, materials, and equipment until the inventories of such are fully consumed.
15 *Provided that,* no additional procurement shall be undertaken by the DBM-PS during
16 such period.

17
18 **SEC. 6. *Repealing Clause.*** – All laws, decrees, orders, rules and regulations or
19 other issuances or parts thereof inconsistent with the provisions of this Act are hereby
20 repealed or modified accordingly.

21
22 **SEC. 7. *Separability Clause.*** – If any portion or provision of this Act is declared
23 unconstitutional, the remainder of this Act or any provision not affected thereby shall
24 remain in force and effect.

25
26 **SEC. 8. *Effectivity.*** – This Act shall take effect after fifteen (15) days following
27 the completion of its publication either in the Official Gazette or in a newspaper of
28 general circulation in the Philippines.

Approved,