



# SEC News Service

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# SEC continuously implements wage hike despite CoA order

By Alvin Murcia

The Securities and Exchange Commission (SEC) continues to heed the order of the Commission on Audit (CoA) to stop the unauthorized salary increase of its officials and employees.

The CoA stated that the refusal of SEC to stop the increase resulted in excessive payment of wages in the total amount of more than P174,291 million as of Dec. 31, 2013.

The salary increase was discovered by the CoA when it released its audit report yesterday, stating the attention to halt the

unauthorized salary increase in 2012 yet SEC still granted additional pay to its executives and personnel the following year.

"The unauthorized increase in salaries and wages of the officials and employees of SEC was continuously implemented starting January 2012 up to December 2013 in violation of Special Provision No. 2 of the General Appropriations Act (GAA) of 2013, thereby, resulting in the excessive payment of personal services for two years in the aggregate amount of P174,291,119.35," the latest audit report noted.

It added the said increases were funded out of the retention income intended to augment the Maintenance and Other Operating Expenses (MOOE) and Capital Outlay requirements in violation of Special Provision No. 1 of the GAA.

The state auditors said it is reiterating a previous year's audit observation which stated that the SEC failed to secure the approval of President Aquino on the compensation plan it approved before implementing the salary increase.

It said that based on GAA rules, P100 million sourced from registration and filing fees

collected by SEC shall be used to augment MOOE and Capital Outlay and not for salary increases or personal services.

"As reported and contained in our Annual Audit Report for CY 2012, the Commission incurred an unauthorized salary increase totaling to P92,740,109.10," the audit team said.

"During the year 2013, it continued to implement the salary increase with a total amount of P81,551,010.25 despite the fact that the approval of the President was not even received yet, thereby, resulting in an excessive payment

of personal services for two years in the aggregate amount of P174,291,119.35," state auditors stressed.

CoA acknowledged that the SEC had a series of communications and requests with the Department of Budget and Management (DBM) and the Office of the President and even had meetings with the Office of the President's authorized officials for the approval of the salary increase, but, to date, such authority has not been given.

The auditors strongly recommended to the SEC management to stop tentatively the

implementation of the salary increase until such time that the approval of the President upon favorable recommendation of the DBM Secretary is obtained in accordance with Special Provision No. 2 of the GAA of 2013.

The SEC management tried to reason out that the salary adjustment given to official and employees were in accordance with law.

But the CoA stood pat on its order that they should seek the president's approval first since it is required before implementing the salary increase pursuant to the provisions of the GAA.

# COA links 49 solons to new pork, DAP scam



## ₱670M for Muslim Filipinos ended up in dubious NGOs

By Gil C. Cabacungan

A TOTAL of ₱670 million in pork barrel funds meant to uplift Muslim Filipinos went to dubious nongovernment organizations (NGOs) recommended by Senators Juan Ponce Enrile and Gregorio Honasan II and 47 administration allies in Congress from 2011 to 2013, according to the Commission on Audit (COA).

The COA said the funds came from the lawmakers' Priority Development Assistance Fund (PDAF) and Malacañang's Disbursement Acceleration Program (DAP)—pork barrel programs that the Supreme Court declared unconstitutional and have since been discontinued.

The funds were released through the National Commission on Muslim Filipinos (NCMF), an agency formed under the Office of the President in February 2010 to look after

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the well-being and culture preservation of Muslim Filipinos.

The COA said the NCMF allegedly funneled P30 million of his pork barrel funds to fake foundations; Enrile P25 million. (See box for list of representatives named in the COA report).

Enrile is under hospital arrest in connection with the P10-billion PDAF scam allegedly engineered by Napoles. Also detained in the alleged diversion of PDAF funds to Napoles NGOs were Senators Jinggoy Estrada and Bong Revilla. Former Deputy Speaker Lorenzo Tañada III, one of the 47 representatives who used the NCMF as conduit, said that the PDAF projects he downloaded through the NCMF were implemented and not "ghost projects."

"You can check with the NCMF with regard to their implementation," Tañada said.

The COA cited the improper selection process in the disbursement of the PDAF and DAP meant for Muslims, pointing out that the senators and representatives themselves handpicked the NGOs or people's organizations that would handle the livelihood projects for indigent beneficiaries based on their letters to the NCMF management.

"It is the audit team's view that the selection of NGOs/POs should be undertaken by the NCMF because the funds were released to NCMF, thus, it is duty bound to account the said funds to the government and/or to the beneficiaries," the COA said.

