



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City



No. 2010 - 003
Date: JAN 14 2010

MEMORANDUM

TO: Assistant Commissioners, Directors, Supervising Auditors, Audit Team Leaders, Technical Personnel, and All Others Concerned

SUBJECT: Guide in the Audit of Procurement (First Update – December 2009)

I. RATIONALE

The re-institution of selective pre-audit and the issuance of the Revised Implementing Rules and Regulations of R.A. No. 9184 (The Government Procurement Reform Act) and related issuances of the Government Procurement Policy Board (GPPB) led to the urgent need to develop an audit guide that will simplify the audit planning and make more dynamic the updating of audit criteria to make audit activities responsive to the requirements of laws, rules and regulations.

In addition, the Government of the Republic of the Philippines through the Commission on Audit, has committed the development of a *Guide in the Audit of Procurement* and the conduct of trainings for COA Auditors, as embodied in the *Action Plan for Philippine Public Procurement System*, a joint document of the Republic of the Philippines, The World Bank, and The Asian Development Bank, published in the *2008 Country Procurement Assessment Report (CPAR)*.

II. ADOPTION OF THE GUIDE AS A REFERENCE MATERIAL

This *Guide in the Audit of Procurement (First Update – December 2009)* shall be used as a reference material for audit, policy study, and for other purposes.

III. COVERAGE OF THE GUIDE

This *Guide* shall be used as a reference material in the “evaluation of compliance with the requirements of applicable laws, rules and regulations” which is a component of “auditorial review”; review of “bidding procedures, necessity and validity of other alternative modes of procurement and manner of award to the winning bidder/contractor and such other relevant requirements provided in R.A. No. 9184 and its implementing rules and regulations” provided in item 4.3.6 of COA Circular No. 2009-002 dated May 18, 2009 on the subject: *Reinstituting Selective Pre-Audit on Government Transactions*.

This *Guide* covers only the following:

1. Elements of Procurement:
 - a. Annual Procurement Plan (APP)
 - b. Bids and Awards Committee (BAC)
 - c. BAC Observers
 - d. BAC Secretariat
 - e. BAC Technical Working Group (TWG)
 - f. Bidding Documents

2. Procurement Processes:

- a. Competitive Bidding (from Bidding Documents to Award of Contract) for Procurement of Goods
- b. Alternative Methods of Procurement of Goods
- c. Competitive Bidding (from Bidding Documents to Award of Contract) for Procurement of Infrastructure Projects
- d. Alternative Methods of Procurement of Infrastructure Projects
- e. Competitive Bidding (from Bidding Documents to Award of Contract) for Procurement of Consulting Services
- f. Alternative Methods of Procurement of Consulting Services

3. Offenses and Penalties -

The extent of audit that can be conducted based on the *Guide* will be limited to the specific elements and/or procurement processes (audit areas/ foci), audit objectives/sub-objectives and audit activities mentioned in the various components of the *Guide*.

The *audit criteria* used in this *Guide* were the Revised Implementing Rules and Regulations of R.A. No. 9184 and related issuances of the GPPB prevailing at the time of its development. Amendments, revisions, repeal, and other changes in the above-mentioned law, rules and regulations will have the effect of correspondingly changing the affected portions of this *Guide*. Users of this *Guide* should therefore update themselves on the laws/regulations prevailing as of the time of planning for, execution of, and reporting on the audit and correspondingly modify the portions of the *Guide* affected by such amendments, revisions, repeal and other changes in the above-mentioned law, rules and regulations. For the purpose, they may avail of the internet facilities of the GPPB: www.gppb.gov.ph and gppb@gppb.gov.ph.

IV. UPDATES OF THE *GUIDE*

Users of this *Guide* are encouraged to provide feedback for improvement, through the COA Directors who have supervision over them, including the risks, audit objectives, audit techniques, audit programs, and audit working papers they have developed. The feedback may be addressed to the Technical Services Office, Special Services Sector, Commission on Audit, for inclusion in this *Guide*.

From the feedback and the continuing policy study, the *Guide* is expected to evolve through updates which will be issued as they are developed.

V. REPEALING CLAUSE

All issuances of the Commission which are inconsistent herewith are hereby repealed, amended, or modified accordingly.

VI. EFFECTIVITY

This Memorandum adopting the *Guide in the Audit of Procurement (First Update - December 2009)* as a reference material shall become effective immediately.


REYNALDO A. VILLAR
Chairman

GUIDE IN THE AUDIT OF PROCUREMENT (First Update – December 2009)

with focus on the

- ❖ **Government Procurement Policy Board (GPPB) Circular No. 01-2009 dated January 22, 2009**
- ❖ **Revised Implementing Rules and Regulations (IRR) of R.A. No. 9184 approved per GPPB Resolution No. 03-2009 dated July 22, 2009**
- ❖ **Amendments to the Revised IRR of R.A. No. 9184 approved per GPPB Resolution No. 06-2009 dated September 30, 2009**
- ❖ **Public Bidding Documents 3rd Edition (October 2009) approved per GPPB Resolution No. 05-2009 dated September 30, 2009**
- ❖ **Guidelines for Shopping and Small-Value Procurement approved per GPPB Resolution No. 09-2009 dated 23 November 2009**
- ❖ **Amendments to the Revised IRR of RA 9184 approved per GPPB Resolution No. 11-2009 dated 30 November 2009**
- ❖ **Amendments to the Revised IRR of RA 9184 approved per GPPB Resolution No. 13-2009 dated 16 December 2009**

Technical Services Office
Special Services Sector
Commission on Audit
Republic of the Philippines

ACKNOWLEDGMENTS

This *Guide in the Audit of Procurement (First Update – December 2009)* is a reference material which has been packaged in the simplest manner possible to enable easy understanding by all users in order to facilitate audit activities in relation to procurement.

The development of the *Guide* and the conduct of trainings for COA Auditors are the Commission on Audit's contributions in relation to the commitment of the Government of the Philippines embodied in the *Action Plan for Philippine Public Procurement System*, a joint document of the Republic of the Philippines, the World Bank and the Asian Development Bank, published in the 2008 *Country Procurement Assessment Report (CPAR)*.

The Commission on Audit (COA) acknowledges with sincere gratitude the valuable contributions of the following:

- ♣ Assistant Commissioner Arcadio B. Cuenco, Jr. of the Special Services Sector (SSS), COA, for initiating the Project and supervising its implementation to full completion;
- ♣ The *Study Team* of the Technical Services Office, SSS, COA that worked tirelessly on the Project to complete the exposure draft of the *Guide*, design and conduct the first pilot training, reflect suggestions/recommendations to enhance the *Guide* and produce this *First Update – December 2009*, and worked with various Offices of the COA; with the *Philippine Government Electronic Procurement System (PhilGEPS)*, *Procurement Service, Department of Budget and Management* and *The World Bank* in re-designing the training materials and conducting more trainings to disseminate the *Audit Guide* to more Auditors, composed of the following:
 - Aida Maria Ayaso-Talavera, Director III (Officer-in-Charge)
 - Benilda E. Mendoza, State Auditor V (Technical Service Chief), Policy and Strategy Formulation Services
 - Prudencia E. Baldago, State Auditor V (Technical Service Chief), Engineering Cost and Valuation Research Services
 - Maria Rosario P. Sabellina, Chief Technical Audit Specialist
 - Ana Marie Gellecanao, Administrative Officer III
 - Ma. Corazon T. Siongco, Senior Technical Audit Specialist
- ♣ The following Offices of the Commission on Audit for working hand-in-hand in order to complete the Project on time:
 - The Planning, Financial and Management Sector headed by Assistant Commissioner Isabel D. Agito
 - The Corporate Government Audit Sector headed by Assistant Commissioner Jaime P. Naranjo
 - The Professional Development Office headed by Director Leila S. Paras
 - The Procurement and Property and Supply Management Services of the General Services Office



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GUIDE IN THE AUDIT OF PROCUREMENT
November 2009

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- ♣ The first pilot class composed of selected Auditors of Cluster D – Economic Services, National Government Sector, among whom was their Director Winnie Rose H. Encallado, for the spirited and intellectual classroom interactions and their substantive inputs that led to the evolution of the very raw first version of the *Guide* into this *First Update*;
- ♣ The Regional Directors and other officials of the COA Regional Offices that organized and actively participated in the conduct of the regional trainings;
- ♣ The *Philippine Government Electronic Procurement System (PhilGEPS)* led by its Director Rosa Maria Clemente and the *Procurement Service* led by its Executive Director Estanislao C. Granados, Jr. for making the trainings more comprehensive and effective with the topics on “The *PhilGEPS*” and for contributing their manpower and financial resources to make possible the conduct of the pilot class in Mindanao;
- ♣ Ms. Cecilia D. Vales, Lead Procurement Specialist, The World Bank in the Philippines, for bringing together the stakeholders and resources that facilitated project implementation and for ably discussing during the trainings the topics: “Country Procurement Assessment Reports” and “Foreign-Assisted Projects”;
- ♣ The World Bank for providing the impetus not only in identifying the need for the development of the *Guide* but also in providing some of the financial resources to disseminate it to our Auditors; and
- ♣ Most especially, to God Almighty, the Author of everything.

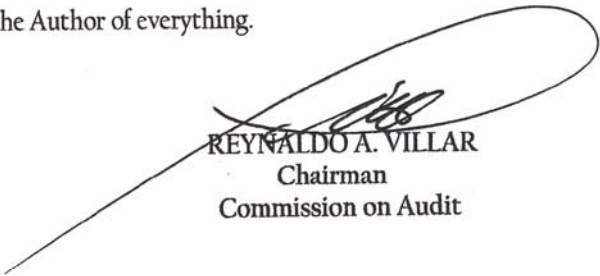

 REYNALDO A. VILLAR
 Chairman
 Commission on Audit



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- 2 *Guidelines Clarifying the Procurement Activities which may be Undertaken Without an Issued Allotment* as approved through Government Procurement Policy Board (GPPB) Circular 01-09 dated January 20, 2009
- 3 *Revised Implementing Rules and Regulations (IRR) of Republic Act No. 9184* which became effective in September 2, 2009 as approved through Government Procurement Policy Board (GPPB) Resolution No. 03-2009 dated 22 July 2009
- 4 *Amendments to the Revised Implementing Rules and Regulations (IRR) of Republic Act No. 9184* as approved through Government Procurement Policy Board (GPPB) Resolution No. 06-2009 dated 30 September 2009
- 5 *Philippine Bidding Documents for the Procurement of Goods, 3^d Edition* as approved through Government Procurement Policy Board (GPPB) Resolution No. 05-2009 dated 30 September 2009
- 6 *Philippine Bidding Documents for the Procurement of Infrastructure Projects, 3^d Edition* as approved through Government Procurement Policy Board (GPPB) Resolution No. 05-2009 dated 30 September 2009
- 7 *Philippine Bidding Documents for the Procurement of Consulting Services, 3^d Edition* as approved through Government Procurement Policy Board (GPPB) Resolution No. 05-2009 dated 30 September 2009



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- 8 *Approving by Referendum, the Guidelines for Shopping and Small-Value Procurement* through Government Procurement Policy Board (GPPB) Resolution No. 09-2009 dated 23 November 2009
- 9 *Approving Amendments to the Revised Implementing Rules and Regulations of Republic Act No. 9184* through Government Procurement Policy Board (GPPB) Resolution No. 11-2009 dated 30 November 2009
- 10 *Approving Amendments to the Revised Implementing Rules and Regulations of Republic Act No. 9184* through Government Procurement Policy Board (GPPB) Resolution No. 13-2009 dated 16 December 2009





Prepared by:
Technical Services Office
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GUIDE IN THE AUDIT OF PROCUREMENT
First Update - December 2009

I. INTRODUCTION



Prepared by:
*Technical Services Office
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GUIDE IN THE AUDIT OF PROCUREMENT
First Update - December 2009

A. THE DEVELOPMENT OF THE GUIDE

The magnitude of the operations of the Government makes it undoubtedly the biggest buyer of infrastructure projects, goods and services in the country. The billions of pesos annually spent to buy the goods and services needed in its day-to-day activities represent a significant percentage of government expenditures.

The volume of public expenditure passing through the public procurement system has increased rapidly in the last few years. Averaging around P121 billion per year from 2003 to 2005, procurement expenditure jumped to P168 billion when the Government's infrastructure program kicked off in 2006, and increased further to P229 billion by 2007.^a

The money spent to finance these procurements came from various sources including foreign borrowing and as such must have been used with prudence. However, news of procurement transactions allegedly tainted with fraud had been hugging the headlines incessantly.

In its continuing efforts to promote good governance the Government has enacted laws on procurement, the latest of which is Republic Act No. 9184 otherwise known as the *Government Procurement Reform Act*. This Act provides for the "Modernization, Standardization and Regulation of the Procurement Activities of the Government and For Other Purposes" and took effect on January 26, 2003, while its Implementing Rules and Regulations Part A (IRR-A) took effect on 8 October 2003.

After five (5) years of implementation, much progress has been made in procurement reforms in terms of rules and regulations but implementation and enforcement are still weak, and the objectives of the reform have not been fully achieved. This scenario is consistent with perceptions of a high level of corruption in procurement and with the SWS survey findings that only 13 percent of the public is aware of the new procurement law and its intended benefits.^b

As to the assessment on the Internal Control and Audit, the finding is that procurement audit is not yet given enough focus in most of the audit programs because most auditors have inadequate knowledge of the law, its implementing rules, the harmonized bidding documents and contract forms, and the procurement manuals; and there is no procurement audit guide to act as the basis for including procurement audit in the annual audit program. Most auditors are not trained to carry out risk-based audit tailored for risk management. Recommendation: A procurement audit guide should be developed and implemented by COA with particular focus on the audit of the implementation of the GPRA. A training program on procurement should be developed and implemented for auditors with the procurement audit guide as a training material, and both the guide *and the training should include a risk-based approach to audit*.^c

The 1987 Constitution provides for an independent Commission on Audit (COA) that has the power to audit all accounts pertaining to government funds nationwide, including procurement-related transactions. The Government Auditing Code (PD 1445) empowers COA to determine policies, promulgate rules and regulations, and prescribe standards governing the performance of its powers and functions and realizing the need to address the Country Procurement Assessment Report (CPAR) findings and recommendation, development of this *Guide in the Audit of Procurement* is imperative.



B. OBJECTIVES OF THE GUIDE

This *Guide* is intended as a **reference and guidance material for COA auditors** in planning for, conducting and reporting on the results of the audit on the area of procurement.

COA Auditors are provided with e-copies of this *Guide* to enable them to immediately utilize the *audit matrices* as working papers in their audits. They may also modify some aspects of these *audit matrices* to fit their particular needs. In the process, each individual auditor's copy of the *Guide* becomes unique to him/her as it reflects enhancements which he/she built into the *Guide* with constant use.

Under a risk-based audit approach, audit foci, objectives and audit techniques are identified through a risk-assessment process which auditors perform following existing COA regulations. For the purpose of this *Guide*, audit foci, audit objectives/sub-objectives, audit techniques, and even suggested audit working papers have been developed with no particular risk in mind. Auditors may adopt portions of the *Guide* which they consider appropriate for their risk-based audit purposes. To aid auditors in their risk assessment activities, a list of risks associated with procurement have been developed and included in this *Guide* as **APPENDIX 1**.

It is hoped that as Auditors use this *Guide* they will identify other risks which are specific to their auditee entities and analyze them to identify the appropriate audit criteria, develop the appropriate audit objectives, identify the audit techniques, develop the audit programs and design the audit working papers.

Auditors are encouraged to provide feedback for improvement, through the COA Directors who have supervision over them, including the inclusion in this *Guide* of the risks, audit objectives, audit techniques, audit programs, and audit working papers they have developed.

The public is likewise encouraged to provide feedback to improve the *Guide*, either through any COA auditor they are acquainted with or through the COA Website: <http://www.coa.gov.ph>.

From the feedback and the continuing policy study, this *Guide* is expected to evolve through updates which will be issued as they are developed.

C. SCOPE AND LIMITATIONS OF THE GUIDE

Procurement refers to the acquisition of goods, consulting services, and the contracting for infrastructure projects by the procuring entity. In case of projects involving mixed procurements, the nature of the procurement, *i.e.*, goods, infrastructure projects, or consulting services, shall be determined based on the primary purpose of the contract. Procurement also includes the lease of goods and real estate. With respect to real property, its procurement shall be governed by the provisions of Republic Act No. 8974 and other applicable laws, rules and regulations.^d



This *Guide in the Audit of Procurement* will neither cover the entire gamut of procurement nor all possible related risks that could be subject to audit.

The scope of the *Guide* is limited to the following:

1. Elements of Procurement
 - a. Annual Procurement Plan (APP)
 - b. Bids and Awards Committee (BAC)
 - c. BAC Observers
 - d. BAC Secretariat
 - e. BAC Technical Working Group (TWG)
 - f. Bidding Documents
2. Procurement Processes:
 - a. Competitive Bidding (from Bidding Documents to Award of Contract) for Procurement of Goods
 - b. Alternative Methods of Procurement for Goods
 - c. Competitive Bidding (from Bidding Documents to Award of Contract) for Procurement of Infrastructure Projects
 - d. Alternative Methods of Procurement for Infrastructure Projects
 - e. Competitive Bidding (from Bidding Documents to Award of Contract) for Procurement of Consulting Services
 - f. Alternative Methods of Procurement for Consulting Services

3. Offenses and Penalties

The *Guide* may be used as a reference in the:

- “evaluation of compliance with the requirements of applicable laws, rules and regulations” which is a component of the “auditorial review” provided in COA Circular No. 2009-001 dated February 12, 2009 on the subject: *Restatement with Amendments of COA Circular No. 87-278 and COA Memorandum 2005-027 re: submission of copy of government contracts, purchase orders and their supporting documents to the Commission on Audit*,
- review of “bidding procedures, necessity and validity of other alternative modes of procurement and manner of award to the winning bidder/contractor and such other relevant requirements provided in RA No. 9184 and its implementing rules and regulations” provided in item 4.3.6 of COA Circular No. 2009-002 dated May 18, 2009 dated May 18, 2009 on the subject: *Reinstituting Selective Pre-Audit on Government Transactions*.

The extent of audit that can be conducted based on the *Guide* will be limited to the specific elements (areas/foci), procurements processes, audit objectives/sub-objectives and audit activities mentioned in the various components of the *Guide*.

The *audit criteria* used in the *Guide* are those prevailing at the time of the development of the *Guide* as follows:



1. Guidelines Clarifying the Procurement Activities which may be Undertaken Without an Issued Allotment, approved per Government Procurement Policy Board (GPPB) Circular No. 01-2009 dated January 22, 2009 (attached to this *Guide* as **APPENDIX 2**);
2. Revised Implementing Rules and Regulations (IRR) of R.A. No. 9184, approved per Government Procurement Policy Board (GPPB) Resolution No. 03-2009 dated July 22, 2009 (attached to this *Guide* as **APPENDIX 3**);
3. Amendments to the Revised IRR approved per Government Procurement Policy Board (GPPB) Resolution No. 06-2009 dated September 30, 2009 (attached to this *Guide* as **APPENDIX 4**);
4. Philippine Bidding Documents 3rd Edition (October 2009) approved per GPPB Resolution No. 05-2009 dated September 30, 2009 (attached to this *Guide* as **APPENDIX 5**);
5. Approving by Referendum, the Guidelines for Shopping and Small-Value Procurement approved per Government Procurement Policy Board (GPPB) Resolution No. 09-2009 dated 23 November 2009 (attached to this *Guide* as **APPENDIX 6**);
6. Amendments to the Revised IRR approved per GPPB Resolution No. 11-2009 dated 30 November 2009 (attached to this *Guide* as **APPENDIX 7**);
7. Amendments to the Revised IRR approved per Government Procurement Policy Board (GPPB) Resolution No. 13-2009 dated 16 December 2009 (attached to this *Guide* as **APPENDIX 8**).

