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SENATE  
P.S. Res. No. 482

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Introduced by Senator Ralph G. Recto

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**A RESOLUTION**  
**DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN**  
**INQUIRY, IN AID OF LEGISLATION, ON THE COMMISSION ON AUDIT**  
**DISCOVERY OF A 25 BILLION PESO DISCREPANCY ON THE RECORDING**  
**OF THE REMITTANCES AND RELEASES FROM THE MALAMPAYA**  
**NATURAL GAS PROJECT, WITH THE END IN VIEW OF RECONCILING ALL**  
**BOOKS OF ACCOUNTS PERTAINING TO THE MALAMPAYA FUND AND TO**  
**DETERMINE THE ACTUAL BALANCE OF THE SAID FUND**

WHEREAS, the Malampaya Natural Gas Facility, or commonly referred to as simply Malampaya, located 820 meters deep, 80 kilometers off the coast of Palawan Island is the first undertaking of its kind in the Philippines employing state-of-the-art deep-water technology to draw natural gas from deep beneath Philippines waters;

WHEREAS, the indigenous gas fuels three gas-fired power stations with a total generating capacity of 2,700 megawatts enough to meet up to forty-five percent (45%) of Luzon's electricity needs, or about twenty percent (20%) of the country's total electricity requirements;<sup>1</sup>

WHEREAS, the Commission on Audit (COA) Annual Audit Report (AAR) for 2016 on the Bureau of the Treasury (BTr) contained an observation that there is a discrepancy of P25.14 billion in the balance of Malampaya funds, as shown in the documents maintained by the BTr;<sup>2</sup>

WHEREAS, the COA reported that the existence and accuracy of the Cash-Treasury/Agency Deposit, Special Account-Department of Energy (DOE)-Malampaya amounting to P214.63 billion is unreliable due to discrepancies between the BTr Report on the Status of DOE-Malampaya Special Account in the General Fund (SAGF) 151 and the BTr Subsidiary Ledger (SL) for Cash-Treasury/Agency Deposit, Special Account-DOE-Malampaya amounting to P4.19 billion for remittances and P20.95 billion for releases;<sup>3</sup>

WHEREAS, the COA stated that the Bureau's National Cash Accounting Division (NCAD) maintains a monitoring sheet called Status of DOE-Malampaya SAGF

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<sup>1</sup> <https://www.doe.gov.ph/energist/index.php/80-categorised/downstream-oil-industry/8816-malampaya-to-remit-less-due-to-drop-in-oil-prices> (Accessed August 17, 2017)

<sup>2</sup> Commission on Audit FY 2016 Consolidated Annual Audit Report (Accessed August 16, 2017)

<sup>3</sup> *Ibid.*

151 in the absence of a separate Subsidiary Ledger for cash in bank account for Malampaya Funds;<sup>4</sup>

WHEREAS, under the Status of DOE-Malampaya SAGF 151, a total of P231.54 billion was already remitted to the BTr by the DOE and P42.05 billion was released from the fund to finance government energy projects, leaving a balance of P189.49 billion;<sup>5</sup>

WHEREAS, the figures on the Subsidiary Ledger maintained by the BTr-NCAD from year 2002 to 2016 showed remittances of P235.73 billion and releases of P21.1 billion or a balance of P214.63 billion;<sup>6</sup>

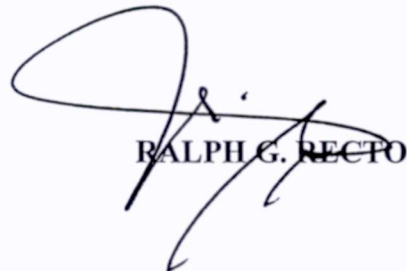
WHEREAS, comparing the Status of the DOE-Malampaya SAGF 151 (monitoring sheet) with fund balance of P189.49 billion and the SL Cash-Treasury/Agency Deposit Special Account-DOE-Malampaya with computed fund balance of P214.63 billion showed a difference of P25.14 billion in the entries on both remittance and releases giving rise to unreconciled balance between the two records;<sup>7</sup>

WHEREAS, COA observed that no ledger for remittances was actually available for 2002 as the BTr's NCAD only began to maintain records in 2003;

WHEREAS, the inquiry should look into the records of remittances and releases of the BTr pertaining to the Malampaya Deep-water Gas to Power Project Fund;

NOW, THEREFORE, BE IT RESOLVED, by the Philippine Senate, to direct the appropriate Senate Committee to conduct an inquiry, in aid of legislation, on the Commission on Audit discovery of a 25 billion peso discrepancy on the recording of the remittances and releases from the Malampaya Natural Gas Project, with the end in view of reconciling all books of accounts pertaining to the Malampaya Fund and to determine the actual balance of the said Fund.

*Adopted,*



**RALPH G. RECTO**

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<sup>4</sup> *Ibid.*

<sup>5</sup> *Ibid.*

<sup>6</sup> *Ibid.*

<sup>7</sup> *Ibid.*