

**[ EXECUTIVE ORDER NO. 240, September 24, 2003 ]**

**MANDATING THE UNDERSECRETARY FOR INTERNAL CONTROL  
OF THE DEPARTMENT OF DEFENSE TO INSTITUTIONALIZE  
REFORMS IN THE PROCUREMENT AND FUND DISBURSEMENT  
SYSTEMS IN THE DEPARTMENT OF NATIONAL DEFENSE AND THE  
ARMED FORCES OF THE PHILIPPINES**

WHEREAS, it is the policy of the State to improve moral standards in government and in society;

WHEREAS, as a pillar of good governance, the government adopts and implements a philosophy of transparency in all government actions;

WHEREAS, in line with the government's program of good governance, there is a need to streamline procedures for defense contracts for the expeditious implementation of defense projects and the speedy response to security threats while promoting transparency, impartiality, and accountability in government transactions;

WHEREAS, an interim Task Force was created to study and reform the procurement and fund disbursement systems of the Armed Forces of the Philippines (AFP) vis-a-vis delivery of mandate and functions;

WHEREAS, the aforementioned Task Force has completed its work and had immediately implemented some of its recommendations including the institutionalization of a single Bids and Awards Committee (BAC) within the AFP, among others;

WHEREAS, to sustain and institutionalize these initiatives in the AFP to ensure the continuous execution of such reform measures within the organization, a complementary Department of National Defense (DND) structure will be necessary to rationalize the operational systems and reporting procedures of the Department.

NOW, THEREFORE I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. CREATION AND MANDATE. The Office of the Undersecretary of Internal Control is hereby created in the DND. Part of its mandate shall be to institutionalize reforms in the procurement and fund disbursement systems in the AFP and the DND.

SECTION 2. DUTIES AND FUNCTIONS. In pursuit of the mandate cited in Section 1 hereof, the Undersecretary for Internal Control shall have the following duties and functions: