

maintenance of Mechanical, Electrical Fire Protection and Sanitary (MEFPS) system. Thus, the eligibility and qualification of the suppliers/contractors to enter into a negotiated procurement were not met.

- 2.18 Also, it was noted that Management failed to observe the requirement of posting invitation and sending request for price quotation to suppliers on PDGCC's various goods and services purchased using the alternative mode of small value procurement, required under Section 54.2 of the RIRR of RA No. 9184 and Paragraph 8(b), Item V(D) of Annex "H" of the same Act. The details are as follows:

Particulars	ABC	RFQ from at least three suppliers	Price quotation from at least one supplier	Abstract of quotation /ratings	Posting of RFQ or RFP with ABC's above 50k	
					PhilGEPS Website	Conspicuous place
Cleaning of crystal chandeliers	25,000	X	X	X	N/A	N/A
Replacement of broken tiles at basement female comfort room	100,000	✓	✓	✓	X	X
Preventive maintenance - X-ray machine	54,240	X	✓	✓	X	✓
LED bulb warm white/cool day Light	56,044	✓	✓	✓	✓	X
Pest control	132,000	X	X	X	X	X
Disinfection and sanitation of PDG Offices	149,000	✓	✓	✓	✓	X
Replacement of transfer pump controller	463,000	✓	✓	✓	X	✓
Preventive maintenance MEFPS	990,000	X	✓	✓	X	✓

- 2.19 Absence of posting of invitation in PhilGEPS website or in a conspicuous place and sending RFQ to at least three suppliers, and documentary requirements, as required in Sections 54.2 and 54.6.f of the RIRR of RA No. 9184, defeat the principle of transparency in the process and implementation of procurement through dissemination of bid opportunities and extending equal opportunity to contracting parties to ensure that the most advantageous price for the Government is obtained.

### C. *Extension of janitorial and security services contracts*

**The grant of extension of contract for security and janitorial services was not in accordance with the conditional and procedural requirements provided under RA No. 9184 and its RIRR.**

- 2.20 Items 4.3, 4.4, and 5.2, Appendix 24 of the RIRR of RA No. 9184 provide for the guidelines on the extension of contracts for general support services. To wit:

#### *4.0 General Conditions for Extension*

*Procuring entities may extend the duration or effectivity of an ongoing contract about to expire, under the following conditions:*

xxx

*4.3 The procuring entity concerned has substantially undertaken the procurement activities required prior to award of the new contract under R.A. 9184 and its IRR.*



*4.4 The aforesaid contract extension is undertaken due to circumstances beyond its control and the procuring entity concerned cannot award a new contract within a month after the expiration of the term of the original contract.*

## **5.0 Procedural Requirements**

*5.2 In addition to the foregoing, if the proposed contract extension exceeds six (6) months, the Head of the Procuring Entity or his/her duly authorized representative shall immediately report to the Government Procurement Policy Board in writing of its intent to extend beyond six months.*

- 2.21 PDGCC entered into an agreement for the one year supply of janitorial and elevator operator services amounting to P4.480 million on January 27, 2020 and another for the one year supply of security services amounting to P3.677 million, on January 29, 2020.
- 2.22 On December 28, 2020, both contractors issued a letter requesting an extension of service on a monthly basis under the same terms and conditions stipulated in the previous contract.
- 2.23 The request was approved by the PDGCC President thru a Memorandum dated February 11, 2021, issued by the facilities administrator through BAC which provides that the extension shall only be allowed until a new contractor for the said services shall have been procured through bidding process conducted by BAC. PDGCC started the procurement of janitorial and security services in July 2021. On November 11 and 29, 2021, PDGCC entered into an agreement for the supply of janitorial and security services with respective contractors, effective January 2, 2022.
- 2.24 Inquiry with Management disclosed that due to the pandemic, they tried to procure janitorial and security services for CY 2021 through electronic procurement, however they were not able to push through since the Government Procurement Policy Board (GPPB) requires a Memorandum of Agreement (MOA) prior to the use of electronic procurement system.
- 2.25 Foregoing considered, the PDGCC committed lapses on substantial procurement activities in the procurement of the necessary services. Additionally, it casts doubt on whether there is a valid circumstance beyond the control of the PDGCC that it cannot award a new contract given that in CY 2020, there were easements in the community quarantine classification in the country, particularly in the NCR.
- 2.26 Further, review of the transactions disclosed that the extension of the contract lasted for one year. However, there is no document to support that the HoPE made any report to the GPPB of its intent to extend the contract on the support services beyond six months. The approved memorandum on the extension of contract do not specify the period of extension. It only provided that the

extension is valid until a new contractor has been procured. The absence of specific period in which the extension will take effect shows poor procurement planning on the part of PDGCC to address the regular procurement of general support services.

