

BY THE PRESIDENT OF THE PHILIPPINES

ADMINISTRATIVE ORDER NO. 78

CONSIDERING DR. RODOLFO T. CAÑOS, UNDERSECRETARY FOR SPECIAL HEALTH SERVICES, RESIGNED FROM OFFICE.

This is an administrative case against Dr. Rodolfo T. Caños, Undersecretary for Special Health Services, filed motu proprio by the Secretary of Health. Respondent is charged with (1) willful neglect of duty with grave abuse of authority, (2) dishonesty and (3) conduct prejudicial to the best interests of the government, committed while he was Acting Secretary of Health during the period from September 5, 1963, to September 18, 1964, and thereabouts.

A presidential committee was constituted to investigate the above charges. Respondent, however, after repeated and persistent motions for postponement were granted him, adamantly and steadfastly refused to appear before the committee, even after he had been finally warned that no further postponement would be entertained. Thus, the committee after affording respondent all the opportunities to present his evidence was constrained to receive the evidence on the case in his absence, after which it considered the case submitted. The committee found respondent guilty of all the charges and recommended that he be considered resigned from office.

After going over the records of the case, I concur in the findings of the investigating committee. The records show that a regular program audit of the Books of Accounts and operation of the National Orthopedic Hospital for the fiscal year 1963-1964 revealed that for the period from July 1, 1963, to September 30, 1964, the hospital made purchases of supplies materials and equipment amounting to ₱1,351,331.32. Of this amount ₱918,930.76 represented purchases through emergency procurement allegedly under the provision of Section 6, Executive Order No. 302, series of 1940, grossly exceeding the monthly authority of the hospital for emergency purchases in the amount of ₱768,930.76 and resulting in excesses in the reimbursable fund of the National Orthopedic Hospital in the amount of ₱445,608.34, through manipulations in the accounting entries reflected in the emergency purchase orders. These emergency purchases cover more than 900 vouchers. Of this amount, purchases amounting

to ₱451,006.72 were made from a few preferred and fly-by-night dealers, whose establishments were either their residences, dress shops or sari-sari stores. Only 91 of the more than 900 vouchers were made available to program auditors. These 91 vouchers represented purchases in the amount of ₱173,526.90; and respondent approved 72 emergency purchase orders of the aforementioned 91 vouchers. The records show that the items were highly overpriced so much so that the amount of overpricing reached an average of 48%, or an overprice of ₱82,554.90 for the 91 vouchers, or ₱441,086.76 for the total emergency purchases of ₱918,930.76, to the damage and prejudice of the government. The 72 emergency purchase orders approved by the respondent covered purchases of senior and junior executive desks and chairs, visitor's lounge, waste baskets, flower pots, curtain materials, linen, floor polishers, laundry soaps, floor mops, plumbing materials, etc., and five purchase orders were for medical equipment such as anesthesia machine, mattresses, roller casters, urinals, etc. None were used for the purchase of medicines. The office equipment, like the desks, tables, chairs, waste baskets, visitor's lounge and the medical equipment, like the anesthesia machine, were inferior in quality and not according to specifications. The purchases for these items amounted to more than ₱100,000.

Under Section 6 of Executive Order No. 302, series of 1940, and Administrative Order No. 124-A, series of 1963, Department of Health emergency purchases need not be coursed through the Department before purchases are made. However, respondent required that emergency purchase orders be coursed through him directly without being passed thru the regular processing channel of the Department of Health. Had these requisitions been passed to the processing units, they would have been disapproved, for the items sought to be purchased were those the need for which could be foreseen and the prices were patently excessive. It has also been shown that no valid canvass of prices was made. Respondent approved most of the emergency purchase orders in his house brought to him by preferred dealers such as Mr. and Mrs. Jose Lavarro. Almost all the supposed competing dealers denied during the investigation having given price quotations and many are even non-existent.

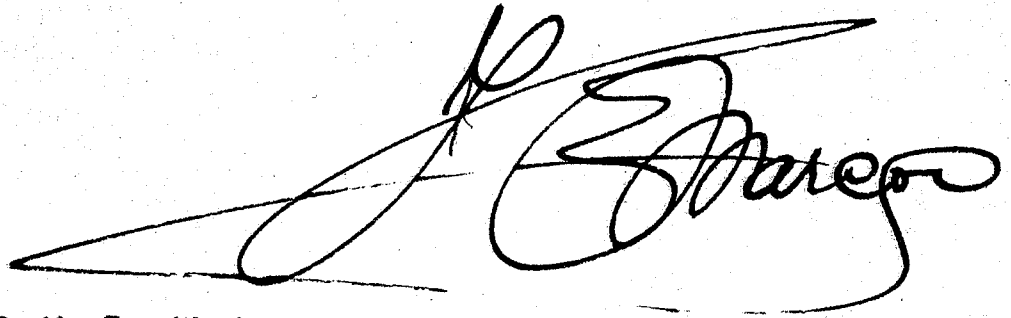
In fact, a committee formed by the respondent during the last administration when he was Acting Secretary of Health confirmed the existence of anomalies in the National Orthopedic Hospital and the serious irregularity in the approval of the emergency purchase orders. That committee could have included respondent among the officials in the Department of Health

and the National Orthopedic Hospital recommended for criminal and administrative prosecution had it not been for the fact that respondent is a presidential appointee and therefore beyond the jurisdiction of the committee.


In view of the foregoing, I find respondent guilty of willful neglect of duty with grave abuse of authority, dishonesty and conduct prejudicial to the best interest of the service.

Wherefore, Dr. Rodolfo T. Cañes, Undersecretary for Special Health Services, is hereby considered resigned from the service, effective as of the date of his preventive suspension.

Done in the City of Manila, this 10th day of August, in the year of Our Lord, nineteen hundred and sixty-seven.



By the President:



RAFAEL M. SALAS
Executive Secretary
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