



## OFFICIAL MEDIA STATEMENT

### On the Alleged Irregular Disbursements of the PHilHealth Interim/OIC President and CEO May 3, 2018

This refers to the Rappler report entitled "*PhilHealth OIC Spends P627K for Travels Amid P9B Net Loss in 2017*" by Camille Elemia which was published on May 2, 2018.

The said report has made reference to Audit Observation Memorandum (AOM) No. 18-001 (17) HO dated April 18, 2018 by the Resident Auditor of the Commission on Audit which asked PhilHealth Interim/OIC President and CEO (IPCEO) Dr. Celestina Ma. Jude P. de la Serna to comment on several disbursements paid amounting to P923,174.21 that allegedly were not in accordance with COA Circular No. 2012-003. The disbursements in question are for certain allowances she received in CY 2017 amounting to P143,881.17; payments for meetings attended through teleconferencing/videoconferencing amounting to P152,000; and payment for several local travels for P627,293.04, all amounting to P923,174.21.

We wish to assure our members, stakeholders and partners that the said disbursements and expenses are lawful and above board, and not tainted with irregularity. We have exhaustively explained this position to the Resident Auditor in our reply to the said AOM.

PhilHealth unequivocally denies the allegations of "irregular" expenses and allowances supposedly incurred by its IPCEO.

We owe it to our members and our stakeholders to be wise and prudent in administering their hard-earned contributions to ensure that their funds are secure, robust and sustainable to meet our financial obligations especially on the payment of benefit claims.

We therefore would like to clarify the following:

*On the allowances received with previous Notice of Disallowance:*

The allowances in question, consisting of Hazard Pay, Subsistence Allowance, Laundry Allowance, Collective Negotiation Agreement (CNA) Incentive and PS We Care, despite a Notice of Disallowance (ND) previously issued on them, are all "on appeal" status as correctly noted by the COA.



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We clarify that mere issuance of an ND which is currently on appeal is not necessarily in itself illegal as in a number of cases where the Supreme Court reversed the disallowance or modified the audit findings of COA.

In a related case of PhilHealth vs. COA which was decided on November 29, 2016, the SC reversed the NDs in 3 out of 4 benefits disallowed by the audit agency.

In the case of the CNA Incentive and PS We Care which is a form of supplementary health insurance for PhilHealth employees, PhilHealth maintains that these are legal and authorized by virtue of DBM Budget Circular No. 2017-3 and by Executive Order No. 7, s.2010, respectively.

*On payments for meetings thru Teleconferencing/ Videoconferencing:*

The issue arose from the COA observation that there were certain documents that are lacking in the payment/reimbursement process and we wish to inform the public that these were all and duly complied with already.

The main reason why such incompleteness occur especially in the case of notices of meetings (where the agenda is indicated with "To Follow") is that there are usually last-minute requests for inclusion in the Board Agenda, and that the practice allows presenters to reserve the date/s of the Board/Committee meetings even prior to finalization of the Agenda.

On the other hand, it should be clarified that IPCEO de la Serna did not file an application for sick leave for the August 25 and 29, and September 4 and 14, 2017 Board and Committee meetings, contrary to what the COA asserted in its Report that she was on sick leave during the said meetings.

If indeed she was on sick leave for the period August 14 to October 16, 2018, the said leave is automatically revoked upon her appearance and participation in such public functions within the period in question, especially if her physical condition allows her to perform such.

This is evidenced by the "Notice to Join Meetings" that she issued to the Corporate Secretary, and her actual participation during the said meetings where her inputs and her vote are critically required as representative of Overseas Filipino Workers.



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*On payment of local travel expenses:*

IPCEO de la Serna's travels between Manila and Tagbilaran City where she is domiciled, as well as her stays in no more than three modest accommodations in Metro Manila are not "irregular" as claimed by the COA.

It should be pointed out that several Government issuances are supportive of these disbursements and payments, and even cognizant of her situation as an "interim/OIC" PCEO of an agency based in Pasig City in Metro Manila, and her actual place of residence or domicile which is in the province of Bohol.

At the outset, the Government austerity program as contained in Administrative Order No. 103, s.2004 has been repealed by AO No. 6, s.2017 which suspends, among others, restrictions on local travels and the granting of per diems, honoraria, housing and miscellaneous allowances.

The following issuances have also been the basis for these disbursements in the COA report:

- Section 5 of Executive Order No. 298, s. 2004 provides that *"... travels that will last thirty (30) days or more and payment of travel expenses thereof shall be approved by the Department Secretary or his equivalent."* which is equivalent to the approval of the Secretary of Budget and Management himself.

The said provision also says that *"Claims for reimbursement of actual travel expenses in excess of the travel expenses authorized herein may be allowed upon certification by the head of agency concerned as absolutely necessary in the performance of an assignment and presentation of bills and receipts."*

- GCG Memorandum Circular No. 2012-09 dated September 8, 2014 and a GCG Opinion dated October 2, 2017 on the Compensation of OIC of PhilHealth which provide that *"... the CEO is entitled to receive the per diems allowed to an Appointive Member under existing legal issuances... and also to the compensation package that is officially attached to the office of the CEO."*
- Executive Order No. 24, s.2011 dated February 10, 2011 re. "Prescribing Rules to Govern the Compensation of Members of the Board of Directors/Trustees on GOCCs including GFIs" which effectively allows reimbursement of expenses of Board of Directors to attend Board and other meetings and discharge their official duties; and its Section 12 which expressly allows reimbursement of travel expense.



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- GCG Memorandum Circular No. 2012-02 (reissued) dated May 2, 2012 where reimbursement of expenses is allowed *"... for transportation expenses for attending meetings; travel expenses for official travels; communication expenses; and meals during business meetings."*
- RA No. 7305 or the Magna Carta for Public Health Workers which entitles a public health worker to housing or quarters allowance (Nominal Housing Allowance in the case of PhilHealth).
- PhilHealth Board Resolution No. 2325 s.2017 which approves the *"payment of salary and other allowances to Dr. Celestina Ma. Jude P. de la Serna as Interim/ OIC PCEO of PhilHealth on the date of her assumption to office as such xxx and the allowances herein authorized shall include Nominal Housing Allocation and Family Visits which are granted to PhilHealth officers and employees under existing corporate policy."*

The uncertainties attendant to being an interim head of agency effectively places her on local travel status, and hence the need for temporary accommodations in Metro Manila. IPCEO Dela Serna has no fixed term of office and serves at the pleasure of the Board and hence can be replaced anytime.

It is therefore not viable to rent a housing facility which normally requires a minimum of six (6) months to one (1) year lease which later will be to the detriment of PhilHealth if an apartment unit is contracted for, say minimum of a year and leaves the unit halfway through in the event that she is suddenly replaced by the Board.

In all these, PhilHealth maintains that the payment for these travels and accommodations are aboveboard and within the limits set by existing policies and rules and regulations, and we cannot emphasize more that these are purely official in nature and truly necessary in the performance of her duties as IPCEO and as representative of the OFW sector to the Board of Directors. *END*

*Reference:*

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