Amendments, revisions, repeal, and other changes in the above-mentioned law, rules and regulations will have the effect of correspondingly changing the affected portions of this *Guide*. Users of this *Guide* should therefore apprise themselves of the laws/regulations prevailing as of the time of planning for, execution of, and reporting on the audit and correspondingly modify the portions of the *Guide* affected by such amendments, revisions, repeal, and other changes in the above-mentioned law, rules and regulations. For the purpose, they may avail of the internet facilities of the GPPB:

www.gppb.gov.ph

gppb@gppb.gov.ph



END NOTES

- a. World Bank's Country Procurement Assessment Report (Philippines) 2008, p. 14
- b. World Bank's Country Procurement Assessment Report (Philippines) 2008, p. 17
- c. World Bank's Country Procurement Assessment Report (Philippines) 2008, p. 37
- d. Section 5(n), Republic Act No. 9184 otherwise known as the Government Procurement Reform Act (GPRA) which became effective in January 26, 2003



II. GENERAL INSTRUCTIONS ON THE USE OF THE GUIDE



Prepared by:
*Technical Services Office
Special Services Sector
Commission on Audit
Republic of the Philippines*

GUIDE IN THE AUDIT OF PROCUREMENT
First Update - December 2009

Following are the steps to be considered by the user of this *Guide*:

- Step 1 – Determine the *audit areas* and audit objectives based on *Risk Assessment* pursuant to existing regulations and/or on requirements of other regulations (e.g. COA Circular No. 2009-002 on selective pre-audit).

Procurement as defined in R.A. No. 9184 should be identified as an audit area. The audit sub-areas should likewise be identified. The *Table of Contents* of this *Audit Guide* will be useful for the purpose of identifying these audit sub-areas.

For each sub-area, the *audit objectives* shall be identified based on the risks determined during the *Risk Assessment* and/or based on the requirements of existing regulations (e.g. COA Circular No. 2009-002 on selective pre-audit).

- Step 2 - Determine the *audit scope* (e.g. For *Financial/Compliance Audit* procurement activities and transactions subject to audit during a calendar year).

- Step 3 – Determine the *audit criteria* that are relevant to the identified risks and audit scope.

The *audit criteria* identified in the *Audit Guide* were the IRR of RA No. 9184 and GPPB issuances prevailing during the time of the development of the *Guide*. For his/her specific *audit scope*, the auditor shall determine versions of RA 9184, its IRR and GPPB issuances and identify those that are applicable to the procurements subject of his/her audit.

If no changes/updates have occurred, the *Audit Guide* may be used as is.

Otherwise, the *audit criteria* as quoted in the first column of the audit matrices of this *Guide* shall be changed to reflect those that are applicable to the *audit scope*.

- Step 4 – Determine the *audit sub-objectives*.

The *audit sub-objectives* in the first column of the audit matrices shall correspond to the identified *audit objective(s)* and the *audit criteria* identified in Step 3 above.

- Step 5 – Determine the *audit activities* that will attain the *audit sub-objectives*.

The *Audit Activities* identified in the *Guide* are mere suggestions and may be substituted by the auditor with more effective, efficient, and economical activities which are more workable under his/her specific audit situation.

- Step 6 – Determine the *audit questions* that will match the *audit sub-objectives*.

The *audit questions* in the 3rd column of the audit matrices of this *Guide* shall be changed to correspond to the identified *audit sub-objectives*.

---- ♣ ----



It is suggested that the auditor be proactive in the sense that he/she should have already conducted *auditorial review* on the audit sub-areas that will impact on the succeeding sub-areas and/or audit sub-objectives where audit findings/conclusions of non-compliance will result in audit decisions leading to the recommendations of imposition of sanctions on liable/responsible persons and/or recommendations of recovery of pecuniary losses on the part of the Procuring Entity.

The *Guide* is to be used according to the following sequence:

- At any time during the Audit Period prior to Any Procurement
 - 1st: Basic Element – Bids and Awards Committee (BAC)
 - 2nd: Basic Element - BAC Secretariat
 - 3rd: Basic Element – Annual Procurement Plan (APP)
 - 4th: Basic Element – Customized Bidding Documents
 - During Specific Procurements
 - 5th: Basic Element – BAC Observers
 - 6th: Basic Element – BAC Technical Working Group (TWG)
 - 7th: Procurement Process - depending on the item to be procured, i.e., goods, infrastructure projects or consulting services & depending on the method of procurement, i.e., competitive bidding or alternative method of procurement
 - Upon discovery of non-compliances either through the Procurement Monitoring Reports or during the audit conducted
- Offenses and Penalties



III. GUIDE IN THE AUDIT OF PROCUREMENT



Prepared by:
*Technical Services Office
Special Services Sector
Commission on Audit
Republic of the Philippines*

GUIDE IN THE AUDIT OF PROCUREMENT
First Update - December 2009

On the Basic Element:

BIDS AND AWARDS COMMITTEE (BAC)



BASIC ELEMENT – BIDS AND AWARDS COMMITTEE

A. AUDIT OBJECTIVES:

1. To verify the **existence** of the Bids and Awards Committee (BAC),
2. To verify if the **BAC composition** is in accordance with laws/regulations,
3. To verify if the **term** of members of the BAC is fixed at one (1) year reckoned from the date of appointment.
4. To verify if the BAC prepared a **procurement monitoring report** as required by regulations and had it approved by the Head of the Procuring Entity for submission to the GPPB within the required timeline.

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

List of documents needed (those applicable to the procurements subject of audit for the audit period):

1. Appointment of the Head of the Procuring Entity (HOPE), if an individual;
2. Office Order of or the GOCC/GFI Board Resolution designating/authorizing a specific official to act on his/her/their behalf;
3. Office Orders creating the previous BACs and the present BAC;
4. Office Orders designating the Chairman and Vice-Chairman of the BAC;
5. Office Orders designating the alternate members of the BAC;
6. Office Orders of replacements and evidences of absence of the BAC members they are replacing and the period of absence (e.g. approved applications for leave);
7. Plantilla/Organizational Chart of the procuring entity;
8. Work History and evidences of training on procurement of BAC members;
9. Minutes of meeting of LGU BAC electing the Chairman and Vice-Chairman;
10. Approved Procurement Monitoring Reports;
11. Others as appropriate based on the audit sub-objective and audit activity.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if a Bids and Awards Committee (BAC) exists in the procuring entity <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 11.1.1 ... Each procuring entity shall establish in its head office a single BAC to undertake the functions specified in Section 12 of the Revised IRR of RA 9184 in order to facilitate professionalization and harmonization of procedures and standards. 	1. From the documents (e.g. Office Orders, Resolutions) relative to procurements to be audited evidencing the creation of the BAC, using the one (1) year term from the creation of the BAC as basis, determine if a BAC existed for the procurements at hand or for future procurements to be subject of audit.	Is there a BAC in the procuring entity?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To verify if the Head of the Procuring Entity (HOPE) was the one that created the BAC <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 11.2.1 The Head of the Procuring Entity shall designate at least five but not more than seven members of the BAC of unquestionable integrity and procurement proficiency. 5 (t). Head of the Procuring Entity. Refers to: (i) the head of the agency or body, or his duly authorized official, for NGAs and the constitutional commissions or offices, and branches of government; (ii) the governing board or its duly authorized official, for GOCCs, GFIs and SUCs; or (iii) the local chief executive for LGUs: Provided, however, That in an agency, department, or office where the procurement is decentralized the <u>head of its decentralized unit</u> shall be considered as the head of the Procuring Entity, subject to the limitations and authority delegated by the head of the agency, department, or office. 	2. Compare the Office Order(s) creating the BAC(s) as follows: <ul style="list-style-type: none"> a. Name and position of the signatory vs. the name and position of the HOPE per his appointment/ designating Office or Assignment Order; b. In NGAs, constitutional commissions or offices, and branches of government; and in GOCCs, GFIs, and SUCs, if the HOPE is not the signatory, Name and position of the signatory vs. the name and position of the duly authorized official per Office Order or Board Resolution designating him/her.	Was the BAC created by the Head of the Procuring Entity (HOPE)?			
3. To verify if the number of BAC members conforms to the required number of at least 5 but not more than 7 <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 11.2.1 The Head of the Procuring Entity shall designate at least five but not more than seven members of the BAC of unquestionable integrity and procurement proficiency. 	3. Compare the number of BAC members per Office Order(s) with the required number.	Did the number of BAC members conform to the required number of at least 5 but not more than 7?			
		If the number of BAC members is equal to the minimum of 5, were there only three (3) regular members and two (2) provisional members?			
		If the number of BAC members is equal to six (6), were there: <ul style="list-style-type: none"> a. three (3) regular members and three (3) provisional members? 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
		OR b. at most four (4) regular members and two (2) provisional members?			
		If the number of BAC members is equal to the maximum of seven (7), were there: a. three (3) regular members and at most four (4) provisional members? OR b. four (4) regular members and three (3) provisional members? OR c. at most five (5) regular members and two (2) provisional members?			
4. For <u>head offices of</u> National Government Agencies/ GOCCs/GFIs, to verify if the qualifications of the <u>regular members</u> of the BAC conform with the requirements: a. Chairman - at least a third ranking permanent official of the procuring entity; b. representative of the Legal or Administrative area, at least a 5th ranking permanent official of the procuring entity with knowledge, experience and/or expertise in procurement; c. representative of the Finance area, at least a third ranking permanent official of the procuring entity with knowledge, experience and/or expertise in procurement <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on</i>	4. Verify from the Office Order constituting the BAC if the Chairman was designated as such.	Was the BAC Chairman designated as such?			
	5. Compare the rank and status of the BAC <u>Chairman</u> per Plantilla of the Procuring Entity with the required at least 3 rd rank and permanent status.	Was the BAC Chairman: a. at least a 3 rd ranking official of the Procuring Entity? b. of permanent status?			
	6. For Regular Members, compare their rank and status per <i>Plantilla</i> of the Procuring Entity with the required at least 5th rank and permanent status.	Were Regular Members of the BAC at least 5 th ranking officials of the Procuring Entity?			
	7. For Regular Members, compare their status per <i>Plantilla</i> of the Procuring	Were Regular Members of the BAC of permanent			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>September 2, 2009:</i></p> <ul style="list-style-type: none"> 11.2.2. <i>The BAC for NGAs, departments, bureaus, offices, or instrumentalities of the GOP, including the judicial and legislative branches, constitutional commissions, SUCs, GOCCs, and GFIs shall be composed of the following:</i> <p><u>Regular Members</u></p> <p>a. <i>Chairman, who is at least a third ranking permanent official of the procuring entity;</i></p> <p>b. <i>An officer, who is at least a fifth ranking permanent official, with knowledge, experience and/or expertise in procurement who, to the extent possible, represents the <u>legal or administrative</u> area of the procuring entity, provided that in the case of bureaus, regional offices and sub-regional/district offices, BAC members shall be at least a third ranking permanent personnel;</i></p> <p>c. <i>An officer, who is at least a fifth ranking permanent official, with knowledge, experience and/or expertise in procurement who, to the extent possible, represents the <u>finance area</u> of the procuring entity, provided that in the case of bureaus, regional offices and sub-regional/district offices, BAC members shall be at least a third ranking permanent personnel.</i></p>	Entity and per his/her appointment, with the required permanent status.	status?			
	8. For Regular Members, verify from their Work History and training documents if they have knowledge, experience and/or expertise in procurement;	Were Regular Members with knowledge, experience and/or expertise in procurement?			
	9. For Regular Members, verify from their work assignments if at the time of designation the <u>legal area or administrative areas</u> and the <u>financial area</u> were represented.	Was/Were there Regular members representing the legal or administrative area of the Procuring Entity?			
		Was/Were there Regular members representing the financial area of the Procuring Entity?			
<p>5. For <u>bureaus, regional offices and sub-regional/district offices of NGAs, departments, or instrumentalities of the Government of the Philippines (GOP), including the judicial and legislative branches, constitutional commissions, SUCs, GOCCs, and GFIs</u>, to verify if the qualifications of the regular BAC members conform to the requirements:</p> <p>a. Chairman, at least a 3rd ranking permanent official of the procuring entity;</p> <p>b. Legal or Administrative area representative, at least a 3rd ranking permanent official of the procuring entity with</p>	10. Verify from the Office Order constituting the BAC if the Chairman was designated as such.	Was the BAC Chairman designated as such?			
	11. Compare the rank and status of the BAC <u>Chairman</u> per Plantilla of the Procuring Entity's bureau, regional office, sub-regional office, or district office with the required at least 3 rd rank in said Office and permanent status.	Was the BAC Chairman: a. at least a 3 rd ranking official of the Procuring Entity's bureau, regional office, sub-regional office, or district office? b. of permanent status?			
	12. For Regular Members, compare their rank and status per <i>Plantilla</i> of the	Were Regular Members of the BAC at least 3 rd ranking			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>knowledge, experience and/or expertise in procurement;</p> <p>c. Finance area representative, at least a 3rd ranking permanent official of the procuring entity with knowledge, experience and/or expertise in procurement</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 11.2.2. <i>The BAC for NGAs, departments, bureaus, offices, or instrumentalities of the GOP, including the judicial and legislative branches, constitutional commissions, SUCs, GOCCs, and GFIs shall be composed of the following:</i> <p><u>Regular Members</u></p> <p>a. <i>Chairman, who is at least a third ranking permanent official of the procuring entity;</i></p> <p>b. <i>An officer, who is at least a fifth ranking permanent official, with knowledge, experience and/or expertise in procurement who, to the extent possible, represents the <u>legal or administrative</u> area of the procuring entity, provided that in the case of bureaus, regional offices and sub-regional/district offices, BAC members shall be at least a third ranking permanent personnel;</i></p> <p>c. <i>An officer, who is at least a fifth ranking permanent official, with knowledge, experience and/or expertise in procurement who, to the extent possible, represents the <u>finance area</u> of the procuring entity, provided that <u>in the case of bureaus, regional offices and sub-regional/district offices, BAC members shall be at least a third ranking permanent personnel.</u></i></p> <ul style="list-style-type: none"> 11.2.2. ... <i>The Chairman and the Vice-Chairman shall also be designated by the Head of the procuring entity. Moreover, the Vice-Chairman shall be a regular member of the BAC.</i> 	Procuring Entity's bureau, regional office, sub-regional office, or district office with the required at least 3rd rank and permanent status.	officials of the Procuring Entity's bureau, regional office, sub-regional office, or district office?			
	13. For Regular Members, compare their status per <i>Plantilla</i> of the Procuring Entity's bureau, regional office, sub-regional office, or district office and per his/her appointment, with the required permanent status.	Were Regular Members of the BAC of permanent status?			
	14. For Regular Members, verify from their Work History and training documents if they have knowledge, experience and/or expertise in procurement.	Were Regular Members with knowledge, experience and/or expertise in procurement?			
	15. For Regular Members, verify from their work assignments if at the time of designation the <u>legal area or administrative areas</u> and the <u>financial area</u> of the Procuring Entity's bureau, regional office, sub-regional office, or district office were represented.	Was/Were there Regular members representing the legal or administrative area of the Procuring Entity's bureau, regional office, sub-regional office, or district office?			
		Was/Were there Regular members representing the financial area of the Procuring Entity's bureau, regional office, sub-regional office, or district office?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
6. For National Government Agencies/GOCs/GFIs, to verify if the Vice-Chairman was designated by the Head of the procuring entity from the regular members of the BAC <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 11.2.2. ... The Chairman and the Vice-Chairman shall also be designated by the Head of the procuring entity. Moreover, the Vice-Chairman shall be a regular member of the BAC. For purposes of this IRR, the term "permanent" shall refer to a plantilla position within the procuring entity concerned. 	16. Verify from the Office Order if from among the Regular Members of the BAC, the Vice-Chairman was designated as such.	Was the BAC Vice-Chairman designated as such from the regular members of the BAC?			
7. For local government units, to verify if the BAC is composed of one representative each from the regular offices under the Office of the Local Chief Executive <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 11.2.3. The BAC for Local Government Units shall be composed of the following: <ul style="list-style-type: none"> a. One representative each from the regular offices under the Office of the Local Chief Executive such as, but not limited to, the following: Office of the Administrator, Budget Office, Legal Office, Engineering Office, General Services Offices; and b. A representative from the end user unit. 	For <u>Local Government Units (LGUs)</u> : 17. Compare the Office assignments as indicated in the Appointment and Assignment Documents of the designated members of the BAC with the regular Offices under the Office of the Local Chief Executive per LGU's Organizational/ Functional chart.	Are the members of the BAC from the regular offices under the Office of the Local Chief Executive?			
8. For local government units, to verify if at least one of the members represents the end-user unit <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 11.2.3. The BAC for Local Government Units shall be composed of the 	For <u>Local Government Units (LGUs)</u> : 18. Compare the Office assignment of the designated member-representative-of-the-end user unit to the BAC as indicated in the Office Order creating the BAC with the Office assignment	Is there a representative in the BAC from the end user unit?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>following:</i></p> <p>a. <i>One representative each from the regular offices under the Office of the Local Chief Executive such as, but not limited to, the following: Office of the Administrator, Budget Office, Legal Office, Engineering Office, General Services Offices; and</i></p> <p>b. <i>A representative from the end user unit.</i></p>	<p>of the official as it appears in the Appointment documents/Assignment Order.</p>				
<p>9. For local government units, to verify if the members of the BAC are personnel occupying plantilla positions of the procuring entity concerned</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 11.2.3. <i>The BAC for Local Government Units shall be composed of the following:</i> <p>a. ...</p> <p>b. ...</p> <p><i>The members shall elect among themselves who shall act as Chairman and Vice-Chairman. The Chairman of the BAC shall be at least a third ranking permanent official of the procuring entity. <u>The members of the BAC shall be personnel occupying plantilla positions of the procuring entity concerned.</u></i></p> 	<p>For <u>Local Government Units (LGUs)</u>:</p> <p>19. From the Appointment documents/Assignment Orders of the members of the BAC obtain information on their respective position titles and compare these with the <i>Plantilla</i> of the Procuring Entity.</p>	<p>Did the members of the BAC occupy plantilla positions of the procuring entity concerned?</p>			
<p>10. For local government units, to verify if the designated members of the BAC elected among themselves who shall act as Chairman and Vice-Chairman.</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 11.2.3. <i>The BAC for Local Government Units shall be composed of the following:</i> <p>a. ...</p> <p>b. ...</p> <p><i>The members shall elect among themselves who shall act as Chairman and Vice-Chairman. The <u>Chairman</u> of the BAC</i></p> 	<p>For <u>Local Government Units (LGUs)</u>:</p> <p>20. From the relevant Minutes of meetings of the BAC, compare the name and position of the Chairman with the name and position of the person elected by the members from among themselves to act as Chairman and Vice-Chairman.</p> <p>21. Compare the rank and status of the BAC Chairman per Plantilla of the Procuring Entity with the required at least 3rd rank and permanent</p>	<p>Did the members of the BAC elect among themselves:</p> <p>a. the Chairman?</p> <p>b. Vice Chairman?</p> <p>Was the Chairman of the BAC:</p> <p>a. at least a 3rd ranking official of the procuring</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>shall be at least a third ranking permanent official of the procuring entity. The members of the BAC shall be personnel occupying plantilla positions of the procuring entity concerned.</i>	status.	entity? b. a permanent official of the procuring entity?			
11. To verify if designated alternate members of the BAC have the same qualifications as their principals <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 11.2.4. The Head of the Procuring Entity may designate alternate members to the BAC, who shall have the same qualifications as their principals as set in the Act and this IRR. The alternate members shall attend meetings of the BAC and receive the corresponding honoraria, whenever their principals are absent. The alternate members shall have the same term as their principals. The accountability of the principal and the alternate member shall be limited to their respective acts and decisions. 	22. For alternate members, compare the qualifications of designated alternate members of the BAC with the qualifications of their principals.	Were the qualifications of designated alternate members of the BAC the same as the qualifications of their principals?			
12. To verify if the members of the BAC have a fixed term of 1 year reckoned from the date of appointment, renewable at the discretion of the HOPE <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 11.2.6. Unless sooner removed for a cause, the members of the BAC shall have a fixed term of one (1) year reckoned from the date of appointment, renewable at the discretion of the Head of the Procuring Entity. Upon expiration of the terms of the current members, they shall continue to exercise their functions until new BAC members are designated. In case of resignation, retirement, separation, transfer, re-assignment, removal, or death, the replacement shall serve only for the unexpired term: Provided, however, That in case of leave or suspension, the replacement shall serve only for the duration of the leave or suspension. For justifiable causes, a member shall be suspended or removed by the Head of the Procuring Entity. 	23. From the Office Orders creating the previous BACs and the Office Order of the new BAC, compare the term of all members of the BAC with the fixed term of one (1) year reckoned from the date of appointment, renewable at the discretion of the Head of the Procuring Entity.	Was the term of all members of the BAC within the fixed term of one (1) year reckoned from the date of appointment?			
	24. For a BAC member designated to replace a resigned, retired, separated, transferred, re-assigned, removed, or dead member, compare his/her term with the un-expired term.	Was the term of replacements for reason of resignation, retirement, separation, transfer, re-assignment, removal, or death within the un-expired term only?			
	25. For a BAC member designated to replace a member who went on leave or was suspended, compare his/her term with	Was the term of replacements for reason of leave or suspension within the duration of the			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	the duration of the leave or suspension.	said leave or suspension only?			
13. To verify if the HOPE and/or approving authority is not the Chairman or a member of the BAC <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 11.2.5. In no case shall the Head of the Procuring Entity and/or the approving authority be the Chairman or a member of the BAC.	26. Compare the name and position of the Head of the Procuring Entity and/or the approving authority (from Appointment documents/election documents/relevant Office Orders/ Assignment Orders) with the names and positions of the Chairman and all members of the BAC.	Is the HOPE: a. NOT the Chairman of the BAC? AND b. NOT a member of the BAC?			
		Is the approving authority: a. NOT the Chairman of the BAC? AND b. NOT a member of the BAC?			
PROCUREMENT MONITORING REPORT					
1. To verify if the BAC: a. prepared a procurement monitoring report in the form prescribed by the GPPB; b. covering all procurement activities specified in the Annual Procurement Plan (APP), whether on-going and completed, from the holding of the pre-procurement conference to the issuance of the notice of award and the approval of the contract, including the standard and actual time for each major procurement activity; c. submitted the monitoring report to the Head of the Procuring Entity (HOPE) for approval and submission to the GPPB in printed and electronic format within 14 days after the end of each semester <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> 12.2. The BAC shall be responsible for	1. Based on approved <i>Procurement Monitoring Reports</i> and communications on submissions (by the BAC to the HOPE and by the HOPE to the GPPB) obtained from the BAC or the Office of the HOPE and on a copy of the form required by the GPPB, determine if the <i>Reports</i> are in the form prescribed.	Did the BAC prepare the procurement monitoring reports in the form prescribed by the GPPB?			
	2. Based on approved <i>Procurement Monitoring Reports</i> and communications on submissions (by the BAC to the HOPE and by the HOPE to the GPPB) obtained from the BAC or the Office of the HOPE, determine if the <i>Reports</i> covered all the items required.	Did the procurement monitoring reports prepared by the BAC cover: a. all procurement activities specified in the APP, whether on-going and completed? b. from the holding of the pre-procurement conference to the issuance of the notice of award and the approval of the			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>ensuring that the procuring entity abides by the standards set forth by the Act and this IRR, and it shall <u>prepare a procurement monitoring report</u> in the form prescribed by the GPPB. The procurement monitoring report shall cover all procurement activities specified in the APP, whether ongoing and completed, from the holding of the pre-procurement conference to the issuance of notice of award and the approval of the contract, including the standard and actual time for each major procurement activity. The procurement monitoring report shall be approved and submitted by the Head of the Procuring Entity to the GPPB in printed and electronic format within fourteen (14) calendar days after the end of each semester.</i></p> <p>• <i>Annex C Period of Action on Procurement Activities</i></p>		contract?			
		c. standard and actual time for each major procurement activity?			
	3. Based on approved <i>Procurement Monitoring Reports</i> and communications on submissions (by the BAC to the HOPE and by the HOPE to the GPPB) obtained from the BAC or the Office of the HOPE, verify if the <i>Reports</i> were submitted by the BAC to the HOPE for approval and submission to the GPPB in both printed and electronic format within 14 calendar days after the end of each semester.	<p>Did the BAC submit the procurement monitoring reports to the HOPE:</p> <p>a. for approval?</p> <p>b. for submission to the GPPB in both printed and electronic format?</p> <p>c. for submission to the GPPB within 14 calendar days after the end of each semester?</p>			
<p>2. To verify if the HOPE:</p> <p>a. approved the Procurement Monitoring Report and</p> <p>b. submitted it to the GPPB in printed and electronic format within 14 days after the end of each semester</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <p><i>12.2. ... The procurement monitoring report shall be approved and submitted by the Head of the Procuring Entity to the GPPB in printed and electronic format within fourteen (14) calendar days after the end of each semester.</i></p>	4. Based on approved <i>Procurement Monitoring Reports</i> and communications on submissions by the HOPE to the GPPB obtained from the BAC or the Office of the HOPE, verify if the <i>Reports</i> were <u>approved by the HOPE and submitted to the GPPB in both printed and electronic format within 14 calendar days after the end of each semester.</u>	<p>Did the HOPE approve procurement monitoring reports?</p> <p>Did the HOPE submit the procurement monitoring reports to the GPPB in both printed and electronic format?</p> <p>Did the HOPE submit the approved procurement monitoring reports to the GPPB within 14 calendar days after the end of each semester?</p>			
<p>3. To verify if appropriate actions have been taken by the HOPE in case of instances of noncompliance committed by the BAC, BAC TWG, BAC Secretariat and/or bidders</p>	5. Identify instances of noncompliance discovered by the BAC and/or by the HOPE in the Procurement Monitoring Report; and, instances of noncompliance noted	Were appropriate actions taken by the auditee in regard to instances of non-compliance?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	<p>during the course of the audit.</p> <p>Look for information/documents on the actions taken by the auditee in regard to such non-compliances and compare these with the actions required by the Revised IRR of RA 9184 and other relevant regulations.</p>				
<p>4. To verify what actions have been taken by the GPPB in regard to instances of noncompliance</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> ▪ 63.1. <i>The Government Procurement Policy Board (GPPB), as established in Section 63 of the Act, shall have the following duties and responsibilities:</i> <ul style="list-style-type: none"> a. d. <i>To ensure the proper implementation by procuring entities of the Act, this IRR and all other relevant rules and regulations pertaining to public procurement.</i> 	<p>6. Request for information from the GPPB on the actions they have taken on instances of noncompliance involving the auditee, including non-submission of the Procurement Monitoring Report.</p>	<p>Did the GPPB take action on instances of noncompliance involving the auditee, including non-submission of the Procurement Monitoring Report?</p>			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the designation of the "BAC members/Chairman/Vice-Chairman";</p> <p>b. validity of the actions of the "BAC" including the validity of the resulting contract;</p> <p>c. validity of any payment to be made on the basis of the contract;</p> <p>d. etc.</p> <p>and make appropriate audit recommendations</p>	<p>Analyze the instances of non-compliances to establish the effects and develop appropriate audit recommendations.</p>	<p>Appropriate Audit Working Papers</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To verify the causes of instances of non-compliance and make appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.	Appropriate Audit Working Papers			
3. To communicate the results of the audit with management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to management	Audit Observation Memorandum (AOM), if applicable			



On the Basic Element:

BIDS AND AWARDS COMMITTEE's SECRETARIAT



BASIC ELEMENT – BAC SECRETARIAT

A. AUDIT OBJECTIVES:

1. To verify the **existence** of the Bids and Awards Committee (BAC) Secretariat
2. To verify if the BAC Secretariat was **constituted as required** by law/regulations
3. To verify if the designated **Head** of the BAC Secretariat is **qualified**

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

List of documents needed (those applicable to the procurements subject of audit for the audit period):

1. Appointment of the Head of the Procuring Entity (HOPE), if an individual;
2. Office Order of or the GOCC/GFI Board Resolution designating/authorizing a specific official to act on his/her/their behalf;
3. Office Orders creating the BAC Secretariat;
4. Office Order designating the Head of the BAC Secretariat;
5. Office Orders designating the alternate members of the BAC;
6. Plantilla/Organizational Chart of the procuring entity;
7. Work History and evidences of training on procurement of the Head of the BAC Secretariat;
8. Others as appropriate based on the audit sub-objective and audit activity.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1.To verify if the procuring entity's Bids and Awards Committee (BAC) Secretariat was constituted by the Head of the Procuring Entity <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> 14.1 ... The HOPE shall create a Secretariat which will serve as the main support unit of the BAC. An existing organic office within the procuring entity may also be designated to serve as Secretariat. However, to strengthen and promote the professionalization of the organizations' procuring unit, the HOPE may create procurement units that may serve concurrently as BAC Secretariat in accordance with the guidelines issued by the DBM	1. Compare the Office Order creating the BAC Secretariat as follows: a. Name and position of the signatory vs. the name and position of the HOPE per his/her/their appointment(s); b. In NGAs, constitutional commissions or offices, and branches of government; and in GOCCs, GFIs, and SUCs, if the HOPE is not the signatory, Name and position of the signatory vs. the name and position of the duly authorized official per Office Order or Board Resolution designating him/her.	Was the BAC Secretariat constituted by the Head of the Procuring Entity?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>2. To verify if the BAC Secretariat was created:</p> <p>a. as a Secretariat to serve as the main support unit of the BAC,</p> <p>b. by designating an existing organic office within the procuring entity,</p> <p>c. or by creating a procurement unit to serve concurrently as BAC Secretariat in accordance with the guidelines issued by the DBM</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <p><i>14.1 ... The HOPE shall create a Secretariat which will serve as the main support unit of the BAC. An existing organic office within the procuring entity may also be designated to serve as Secretariat. However, to strengthen and promote the professionalization of the organizations' procuring unit, the HOPE may create procurement units that may serve concurrently as BAC Secretariat in accordance with the guidelines issued by the DBM</i></p> <ul style="list-style-type: none"> DBM National Budget Circular No. 517, dated December 22, 2008, on the Subject: GUIDELINES ON THE ESTABLISHMENT OF PROCUREMENT UNITS 	<p>2. Identify the <u>method</u> of creation and the <u>functions</u> of the BAC Secretariat from the Office Order and compare with the requirements of regulations.</p>	<p>Was the BAC Secretariat created:</p> <p>a. as a Secretariat to serve as the main support unit of the BAC?</p> <p>b. by designating an existing organic office within the procuring entity?</p> <p>OR</p> <p>c. by creating a procurement unit to serve concurrently as BAC Secretariat in accordance with the guidelines issued by the DBM?</p>			
<p>3. To verify if the Head of the BAC Secretariat met the following qualifications:</p> <p>a. at least a fifth ranking permanent employee or, if not available, a</p>	<p>3. <u>In the head office of the Procuring Entity:</u></p> <p>Compare the rank and status of the Head of the BAC Secretariat per Plantilla of the Procuring</p>	<p>Was the Head of the BAC Secretariat at least a fifth ranking official in the head office?</p> <p>If a 5th ranking</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
permanent official of the next lower rank; b. at least a third ranking permanent employee in bureaus, regional offices and sub-regional/ district offices, or if not available, a permanent employee of the next lower rank; c. possesses integrity; d. possesses procurement proficiency <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> 14.2 The head of the Secretariat in central offices shall be at least a fifth ranking permanent employee or, if not available, a permanent official of the next lower rank; or shall be at least a third ranking permanent employee in bureaus, regional offices and sub-regional/ district offices, or if not available, a permanent employee of the next lower rank. In addition to integrity, heads of Procuring Entities shall consider procurement proficiency as a factor in designating the head of the Secretariat and Procurement Unit	Entity with the required at least 5 th rank (or if not available, a next lower rank) and permanent status	official is not available, was the Head of the BAC Secretariat at least of the next lower rank official in the head office? Was the Head of the BAC Secretariat a permanent official in the head office?			
	4. In bureaus, regional offices and sub-regional/ district offices of the Procuring Entity: Compare the rank and status of the Head of the BAC Secretariat per Plantilla of the organizational unit concerned of the Procuring Entity with the required at least 3 rd rank (or if not available, a next lower rank) and permanent status	Was the Head of the BAC Secretariat at least a 3 rd ranking official in bureaus, regional offices and sub-regional/ district offices? If a 3 rd ranking official is not available, was the Head of the BAC Secretariat at least of the next lower rank official in the bureaus, regional offices and sub-regional/ district offices? Was the Head of the BAC Secretariat a permanent official in the bureaus, regional offices and sub-regional/ district offices?			
	5. Identify the criteria / method adopted by the procuring entity in considering "integrity" as a factor in designating the Head of the BAC Secretariat.	Did the procuring entity consider integrity as a factor in designating the Head of the BAC Secretariat?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	6. From the Work History and training documents of the Head of the BAC Secretariat verify if he/she has procurement proficiency.	Did the Head of the BAC Secretariat possess procurement proficiency?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance and make appropriate audit recommendations	Analyze the instances of non-compliances to establish the effects and develop appropriate audit recommendations.	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and make appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.	Appropriate Audit Working Papers			
3. To communicate the results of the audit with management • <i>COA Circular No. 2009-006 dated September 15, 2009 re-Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to management	Audit Observation Memorandum (AOM), if applicable			



On the Basic Element:

**ANNUAL PROCUREMENT PLAN
(APP)**



BASIC ELEMENT - ANNUAL PROCUREMENT PLAN (APP)

A. AUDIT OBJECTIVES:

1. To verify the **existence** of an approved *Annual Procurement Plan (APP)* and supporting *Project Procurement Management Plans (PPMPs)*
2. To verify the completeness of the required information in the APP

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

List of Documents needed:

1. Budget approved by the HOPE (could be the Budget Proposal approved by the HOPE if the GAA, corporate budget or budget ordinance has not yet become final);
2. Approved APP with supporting PPMPs based on the final budget per GAA, corporate budget, or budget ordinance (could be the initial approved APP based on the approved budget proposal when the budget has not yet become final);
3. Copy of the report on the review of the PPMPs conducted by the BAC Secretariat pertaining to the finalization of the modes of procurement under the APP;
4. Relevant portions of the GAA (national government) or corporate budget (GOCCs & GFIs) or budget ordinance (LGUs);
5. Appointment document of the HOPE;
6. Office order designating the official to act on behalf of the HOPE, if applicable;
7. Organizational Chart/Plantilla or other document with information on the rank of the designated official;
8. Approved updated APP with supporting PPMPs;
9. Updated budget approved by the HOPE or the designated second-ranking official;
10. Authority for the supplemental/updated budget (appropriation document for the supplemental appropriation, supplemental or updated corporate budget, supplemental or updated budget resolution).

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the procuring entity has an Annual Procurement Plan (APP) <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 7.3.2. The end-user units ... shall prepare their respective PPMs... • 7.3.4.budget office shall furnish a copy of the procuring entity's budget proposal as well as the corresponding PPMs to the BAC Secretariat for its review and consolidation into the proposed APP 	<p>1. Upon approval of the budget proposal by the HOPE, obtain a copy of the <u>proposed</u> APP from the BAC Secretariat.</p> OR <p>When the GAA, corporate budget, or appropriation ordinance, as the case may be, becomes final, obtain a copy of the approved APP from the BAC Secretariat.</p>	<p>Does the entity have a proposed APP?</p> <p>Does the entity have an approved APP?</p>			

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> 7.3.5. ... end-user units shall revise and adjust the PPMP to reflect the budgetary allocation for their respective PAPs. The revised PPMPs shall be submitted to the BAC through its Secretariat for the finalization of the modes of procurement under the proposed APP The APP shall then be approved in accordance with Sec 7.2 of this IRR. 					
<p>2. To verify if the APP is approved by the HOPE or by a second-ranking official designated by the HOPE to act on his behalf</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 7.2. The APP shall bear the approval of the HOPE or second –ranking official designated by the HOPE to act on his behalf, and must be consistent with its duly approved yearly budget 	<p>2. Compare the name, position, and designation of the person who approved the APP with the relevant data in the appointment document of the HOPE.</p> <p>2.1. If the signatory is not the HOPE, compare the name, position, and designation of the person who approved the APP with the relevant data in the office order designating the official to act on behalf of the HOPE.</p> <p>2.2. Compare the rank of the designated official with the second-in-rank per Organizational Structure / Plantilla of the procuring entity.</p>	Is the APP approved by the HOPE or <u>second-ranking official</u> designated by the HOPE to act on his behalf?			
<p>3. To verify if the APP contains the following information:</p> <p>a. name of the procurement program/ project;</p> <p>b. project management office or end-user unit;</p> <p>c. general description of the procurement;</p> <p>d. procurement method to be adopted;</p> <p>e. time schedule for each procurement activity;</p>	<p>3. From the APP, look for the following information:</p> <p>a. name of the procurement program/ project;</p> <p>b. project management office or end-user unit;</p> <p>c. general description of the procurement;</p> <p>d. procurement method to be adopted;</p> <p>e. time schedule for each procurement activity;</p> <p>f. source of fund;</p> <p>g. approved budget for the contract.</p>	<p>Does the APP contain the following information:</p> <p>a. name of the procurement program/ project?</p> <p>b. project management office or end-user unit?</p> <p>c. general description of the procurement?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>revise and adjust the PPMP to reflect the budgetary allocation for their respective PAPs. The revised PPMPs shall be submitted to the BAC through its Secretariat for the finalization of the modes of procurement under the proposed APP</i>	the BAC Secretariat a copy each of the PPMPs adjusted by the end-user units which it consolidated into the approved APP. Also obtain a copy of the report on the review of the PPMPs conducted by the BAC Secretariat.	the final budget?			
5. To verify if the items in the approved APP were included in the PPMPs <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 7.3.2. The end-user units ... shall prepare their respective PPMPs... • 7.3.4. ...budget office shall furnish a copy of the procuring entity's budget proposal as well as the corresponding PPMPs to the BAC Secretariat for its review and consolidation into the proposed APP • 7.3.5. ... end-user units shall revise and adjust the PPMP to reflect the budgetary allocation for their respective PAPs. The revised PPMPs shall be submitted to the BAC through its Secretariat for the finalization of the modes of procurement under the proposed APP	5. Compare the items in the approved APP with the items in the PPMPs. Identify items which do not match.	Are the items in the approved APP included in the PPMPs?			
6. To verify if the APP matches the budget per GAA, corporate budget, appropriation ordinance, as the case may be <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 7.1. All procurement shall be within the approved budget of the procuring entity and should be meticulously and judiciously planned by the	6. Compare the items and budgets in the GAA, corporate budget, appropriation ordinance, as the case may be, with the items and amounts in the approved APP.	Does the APP match the budget per GAA, corporate budget, appropriation ordinance, as the case may be?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>procuring entity.</i> • 7.2. No procurement shall be undertaken unless it is in accordance with the approved APP of the procuring entity.					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the effects and develop appropriate audit recommendations.	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management • COA Circular No. 2009-006 dated September 15, 2009 re-Prescribing the Use of the Rules and Regulations on Settlement of Accounts	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



On the Basic Element:

**BIDS AND AWARDS COMMITTEE's
OBSERVERS**



BASIC ELEMENT– BAC OBSERVERS

A. AUDIT OBJECTIVES:

1. To verify if the BAC established a mechanism for identifying/selecting the group (professional organizations; non-governmental organizations) from which Observers were invited for specific procurements
2. To verify if the BAC implemented the mechanism and established the pool of professional organizations and non-governmental organizations from which they will select representatives as Observers in specific procurements

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

List of needed documents:

1. Copy of the Policy on the mechanism for identifying/selecting the group (professional organizations; non-governmental organizations) from which Observers were invited for specific procurements;
2. Relevant Minutes of the BAC's meetings;
3. Documentation on the creation of the pool of relevant professional organizations and non-governmental organizations;
4. Documentation on selection of representatives of each organization.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1.To verify if the BAC established and is implementing a mechanism for identifying/selecting the group (professional organizations; non-governmental organizations) from which Observers were invited for specific procurements <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 13.1. To enhance the transparency of the process, the BAC shall, in all stages of the procurement process, invite, in addition to the representative of the COA, at least two (2) observers, who shall not have the right to vote, to sit in its proceedings where: <ol style="list-style-type: none"> a) At least one (1) shall come from a duly recognized private group in a sector or 	1. From the BAC Secretariat, obtain a copy of the policy on the mechanism for identifying/selecting the group (professional organizations; non-governmental organizations) from which Observers were invited for specific procurements.	Did the BAC establish a mechanism for identifying/selecting the group (professional organizations; non-governmental organizations) from which Observers were invited for specific procurements?			
	2. Go through the policy and compare its provisions with the requirements of the IRR of RA No. 9184 pertaining to the selection of Observers for specific procurements.	Did the policy of the procuring entity on the selection of Observers conform with the requirements of the IRR of RA No. 9184 pertaining to the selection of Observers for specific procurements as follows: a. One Observer from the Commission on Audit? b. One Observer from a duly recognized private group in a sector or			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>discipline relevant to the procurement at hand, for example:</i></p> <p><i>i) For infrastructure projects, national associations of constructors duly recognized by the Construction Industry Authority of the Philippines (CIAP), such as, but not limited to the following:</i></p> <p><i>(1) Philippine Constructors Association, Inc.;</i></p> <p><i>(2) National Constructors Association of the Philippines, Inc.; and</i></p> <p><i>(3) Philippine Institute of Civil Engineers (PICE).</i></p> <p><i>ii) For goods, a specific relevant chamber-member of the Philippine Chamber of Commerce and Industry.</i></p> <p><i>iii) For consulting services, a project-related professional organization accredited or duly recognized by the Professional Regulation Commission or the Supreme Court, such as, but not limited to:</i></p> <p><i>(1) PICE;</i></p> <p><i>(2) Philippine Institute of Certified Public Accountants (PICPA); and</i></p> <p><i>(3) Confederation of Filipino Consulting Organizations; and</i></p> <p><i>b) The other observer shall come from a non-government organization (NGO).</i></p> <p>• <i>13.2. The observers shall come from an organization duly registered with the Securities and Exchange Commission (SEC) or the Cooperative Development Authority (CDA), and should meet the following criteria:</i></p> <p><i>a) Knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</i></p> <p><i>b) Absence of actual or potential</i></p>		<p>discipline relevant to the procurement at hand?</p> <p>c. One Observer from a non-governmental organization?</p> <p>d. The organization is registered with the SEC or with the Cooperative Development Authority (CDA)?</p> <p>e. The organization's representative has knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid?</p> <p>f. The organization and/or its representative has no actual or potential conflict of interest in the contract to be bid?</p> <p>g. Adopted other relevant criteria determined by the BAC?</p>			
	3. Obtain and evaluate documents from the BAC Secretariat evidencing implementation of the policy (e.g. relevant Minutes of the BAC's meetings, documentation of the pool of relevant professional organizations and non-governmental organizations, invitation letters).	Did the BAC implement the procuring entity's mechanism for identifying/selecting Observers for specific procurements?			



Audit Sub-objective • <i>Audit Criteria</i> <i>conflict of interest in the contract to be bid; and</i> <i>c) Any other relevant criteria that may be determined by the BAC.</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the effects and develop appropriate audit recommendations.	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re-Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



On the Basic Element:

**BIDS AND AWARDS COMMITTEE's
TECHNICAL WORKING GROUP
(TWG)**



BASIC ELEMENT – BAC Technical Working Group (TWG)

A. AUDIT OBJECTIVES:

1. To verify if the BAC **established a mechanism** for constituting the pool of technical, financial, and/or legal experts from which they will identify/select members of the Technical Working Group for specific procurements
2. To verify if the BAC **implemented the mechanism** and established **the pool of technical, financial, and/or legal experts** from which they will identify/select members of the Technical Working Group for specific procurements

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

List of needed documents:

1. Copy of the policy on the mechanism for constituting the pool of technical, financial, and/or legal experts from which the BAC will identify/select members of the Technical Working Group for specific procurements;
2. Relevant Minutes of the BAC's meetings;
3. Documentation on the creation of the pool of technical, financial, and/or legal experts from which the BAC will identify/select members of the Technical Working Group for specific procurements.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1.To verify if the BAC established and is implementing a mechanism for identifying/selecting members of the Technical Working Group for specific procurements <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <i>12.1. The BAC shall have the following functions: (a) ... (k) perform such other related functions as may be necessary, including the creation of a Technical Working Group (TWG) from a pool of technical, financial, and/or legal experts to assist in the procurement process, particularly in the eligibility screening, evaluation of bids, and post-qualification.</i>	1. From the BAC Secretariat, obtain a copy of the policy on the mechanism for identifying/selecting members of the Technical Working Group for specific procurements.	Did the BAC establish a mechanism for identifying/selecting members of the Technical Working Group for specific procurements?			
	2. Obtain documents from the BAC Secretariat evidencing implementation of the policy (e.g. relevant Minutes of the BAC's meetings, documentation of the pool of technical, financial, and/or legal experts, Office Orders creating TWGs for specific procurements) and verify if as a result a pool of technical, financial, and/or legal experts has been created from which members of TWGs for specific procurements may be selected.	Did the BAC implement the procuring entity's mechanism for identifying/selecting members of the Technical Working Group for specific procurements? Was a pool of technical, financial, and/or legal experts created from which members of TWGs for specific procurements may be selected?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the effects and develop appropriate audit recommendations.	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



On the Basic Element:

**CUSTOMIZED BIDDING DOCUMENTS
FOR GOODS**



BASIC ELEMENT – CUSTOMIZED BIDDING DOCUMENTS FOR GOODS

A. AUDIT OBJECTIVES:

1. To verify if the procuring entity's customized bidding documents for goods are complete
2. To verify if the forms and contents of the procuring entity's customized bidding documents for goods are as prescribed by the GPPB

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed:

Customized Bidding Documents for Goods

Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the procuring entity adopted a set of customized bidding documents for goods <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> ▪ 17.1 The bidding documents shall be prepared by the procuring entity following the standard forms and manuals prescribed by the GPPB. ▪ 6.2 Once issued by the GPPB, the use of the Generic Procurement Manuals (GPMs), Philippine Bidding Documents (PBDs), and other standard forms shall be mandatory upon all Procuring Entities. However, whenever necessary, to suit the particular needs of the procuring entity, modifications may be made, particularly for major and specialized procurement, subject to the approval of the GPPB. 	1. Request for the customized bidding documents for goods from the BAC Secretariat.	Did the procuring entity adopt a set of customized bidding documents for goods?			
NOTE: If the Procuring Entity did not adopt a set of customized bidding documents for goods, the succeeding Audit Sub-Objectives and related Activities need not be performed and the related Audit Questions for this element need not be answered.					
2. To verify if the set of customized bidding documents for goods are complete, i.e., include the following: <ol style="list-style-type: none"> a. Approved Budget for the Contract, b. Invitation to Bid 	2. Compare the set of customized bidding documents for goods with the <i>Philippine Bidding Documents (PBDs) for Procurement of Goods, 3rd edition, October 2009</i> approved by the GPPB per GPPB Resolution No.	Are the items in the customized bidding documents for goods complete when compared with the items in the <i>Philippine Bidding Documents (PBDs) for Procurement of</i>			



Prepared by:
 Technical Services Office
 Special Services Sector
 Commission on Audit
 Republic of the Philippines

GUIDE IN THE AUDIT OF PROCUREMENT
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Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>c. Eligibility Requirements d. Instructions to Bidders, including Scope of Bid, documents comprising the bid, criteria for eligibility, bid evaluation methodology/criteria in accordance with the Act, and post-qualification, as well as the date, time and place of the pre-bid conference (where applicable), submission of bids and opening of bids e. Technical Drawings and Specifications f. Form of Bid, Price Form, and list of goods g. Delivery Schedule h. Form, amount, and validity period of bid security i. Form, amount, and validity of performance security and warranty j. Form of Contract and General and Special Conditions of Contract</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • 17.1 The bidding documents shall be prepared by the procuring entity following the standard forms and manuals prescribed by the GPPB. The bidding documents shall include the following: <ul style="list-style-type: none"> a. Approved Budget for the Contract b. Invitation to Bid c. Eligibility Requirements d Instructions to Bidders, including Scope of Bid, documents comprising the bid, criteria for eligibility, bid evaluation methodology/criteria in accordance with the Act, and post-qualification, as well as the date, time and place of the pre-bid conference (where applicable), submission of bids and opening of bids e. Form of Bid, Price Form, and list 	05-2009 dated 30 September 2009	Goods, 3 rd edition, October 2009 published by the GPPB?			



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>of goods and services</i> <i>f. Delivery Schedule</i> <i>g. Form, amount, and validity period of bid security</i> <i>h. Form, amount, and validity of performance security and warranty</i> <i>i. Form of Contract and General and Special Conditions of Contract.</i> ▪ <i>Philippine Bidding Documents (PBDs) for Procurement of Goods, 3rd edition, October 2009 approved by the GPPB per GPPB Resolution No. 05-2009 dated 30 September 2009</i>					
3. To verify if the <u>form</u> and <u>contents</u> of the customized bidding documents for goods conform with those in the Philippine Bidding Documents (PBDs) for Procurement of Goods, 3rd edition, October 2009 approved by the GPPB per GPPB Resolution No. 05-2009 dated 30 September 2009 & with Section 21.1 of the Revised IRR of RA No. 9184 ▪ <i>Philippine Bidding Documents (PBDs) for Procurement of Goods, 3rd edition, October 2009 approved by the GPPB per GPPB Resolution No. 05-2009 dated 30 September 2009</i> <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 3, 2009:</i> ▪ <i>21.1. The Invitation to Bid shall provide prospective bidders the following information, among others:</i> <i>a. For the procurement of goods,</i>	3. Compare the individual documents of the procuring entity's customized bidding documents for goods with the corresponding documents of the <i>Philippine Bidding Documents (PBDs) for Procurement of Goods, 3rd Edition, October 2009</i> approved by the GPPB per GPPB Resolution No. 05-2009 dated 30 September 2009	Did the <u>form</u> of the <i>Invitation to Bid</i> in the customized bidding documents for goods conform with the standard form prescribed by the GPPB?			
		Did the <u>contents</u> of the form of the <i>Invitation to Bid</i> in the customized bidding documents for goods conform with the contents of the <i>Invitation to Bid</i> prescribed by Section 21.1 of the IRR of RA 9184 and the PBDs?			
		Did the <u>form</u> of the <i>Instructions to Bidders</i> in the customized bidding documents for goods conform with the standard form prescribed by the PBDs?			



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>the name of the contract to be bid and a brief description of the goods to be procured;</i> <i>b. A general statement on the criteria to be used by the procuring entity for the eligibility check, the examination and evaluation of bids, post-qualification, and award;</i> <i>c. The date, time and place of the deadline for the submission and receipt of the eligibility requirements, the pre-bid conference, if any, the submission and receipt of bids, and the opening of bids;</i> <i>d. ABC to be bid;</i> <i>e. The source of funding;</i> <i>f. The period of availability of the Bidding Documents, the place where the Bidding Documents may be secure, the website where the Bidding Documents may be downloaded, and, where applicable, the price of the Bidding Documents;</i> <i>g. The contract duration or delivery schedule;</i> <i>h. The name, address, telephone number, facsimile number, e-mail and website addresses of the concerned procuring entity, as well as its designated contact person; and</i> <i>i. Such other necessary information deemed relevant by the procuring entity.</i>		Did the <u>contents</u> of the <i>Instructions to Bidders</i> in the customized bidding documents for goods conform with the contents of the <i>Instructions to Bidders</i> prescribed by the PBDs?			
		Did the form for the <i>Bid Data Sheet</i> in the customized bidding documents for goods conform with the standard form prescribed by the PBDs?			
		Did the contents of the <i>Bid Data Sheet</i> in the customized bidding documents for goods conform with the contents of the <i>Bid Data Sheet</i> prescribed by the PBDs?			
		Did the <u>form</u> of the <i>General Conditions of Contract</i> in the customized bidding documents for goods conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the form of <i>General Conditions of Contract</i> in the customized bidding documents for goods conform with the contents of the <i>General Conditions of Contract</i> form prescribed by the PBDs?			



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
		Did the <u>form</u> for the <i>Special Conditions of Contract</i> in the customized bidding documents for goods conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the form for the <i>Special Conditions of Contract</i> in the customized bidding documents for goods conform with the contents of the <i>Special Conditions of Contract</i> prescribed by the PBDs?			
		Did the form of the <i>Schedule of Requirements</i> in the customized bidding documents for goods conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the form for the <i>Schedule of Requirements</i> in the customized bidding documents for goods conform with the contents of the <i>Schedule of Requirements</i> prescribed by the PBDs?			
		Did the <u>form</u> for the <i>Technical Specifications</i> in the customized bidding documents for goods conform with the standard form prescribed by the PBDs?			



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
		Did the <u>contents</u> of the form for <i>Technical Specifications</i> in the customized bidding documents for goods conform with the contents of the <i>Technical Specifications</i> prescribed by the PBDs?			
		Did the <i>Bid Form</i> in the customized bidding documents for goods conform with the standard forms prescribed by the PBDs?			
		Did the <u>contents</u> of the <i>Bid Form</i> in the customized bidding documents for goods conform with the contents of the <i>Bid Form</i> prescribed by the PBDs?			
		Did the <i>Contract Agreement Form</i> in the customized bidding documents for goods conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the <i>Contract Agreement Form</i> in the customized bidding documents for goods conform with the contents of the <i>Contract Agreement Form</i> prescribed by the PBDs?			
		Did the <u>form</u> for the <i>Omnibus Sworn Statement</i> in the customized bidding documents for goods conform with the standard forms prescribed by the PBDs?			



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
		Did the <u>contents</u> of the form for the <i>Omnibus Sworn Statement</i> in the customized bidding documents for goods conform with the contents of the <i>Omnibus Sworn Statement</i> prescribed by the PBDs?			
		Did the <i>Bank Guarantee Form for Advance Payment</i> in the customized bidding documents for goods conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the <i>Bank Guarantee Form for Advance Payment</i> in the customized bidding documents for goods conform with the contents of the <i>Bank Guarantee Form for Advance Payment</i> prescribed by the PBDs?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis	Analyze the instances of non-compliances to establish the effects and develop appropriate audit recommendations.	Appropriate Audit Working Papers			



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
of the contract; c. etc. and develop appropriate audit recommendations					
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re-Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



On the Basic Element:

**CUSTOMIZED BIDDING
DOCUMENTS FOR
INFRASTRUCTURE PROJECTS**



Prepared by:
*Technical Services Office
Special Services Sector
Commission on Audit
Republic of the Philippines*

GUIDE IN THE AUDIT OF PROCUREMENT
First Update - December 2009

BASIC ELEMENT – CUSTOMIZED BIDDING DOCUMENTS FOR INFRASTRUCTURE PROJECTS

A. AUDIT OBJECTIVES:

1. To verify if the Procuring Entity's customized bidding documents for infrastructure projects are complete
2. To verify if the forms and contents of the Procuring Entity's customized bidding documents for infrastructure projects are as prescribed by the GPPB

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed:

Customized Bidding Documents for Infrastructure Projects

Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the procuring entity adopted a set of customized bidding documents for infrastructure projects <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> ▪ 17.1 The bidding documents shall be prepared by the procuring entity following the standard forms and manuals prescribed by the GPPB. ▪ 6.2 Once issued by the GPPB, the use of the Generic Procurement Manuals (GPMs), Philippine Bidding Documents (PBDs), and other standard forms shall be mandatory upon all Procuring Entities. However, whenever necessary, to suit the particular needs of the procuring entity, modifications may be made, particularly for major and specialized procurement, subject to the approval of the GPPB. 	1. Request for the customized bidding documents for infrastructure projects from the BAC Secretariat	Did the procuring entity adopt a set of customized bidding documents for infrastructure projects?			
NOTE: If the Procuring Entity did not adopt a set of customized bidding documents for infrastructure projects, the succeeding Audit Sub-Objectives and related Activities need not be performed and the related Audit Questions for this element need not be answered.					
2. To verify if the set of customized bidding documents for infrastructure projects are complete, i.e., include the following:	2. Compare the set of customized bidding documents with the <i>Philippine Bidding Documents (PBDs) for Procurement of Infrastructure Projects</i> ,	Were the items in the customized bidding documents complete compared with the items in the <i>Philippine Bidding Documents (PBDs) for</i>			



Prepared by:
 Technical Services Office
 Special Services Sector
 Commission on Audit
 Republic of the Philippines

GUIDE IN THE AUDIT OF PROCUREMENT
 First Update - December 2009

Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>a. Approved Budget for the Contract, b. Invitation to Bid c. Eligibility Requirements d. Instructions to Bidders, including Scope of Bid, documents comprising the bid, criteria for eligibility, bid evaluation methodology/criteria in accordance with the Act, and post-qualification, as well as the date, time and place of the pre-bid conference (where applicable), submission of bids and opening of bids e. Technical Drawings and Specifications f. Form of Bid, Price Form, and list of goods g. Delivery Schedule h. Form, amount, and validity period of bid security i. Form, amount, and validity of performance security and warranty j. Form of Contract and General and Special Conditions of Contract</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 17.1 The bidding documents shall be prepared by the procuring entity following the standard forms and manuals prescribed by the GPPB. The bidding documents shall include the following: <ul style="list-style-type: none"> a. Approved Budget for the Contract b. Invitation to Bid c. Eligibility Requirements d Instructions to Bidders, including Scope of Bid, documents comprising the bid, criteria for eligibility, bid evaluation methodology/criteria in accordance with the Act, and post-qualification, as well as the date, time and place of the pre-bid conference (where 	<p><i>3rd edition, October 2009</i> published by the GPPB</p>	<p><i>Procurement of Infrastructure Projects, 3rd edition, October 2009</i> published by the GPPB?</p>			



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>applicable), submission of bids and opening of bids</i> <i>e. Form of Bid, Price Form, and list of goods and services</i> <i>f. Delivery Schedule</i> <i>g. Form, amount, and validity period of bid security</i> <i>h. Form, amount, and validity of performance security and warranty</i> <i>i. Form of Contract and General and Special Conditions of Contract.</i> ▪ <i>Philippine Bidding Documents (PBDs) for Procurement of Infrastructure Projects, 3rd edition, October 2009</i> published by the GPPB					
3. To verify if the <u>form</u> and <u>contents</u> of the customized bidding documents for infrastructure projects conform with those in the Philippine Bidding Documents (PBDs) for Procurement of Goods, 3rd edition, October 2009 approved by the GPPB per GPPB Resolution No. 05-2009 dated 30 September 2009 & with Section 21.1 of the Revised IRR of RA No. 9184 ▪ <i>Philippine Bidding Documents (PBDs) for Procurement of Infrastructure Projects, 3rd edition, October 2009</i> approved by the GPPB per GPPB Resolution No. 05-2009 dated 30 September 2009 <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> ▪ <i>21.1. The Invitation to Bid shall provide prospective bidders the following</i>	3. Compare the individual documents of the procuring entity's customized bidding documents for infrastructure projects with the corresponding documents of the <i>Philippine Bidding Documents (PBDs) for Procurement of Infrastructure Projects, 3rd edition, October 2009</i> published by the GPPB	Did the <u>form</u> of the <i>Invitation to Bid</i> in the customized bidding documents for infrastructure projects conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the <i>Invitation to Bid</i> in the customized bidding documents for infrastructure projects conform with the contents of the <i>Invitation to Bid</i> prescribed by Section 21.1 of the IRR of RA 9184 and the PBDs?			
		Did the <u>form</u> of the <i>Instructions to Bidders</i> in the customized bidding documents for infrastructure projects conform with the standard form prescribed by the GPPB?			



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
information, among others: a. For the procurement of Infrastructure projects, the name and location of the contract to be bid, the project background and other relevant information regarding the proposed contract works, including a brief description of the type, size, major items, and other important or relevant features of the works; b. A general statement on the criteria to be used by the procuring entity for the eligibility check, the examination and evaluation of bids, post-qualification, and award; c. The date, time and place of the deadline for the submission and receipt of the eligibility requirements, the pre-bid conference, if any, the submission and receipt of bids, and the opening of bids; d. ABC to be bid; e. The source of funding; f. The period of availability of the Bidding Documents, the place where the Bidding Documents may be secure, the website where the Bidding Documents may be downloaded, and, where applicable, the price of the Bidding Documents; g. The contract duration or delivery schedule; h. The name, address, telephone number, facsimile number, e-mail and website addresses of the concerned procuring entity, as well as its designated contact person; and i. Such other necessary information deemed relevant by the procuring entity.		Did the <u>contents</u> of the form for the <i>Instructions to Bidders</i> in the customized bidding documents for infrastructure projects conform with the contents of the <i>Instructions to Bidders</i> prescribed by the PBDs?			
		Did the <u>form</u> for the <i>Bid Data Sheet</i> in the customized bidding documents for infrastructure projects conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the form for the <i>Bid Data Sheet</i> in the customized bidding documents for infrastructure projects conform with the contents of the <i>Bid Data Sheet</i> prescribed by the PBDs?			
		Did the <u>form</u> for the <i>General Conditions of Contract</i> in the customized bidding documents for infrastructure projects conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the form for the <i>General Conditions of Contract</i> in the customized bidding documents for infrastructure projects conform with the contents of the <i>General Conditions of Contract</i> prescribed by the PBDs?			



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
		Did the form for the <i>Special Conditions of Contract</i> in the customized bidding documents for infrastructure projects conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the form for the <i>Special Conditions of Contract</i> in the customized bidding documents for infrastructure projects conform with the contents of the form for the <i>Special Conditions of Contract</i> prescribed by the PBDs?			
		Did the <u>form</u> for the <i>Bill of Quantities</i> in the customized bidding documents for infrastructure projects conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the form for the <i>Bill of Quantities</i> in the customized bidding documents for infrastructure projects conform with the contents of the <i>Bill of Quantities</i> prescribed by the PBDs?			
		Did the <i>Bid Form</i> in the customized bidding documents for infrastructure projects conform with the standard form prescribed by the PBDs?			



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
		Did the <u>contents</u> of the <i>Bid Form</i> in the customized bidding documents for infrastructure projects conform with the contents of the <i>Bid Form</i> prescribed by the PBDs?			
		Did the <i>Form of Contract Agreement</i> in the customized bidding documents for infrastructure projects conform with the standard forms prescribed by the PBDs?			
		Did the <u>contents</u> of the <i>Form of Contract Agreement</i> in the customized bidding documents for infrastructure projects conform with the contents of the <i>Form of Contract Agreement</i> prescribed by the PBDs?			
		Did the <u>form</u> of the <i>Omnibus Sworn Statement</i> in the customized bidding documents for infrastructure projects conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the form for the <i>Omnibus Sworn Statement</i> in the customized bidding documents for infrastructure projects conform with the contents of the <i>Omnibus Sworn Statement</i> prescribed by the PBDs?			



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none">• Notes on Specifications in <i>Section VI. Specifications of the Philippine Bidding Documents (PBDs) for Procurement of Infrastructure Projects, 3^d edition, October 2009</i> published by the GPPB, which are meant to guide the procuring entity in developing specifications for individual procurements.• The statements: "Insert here a list of Drawings. The actual Drawings, including site plans, should be attached to this section or annexed in a separate folder." Are in <i>Section VII. Drawings of the Philippine Bidding Documents (PBDs) for Procurement of Infrastructure Projects, 3^d edition, October 2009</i> published by the GPPB		Did the customized bidding documents for infrastructure projects of the procuring entity contain a Section on <i>Specifications</i> with Notes similar to those in the PBDs?			
		Did the customized bidding documents for infrastructure projects of the procuring entity contain a Section on <i>Drawings with Notes</i> similar to those in the PBDs?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the effects and develop appropriate audit recommendations.	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.	Appropriate Audit Working Papers			



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re-Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



On the Basic Element:

**CUSTOMIZED BIDDING DOCUMENTS
FOR CONSULTING SERVICES**



Prepared by:
*Technical Services Office
Special Services Sector
Commission on Audit
Republic of the Philippines*

*GUIDE IN THE AUDIT OF PROCUREMENT
First Update - December 2009*

BASIC ELEMENT – CUSTOMIZED BIDDING DOCUMENTS FOR CONSULTING SERVICES

A. AUDIT OBJECTIVES:

1. To verify if the Procuring Entity's customized bidding documents for consulting services are complete
2. To verify if the forms and contents of the Procuring Entity's customized bidding documents for consulting services are as prescribed by the GPPB

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed:
Customized Bidding Documents for Consulting Services

Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the procuring entity adopted a set of customized bidding documents for consulting services <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> ▪ 17.1 The bidding documents shall be prepared by the procuring entity following the standard forms and manuals prescribed by the GPPB. ▪ 6.2 Once issued by the GPPB, the use of the Generic Procurement Manuals (GPMs), Philippine Bidding Documents (PBDs), and other standard forms shall be mandatory upon all Procuring Entities. However, whenever necessary, to suit the particular needs of the procuring entity, modifications may be made, particularly for major and specialized procurement, subject to the approval of the GPPB. 	1. Request for the customized bidding documents for consulting services from the BAC Secretariat.	Did the procuring entity adopt a set of customized bidding documents for consulting services?			
NOTE: If the Procuring Entity did not adopt a set of customized bidding documents for infrastructure projects, the succeeding Audit Sub-Objectives and related Activities need not be performed and the related Audit Questions for this element need not be answered.					



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2.To verify if the set of customized bidding documents for consulting services are complete, i.e., include the following: a. Approved Budget for the Contract, b. Request for Expression of Interest, c. Eligibility Requirements d. Instructions to Bidders, including Scope of Bid, documents comprising the bid, criteria for eligibility, bid evaluation methodology/criteria in accordance with the Act, and post-qualification, as well as the date, time and place of the pre-bid conference (where applicable), submission of bids and opening of bids e. Technical Drawings and Specifications f. Form of Bid, Price Form, and list of goods g. Delivery Schedule h. Form, amount, and validity period of bid security i. Form, amount, and validity of performance security and warranty j. Form of Contract and General and Special Conditions of Contract <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 3, 2009:</i> <ul style="list-style-type: none"> • 17.1 The bidding documents shall be prepared by the procuring entity following the 	2. Compare the set of customized bidding documents with the <i>Philippine Bidding Documents (PBDs) for Procurement of Consulting Services, 3rd edition, October 2009</i> published by the GPPB	Were the items in the customized bidding documents for consulting services complete when compared with the items in the <i>Philippine Bidding Documents (PBDs) for Procurement of Consulting Services, 3rd edition, October 2009</i> published by the GPPB			



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>standard forms and manuals prescribed by the GPPB. The bidding documents shall include the following:</i></p> <ul style="list-style-type: none"> <i>a. Approved Budget for the Contract,</i> <i>b. Request for Expression of Interest,</i> <i>c. Eligibility Requirements</i> <i>d Instructions to Bidders, including Scope of Bid, documents comprising the bid, criteria for eligibility, bid evaluation methodology/criteria in accordance with the Act, and post-qualification, as well as the date, time and place of the pre-bid conference (where applicable), submission of bids and opening of bids</i> <i>e. Form of Bid, Price Form, and list of goods and services</i> <i>f. Delivery Schedule</i> <i>g. Form, amount, and validity period of bid security</i> <i>h. Form, amount, and validity of performance security and warranty</i> <i>i. Form of Contract and General and Special Conditions of Contract.</i> <p>▪ <i>Philippine Bidding Documents (PBDs) for Procurement of Consulting Services, 3rd edition, October 2009 published by the GPPB published by the GPPB</i></p>					
<p>3. To verify if the <u>form</u> and <u>contents</u> of the customized bidding documents for consulting services conform with those in the <i>Philippine Bidding Documents (PBDs) for Procurement</i></p>	<p>3. Compare the individual documents of the procuring entity's customized bidding documents for consulting services with the corresponding documents of the <i>Philippine Bidding Documents (PBDs) for</i></p>	<p>Did the <u>form</u> for the <i>Request for Expression of Interest</i> in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?</p>			



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>of Consulting Services, 3rd edition, October 2009 published by the GPPB</p> <ul style="list-style-type: none"> • <i>Philippine Bidding Documents (PBDs) for Procurement of Consulting Services, 3rd edition, October 2009 published by the GPPB</i> 	<p><i>Procurement of Consulting Services, 3rd edition, October 2009 published by the GPPB</i></p>	Did the <u>contents</u> of the form for the <i>Request for Expression of Interest</i> in the customized bidding documents for consulting services conform with the contents of the form for the <i>Request for Expression of Interest</i> prescribed by the PBDs?			
		Did the <u>form</u> of the <i>Eligibility Documents</i> in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the form for <i>Eligibility Documents</i> in the customized bidding documents for consulting services conform with the contents of the form for <i>Eligibility Documents</i> prescribed by the PBDs?			
		Did the <u>form</u> for the <i>Eligibility Data Sheet</i> in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the form for the <i>Eligibility Data Sheet</i> in the customized bidding documents for consulting services conform with the contents of the form for the <i>Eligibility Data Sheet</i> prescribed by the PBDs?			
		Did the form for the <i>Notice of Eligibility and Short Listing</i> in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?			



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
		Did the <u>contents</u> of the form for <i>Notice of Eligibility and Short Listing</i> in the customized bidding documents for consulting services conform with the contents of the <i>Notice of Eligibility and Short Listing</i> prescribed by the PBDs?			
		Did the <u>form</u> for the <i>Instructions to Bidders</i> in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the form for the <i>Instructions to Bidders</i> in the customized bidding documents for consulting services conform with the contents of the <i>Instructions to Bidders</i> prescribed by the PBDs?			
		Did the <u>form</u> of the <i>Bid Data Sheet</i> in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the form for the <i>Bid Data Sheet</i> in the customized bidding documents for consulting services conform with the contents of the <i>Bid Data Sheet</i> prescribed by the PBDs?			
		Did the <u>form</u> for the <i>General Conditions of Contract</i> in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?			



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
		Did the <u>contents</u> of the form for the <i>General Conditions of Contract</i> in the customized bidding documents for consulting services conform with the contents of the form for the <i>General Conditions of Contract</i> prescribed by the PBDs?			
		Did the <u>form</u> for the <i>Special Conditions of Contract</i> in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the form for the <i>Special Conditions of Contract</i> in the customized bidding documents for consulting services conform with the contents of the form for the <i>Special Conditions of Contract</i> prescribed by the PBDs?			
		Did the <u>form</u> for the <i>Eligibility Documents Submission Form</i> in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the <i>Eligibility Documents Submission Form</i> in the customized bidding documents for consulting services conform with the contents of the <i>Eligibility Documents Submission Form</i> prescribed by the PBDs?			



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
		Did the <i>Technical Proposal Submission Form</i> in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the <i>Technical Proposal Submission Form</i> in the customized bidding documents for consulting services conform with the contents of the <i>Technical Proposal Submission Form</i> prescribed by the PBDs?			
		Did the <u>form</u> for the <i>Consultant's Reference</i> in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the form for the <i>Consultant's Reference</i> in the customized bidding documents for consulting services conform with the contents of the form for the <i>Consultant's Reference</i> prescribed by the PBDs?			
		Did the form for the <i>Comments and Suggestions of Consultant on the Terms of Reference and on Data, Services, and Facilities to be Provided by the Procuring</i> in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?			



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
		Did the <u>contents</u> of form for the <i>Comments and Suggestions of Consultant on the Terms of Reference and on Data, Services, and Facilities to be Provided by the Procuring</i> in the customized bidding documents for consulting services conform with the contents of the <i>Comments and Suggestions of Consultant on the Terms of Reference and on Data, Services, and Facilities to be Provided by the Procuring</i> form prescribed by the PBDs?			
		Did the customized bidding documents for consulting services have a <u>form</u> for the <i>Description of the Methodology and Work Plan for Performing the Project</i> as required by the PBDs?			
		Did the <u>form</u> for <i>Team Composition and Task Projects</i> in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the form for the <i>Team Composition and Task Projects</i> in the customized bidding documents for consulting services conform with the contents of the form for the <i>Team Composition and Task Projects</i> prescribed by the PBDs?			
		Did the <i>Format of Curriculum Vitae (CV) for Proposed Professional Staff</i> in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?			



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
		Did the <u>contents</u> of the <i>Format of Curriculum Vitae (CV) for Proposed Professional Staff</i> in the customized bidding documents for consulting services conform with the contents of the <i>Format of Curriculum Vitae (CV) for Proposed Professional Staff</i> prescribed by the PBDs?			
		Did the <u>form</u> for the <i>Time Schedule for Professional Personnel</i> in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the form for the <i>Time Schedule for Professional Personnel</i> in the customized bidding documents for consulting services conform with the contents of the form for the <i>Time Schedule for Professional Personnel</i> prescribed by the PBDs?			
		Did the <u>form</u> for the <i>Activity (Work) Schedule</i> in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the form for the <i>Activity (Work) Schedule</i> in the customized bidding documents for consulting services conform with the contents of the form for the <i>Activity (Work) Schedule</i> prescribed by the PBDs?			
		Did the form for the <i>Financial Proposal Submission</i> in the customized bidding documents for consulting			



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
		services conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the form for the <i>Financial Proposal Submission</i> in the customized bidding documents for consulting services conform with the contents of the form for the <i>Financial Proposal Submission</i> prescribed by the PBDs?			
		Did the <u>form</u> of the <i>Summary of Costs</i> in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the form for the <i>Summary of Costs</i> in the customized bidding documents for consulting services conform with the contents of the form for the <i>Summary of Costs</i> prescribed by the PBDs?			
		Did the <u>form</u> for the <i>Breakdown of Price per Activity</i> in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the form for the <i>Breakdown of Price per Activity</i> form in the customized bidding documents for consulting services conform with the contents of the form for the <i>Breakdown of Price per Activity</i> prescribed by the PBDs?			



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
		Did the <u>form</u> for the <i>Breakdown of Remuneration per Activity</i> in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the form for the <i>Breakdown of Remuneration per Activity</i> in the customized bidding documents for consulting services conform with the contents of the form for the <i>Breakdown of Remuneration per Activity</i> prescribed by the PBDs?			
		Did the form for the <i>Reimbursables per Activity</i> in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the form for <i>Reimbursables per Activity</i> in the customized bidding documents for consulting services conform with the contents of the form for <i>Reimbursables per Activity</i> prescribed by the PBDs?			
		Did the <u>form</u> for the <i>Miscellaneous Expenses</i> in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?			



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
		Did the <u>contents</u> of the form for the <i>Miscellaneous Expenses</i> in the customized bidding documents for consulting services conform with the contents of the form for the <i>Miscellaneous Expenses</i> form prescribed by the PBDs?			
		Did the <i>Form of Contract Agreement</i> in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?			
		Did the contents of the <i>Form of Contract Agreement</i> in the customized bidding documents for consulting services conform with the contents of the <i>Form of Contract Agreement</i> prescribed by the PBDs?			
		Did the <i>Omnibus Sworn Statement</i> form in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?			
		Did the contents of the <i>Omnibus Sworn Statement</i> form in the customized bidding documents for consulting services conform with the contents of the <i>Omnibus Sworn Statement</i> form prescribed by the PBDs?			
		Did the <i>Appendices</i> form in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?			



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
		Did the <u>contents</u> of the form for the <i>Appendices</i> in the customized bidding documents for consulting services conform with the contents of the form for the <i>Appendices</i> prescribed by the PBDs?			
		Did the <u>form</u> for the <i>Breakdown of Agreed Fixed Rate</i> in the customized bidding documents for consulting services conform with the standard form prescribed by the PBDs?			
		Did the <u>contents</u> of the form for the <i>Breakdown of Agreed Fixed Rate</i> in the customized bidding documents for consulting services conform with the contents of the form for the <i>Breakdown of Agreed Fixed Rate</i> prescribed by the PBDs?			
<ul style="list-style-type: none"> The contents of the Terms of Reference are as follows: <ol style="list-style-type: none"> <i>Background,</i> <i>Objectives,</i> <i>Scope of the Services,</i> <i>Training (when appropriate),</i> <i>Reports and Time Schedule,</i> <i>Data. Local Services, Personnel, and Facilities to be provided by the Procuring Entity</i> per <i>Section VI. Terms of Reference</i> of the <i>Philippine Bidding Documents (PBDs) for Procurement of Consulting Services, 3^d edition, October 2009</i> published by the GPPB, which are meant to guide the procuring entity in developing Terms of Reference for individual procurements. 		Did the customized bidding documents for consulting services of the procuring entity contain a Section on <i>Terms of Reference</i> with contents similar to those in the PBDs?			



Audit Sub-objective ▪ <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the effects and develop appropriate audit recommendations.	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re-Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



On the Procurement Procedures:

**COMPETITIVE / PUBLIC BIDDING
FOR THE PROCUREMENT OF
GOODS**



Procurement Procedures: COMPETITIVE / PUBLIC BIDDING FOR THE PROCUREMENT OF GOODS

I. PREPARATORY ACTIVITY: BIDDING DOCUMENTS

Bidding documents are documents issued by the Procuring Entity to provide prospective bidders all the necessary information that they need to prepare their bids.

A. AUDIT OBJECTIVE:

To verify if the Bidding Documents **followed the standard forms and manuals** prescribed by the Government Procurement Policy Board (GPPB)

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. The procuring entity's Customized Bidding Documents for Goods;
2. Bidding Documents for the specific procurement.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the Bidding Documents for the specific procurement include the information and are according to the forms included in the Customized Bidding Documents approved by the GPPB or the Philippine Bidding Documents for the Procurement of Goods, 3rd Edition (October 2009) issued by the GPPB and Section 17 of the Implementing Rules and Regulations of RA 9184 as amended on September 2, 2009: a. Approved Budget for the Contract; b. Invitation to Bid; c. Eligibility Requirements; d. Instruction to Bidders, including scope of bid, documents comprising the bid, criteria for eligibility, bid	<p>1. If the procuring entity adopted customized Bidding Documents and the results of the earlier validation of this element showed that these are <u>compliant</u> with the <i>Philippine Bidding Documents for the Procurement of Goods and Section 17.1 of the Implementing Rules and Regulations of RA 9184</i>, secure from the BAC Secretariat duly certified copies of the <u>Bidding Documents for the specific procurement</u> and <u>compare</u> these with the customized Bidding Documents of the procuring entity.</p> <p>If the customized Bidding Documents are <u>not compliant</u>, compare the procurement-specific Bidding Documents with the <i>Philippine Bidding Documents for the</i></p>	<p>Are the Bidding Documents/ Information <u>complete</u>:</p> <p>a. Approved Budget for the Contract?</p> <p>b. Invitation to Bid?</p> <p>c. Eligibility Requirements?</p> <p>d. Instruction to Bidders, including</p> <ul style="list-style-type: none"> - scope of bid? - documents comprising the bid? - criteria for eligibility? - bid evaluation methodology/ criteria in accordance with the Act? - post-qualification methodology? - date of the pre- 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>evaluation methodology/criteria in accordance with the Act, and post-qualification, as well as the date, time and place of the pre-bid conference (where applicable), submission of bids and opening of bids;</p> <p>e. Scope of work, where applicable;</p> <p>f. Plans/Drawings and Technical Specifications;</p> <p>g. Form of Bid, Price Form, and List of Goods;</p> <p>h. Delivery Time or Completion Schedule;</p> <p>i. Form, Amount, and Validity Period of Bid Security;</p> <p>j. Form, Amount, and Validity of Performance Security and Warranty; and</p> <p>k. Form of Contract and General and Special Conditions of Contract.</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 17.1. The Bidding Documents shall be prepared by the procuring entity following the standard forms and manuals prescribed by the GPPB. <ul style="list-style-type: none"> a. Approved Budget for the Contract; b. Invitation to Bid; c. Eligibility Requirements; d. Instruction to Bidders, including scope of bid, documents comprising the bid, criteria for eligibility, bid evaluation methodology/criteria in accordance with the Act, and post-qualification, as well as the date, time and place of 	<p><i>Procurement of Goods</i></p> <p>issued by the GPPB.</p>	<p>bid conference?</p> <p>- time of the pre-bid conference?</p> <p>- Place of the pre-bid conference?</p> <p>- Deadline for submission of bids?</p> <p>- Place of submission of bids?</p> <p>- Date of opening of bids?</p> <p>- Time of opening of bids?</p> <p>- Place of opening of bids?</p> <p>e. Scope of work, where applicable?</p> <p>f. Plans/Drawings and Technical Specifications?</p> <p>f.1. Was there no reference to brand names?</p> <p>g. Form of Bid, Price Form, and List of Goods?</p> <p>h. Delivery Time or Completion Schedule?</p> <p>i. Form, Amount, and Validity Period of Bid Security?</p> <p>j. Form, Amount, and Validity of Performance Security and Warranty?</p> <p>k. Form of Contract and General and Special Conditions</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>the pre-bid conference (where applicable), submission of bids and opening of bids;</i> <i>e. Scope of work, where applicable;</i> <i>f. Plans/Drawings and Technical Specifications;</i> <i>g. Form of Bid, Price Form, and List of Goods;</i> <i>h. Delivery Time or Completion Schedule;</i> <i>i. Form, Amount, and Validity Period of Bid Security;</i> <i>j. Form, Amount, and Validity of Performance Security and Warranty; and</i> <i>k. Form of Contract and General and Special Conditions of Contract.</i> • Section 18. Reference to Brand Names <i>Specifications for the procurement of goods shall be based on relevant characteristics and/or performance requirements. Reference to brand names shall not be allowed.</i>		of Contract?			
		Were the Bidding Documents in the required <u>form</u> : a. Invitation to Bid? b. Instructions to Bidders? c. Bid Data Sheet? d. General Condition of the Contract? e. Special Condition of Contract? f. Schedule of Requirements? g. Technical Specifications? h. Bidding Forms?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the effects and develop appropriate audit recommendations.	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re-Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



II. PREPARATORY ACTIVITY: PRE-PROCUREMENT CONFERENCE (For procurement of goods costing more than P2 million)

The pre-procurement conference is the forum where all officials involved in the procurement meet and discuss all aspects of a specific procurement activity, which includes the technical specifications, the Approved Budget for the Contract (ABC), the applicability and appropriateness of the recommended method of procurement and the related milestones, the bidding documents, and availability of the pertinent budget release for the project.

A. AUDIT OBJECTIVES:

1. To verify if the Pre-Procurement Conference was conducted **within the required time**
2. To verify if the **participants** to the Conference are as required
3. To verify if during the Conference the participants, led by the Bids and Awards Committee (BAC), performed the required tasks and attained the objectives of the Conference

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

- a. copy of the *Minutes of Pre-Procurement Conference* duly certified by the BAC Secretariat;
- b. Invitation to Bid;
- c. Duly certified copies of the documents (Office Orders, contracts, Organizational/Functional Charts, etc) which the BAC Secretariat used as bases for identifying and notifying the participants to the Pre-Procurement Conference, including duly certified copies of the notices issued with evidence of receipt by the participants.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC conducted the Pre-Procurement Conference prior to the advertisement or the issuance of the Invitation to Bid <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 20.1. Prior to the Advertisement or the issuance of the Invitation to Bid for each procurement undertaken through public bidding, the BAC, through its Secretariat shall call for a Pre-Procurement Conference. 	1. Secure from the BAC Secretariat a duly certified copy of the <i>Minutes of Pre-Procurement Conference</i> and compare the date the conference was held with the date indicated in the Invitation to Bid (included in the Bidding Documents)	Did the BAC conduct the Pre-Procurement Conference prior to the advertisement or issuance of the Invitation to Bid?			
2. To verify if the participants to the Pre-Procurement Conference included the BAC,	2. Secure from the BAC Secretariat duly certified copies of the documents	Did the attendees to the Conference			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
the Secretariat, the unit or officials, including consultants hired by the procuring entity, who prepared the Bidding Documents and the draft Invitation to Bid <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 20.1.... The pre-procurement conference shall be attended by the BAC, the Secretariat, the unit or officials, including consultants hired by the procuring entity, who prepared the Bidding Documents and the draft Invitation to Bid, for each procurement. 	(Office Orders, contracts, Organizational/Functional Charts, etc) which it used as bases for identifying and notifying the participants to the Pre-Procurement Conference, including duly certified copies of the notices issued with evidence of receipt by the participants. 3. From the <i>Minutes of Pre-Procurement Conference</i> look for the names of the members of the BAC, the members of the Secretariat, the officials and/or consultants who prepared the Bidding Documents and the draft Invitation to Bid.	include the: a. BAC? b. Secretariat? c. unit or officials who prepared the Bidding Documents and the draft Invitation to Bid? d. consultants hired by the procuring entity, who prepared the Bidding Documents and the draft Invitation to Bid?			
3. To verify if the BAC observed quorum <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 12.3 Quorum A majority of the total BAC composition as designated by the Head of the Procuring Entity shall constitute a quorum for the transaction of business, provided that the presence of the Chairman or Vice-Chairman shall be required. 	4. From the Office Order creating the BAC, determine the number of BAC members and identify the Chairman or Vice-Chairman. 5. From the <i>Minutes of Pre-Procurement Conference</i> , check for the presence of the Chairman or Vice-Chairman and if majority of the BAC members or representatives/alternates attended the conference.	Was there a quorum of the BAC?			
4. To verify if during the Pre-Procurement Conference the participants, led by the BAC, performed the following tasks and attained the related objectives: <ul style="list-style-type: none"> a. Discussed relevant information and <u>confirmed</u> the description of the scope of the contract, the ABC, and contract duration; b. Discussed relevant information and confirmed 	6. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the scope of the contract, the ABC, and contract duration, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the description of the scope of the contract, the ABC, and the contract duration.</u>	Did the participants led by the BAC discuss and confirm the: a. Description of the scope of the contract? b. ABC? c. Contract duration?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>that the procurement is in accordance with the project procurement management plan (PPMP) and annual procurement plan (APP);</p> <p>c. Discussed relevant information and confirmed the availability of appropriations and programmed budget for contract;</p> <p>d. Discussed relevant information and confirmed the completeness of the Bidding Documents and their adherence to relevant general procurement guidelines;</p> <p>e. Reviewed, modified and agreed on the criteria for eligibility screening, evaluation, and post-qualification;</p> <p>f. Reviewed and adopted the procurement schedule, including deadlines and timeframes, for the different activities; and</p> <p>g. Reiterated and emphasized the importance of confidentiality and the applicable sanctions and penalties, as well as agreed on measures to ensure compliance with the foregoing.</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • 20.1. ... During the conference, the participants, led by the BAC, shall: <ul style="list-style-type: none"> a) Confirm the description and scope of the contract, the ABC, and contract duration; b) Ensure that the procurement is in accordance with the project and annual procurement plans; c) Determine the readiness of the procurement at hand, including, among other aspects, the following: <ul style="list-style-type: none"> ○ availability of appropriations and programmed budget for contract; ○ completeness of the 	<p>7. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the review of the PPMP and APP, availability of appropriations and programmed budget for the contract, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the procurement is in accordance with the PPMP and APP, and availability of appropriations and programmed budget for the contract.</u></p>	<p>Did the participants led by the BAC discuss and confirm that the:</p> <p>a. procurement is in accordance with the PPMP and APP?</p> <p>b. appropriations and programmed budget for the contract are available?</p>			
	<p>8. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the Bidding Documents, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the completeness of the Bidding Documents and their adherence to the Philippine Bidding Documents (PBDs)/ customized Bidding Documents.</u></p>	<p>Did the participants led by the BAC discuss and confirm the following:</p> <p>a. completeness of the Bidding Documents?</p> <p>b. adherence to the PBDs/ customized Bidding Documents?</p>			
	<p>9. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the criteria for eligibility screening, bid evaluation, and post-qualification, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the criteria for eligibility screening, bid evaluation, and post-qualification.</u></p>	<p>Did the participants led by the BAC discuss and confirm the criteria for:</p> <p>a. Eligibility screening?</p> <p>b. Bid evaluation?</p> <p>c. Post-qualification?</p>			
	<p>10. From the <i>Minutes of Pre-Procurement Conference</i></p>	<p>Did the participants led by the BAC</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Bidding Documents and their adherence to relevant general procurement guidelines;</i></p> <p>d) <i>Review, modify and agree on the criteria for eligibility screening, evaluation, and post-qualification;</i></p> <p>e) <i>Review and adopt the procurement schedule, including deadlines and timeframes, for the different activities; and</i></p> <p>f) <i>Reiterate and emphasize the importance of confidentiality and the applicable sanctions and penalties, as well as agree on measures to ensure compliance with the foregoing.</i></p> <p>• <i>7.2. No procurement shall be undertaken unless it is in accordance with the approved APP of the procuring entity. The APP shall bear the approval of the Head of the Procuring Entity or second-ranking official designated by the Head of the Procuring Entity to act on his behalf, and must be consistent with its duly approved yearly budget.</i></p> <p>GPPB Circular 01-2009 dated 20 January 2009:</p> <p>• ...</p> <p>4.2. <i>To facilitate the immediate implementation of projects even pending approval of the GAA, the ABC shall be based on the budget levels under the National Expenditure Program (NEP) submitted to Congress.</i></p> <p>4.3. <i>For specifically appropriated projects, agencies can proceed with the procurement activities prior to issuance of the notice of award using as basis the NEP figures.</i></p> <p>4.4. <i>For lump-sum appropriations and Centrally Managed Items (CMIs) under the agency's budget, the head of the agency shall identify and thereafter notify the implementing units (IUs) of the amount allocated for the projects they are to implement. On the basis of said notification, the heads of the respective IUs, as</i></p>	<p>look for information on the presentation of the procurement schedule, including deadlines and timeframes for the different activities, the no-contact rule, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the adoption of the procurement schedule including deadlines and timeframes for the different activities and agreement on the no-contact rule.</u></p>	<p>discuss and confirm the:</p> <p>a. adoption of the procurement schedule including deadlines and timeframes for the different activities?</p> <p>b. agreement on the no-contact rule?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>procuring entities, can proceed with the procurement activities prior to issuance of the notice of award.</i></p> <p>4.5. <i>For Multi-Year Projects (MYPs), for which the initial funding – sourced from either the existing/current year's budget or the NEP – is not sufficient to cover the total cost of the project, it is required that a Multi-Year Obligational Authority (MYOA) must already have been issued in accord with DBM Circular Letter 2004-012 prior to commencement of any procurement activity.</i></p> <p><i>Thus, the MYOA shall be a pre-requisite for procurement of a multi-year contract. All procurement activities should be within the total project cost and categories reflected in the MYOA issued by DBM for the said MYP.</i></p> <p>4.6. <i>As prescribed under Section 47, Chapter 8, Subtitle B, Title I, Book V of the Administrative Code of 1987, no contract involving the expenditure of public funds shall be entered into unless the proper accounting official of the procuring entity shall have certified as to the availability of funds and the allotment to which the expenditure or obligation may be properly charged.</i></p> <ul style="list-style-type: none"> Definition: <p>3.1. <i>Allotment - document issued by the Department of Budget and Management (DBM) which authorizes an agency to incur obligations for a specified amount as contained in a legislated appropriation. The allotment issued may either be through the Agency Budget Matrix (ABM) which covers the comprehensive release of specifically appropriated items in the agency's budget or through the Special Allotment Release Order (SARO).</i></p> <p>3.2. <i>Annual Procurement Plan (APP) – the requisite document</i></p> 					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>that the agency must prepare to reflect the entire procurement activity (i.e., goods, services, civil works to be procured) that it plans to undertake within the calendar year. This document contains the following information:</i></p> <p><i>3.2.1. Name of the procurement program/project;</i></p> <p><i>3.2.2. Project management office or end-user unit;</i></p> <p><i>3.2.3. General description of the procurement;</i></p> <p><i>3.2.4. Procurement method to be adopted;</i></p> <p><i>3.2.5. Time schedule for each procurement activity;</i></p> <p><i>3.2.6. Source of fund; and</i></p> <p><i>3.2.7. Approved Budget for the Contract.</i></p> <p><i>3.3. Approved Budget for the Contract (ABC) – refers to the following:</i></p> <p><i><u>NGs including SUCs (referred to in Section 2.1)</u></i></p> <p><i>3.3.1. For specifically appropriated items as reflected in the annual budget of the national government agency, the amount corresponding to either the full cost of a single year or multi-year program/project/ activity. For multi-year projects, for which a Multi-Year Obligational Authority has been issued, the ABC shall be the amount reflected in the Multi-Year Obligational Authority.</i></p> <p><i><u>GOCCs and LGUs (referred to in Section 2.2)</u></i></p> <p><i>3.3.3. In the case of GOCCs, including government financial institutions as well as LGUs, the ABC represents the amount of fund transfers which they receive from a national government agency to implement a program/project/activity.</i></p> <p><i>...</i></p> <p><i>3.8. Multi-Year Obligational Authority (MYOA) – a document issued by the DBM either for locally funded projects or foreign assisted projects implemented by agencies in order to authorize the latter to enter into multi-year</i></p>					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>contracts for the full project cost. A MYOA, which contains an annual breakdown of the full project cost, obligates agencies to include in their budget proposal for the ensuring years the amount programmed for the said year(s).</i></p> <p><i>3.9. National Expenditure Program (NEP) – the proposed national budget submitted by the President to Congress in accord with Section 22, Article VII of the Constitution. The NEP shall be the basis of the general appropriations bill, which upon its enactment, becomes the General Appropriations Act (GAA).</i></p>					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p> <p>c. etc.</p> <p>and develop appropriate audit recommendations</p>	Analyze the instances of non-compliances to establish the effects and develop appropriate audit recommendations.	Appropriate Audit Working Papers			
<p>2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations</p>	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.	Appropriate Audit Working Papers			
<p>3. To communicate the results of the audit with the auditee's Management</p> <p>• <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i></p>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



III. ADVERTISING AND POSTING OF THE INVITATION TO BID (For procurement of goods costing more than P2 million)

Advertising and posting are conducted to ensure transparency of the procurement process, widest possible dissemination to increase the number of prospective bidders, and intensify competition for the procurement activity or project

A. AUDIT OBJECTIVE:

To verify if the Invitation to Bid was advertised and posted in the media as required and within the specified time

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. Entire page of the newspaper where the *Invitation to Bid* was advertised;
2. Document used by the BAC Secretariat to verify from the publisher the extent of circulation of the newspaper and the first day of its publication;
3. Printout of the web page where the Invitation to Bid was posted in the PhilGEPS website, the website of the procuring entity concerned, if available, and website prescribed by the foreign government/ foreign or international financing institution, if applicable for the first day and at least the last day of posting;
4. Certification by the head of the BAC Secretariat of the procuring entity that the invitation was posted at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC advertised the <i>Invitation to Bid</i> in a newspaper of general nationwide circulation which has been regularly published for the last 2 years before the date of issue of the advertisement <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 21.2.1. Except as otherwise provided in Sections 21.2.2 and 54.2 of this IRR and for the procurement of common-use goods and supplies, the Invitation to Bid shall be: a. <u>Advertised at least once in a newspaper of general nationwide circulation which has been regularly published for at least 2 years before the date of issue of the advertisement.</u>	1. Request the BAC Secretariat to provide a copy of the entire page of the newspaper where the <i>Invitation to Bid</i> was advertised, to be submitted to the Auditor on the day of advertisement. 2. From the verification document obtained by the BAC Secretariat from the publisher, check the extent of circulation of the newspaper and the first day of publication.	Did the BAC advertise the <i>Invitation to Bid</i> in a newspaper of general nationwide circulation which has been regularly published for the last 2 years before the date of issue of the advertisement?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>2. To verify if the BAC posted the <i>Invitation to Bid</i> continuously in the PhilGEPS website, the website of the procuring entity concerned, if available, and the website prescribed by the foreign government/foreign or international financing institution, if applicable, for 7 calendar days starting on the date of advertisement</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 21.2.1. Except as otherwise provided in Sections 21.2.2 and 54.2 of this IRR and for the procurement of common-use goods and supplies, the <i>Invitation to Bid</i> shall be: <ul style="list-style-type: none"> a. ... b. Posted continuously in the PhilGEPS website, the website of the procuring entity concerned, if available, and the website prescribed by the foreign government/foreign or international financing institution, if applicable, for 7 calendar days starting on the date of advertisement 	<p>3. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting.</p> <p>4. On the first day of posting access the PhilGEPS website, the website of the procuring entity concerned, if available, and website prescribed by the foreign government/ foreign or international financing institution, if applicable. Print the page where the notice was posted (to form part of the audit evidences).</p> <p>5. Access the websites at random during the 7-day period to verify the postings.</p>	<p>Did the BAC advertise the <i>Invitation to Bid</i> continuously in the:</p> <p>1. PhilGEPS website for 7 calendar days starting on the date of advertisement?</p> <p>2. website of the procuring entity concerned, if available, for 7 calendar days starting on the date of advertisement?</p> <p>3. website prescribed by the foreign government/ foreign or international financing institution, if applicable, for 7 calendar days starting on the date of advertisement?</p>			
<p>3. To verify if the BAC posted the <i>Invitation to Bid</i> continuously at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days, as certified by the head of the BAC Secretariat of the procuring entity</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 21.2.1. Except as otherwise provided in Sections 21.2.2 and 54.2 of this IRR and for the procurement of common-use goods and supplies, the <i>Invitation to Bid</i> shall be: <ul style="list-style-type: none"> a.... 	<p>6. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting.</p> <p>7. Conduct ocular inspection on the first day of posting.</p> <p>8. Repeat the ocular inspections (may be at random) during the 7-day period to verify the postings.</p> <p>9. Request for the certification of the head of the BAC Secretariat.</p>	<p>Did the BAC post the <i>Invitation to Bid</i>:</p> <p>1. continuously for seven (7) calendar days,</p> <p>2. at the conspicuous place reserved for the purpose in the premises of the procuring entity,</p> <p>3. as certified by the head of the BAC Secretariat of the procuring entity?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>b. ...</i> <i>c. Posted at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days, as certified by the head of the BAC Secretariat of the procuring entity.</i>					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the effects and develop appropriate audit recommendations.	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re-Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