**2.27 We recommended that Management:**

**A. *Negotiated procurement (emergency cases)***

**a. Submit the following documents:**

**Procurement of high voltage switchgear**

- Invitation to submit bid/RFQ;
- Mayor's Permit;
- Income/Business Tax Return;
- Omnibus Sworn Statement;
- Supplier/Contractor submitted quotations; and
- Performance Security.

**Procurement of electrical distribution panel board**

- Contract Agreement;
- Notice of Award; and
- Notice to Proceed.

- b. Strictly observe the procedures provided under Paragraph 2(b), Item V(D) of Annex "H" of the RIRR of RA No. 9184 on the procurement thru emergency cases, particularly in ascertaining the capabilities of the supplier/contractor;**
- c. Prospectively, require the contractor to submit performance security;**
- d. Impose appropriate liquidating damages for the delays in the performance of the agreement and timely monitor the implementation of the project;**

**B. *Negotiated procurement (small value)***

- e. Require the bidder to submit their PhilGEPS Registration Number or Certificate of Platinum Membership and other eligibility documents;**
- f. Strictly observe the posting requirements and issuance of RFQ to at least three suppliers as provided under the RIRR of RA No. 9184;**

**C. *Extension of contracts (janitorial and security services)***

- g. Submit documents to support the grant of extension; and**



**h. Strictly observe the conditional and procedural requirements provided under Appendix 24 of the RIRR of RA No. 9184.**

- 2.28 Management commented that PDGCC will comply with the audit recommendations. Moreover, to ensure consistency in terms of strict compliance, the Management is now adopting a simplified checklist for their small value procurement bid quotation opening sessions.
- 2.29 In relation to the extension of contract services, Management commented that the extension was occasioned by the pandemic which triggered the transition of the bidding process to electronic. The delay was partly caused by the preparation and execution of MOA between Bureau of the Treasury (BTr) and PDGCC to adopt BTr's Electronic Bidding Platform (EBP). Furthermore, BTr had its share of early procurement activities and other items for procurement, so PDGCC had to queue until the BTr's EBP system and personnel become available to assist the PDGCC in its electronic procurement. The incident was caused by the transition. The pandemic somehow refocused all efforts towards disinfection and extreme caution, coupled with sustained office shutdowns due to several employees and some building occupants dying or getting sick after contracting the virus.
- 2.30 As an audit rejoinder, we acknowledge the efforts of the Management in adopting a checklist that complies with the latest regulations. However, while we commiserate with PDGCC during this pandemic and the adverse effects it brought to the country, we believe that the lapses in the conduct of procurement of janitorial and security services could have been avoided since the expiration of the contracts were known beforehand, and to reiterate, quarantine restrictions were lessened during the year. Likewise, the courses of action to be taken by the Management to comply with the recommendations will be monitored and evaluated accordingly.
3. **The non-formulation of Gender and Development (GAD) Plan and non-submission of GAD Plan and Budget (GPB) to oversight agencies of the PDGCC are contrary to Executive Order (EO) No. 273, Philippine Commission on Women (PCW) – National Economic and Development Authority (NEDA) – Department of Budget and Management (DBM) Joint Circular No. 2012-01 and COA Circular No. 2014-001, thus, GAD-related issues and concerns, if any, have not been addressed.**
- 3.1 EO No. 273 dated September 8, 1995 approved and adopted the Philippine Plan for Gender-Responsive Development for the period 1995-2025 ordering all government agencies, department, bureaus, offices, and instrumentalities, including government-owned and controlled corporations at the national, sub-national, and local levels to institutionalize GAD efforts by incorporating GAD issues/concerns, as spelled out in their planning, programming and budgeting process, but more specifically to include/incorporate GAD concerns in the formulation, assessment and updating of their annual agency plans, in their agency performance commitment contracts indicating key result areas for GAD, and annual agency budget proposals and work financial plans.



