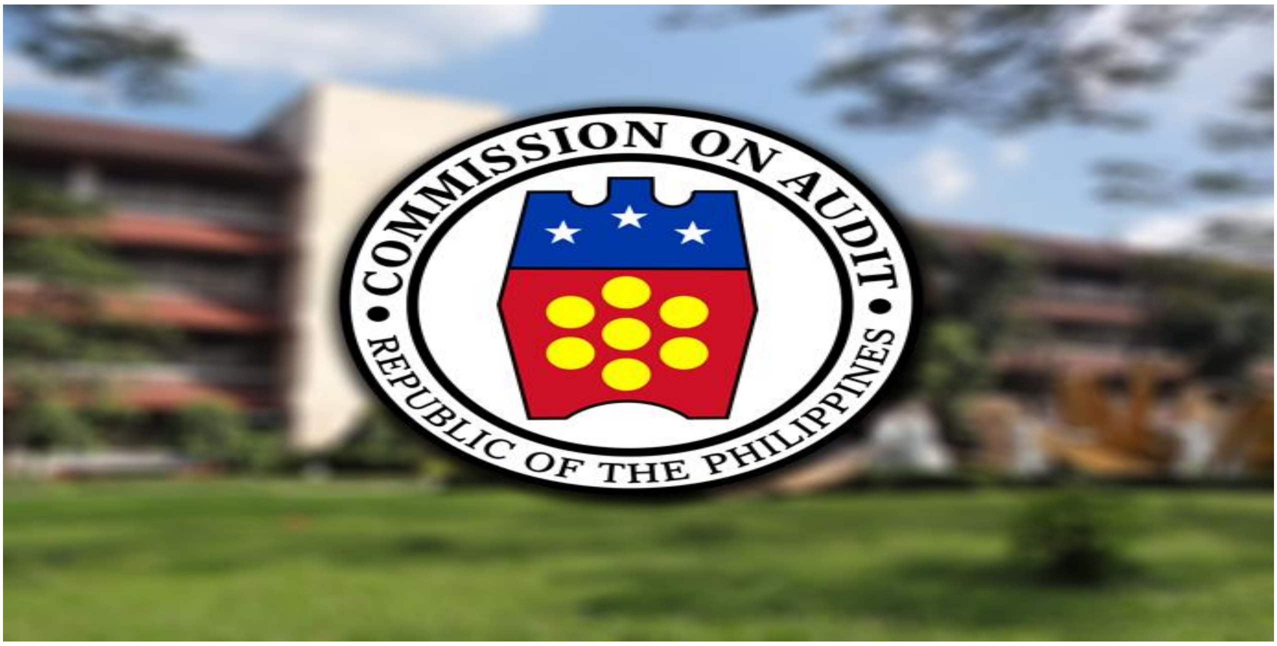
Headline	State pharmaceutical importer absorbing huge losses since 2006 – COA
MediaTitle	Manila Bulletin(www.mb.com.ph)
Date	10 May 2019
Section	NEWS
Order Rank	1
Language	English
Journalist	N/A
Frequency	Daily

State pharmaceutical importer absorbing huge losses since 2006 – COA

By Ben Rosario

The government's central procurement arm for the importation of drugs and medicines has been absorbing losses ever since it was tasked to engage in the business in 2006, the Commission on Audit (COA) has revealed.

In the recently released 2018 annual audit report for the Philippine Pharma Procurement Inc. (PPPI). COA disclosed that the state-owned trading firm has suffered a total P442.021 million in the past 12 years.



Commission on Audit (MANILA BULLETIN)

State auditors warned that non-performing government corporations are candidates for abolition under the policy of the Governance Commission for Government Owned and Controlled Corporations (GCG).

"The continued losses and lack of funds also resulted in the non-settlement of its loans of P216.826 million and interest totaling P91.594 million that are already due and demandable," the COA audit report said.

Previously known as the PITC Pharma Inc., a subsidiary of the Philippine International Trading Corporation, the PPPI was designated in 2008 as the government's procurement body for imported pharmaceuticals.

"The PPPI's financial condition has been adversely affected by continued losses for 12 years, resulting in deficit of P422.021 million as of December 31, 2018, due to inability to meet targets in its operational plans," state auditors reported.

They noted that the PPI was "unable to manage its business profitably to improve its financial position" since 2006.

"PPPI continues to face financial difficulties, particularly on liquidity due to excess liabilities over the assets which resulted in deficit," COA stated.

PPPI's financial records showed that, in 2018, its gross sales amounted only to P60.370 million or 24 percent of its direct sales target of P250.2 million.

“Furthermore, only P1.150 million or 7 percent of the target of P16.949 million service income was realized form outsourcing projects of the Department of Health,” COA said.

PPPI, according to the state audit body, was also unable to settle its loans with the National Development Company as no payment was made on the quarterly interest last year. The interest has ballooned to P91.594 million.

“In addition, we recommended that Management immediately take heed of the reminder from the GCG as a warning to keep afloat in their operations,” COA stressed.

Reacting to the adverse audit observation, the PPPI said it failed to successfully carry out last year four measures indicated in its Strategic Directions which was supposed to overturn the continued losses PPPI suffered over the years.

But management will make another attempt to implement the strategic directions it planned in 2016.

The PPPI management disclosed that it is currently discussing with the DOH the possibility of doing the pool procurement needed in the implementation of the Universal Health Law. The move will help the stage owned firm to rebound from financial losses it absorbed over the years.