IV. POSTING OF THE INVITATION TO BID (For procurement of goods costing P2 million and below)

A. AUDIT OBJECTIVE:

To verify if the Invitation to Bid was posted in the media as required and within the specified time

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. Printout of the web pages where the Invitation to Bid was posted in the PhilGEPS website, the website of the procuring entity concerned, if available, and website prescribed by the foreign government/ foreign or international financing institution, if applicable for the first day and at least the last day of posting;
2. Certification by the head of the BAC Secretariat of the procuring entity that the invitation was posted at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC posted the <i>Invitation to Bid</i> continuously in the PhilGEPS website, the website of the procuring entity concerned, if available, and the website prescribed by the foreign government/foreign or international financing institution, if applicable, for 7 calendar days starting on the date of advertisement <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 21.2.2. Advertisement of the <i>Invitation to Bid</i> in a newspaper of general nationwide circulation provided in Section 21.2.1 (a) shall not be required for contracts to be bid with an approved budget of ... Two Million Pesos (P2,000,000.00) and below 21.2.1. Except as otherwise provided in Sections 21.2.2 and 54.2 of this IRR and for the procurement of common-use goods and supplies, the <i>Invitation to Bid</i> shall be: b. ... b. Posted continuously in the PhilGEPS website, the website of the procuring entity concerned, if available, and the	1. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting. 2. On the first day of posting access the PhilGEPS website, the website of the procuring entity concerned, if available, and website prescribed by the foreign government/ foreign or international financing institution, if applicable. Print the page where the notice was posted (to form part of the audit evidences). 3. Access the websites at random during the 7-day period to verify the postings.	Did the BAC post the <i>Invitation to Bid</i> continuously in the: 1. PhilGEPS website for 7 calendar days starting on the date of advertisement? 2. website of the procuring entity concerned, if available, for 7 calendar days starting on the date of advertisement? 3. website prescribed by the foreign government/ foreign or international financing institution, if applicable, for 7 calendar days starting on the date of advertisement?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>website prescribed by the foreign government/foreign or international financing institution, if applicable, for 7 calendar days starting on the date of advertisement</i>					
2. To verify if the BAC posted the Invitation to Bid continuously at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days, as certified by the head of the BAC Secretariat of the procuring entity <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 21.2.1 <ul style="list-style-type: none"> a.... b... c. Posted continuously at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days, as certified by the head of the BAC Secretariat of the procuring entity concerned. 	4. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting. 5. Conduct ocular inspection on the first day of posting. 6. Repeat the ocular inspections (may be at random) during the 7-day period to verify the postings. 7. Request for the certification of the head of the BAC Secretariat	Did the BAC post the Invitation to Bid continuously at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days, as certified by the head of the BAC Secretariat of the procuring entity?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the effects and develop appropriate audit recommendations.	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



V. ISSUANCE OF BIDDING DOCUMENTS FOR THE PROCUREMENT OF GOODS

The bidding documents must be made available to the prospective bidders from the time the Invitation to Bid is advertised until immediately before the deadline for submission of bids.

A. AUDIT OBJECTIVES:

1. To determine whether the prescribed procedures in the issuance of bidding documents were followed
2. To determine whether the prescribed timelines in the issuance of bidding documents were followed

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. Invitation to Bid;
2. Printout of the web pages where the Invitation to Bid was posted in the PhilGEPS website, the website of the procuring entity concerned, if available, and website prescribed by the foreign government/ foreign or international financing institution, if applicable for the first day of posting;
3. Records of the BAC on issued bidding documents (with information on Official Receipt numbers) for the procurement at hand.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC observed the time required in making the Bidding Documents available, that is, from the time the Invitation to Bid was first advertised up to the deadline for the submission and receipt of bids <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 17.3. To provide prospective bidders ample time to examine the Bidding Documents and to prepare their respective bids, the concerned BAC shall make the Bidding Documents for the contract to be bid available for the following period: a) For the procurement of goods, from the time the Invitation to Bid is first advertised/posted until the deadline for the submission of bids.	1. Compare the "period of availability of the Bidding Documents" indicated in the <i>Invitation to Bid</i> with the first day of advertising/posting of the <i>Invitation to Bid</i> (day 1 of period) and the deadline for the submission of bids (last day of period).	Did the BAC make the <u>bidding documents</u> available from the time the <i>Invitation to Bid</i> was first advertised/ posted up to the deadline for the submission and receipt of bids?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To verify if the BAC posted the Bidding Documents at the website of the procuring entity and at the PhilGEPS website from the time that the Invitation to Bid was advertised up to the deadline for the submission and receipt of bids <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 17.5 – The procuring entity shall also post the Bidding Documents at its website and at the PhilGEPS website from the time that the Invitation to Bid is advertised. Prospective Bidders may download the Bidding Documents from any of the said websites; Provided that, bidders shall pay the fee for the Bidding Documents upon submission of their Bids. 	<p>2. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting of Bidding Documents.</p> <p>3. On the first day of posting access the PhilGEPS website, the website of the procuring entity concerned, if available.</p> <p>Print the page where the notice was posted (to form part of the audit evidences).</p> <p>4. Access the websites at random from the first day of posting up to the deadline for the submission and receipt of bids to verify the postings.</p>	<p>Did the BAC post the Bidding Documents in the:</p> <p>a. PhilGEPS website starting on the first day of advertisement?</p> <p>b. website of the procuring entity concerned, if available, starting on the first day of advertisement?</p>			
3. To verify if all bidders that secured Bidding Documents paid to the <u>authorized collecting officer</u> of the procuring entity <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 17.4. Bidders may be asked to pay for the Bidding Documents to recover the cost of its preparation and development. The BAC shall issue the Bidding Documents upon payment of the corresponding cost thereof to the collecting/ disbursing officer of the procuring entity concerned. 17.5. ... Prospective bidders may download the Bidding Documents from any of the said websites; Provided that, bidders shall pay the fee for the Bidding Documents upon submission of their bids. 	<p>5. Compare the records of the BAC on issued bidding documents (with information on Official Receipt numbers) for the procurement at hand with copies of Official Receipts (ORs) issued by authorized collecting officers for the sale of bidding documents.</p> <p>6. After submission of bids, for bidders that downloaded bidding documents, compare the OR numbers indicated in the records of the BAC Secretariat with copies of the ORs or Report of Collection of authorized collecting officers.</p>	<p>Did all the bidders who submitted bids pay the correct amount for the bidding documents to the <u>authorized collecting officer</u> of the procuring entity?</p>			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the	<p>Analyze the instances of non-compliances to establish the effects and develop appropriate audit recommendations.</p>	<p>Appropriate Audit Working Papers</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations					
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re-Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



VI. PRE-BID CONFERENCE
For procurement of goods with
Approved Budget for the Contract of at least One Million Pesos (P 1 Million)

The pre-bid conference is the initial forum where the Procuring Entity's representatives and the prospective bidders discuss the different aspects of the procurement at hand.

A pre-bid conference must be held for contracts with ABCs of at least One Million Pesos (P 1 Million). For contracts with ABCs of less than P 1 million, pre-bid conferences may or may not be held at the discretion of the BAC. The BAC may also decide to hold a pre-bid conference upon the written request of a prospective bidder.

A. AUDIT OBJECTIVES:

1. To verify if the BAC conducted a Pre-Bid Conference for a contract with ABC of at least P1 million
2. To verify if the Pre-Bid Conference was conducted within the required time
3. To verify if during the Pre-Bid Conference the participants, led by the BAC, performed the required tasks

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. Invitation to Bid;
2. Minutes of the pre-bid conference approved by the BAC;
3. Minutes of the BAC meeting on the selection of the Observer from the "pool";
4. Invitations to the Observers with evidence of receipt.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC conducted a Pre-Bid Conference for a contract with ABC of at least P1 million <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 22.1. For contracts to be bid with an approved budget of One Million Pesos (P1,000,000.00) or more, the BAC shall convene at least one (1) pre-bid conference to clarify and/or explain any of the requirements, terms, conditions, and specifications stipulated in the Bidding Documents. For contracts to be bid with an approved budget of less than One Million Pesos (P1,000,000), pre-bid conferences may be conducted 	1. If the ABC is at least P1 million, obtain certified copies of the Invitation to Bid and Minutes of the Pre-Bid Conference.	Did the BAC hold a Pre-Bid Conference for a contract with ABC of at least P1 million?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>at the discretion of the BAC. Subject to the approval of the BAC, a pre-bid conference may also be conducted upon written request of any prospective bidder.</i>					
2. To verify if the Pre-Bid Conference was held at least twelve (12) calendar days before the deadline for the submission and receipt of bids <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 22.2 The pre-bid conference shall be held at least twelve (12) calendar days before the deadline for the submission and receipt of bids. If the procuring entity determines that, by reason of the method, nature, or complexity of the contract to be bid or when international participation will be more advantageous to the GOP, a longer period for the preparation of bids is necessary, the pre-bid conference shall be held at least thirty (30) calendar days before the deadline for the submission and receipt of bids. 	<p>2. Based on the deadline for the submission and receipt of bids indicated in the <i>Invitation to Bid</i>, determine the 12th day before such deadline.</p> <p>3. Compare the date established in 2. above with the date of holding the Pre-Bid Conference indicated in the certified copy of the <i>Minutes of Pre-Bid Conference</i>.</p>	Was the Pre-Bid Conference held at least twelve calendar days before the deadline for the submission and receipt of bids?			
3. To verify if the BAC observed quorum. <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 12.3 Quorum A majority of the total BAC composition as designated by the Head of the Procuring Entity shall constitute a quorum for the transaction of business, provided that the presence of the Chairman or Vice-Chairman shall be required. 	<p>4. From the Office Order creating the BAC, determine the number of BAC members and identify the Chairman or Vice-Chairman.</p> <p>5. From the <i>Minutes of Pre-Bid Conference</i>, check for the presence of the Chairman or Vice-Chairman and if majority of the BAC members or representatives/alternates attended the conference.</p>	Was there a quorum of the BAC?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>4. To verify if during the Conference the BAC performed the following tasks and attained the related objectives:</p> <p>a. Presented the eligibility requirements as well as the technical and financial components of the contract to be bid, the evaluation procedures, evaluation criteria, and possible causes of failure of the bidding.</p> <p>b. Discussed the requirements in the ITB, <u>replied to the bidders' queries about the requirements, specifications and other conditions of the project, the procedures on the bid evaluation of all bidders and post-qualification evaluation of the lowest calculated bidder. Emphasized the warranty requirement of the project and the different offenses and penalties provided for in IRR of RA 9184.</u></p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 22.3. The pre-bid conference shall discuss, among other things, the eligibility requirements and the technical and financial components of the contract to be bid. Attendance of the bidders shall not be mandatory. However, AT THE OPTION OF THE PROCURING ENTITY [amendment per Annex "A" of GPPB Resolution No. 06-2009 dated 30 September 2009] <i>only those who have purchased the Bidding Documents shall be</i> 	<p>6. From the <i>Minutes of Pre-Bid Conference</i> look for information on the presentation/discussion, issues/questions raised by prospective bidders, and clarifications made thereon relative to the following:</p> <p>a. eligibility requirements,</p> <p>b. technical component of the contract to be bid,</p> <p>c. financial component of the contract to be bid,</p> <p>d. bid evaluation criteria,</p> <p>e. bid evaluation procedures,</p> <p>f. post-qualification criteria,</p> <p>g. post-qualification procedures,</p> <p>h. possible causes of failure of the bidding,</p> <p>i. requirements in the Instructions to Bidders,</p> <p>j. specifications,</p> <p>k. other conditions of the project,</p> <p>l. warranty requirement of the project,</p> <p>m. different offenses and penalties provided for in IRR of RA 9184</p>	<p>Did the BAC present, discuss, and answer queries on the following:</p> <p>a. eligibility requirements?</p> <p>b. technical component of the contract to be bid?</p> <p>c. financial component of the contract to be bid?</p> <p>d. bid evaluation criteria?</p> <p>e. bid evaluation procedures?</p> <p>f. post-qualification criteria?</p> <p>g. post-qualification procedures?</p> <p>h. possible causes of failure of the bidding?</p> <p>i. requirements in the Instructions to Bidders?</p> <p>j. specifications?</p> <p>k. other conditions of the project?</p> <p>l. warranty requirement of the project?</p> <p>m. different offenses and penalties provided for in IRR of RA 9184?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>allowed to participate in the pre-bid conference and raise or submit written queries or clarifications.</i></p> <p><i>Generic Procurement Manual, Volume 2, Manual of Procedures for the Procurement of Goods and Services issued by the GPPB:</i></p> <ul style="list-style-type: none"> <i>The manner by which the pre-bid conference is conducted depends on the discretion of the BAC. However, <u>several events need to take place in the conference, namely:</u></i> <ul style="list-style-type: none"> <i>a. The presentation by the BAC of the eligibility requirements as well as the technical and financial components of the contract to be bid, the evaluation criteria, and possible causes of failure of the bidding.</i> <i>b. The BAC chairperson shall also discuss the requirements in the ITB, the replies to the bidders' queries about the requirements, specifications and other conditions of the project, the bid evaluation of all bidders and post-qualification evaluation of the lowest calculated bidder. Emphasis should also be given to the warranty requirement of the project and the different offenses and penalties provided for in IRR-A of R.A. 9184.</i> 					
<p>5. To verify if the BAC Secretariat recorded the proceedings of the Pre-Bid Conference and made the Minutes available to all participants not later than three (3) calendar days after the pre-bid conference</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>22.4 The minutes of the pre-bid conference shall be recorded and made available to all</i> 	<p>7. Compare the date of the approval of the Minutes of the pre-bid conference with the date of the pre-bid conference.</p> <p>8. Confirm with the participants (telephone calls or letters) if they were given copies of the Minutes and when.</p>	<p>Were the Minutes of the Pre-Bid Conference made available not later than three (3) calendar days after the pre-bid conference?</p> <p>Were the minutes of pre-bid conference made available by the BAC Secretariat to all the participants?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>participants not later than three (3) calendar days after the pre-bid conference</i>					
6. To verify if the BAC invited Observers: a. representing the COA, the specific relevant chamber-member of the Philippine Chamber of Commerce and Industry, and a non-government organization (NGO) from the procuring entity's Pool of Observers; b. that have: b.1. knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; b.2. no actual or potential conflict of interest in the contract to be bid; and b.3. conformed with other relevant criteria determined by the BAC; c. at least 3 calendar days prior to the pre-bid conference <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> Section 13. Observers 13.1. To enhance the transparency of the process, the BAC shall, in all stages of the procurement process, invite, in addition to the representative of the COA, at least two (2) observers, who shall not have the right to vote, to sit in its proceedings where: <ul style="list-style-type: none"> a) At least one (1) shall come from a duly recognized private group in a sector or discipline relevant to the procurement at hand, for example: <ul style="list-style-type: none"> i) ... ii) For goods, a specific relevant chamber-member of the Philippine Chamber of Commerce and Industry. 	9. From the Minutes of the BAC meeting on the selection of the Observer from the "pool", check for information on the BAC's evaluation in regard to: <ul style="list-style-type: none"> the selection of the organization from which the Observer will be invited; knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; no actual or potential conflict of interest in the contract to be bid; and conformed with other relevant criteria determined by the BAC. 	Did the BAC choose the Observers considering: <ul style="list-style-type: none"> a. one representing the COA? b. One representing the specific relevant chamber-member of the Philippine Chamber of Commerce and Industry? c. One representing a non-government organization? d. With knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid? e. With no actual or potential conflict of interest in the contract to be bid? f. Conformed with other relevant criteria determined by the BAC? 			
	10. From certified copies of the invitations to the	Did the BAC invite the Observers at			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>iii) ... and b) <i>The other observer shall come from a non-government organization (NGO).</i></p> <p>13.2. <i>The observers shall come from an organization duly registered with the Securities and Exchange Commission (SEC) or the Cooperative Development Authority (CDA), and should meet the following criteria:</i> a) <i>Knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</i> b) <i>Absence of actual or potential conflict of interest in the contract to be bid; and</i> c) <i>Any other relevant criteria that may be determined by the BAC.</i></p> <p>13.3. <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not <u>nullify the BAC proceedings</u>, provided that they have been duly invited in writing.</i></p>	<p>Observers with evidence of receipt, compare the date of receipt with the 3-day minimum requirement.</p>	<p>least 3 days before the date of the pre-bid conference?</p>			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p> <p>c. etc.</p> <p>and develop appropriate audit recommendations.</p>	<p>Analyze the instances of non-compliances to establish the effects and develop appropriate audit recommendations.</p>	<p>Appropriate Audit Working Papers</p>			
<p>2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations</p>	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p>	<p>Appropriate Audit Working Papers</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 13.3. <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The <u>absence of observers will not nullify the BAC proceedings</u>, provided that they have been <u>duly invited in writing</u>.</i> 					
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> <i>COA Circular No. 2009-006 dated September 15, 2009 re-Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



VII. SUPPLEMENTAL / BID BULLETINS FOR THE PROCUREMENT OF GOODS

Supplemental/Bid Bulletins may be issued upon the procuring entity's initiative for purposes of clarifying or modifying any provision of the Bidding Documents at least seven (7) calendar days before the deadline for the submission and receipt of bids. Any modification to the Bidding Documents shall be identified as an amendment.

