



# PRESS STATEMENT

Department of National Defense – Republic of the Philippines

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## DND statement on the alleged misuse of DRRM funds

The Department of National Defense takes note of the recent Consolidated Report of the Commission on Audit (COA) on the Disaster Risk Reduction and Management (DRRM) fund audit which was transmitted to the Secretary of National Defense on January 10, 2017. The said consolidated report contains observations and findings of past audits, which the Department had already replied to and clarified.

For the repairs/reconstruction of facilities which were noted by COA to be not in accordance with the purposes of the QRF, we maintain that these were undertaken to ensure that the facilities and equipment utilized by humanitarian assistance and disaster response (HADR) personnel affected by calamities may be normalized as quickly as possible. The construction/repair of AFP camps and facilities were undertaken to address the damage sustained during calamities such as Typhoons Santi, Glenda, and Yolanda, among others. It was necessary that certain offices and facilities of the AFP be immediately rehabilitated or repaired so as not to hamper their response to HADR missions.

As to the release of QRF to various implementing agencies with unliquidated fund transfers, the DND saw the need to urgently transfer funds given the extraordinary circumstances at that time. There was a need to strike a balance between policy and urgency of requirements in order to restore public service and provide support to damaged facilities in disaster-affected areas. An example is supporting the petroleum, oil, and lubricant (POL) requirements of various equipment of the AFP out of the DND QRF. It would be noted that POL for HADR is not included in the regular AFP budget.

On the items procured out of the QRF that were marked by COA as overpriced, we reiterate our position that the use of retail prices, instead of wholesale prices, was necessitated by the fact that the procurement was on a small scale, thus big companies did not show interest in joining the bidding process. Furthermore, the urgency of the situation required that the items related to disaster response and relief, such as personal protective equipment, medicines, medical supplies, and purified water be made available immediately.

Defense Secretary Delfin Lorenzana nonetheless issued guidance for relevant offices to conduct a review on the items raised in the COA consolidated report.

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