

MALACANANG
MANILA

BY THE PRESIDENT OF THE PHILIPPINES
ADMINISTRATIVE ORDER NO. 362

CONSIDERING MR. MARIANO LEDESMA RESIGNED FROM OFFICE AS DIRECTOR
OF PRINTING

This is an administrative case against Mr. Mariano Ledesma, Director of Printing, who is charged with dishonesty, incompetence, gross negligence, mismanagement and acts prejudicial to the public service, consisting more particularly of the following acts: (1) overstocking, (2) overpricing, (3) irregular requisition of printing papers for election ballots which were used only for market cash receipts, (4) permitting and/or insisting on acceptance of deliveries of goods not as requisitioned, (5) failure to use enormous stock on hand or to dispose of the same if of no use, (6) failure to take a regular inventory of stocks and (7) incurring a huge overdraft.

The charges were investigated by a committee of three headed by the Undersecretary of Justice which found the respondent guilty of mismanagement, gross negligence and incompetence in connection with the specific acts of overpricing and overstocking. After a careful review of the records, I agree with the findings of the investigating body.

I. OVERSTOCKING

A. White Writing Paper

It appears that on November 4 and 20 and December 3, 1959, during the incumbency of respondent, the Bureau of Printing requisitioned and received three quantities of white writing paper, 22" x 24", 32 lbs., of 2,000 reams each at a cost of ₱41,600 for each order. From November 4, 1959, to March 14, 1960, when an inventory was taken of the supplies and materials in the Bureau, only 800 reams of the paper ordered were issued or consumed. At this rate of consumption, the Bureau will take almost 3 years to consume the 6,000 reams which were requisitioned within a period of less than one month.

B. Ledger Buff

On July 10 and November 3, 1959, the Bureau ordered two quantities of 300 reams each of ledger buff, 28" x 34", 61 lbs., which were delivered on October 19 and November 6, 1959, respectively. From October 19, 1959, the date of the first delivery, to October 16, 1960, when the investigating committee conducted an ocular inspection

of the Bureau's warehouses, only 20 reams had been withdrawn from the 600 reams in stock. On the average consumption of 20 reams a year, it will take the Bureau 30 years to consume said 600 reams.

The Bureau of Printing also issued requisitions on February 25 and July 9, 1959, for 300 reams each and Requisition No. 408550 for 500 reams of the same ledger buff, weighing 71 lbs., which were delivered on June 1 and August 7, 1959, and February 1, 1960, respectively. From June 1, 1959, to October 16, 1960, only 40 reams had been withdrawn. Hence, assuming the Bureau's average consumption to be 30 reams a year, it will take that office more than 35 years to consume the 1,100 reams covered by the three requisitions. It will also take the same period of time to consume the 600 reams of ledger buff, 81 lbs., ordered under two requisitions dated July 10 and November 3, 1959, at an annual rate of 17 reams, the quantity consumed from October 19, 1959, when the first delivery was made, to October 26, 1960.

C. Envelope

On March 13, 1959, the Bureau requisitioned 1,500,000 pieces of envelope, No. 6, 6-1/2" x 3-5/8", at a total cost of ₱10,080, which were delivered on August 10, 1959. At the time the Bureau had in stock 700,000 pieces of the same kind of envelope. As of October 31, 1960, or more than a year later, not one envelope ordered on March 13, 1959, had been issued. The same thing is true as regards the two requisitions for 100,000 pieces each of golden kraft envelopes, 12" x 9-1/2", costing ₱4,820 each order, made on September 22 and December 11, 1959, and the 100,000 pieces each of envelope, golden kraft, 10-1/2" x 7", acquired under the same requisitions dated September 22 and December 11, 1960, costing ₱2,895 each order.

D. Bookcloth

On September 28 and November 6, 1959, two requisitions for 4,000 yards each of bookcloth, flesh color, costing ₱34,000 each order, were issued by the Bureau, deliveries of which were made on November 9, and November 3 and 16, 1959, respectively. From November 9, 1959, when delivery of the first order was made, to October 16, 1960, only 840 yards had been withdrawn. Assuming the average annual consumption of this bookcloth to be 840 yards, it will take the Bureau almost 10 years to consume the 8,000 yards covered by the two requisitions.