## LIST OF LAWMAKERS IN THE COA REPORT

BASED on the 2013 annual audit report of the National Commission on Muslim Filipinos released on April 28 and posted on the Commission on Audit website, the other lawmakers who released part of the Priority Development Assistance Fund and Disbursement Acceleration Program allocations to alleged bogus foundations and suppliers were:

Daryl Grace Abayon—P44.8 million (Aangat Tayo)	Maximo Rodriguez—P15.5 million (Abante Mindanao Inc.)	Sharon Garin—P5 million (AAMBIS-Owa)
Fatimah Aliyah Q. Dimaporo—P40 million (Lanao del Norte)	Maria Isabelle Climaco—P15 million (former deputy speaker, Zamboanga City)	Mark Aeron Sambar—P5 million (PL-PBA)
Salvador Cabaluna III—P37.5 million (I-Care)	Anthony Rolando Golez—P14.5 million (Bacolod City)	Josefina M. Joson—P5 million (Nueva Ecija)
Nur-ana I. Sahidulla—P35 million (Sulu)	Jonathan Yambao—P14 million (Zamboanga Sibugay)	Neil Benedict Montejo—P5 million (An-Warar)
Michael Angelo Rivera—P27.5 million (I-Care)	Raymond Democrito Mendoza—P14 million (TUCP)	Justin Marc Chipeco—P5 million (Laguna)
Jim Hataman-Salliman—P26 million (Basilan)	Yevgeny Vicente Emano—P12.79 million (Misamis Oriental)	Homer Mercado—P4.5 million (1-Utak)
Lorenzo Tañada III - P26 million (former deputy speaker, Quezon)	Isidro T. Ungab—P12 million (Davao)	Leopoldo N. Bataoil—P4.47 million (Pangasinan)
Nicanor Briones—P24 million (Agap)	Loreto Leo Ocampos—P12 million (Misamis Occidental)	Bai Sandra Sinsuat A. Serna—P4 million (Maguindanao)
Basilio Fabian—P24 million (Zamboanga)	Abigail Gaye C. Ferriol—P11.35 million (Kalinga party-list)	Simeon Datumanong—P5.3 million (Maguindanao)
Nelson "Sonny" P. Collantes—P22 million (Batangas)	Angelo B. Palmones—P10 million (Agham)	Arturo Robes—P3.776 million (San Jose del Monte City)
Mariano Piamonte—P20 million (A-Teacher)	Jose Benjamin Benaldo—P10 million (Cagayan de Oro)	Rosendo Labadlabad—P3 million (Zamboanga del Norte)
Antonio Kho—P16.5 million (Masbate)	Ranulfo Canonigo—P10 million (Kakusa)	Isidro Lico—P3 million (Ating Koop)
	Cesar Jalosjos—P9.4 million (Zamboanga del Norte)	Elmer Panotes—P3 million (Camarines Norte)
	Eduardo R. Gullas—P9 million (Cebu)	Gabriel Luis Quisumbing—P3 million (Cebu)
	Bernardo M. Vergara—P6.82 million (Baguio)	Ponciano Payuyo—P2 million (Apec)
	Manuel S. Agyao—P5.5 million (Kalinga)	Franklin Bautista—P2 million (Davao del Sur)
	Romeo Jalosjos—P5 million (Zamboanga Sibugay)	Teodorico Haresco—P1.5 million (Aklan)
		Magtanggol Gunigundo—P1 million (Valenzuela)

ilya Foundation Inc. (P68 million), Kagadahan ng Kapaligiran Foundation Inc. (P51.5 million), Kabuhayan at Kalustagan Alay sa Masa Foundation Inc. (P46 million), Livedures Foundation Inc. (P41.5 million), Coprahan at Gulayan Foundation Inc. (P26.776 million), BL Personal Touch Foundation Inc. (P26 million).

These were NGOs not owned by Napoles.

### Nonexistent NGOs

The COA also said the NCMF failed to provide complete documents in the grant and liquidation of the P670 million in PDAF and DAP funds it received from lawmakers.

The NCMF failed to monitor and assess whether the NGOs were authentic and implemented their projects, such as soap making, fish processing, candle making, haircutting and cosmetology, despite charging a 3-percent retention fee for every PDAF or DAP fund it processed, it said.

The COA said that out of the 21 NGOs that were chosen by lawmakers, 15 were either unknown or could not be located at their given addresses during the inspection conducted in January 2014.

The office addresses of six other NGOs were found, but the COA observed no existing operations in the sites.

It cited one NGO, Sinag ng Kaunlaran at Pagasa Foundation, which was granted P3 million in the PDAF of Rep. Luigi Quisumbing even though it was "barely eight months in existence without any certified proof that it had implemented similar projects when it received the fund transfer."

At least three of the NGOs—U.F. Multi-Purpose Cooperative, Commoners Foundation Inc. and Tausog Women Producer

Cooperative whose business addresses were located in Samal Village, Maluso, Basilan province; Kajzelle Bldg., Roxas Avenue, Extension, Kalibo, Aklan province; and North Laud, Siasi, Sulu province—were not visited by the audit team due to the distance and for the safety of the team.

### Inquiry urged

"Since the ocular inspection was conducted, one to two years after the implementation of the project, the nonexistence of the addresses provided by most of the recipient NGOs/POs and the offices maintained by some of them which were no longer located was an indication that upon completion of the PDAF projects, they possibly ceased/stopped operation and/or probably involved in illegitimate business ventures," the COA said.

The NCMF was urged to conduct an investigation to verify the existence of ultimate beneficiaries and projects actually funded from the funds released to the NGOs and file appropriate charges against those responsible.

In its comment, the NCMF management claimed that accreditation papers of the NGOs (articles of incorporation, BIR registration and LGU permits) all contained the addresses of these NGOs, where they were located and contacted at the time of their accreditation and during the project implementation. In fact, during the implementation, most of these NGOs sent letters from these addresses informing NCMF of their project implementation dates.

The NCMF also noted that the inspection of the NGOs was done almost two years after they were accredited and the projects implemented. "It was possible that some of these NGOs have moved or closed office," it said.

The same pattern of misdeeds was observed in the suppliers who provided the equipment and supplies for the livelihood projects.

### Suppliers' deficiencies

The COA said ocular inspections of the business addresses of the suppliers showed various deficiencies, such as wrong addresses in the official receipts; they were engaged in a different business based on their BIR registration; and some of them were owned by the lawmakers' project coordinators.

"With all the deficiencies noted, it is the audit team's view that the livelihood projects implemented by the NGOs/POs were questionable," the COA said.

The top suppliers of the NGOs were CC Barredo Publishing House (P155.588 million), LC Mercado Enterprises (P84.65 million), Narbon Agri-Nursery Development and Consultancy (P50.195 million), CRYL Enterprises (P24.647 million), MAC-BZ Trading (P22.765 million), Kalipunan ng mga Samahan ng Mamanayan Inc. (P19.994 million), USATBPA Enterprises (P10.085 million), JR & JP Enterprises (P9.7 million), Isochem Enterprises (P7.5 million), and Sunbait Pharmacy and General Merchandise (P7.22 million).

The NCMF, however, stressed that the transactions between the NGOs and suppliers were private deals. "There is no law or regulation allowing the NCMF to interfere with such transactions at the time they are contracted as long as these expenses are properly liquidated and the items received by the end-users," the NCMF said in its reply.

The COA said that as of 2013, only 67 percent, or P451 million of the P670 million PDAF and DAP fund transfers made by NCMF had been liquidated.

### Usual practice

In its reply to the COA, the NCMF admitted that it had allowed the legislators to choose the NGOs. The NCMF said that this was the "practice" in other government agencies receiving PDAF for soft projects.

But the agency maintained that it imposed a 15-point accreditation process in place for NGOs and only those that met these standards were allowed to receive the funds.

"It is incorrect to say that the NCMF allowed the legislators to impose their chosen NGOs without the checking the eligibility of these NGOs," the agency said.

But the COA stood by its findings, noting that most of the NGOs/POs granted with PDAF and DAP projects were among those endorsed by the legislators from whom the funds of the project were charged.

The top NGOs used by lawmakers for their NCMF projects were Kaagapay Magpakailanman Foundation Inc. (P187 million), Rich Islas de Filipinas Foundation Inc. (P72 million), Maharlikang Lipi Foundation (P70 million), Kapuso't Kapam-

## COA slams SEC's refusal to stop illegal pay hike

The Commission on Audit (COA) is frowning at the continued refusal of the Securities and Exchange Commission (SEC) to stop the unauthorized salary increase of its officials and employees.

Such "defiance" has resulted in excessive payment of wages in the total amount of more than P174.291 million as of Dec. 31, 2013.

In an audit report released yesterday,

COA said it called for a halt to the unauthorized salary increase in 2012 yet the SEC still granted additional pay to its executives and personnel the following year.

"The unauthorized increase in salaries and wages of the officials and employees of SEC was continuously implemented starting January 2012 up to December 2013 in violation of Special Provision No. 2 of the

General Appropriations Act (GAA) of 2013, thereby resulting in the excessive payment of personal services for two years in the aggregate amount of P174,291,119.35," the latest audit report noted.

"Moreover, said increases were funded out of the retention income intended to augment the maintenance and other operating expenses (MOOE) and capital outlay requirements in violation of Special Provision No. 1 of the GAA," the audit findings added.

- Michael Punongbayan