- 3.2 PCW-NEDA-DBM Joint Circular No. 2012-01 provides, among others, the following guidelines for the preparation of GPB and Accomplishment Reports (AR) to implement the Magna Carta for Women, viz:

#### 5.0 STEPS IN FORMULATING THE GAD PLAN

- 5.1 *Set the GAD agenda or identify priority gender-issues and/or specific GAD mandates and targets to be addressed over a one-year or three-year term x x x. This GAD agenda shall be the basis for the annual formulation of programs, activities and projects (PAPs) to be included in the GPB x x x.*
- 5.2 *Identify appropriate PAPs to address priority gender issues that are included in the GPB. PAPs may be client-focused or those addressing gender mainstreaming in major programs and other GAD-focused activities for agency clients. It may also be organization-focused or those addressing identified gender issues of the agency and its personnel.*
- 5.3 *Agencies are encouraged to assess the gender-responsiveness of their major programs and projects using the Harmonized Gender and Development Guideline (HGDG) tool. The result of assessment will guide them in identifying areas for improvement.*
- 5.4 *Fill out the templates on GPB and GAD Accomplishment Reports (AR).*

#### 8.0 SUBMISSION, REVIEW AND ENDORSEMENT OF AGENCY GAD PLANS AND BUDGETS

- 8.2 *The Gender Focal Point System (GFPS) of the agency shall review all submitted GPBs and as needed, provide comments or recommendations for revision. Agency review of GPBs shall focus on the alignment of the GAD plan with the GAD agenda and the correctness and alignment of the entries in each column of the GPB template, x x x. The GFPS shall then submit the final GPBs and the corresponding GAD ARs to PCW for review and endorsement to DBM.*
- 8.7 *Agencies shall submit their PCW-endorsed GPB to DBM along with their annual GAD AR for the previous year in accordance with the budget call.*

- 3.3 Paragraph V of COA Circular No. 2014-001 dated March 18, 2014 provides for the responsibility of the audited agency to submit a copy of Annual GPB and the corresponding AR.

#### *V. Responsibility of the Audited Agency*

*The Audited agency shall submit a copy of the Annual GAD Plan and Budget (GPB) to the COA Audit Team assigned to the agency within five (5) working days from the receipt of the approved plan from the PCW or their mother or central offices, as the case maybe. Likewise, a copy of the corresponding Accomplishment Report shall be furnished the said Audit Team within five (5) working days from the end of January of the preceding year.*

- 3.4 Inquiry with Management disclosed that PDGCC has not conducted GAD planning and was unable to appropriate or attribute at least five per cent of the COB, thus, no GPB was formulated and submitted to PCW for endorsement. Management also expressed that it is still unclear to them how to formulate and implement the GPB properly due to lack of training and intricacies involved.
  - 3.5 The absence of GPB undermines the purpose to address GAD issues and concerns to which such laws, rules, regulations and circulars were issued for.
  - 3.6 **We recommended that Management:**
    - a. **Attend seminars and trainings on GAD for capacity building; and**
    - b. **Formulate annual GPB and submit the same together with the GAD AR to PCW for review and endorsement to DBM.**
  - 3.7 Management commented that they need to be exposed further to the requirements of GAD, thus, they will hire a consultant to assist PDGCC in all its GAD-related activities. PDGCC employees will also undergo training on Harmonized Gender and Development Guideline and other GAD concepts and processes.
  - 3.8 As an audit rejoinder, Management's actions on the audit recommendations will be monitored and evaluated accordingly.
- 4. Remittance of mandatory SSS, PhilHealth and HDMF Contributions**
- 4.1 For CY 2021, the Corporation complied with the mandatory contributions required under RA No. 11199 or the Social Security Act of 2018, IRR of RA No. 7875, as amended, otherwise known as the National Health Insurance Act of 2013, and IRR of RA No. 9679 or the Home Development Mutual Fund Law of 2009. Further, the Corporation also deducted loan amortizations due from their employees and diligently remitted the same including the employer's share to the respective agencies within the prescribed period.
- 5. Status of Audit Suspensions, Disallowances and Charges**
- 5.1 There are no suspensions, disallowances and charges issued as at December 31, 2021.