Under requisitions dated April 14, November 18 and December 28, 1959, bookcloth, light brown color, in quantities of 3,000 yards, 2,000 yards and 2,000 yards and costing ₱18,750, ₱12,000 and ₱12,000, respectively, was ordered by the Bureau and delivered to it on November 25, December 1, 1959, and January 27 and 28, 1960, respectively. From November 25, 1959, when the first delivery was made, to October 16, 1960, only 600 yards had been withdrawn from the stock. At the rate of consumption of 600 yards annually, it will take the Bureau more than 10 years to consume the 7,000 yards covered by the three requisitions.

The same requisition dated November 18, 1959, called for 2,000 yards of bookcloth, Russian green color, at a total cost of ₱12,000, which were delivered to the Bureau on November 27 and December 1, 1959. Bookcloth of the same quantity, color and cost was also requisitioned on February 25, 1960. From the last week of November 1959, when first delivery of bookcloth herein treated was made, to October 16, 1960, only 300 yards had been withdrawn from the stock consisting of deliveries under the first requisition. Assuming that 300 yards is the Bureau's average annual consumption of this kind of bookcloth, it will take more than 6 years to consume the 2,000 yards covered by said requisition. Yet, on February 25, 1960, respondent again approved the purchase of another 2,000 yards of the same kind of bookcloth. Fortunately, said requisition was cancelled by the Department of General Services while it was pending in the Bureau of Supply Coordination.

Other bookcloth of different colors was likewise ordered by and delivered to the Bureau. That with light blue color would take more than 5 years to consume. As to the remaining two others, no issue had been made as of October 16, 1960.

E. Glue

On January 19, 1959, respondent approved requisition No. A-54327 for 5,000 lbs. of glue at a total cost of ₱7,500, although the Bureau then had in stock 2,789 lbs. of the same kind of glue purchased years before. Less than two months later, he again approved another requisition for 5,000 lbs. of the same kind of glue. As of March 14, 1960, the glue covered by the first requisition had not been touched while 632 lbs. still remained of the glue covered by the other requisition.

Within a month of each other, respondent approved two requisitions for a total of 7,500 lbs of binder's powdered glue at a total cost of ₱25,800. Yet, as of March 14, 1960, not a single pound of this special kind of glue covered by the two requisitions had been used by the Bureau.

F. Metal Fasteners

On June 1, 1959, 500 sets of metal fasteners, 24" x 12", costing ₱3,725, were delivered to the Bureau pursuant to a requisition dated September 10, 1958. From June 1, 1959, to October 31, 1960, only 15 sets had been used. However, on December 7, 1959, respondent approved another requisition for 1,000 sets of the same kind of metal fasteners.

Similarly, on December 7, 1959, respondent approved a requisition for metal fasteners consisting of 1,000 sets 19" x 12" and 1,000 sets 20" x 12", although the Bureau still had fasteners of those types purchased six and three years before, respectively. As of October 31, 1960, only 151 sets of the 200 sets of 19" x 12" purchased in 1956 had been used by the Bureau while the fasteners requisitioned in 1959 were still untouched.

Respondent vehemently denies that his approval of the above requisitions resulted in overstocking. He contends that the Office of the President, by approving his predecessor's request for the increase of the Bureau's reimbursable fund from ₱3,500,000 to ₱5,000,000, had in effect recognized the policy that supplies and materials of the Bureau should be kept to meet consumption needs for at least 12 to 16 months, and all stocks purchased during his directorship will be consumed within that period. And even assuming that the above requisitions had indeed resulted in overstocking, respondent claims that he should not be held responsible therefor because the requisitions were initiated by the division chiefs of the Bureau and were processed and finally approved by the Department of General Services. His signature in a requisition, respondent maintains, merely indicated provisional approval thereof.

Although it may be a sound policy for the Bureau to carry enough stock to meet its consumption needs for at least one year, yet it can be seen from the preceding discussion that the Bureau is overstocked in certain items which will take it from three to ten years and even as long as 35 years to consume based on average annual consumption.

Neither may respondent shift responsibility for the overstocking to his division chiefs who initiated the purchases nor the Department Head. As bureau head, he was supposed to scrutinize the acts of his subordinates and not blindly approve the same just because they so recommended, otherwise he would be converted into a mere rubber stamp. Because he did not bother to scrutinize the requisitions presented for his signature, his subordinates went to the extent of withholding information, like the stock on hand and rate of consumption, essential to an intelligent appraisal of said requisitions, resulting in excessive and useless acquisitions of materials and supplies.

Although under Executive Order No. 302 dated September 26, 1940, requisitions approved by the bureau head requires further approval by the proper Department Head, it does not say that the former is relieved of responsibility for his action once his superior

approves the requisitions he has previously approved. If later the requisition is found to be irregular, he cannot shift responsibility to the Department Head alone. By providing that requisitions must bear the approval of the bureau head as well as the Department Head, the law has imposed upon each of them the duty to disapprove irregular requisitions. They are equally responsible, therefore, if both fail to perform their separate duties.

In the light of the above, there is no doubt that as a consequence of the requisitions approved by the respondent, there is now gross overstocking of certain items in the Bureau and an enormous stock of other items of very little, if any, utility to it.

II. OVERPRICING

It also appears that numerous requisitions bearing respondent's approval were marked "for immediate delivery" or "urgent" although there was no urgency therefor as the goods were not used immediately and even for a long time thereafter. Thus, Requisition No. 77851 dated December 3, 1959, for 2,000 reams of white writing paper, 22" x 34", 32 lbs., was marked "for immediate delivery." Yet, not a single ream had been withdrawn from the Bureau's warehouse as of March 14, 1960. Requisition No. A-54406 dated March 13, 1959, for 1,500,000 envelopes, No. 6, 6-1/2" x 3-5/8", was marked "urgent." However, not a single piece of envelope from this requisition had been issued by the Bureau as of October 3, 1960. Requisition No. 77702 dated January 12, 1960, for 1,500 yards of bookcloth, pyroxilin impregnated, was also marked "urgently needed." Yet, not a single yard had been issued as of October 26, 1960; so with the 4,000 yards of tan color bookcloth covered by Requisition No. 77751 dated September 11, 1959, which were represented as "urgently needed."

Requisition No. 77815 dated November 4, 1959, for 2,000 reams of white writing paper, 22" x 24", 32 lbs., was marked for "immediate delivery" despite the fact that at the time the Bureau had 816 reams of the same kind of paper. It was not until February 8, 1960, that a withdrawal was made from the stock covered by said requisition. Another requisition dated November 5, 1959, for white writing paper, 28" x 34", 51 lbs., was marked for "immediate delivery" when the Bureau then had 2,592 reams of that kind of paper.

Under Rule 6, Article II of the Bureau of Supply Rules and Regulations, the term "immediate delivery" means "not beyond seven days from the receipt of the order." Respondent explains that he paid scant attention to these terms for being meaningless for all

practical purposes. How respondent, who had attended countless deliberations of the Committee on Awards, could regard the terms "immediate delivery" and "urgent" as meaningless and of no practical importance, is incomprehensible. He was present when the Committee on Awards processed the bids to supply the 1,500 reams of writing paper, 28" x 34", 33 lbs., called for in Requisition No. 54433. The award went to Joco Trading Company although its offer was higher (\$29.74 per ream) than that of Paul Bros. (\$18.13 per ream), precisely because the requisition was marked for "immediate delivery." While Joco Trading was ready to make "immediate delivery," Paul Bros. was not. On this purchase alone, the words "immediate delivery" on the requisition meant a difference of \$17,415 for the Bureau.

What is more, respondent must have known that whenever he makes the representation that a certain item is "urgently" needed by the Bureau, he furnishes ready-made justification for dispensing with the requirement of public bidding, in which case the Bureau would very likely not get the lowest price obtainable.

It further appears that prices in previous requisitions for immediate delivery were quoted in requisitions not for immediate delivery. Respondent explains that he did not check and was not particular about cost estimates because prices of materials were fluctuating. It is indeed surprising that respondent was never struck by the thought that a higher estimate of cost could mislead the Committee on Awards into accepting what appeared to be the best offer in a first bid when a rebidding would very likely bring a still lower offer.

Finally, although respondent was present during deliberations of the Committee on Awards, he remained silent when it ignored lower bids and made awards in favor of suppliers whose bids were higher. Thus, in the specific case of the requisition dated July 9, 1959, for 2,000 reams of white writing paper, the U.S.P. Enterprise Corporation and Joco Trading Company both made an offer of \$20.80 per ream to be delivered immediately. Efco Trading Company offered \$17.60 per ream for delivery within 90 days. The U.S.P. Enterprises and Joco Trading got the award for 1,000 reams each. Respondent could have easily informed the Committee to accept the lower offer of Efco as the requisition was not marked "urgent" or for "immediate delivery," and thereby could have saved the Bureau \$6,500 on this purchase alone.

III. OVERDRAFT

According to Exhibit FFFFFF of the prosecution, the cash overdraft of the Bureau of Printing from June 30, 1956, to September 30, 1960, is as follows:

| <u>Year</u> | <u>Cash Overdraft</u> |
|----------------|-----------------------|
| June 30, 1956 | ₱1,054,468.41 |
| June 30, 1957 | 1,491,119.46 |
| June 30, 1958 | 2,393,442.96 |
| June 30, 1959 | 2,232,135.05 |
| June 30, 1960 | 3,675,393.93 |
| Sept. 30, 1960 | 3,178,565.95 |

It appearing that the increase in the Bureau's cash overdraft was due mainly to the very slow collection of its accounts receivable; that under Section 28(a) of Executive Order No. 290 dated March 14, 1958, "the function of . . . billing and collecting accounts due" was transferred from the Bureau to the Fiscal Division of the Department of General Services; and that said function was returned to the Bureau only in March, 1960, I agree with the investigating committee that respondent should not be held responsible for the Bureau's huge overdraft, and he is therefore cleared of the charge.

Respondent, after finishing his elementary education in 1920, entered the government service as a junior computer in the Bureau of Lands at ₱30 a month. Seven months later, or on March 1, 1921, he transferred to the Bureau of Printing as an apprentice at ₱1.50 a day. From then on he was connected with the Bureau until his suspension on September 24, 1960. He became director of the Bureau on January 8, 1958, but judging from his acts as such, he evidently was unprepared to assume the heavy responsibilities of a bureau head. He appears wanting in intellectual qualities essential to the efficient management of the Bureau. When he took the witness stand in his own defense, he only made matters worse for himself. Indeed, he turned out to be the prosecution's most telling witness in the case.

His very testimony revealed a glaring example of his negligence and incompetence. Republic Act No. 2300 (the General Appropriations Act for the fiscal year 1959-1960) set aside the sum of ₱180,000 for "the modernization and improvement of the Bureau of Printing, including the acquisition of machinery, plants and facilities." Although he testified that one of the major problems of the Bureau is the need for modernizing its physical facilities, the respondent did not ask for the release of the above allocation until after the fiscal year 1959-1960 had ended, his request to the Budget Commission having been made on July 11, 1960. Thus, the amount reverted to the General Fund of the Government and the Bureau was deprived of badly needed funds for its modernization and improvement.

Respondent also betrayed his unfitness to continue as bureau head when during his testimony he showed unfamiliarity with papers

supporting or accompanying requisitions and vouchers signed by him.

In view of all the foregoing, I believe that it is in the interest of the public service that respondent be relieved of his post. However, with his more than 40 years of service in the government, he is entitled to some degree of leniency. Wherefore, and upon the recommendation of the investigating body, Mr. Mariano Ledesma is hereby considered resigned from office as Director of Printing, effective as of the date of his preventive suspension, without prejudice to his enjoying whatever retirement benefits he may be entitled to.

Done in the City of Manila, this ^{31st} day of ^{July} July, in the year of Our Lord, nineteen hundred and sixty-one, and of the Independence of the Philippines, the ~~sixteenth~~.

By the President:

NATALIO P. CASTILLO
Executive Secretary