A. AUDIT OBJECTIVE:

To verify if Supplemental / Bid Bulletins were issued as required

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. Minutes of the Pre-Bid Conference approved by the BAC;
2. Copy of the Supplemental/Bid Bulletin;
3. Copies of Requests for Clarification submitted by bidder with evidence of receipt by the BAC Secretariat;
4. Printouts of PhilGEPS web page evidencing posting of the Supplemental/Bid Bulletin;
5. Printout of the procuring entity's web page evidencing posting of the Supplemental/Bid Bulletin.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC issued Supplemental / Bid Bulletins in regard to statements made at the pre-bid conference that could modify the terms of the Bidding Documents <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 22.4. ... Any statement made at the pre-bid conference shall not modify the terms of the Bidding Documents, unless such statement is specifically identified in writing as an amendment thereto and issued as a Supplemental/ Bid Bulletin. 	1. Go over the Minutes of the Pre-Bid Conference and check for statements that could modify the terms of the Bidding Documents. 2. Obtain a copy of the related Supplemental / Bid Bulletin.	Did the BAC issue Supplemental/Bid Bulletins in regard to statements made at the pre-bid conference that could modify the terms of the Bidding Documents?			
2. To verify if: a. requests for clarification(s) on any part of the Bidding Documents or for an interpretation were in writing and submitted to the BAC of the procuring entity at least ten (10) calendar days before the	3. Obtain copy/ies of <i>Requests for Clarification</i> and check (date of receipt stamped on the letters) whether these were submitted at least ten (10) calendar days before the deadline set for the submission and receipt of bids.	Were <i>Requests for Clarification</i> submitted at least ten (10) calendar days before the deadline set for the submission and receipt of bids?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>deadline set for the submission and receipt of bids;</p> <p>b. the Supplemental/ Bid Bulletin was duly signed by the BAC Chairman;</p> <p>c. the Supplemental/ Bid Bulletin was issued at least seven (7) calendar days before the deadline for the submission and receipt of bid.</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 22.5.1 Requests for clarification(s) on any part of the Bidding Documents or for an interpretation must be in writing and submitted to the BAC of the procuring entity at least ten (10) calendar days before the deadline set for the submission and receipt of bids. The BAC shall respond to the said request by issuing a Supplemental/Bid Bulletin, duly signed by the BAC Chairman, to be made available to all those who have properly secured the Bidding Documents, at least seven (7) calendar days before the deadline for the submission and receipt of bids. 	4. Obtain duly certified copies of Supplemental/Bid Bulletins and check for the signature of the BAC Chairman.	Were Supplemental/ Bid Bulletins signed by the BAC Chairman?			
	5. From the records of the BAC (copies of Supplemental/Bid Bulletins with evidence of the date of issuance) check if Supplemental/Bid Bulletins were issued at least seven (7) calendar days before the deadline for the submission and receipt of bid.	Were Supplemental/ Bid Bulletins issued at least seven (7) calendar days before the deadline for the submission and receipt of bid?			
<p>3. To verify if:</p> <p>a. Supplemental/Bid Bulletins initiated by the procuring entity for purposes of clarifying or modifying any provision of the Bidding Documents were issued at least seven (7) calendar days before the deadline for the submission and receipt of bids;</p> <p>b. Modifications to the Bidding Documents were identified as amendments.</p>	6. Obtain duly certified copies of Supplemental/Bid Bulletins with evidence of the date of issuance and check if these were issued at least seven (7) calendar days before the deadline for the submission and receipt of bid.	Were Supplemental/ Bid Bulletins initiated by the procuring entity for purposes of clarifying or modifying any provision of the Bidding Documents were issued at least seven (7) calendar days before the deadline for the submission and receipt of bids?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • 22.5.1. ... <i>issuing a Supplemental/Bid Bulletin, duly signed by the BAC Chairman...</i> • 22.5.2 <i>Supplemental/Bid Bulletins may be issued upon the procuring entity's initiative for purposes of clarifying or modifying any provision of the Bidding Documents at least seven (7) calendar days before the deadline for the submission and receipt of bids. Any modification to the Bidding Documents shall be identified as an amendment.</i> 	7. Go through the contents of Supplemental/Bid Bulletins and check if amendments were identified as such.	Were modifications to the Bidding Documents were identified as amendments?			
	8. Go through the Supplemental/Bid Bulletins and check for the signature of the BAC Chairman.	Were Supplemental/Bid Bulletins duly signed by the BAC Chairman?			
<p>4. To verify if the BAC posted Supplemental/ Bid Bulletins issued by the BAC on the PhilGEPS and at the website of the procuring entity concerned, if available</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • 22.5.3 <i>Any Supplemental/ Bid Bulletin issued by the BAC shall also be posted on the PhilGEPS or ["OR" was changed to "AND" per Annex "A" of GPPB Resolution No. 06-2009 dated September 30, 2009] the website of the procuring entity concerned, if available. It shall be the responsibility of all those who have properly secured the Bidding Documents to inquire and secure Supplemental/Bid Bulletins that may be issued by the BAC. However, bidders who have submitted bids before the issuance of the Supplemental/Bid Bulletin must be informed and allowed to modify or withdraw their bids in accordance with Section 26.1 of the IRR.</i> 	<p>9. In advance of the posting, request the BAC Secretariat for print-outs (printed on the day of the posting) of <i>Supplemental/Bid Bulletins</i> as posted on the PhilGEPS and at their website.</p> <p>10. Obtain from the BAC Secretariat the print-outs requested in 9. above.</p>	<p>Did the BAC post <i>Supplemental/Bid Bulletins</i> issued:</p> <p>a. on the PhilGEPS website?</p> <p>AND</p> <p>b. the website of the procuring entity concerned?</p>			
<p>5. To verify if the BAC informed the bidders who have submitted bids before the issuance of the Supplemental/Bid Bulletin</p>	11. From the BAC records on submission of bids, identify the bidders who have submitted bids before the issuance of <i>Supplemental/Bid Bulletins</i> .	Did the BAC inform the Bidders who have submitted bids before the issuance of the Supplemental/Bid Bulletin of such			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
and allowed to modify or withdraw their bids.		issuance?			
<i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 22.5.3 ... However, bidders who have submitted bids before the issuance of the Supplemental/Bid Bulletin must be informed and allowed to modify or withdraw their bids in accordance with Section 26.1 of the IRR.	12. Go through copies of letters sent by the BAC to these bidders and check if they were informed and allowed to modify or withdraw their bids in accordance with Section 26.1 of the IRR	Were the bidders who have submitted bids before the issuance of <u>Supplemental/Bid Bulletins</u> <u>informed</u> and <u>allowed to modify or withdraw</u> their bids in accordance with Section 26.1 of the IRR?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the effects and develop appropriate audit recommendations.	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management • COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



VIII. SUBMISSION, RECEIPT, OPENING OF BIDS & PRELIMINARY EXAMINATION OF BIDS FOR THE PROCUREMENT OF GOODS

Bids shall be submitted simultaneously in two (2) separate sealed envelopes and received by the procuring entity on or before the deadline specified in the Invitation to Bid. Opening of Bids shall be at the time, date and place specified in the Invitation to Bid.

A. AUDIT OBJECTIVES:

1. To verify if the prescribed **conditions and procedures** in the **submission and receipt** of bids were followed
2. To verify if the bids were submitted in the **prescribed manner, specified forms** and contained all the **required information**
3. To verify if the **prescribed conditions and procedures** in the **opening and preliminary examination** of bids were followed.

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. Minutes of the Bid Opening approved by the BAC;
2. Letters from bidders submitting their bids;
3. Bid documents submitted by the bidders;
4. Copy of portions of the BAC Secretariat's Receiving logbook containing information on receipt of bids;
5. Invitation to Bid;
6. Accomplished *Checklist* for the First Envelopes;
7. Accomplished *Checklist* for the Second Envelopes;
8. Abstract of Bids as Read;
9. BAC Resolution on the results of the opening and the preliminary evaluation of bids;
10. Minutes of the BAC meeting on the selection of the Observer from the "pool";
11. Invitations to the Observers with evidence of receipt.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
SUBMISSION OF BIDS FOR THE PROCUREMENT OF GOODS					
1. To verify if the BAC validated if the bidders submitted their bids: a. through their duly authorized representative, b. using the forms specified in the Bidding Documents, c. in two (2) separate sealed bid envelopes submitted simultaneously	1. Go through the <i>Minutes of the Bid Opening</i> and look for information on the BAC's validation if the signatory to the document submitting the bid is the bidder's authorized representative as indicated in the <i>Sworn statement</i> .	Did the BAC validate if the bidders submit their bids through their duly authorized representative?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 25.1. Bidders shall submit their bids through their duly authorized representative using the forms specified in the Bidding Documents in two (2) separate sealed bid envelopes, and which shall be submitted simultaneously. The first shall contain the technical component of the bid, including the eligibility requirements under Section 23.1 of this IRR, and the second shall contain the financial component of the bid. 	2. Go through the <i>Minutes of the Bid Opening</i> and look for information on the BAC's validation if each bidder adopted the forms specified in the Bidding Documents.	Did the BAC validate if the bidders submitted their bids using the forms specified in the Bidding Documents?			
	3. Go through the records of the BAC pertaining to the submission of bids of each bidder and check if the two (2) envelopes were submitted simultaneously.	Did the bidders submit their bids in two (2) separate sealed bid envelopes submitted simultaneously?			
	4. Go through the <i>Minutes of the Bid Opening</i> and look for information pertaining to opening of two (2) sealed envelopes of each bidder.				
<p>2. To verify if the BAC validated that in modifying a bid:</p> <p>a. it was done before the deadline for the submission and receipt of bids,</p> <p>b. the original bid was not retrieved but another bid equally sealed, properly identified, was submitted and linked to the original bid and marked as a "modification," thereof, and stamped "received" by the BAC</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 26.1. A bidder may modify its bid, provided that this is done before the deadline for the submission and receipt of bids. Where a bidder modifies its bid, it shall not be allowed to retrieve its original bid, but shall only be allowed to send another bid equally sealed, properly identified, linked to its original bid and marked as a "modification," thereof, and stamped "received" by the BAC. Bid modifications received after the applicable deadline shall not 	5. Go through the records of the BAC pertaining to the submission of bids of each bidder and check if the submission of modifications were done before the deadline for the submission and receipt.	Did the BAC validate that the bidders concerned submit their bid modifications before the deadline for the submission and receipt?			
	6. Go through the <i>Minutes of the Bid Opening</i> and look for information on the BAC's activities validating if: <ul style="list-style-type: none"> a. modifications were marked as "modification" and stamped "received" by the BAC; and b. linked to the original bid (not withdrawn). 	Did the BAC validate if the bidders concerned did not retrieve the original bid but merely submitted another bid equally sealed, properly identified, and linked to the original bid and marked as a "modification," thereof, and stamped "received" by the BAC?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>be considered and shall be returned to the bidder unopened.</i></p> <ul style="list-style-type: none"> 26.2. A bidder may, through a letter, withdraw its bid before the deadline for the receipt of bids. Withdrawal of bids after the applicable deadline shall be subject to appropriate sanctions as prescribed in this IRR. A bidder may also express its intention not to participate in the bidding through a letter which should reach and be stamped received by the BAC before the deadline for the receipt of bids. A bidder that withdraws its bid shall not be permitted to submit another bid, directly or indirectly, for the same contract. 					
RECEIPT OF BIDS FOR THE PROCUREMENT OF GOODS					
<p>1. To verify if the BAC received bids on the:</p> <p>a. date,</p> <p>b. time, and</p> <p>c. place</p> <p>specified in the Invitation to Bid</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 25.4. Bids shall be received by the BAC on the date, time, and place specified in the Invitation to Bid. 25.5. Bids, including the eligibility requirements under Section 23.1 of this IRR, submitted after the deadline shall not be accepted by the BAC. 	<p>1. Check the receiving logbook of the BAC on the date, time, and place of receipt of bids and compare these with those in the Invitation to Bid</p>	<p>Did the BAC receive bids on the date and time specified in the Invitation to Bid?</p> <p>Were the bids received by the BAC at the place specified in the Invitation to Bid?</p> <p>Were bids submitted after the deadline for submission of bids not accepted?</p>			
<p>2. To verify if the BAC observed the maximum of 45 calendar days from the last day of posting of the Invitation to Bid up to the deadline for submission and receipt of bids</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 25.4. Bids shall be received by the 	<p>2. Count the number of days from the last day of posting of the Invitation to Bid up to the deadline for submission and receipt of bids and compare with the 45-day maximum period.</p>	<p>Did the BAC observe the maximum of 45 calendar days from the last day of posting of the Invitation to Bid up to the deadline for submission and receipt of bids?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>BAC on the date, time, and place specified in the Invitation to Bid/Request for Expression of Interest. The following periods from the last day of posting of the Invitation to Bid/Request for Expression of Interest up to the submission and receipt of bids shall be observed:</i></p> <p><i>a) For Goods, a maximum period of forty-five (45) calendar days.</i></p> <p><i>b) ...</i></p> <p><i>c) ...</i></p>					
OPENING & PRELIMINARY EXAMINATION OF BIDS FOR THE PROCUREMENT OF GOODS					
<p>1. To verify if the BAC observed quorum.</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 12.3 Quorum <i>A majority of the total BAC composition as designated by the Head of the Procuring Entity shall constitute a quorum for the transaction of business, provided that the presence of the Chairman or Vice-Chairman shall be required.</i> 	<p>1. From the Office Order creating the BAC, determine the number of BAC members and identify the Chairman or Vice-Chairman.</p> <p>2. From the <i>Minutes of Opening of Bids</i>, check for the presence of the Chairman or Vice-Chairman and if majority of the BAC members or representatives/alternates attended the proceedings.</p>	Was there a quorum of the BAC?			
<p>2. To verify if the BAC opened the bids immediately after the deadline for the submission and receipt of bids and at the:</p> <p>a. date,</p> <p>b. time, and</p> <p>c. place</p> <p>specified in the Invitation to Bid</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 29. Bid Opening <i>The BAC shall open the bids immediately after the deadline for the submission and receipt of bids. [GPPB Resolution No. 13-2009, dated 16 December 2009] The time, date, and place of the opening of bids shall be specified in the Bidding Documents. The bidders or their duly authorized representatives may attend the</i> 	<p>3. Compare the date and time of the opening of bids indicated in the Minutes of the Opening of Bids with the deadline for submission and receipt of bids stated in the Bidding Documents.</p> <p>4. Compare the date, time and place of the opening of bids indicated in the Minutes of the Opening of Bids with those specified in the Invitation to Bid.</p>	<p>Did the BAC open the bids immediately after the deadline for the submission and receipt of bids?</p> <p>Did the BAC open the bids on the date specified in the Invitation to Bid?</p> <p>Did the BAC open the bids on the time specified in the Invitation to Bid?</p> <p>Did the BAC open the bids at the place specified in the Invitation to Bid?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>opening of bids. The BAC shall adopt a procedure for ensuring the integrity, security, and confidentiality of all submitted bids. The minutes of the bid opening shall be made available to the public upon written request and payment of a specified fee to recover cost of materials.</i>					
3. To verify if the BAC/BAC Secretariat read out and recorded during bid opening letters of withdrawal and returned to the bidder the envelope containing the corresponding withdrawn bid unopened, either to the bidder's representative if he is present or by registered mail <i>Philippine Bidding Documents for the Procurement of Goods, 3rd edition (October 2009) approved per GPPB Resolution No. 05-2009 dated 30 September 2009:</i> <ul style="list-style-type: none"> 23. <i>Modification and Withdrawal of Bids</i> <ul style="list-style-type: none"> 23.1. <i>The Bidder may modify its bid after it has been submitted; provided that the modification is received by the Procuring Entity prior to the deadline prescribed for the submission and receipt of bids. The Bidder shall not be allowed to retrieve its original bid, but shall be allowed to submit another bid, equally sealed, properly identified, linked to its original bid, marked as "TECHNICAL MODIFICATION" or "FINANCIAL MODIFICATION" and stamped "received" by the BAC. Bid modifications received after the applicable deadline shall not be considered and shall be returned to the bidder unopened.</i> 23.2. <i>A Bidder may, through a letter of withdrawal, withdraw its bid after it has been submitted, for valid and justifiable reason; provided that the letter of withdrawal is</i> 	<p>5. From the Minutes of Bid Opening, check for information on the BAC's reading out and recording of withdrawn bids during the bid opening; checking of the date of submission of the withdrawal letter; and returning the withdrawn bid unopened.</p> <p>6. Also check for evidence of the return of the withdrawn bids from acknowledged registered mails.</p>	<p>Did the BAC:</p> <p>a. read out and record during bid opening letters of withdrawal of bids?</p> <p>b. if the withdrawal of bid was made before the deadline for submission and receipt of bids, return the bids unopened to representatives of the bidders concerned present during the bid opening?</p> <p>c. if the withdrawal of bid was made before the deadline for submission and receipt of bids, return withdrawn bids unopened by registered mail?</p>			
	<p>7. From the Minutes of the Bid Opening, check for information on withdrawals of bids made after the deadline for submission and receipt of bids up to the expiration of the period of bid validity specified by the bidder in the financial bid form; and for information on forfeiture of bid security and imposition of sanctions on these bidders.</p>	<p>Did the BAC forfeit the bid security and recommend the imposition of sanctions on bidders who withdrew their bids during the interval between the deadline for submission of bids and the expiration of the period of bid validity specified by the Bidder on the Financial Bid Form?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>received by the Procuring Entity prior to the deadline prescribed for submission and receipt of bids.</i></p> <p><i>23.3. Bids requested to be withdrawn in accordance with ITB Clause 23.1, shall be returned unopened to the Bidders. A Bidder may also express its intention not to participate in the bidding through a letter which should reach and be stamped by the BAC before the deadline for submission and receipt of bids. A Bidder that withdraws its bid shall not be permitted to submit another bid, directly or indirectly, for the same contract.</i></p> <p><i>23.4. No bid may be modified after the deadline for submission of bids. No bid may be withdrawn in the interval between the deadline for submission of bids and the expiration of the period of bid validity specified by the Bidder on the Financial Bid Form. Withdrawal of a bid during this interval shall result in the forfeiture of the Bidder's bid security, pursuant to ITB Clause 18.5, and the imposition of administrative, civil, and criminal sanctions as prescribed by RA 9184 and its IRR.</i></p> <p>• <i>24. Opening and Preliminary Examination of Bids</i></p> <p><i>24.3 Letters of withdrawal shall be read out and recorded during bid opening, and the envelope containing the corresponding withdrawn bid shall be returned to the Bidder unopened. If the withdrawing Bidder's representative is in attendance, the original bid and all copies thereof shall be returned to the representative during the bid opening. If the representative is not in attendance, the bid shall be returned unopened by registered mail. The Bidder may withdraw its bid prior to the deadline for the submission and</i></p>					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
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<i>receipt of bids, provided that the corresponding Letter of Withdrawal contains a valid authorization requesting for such withdrawal, subject to appropriate sanctions.</i>					
4. To verify if the BAC opened the first bid envelopes of the bidders in public <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 30.1. The BAC shall open the first bid envelopes of prospective bidders in <u>public</u> to determine each bidder's compliance with the documents required to be submitted for eligibility and for the technical requirements, as prescribed in this IRR. For this purpose, the BAC shall check the submitted documents of each bidder against a checklist of required documents to ascertain if they are all present, using a nondiscretionary "pass/fail" criterion, as stated in the Instructions to Bidders. If a bidder submits the required document, it shall be rated "passed" for that particular requirement. In this regard, bids that fail to include any requirement or are incomplete or patently insufficient shall be considered as "failed". Otherwise, the BAC shall rate the said first bid envelope as "passed" 	8. From the Attendance Record/Minutes of the Opening of Bids check if the participants include bidders and observers.	Did the BAC open the first bid envelopes of the bidders in public?			
5. To verify if the BAC determined <u>compliance</u> of each bidder with the <u>documents required</u> to be submitted in the <u>first envelope</u> by checking the submitted documents of each bidder against a checklist of required documents to ascertain if they are all present, using a nondiscretionary "pass/fail" criterion, as stated in the Instructions to Bidders	9. Compare the Checklist with the list of documents in the first envelope per Bidding Documents.	Did the BAC adopt a Checklist for the first envelope in accordance with the list of documents in the first envelope per Bidding Documents?			
	10. Validate the entries ("pass/fail") in the Checklist with the documents submitted by the bidders in the first envelope (for presence or absence).	Did the BAC determine each prospective bidder's compliance with the documents <u>required</u> to be submitted in the first envelope:			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • <i>30.1. The BAC shall open the first bid envelopes of prospective bidders in public to determine each bidder's compliance with the documents required to be submitted for eligibility and for the technical requirements, as prescribed in this IRR. For this purpose, the BAC shall check the submitted documents of each bidder against a checklist of required documents to ascertain if they are all present, using a nondiscretionary "pass/fail" criterion, as stated in the Instructions to Bidders. If a bidder submits the required document, it shall be rated "passed" for that particular requirement. In this regard, bids that fail to include any requirement or are incomplete or patently insufficient shall be considered as "failed". Otherwise, the BAC shall rate the said first bid envelope as "passed".</i> • <i>25.2. The first envelope shall contain the following technical information/ documents, at the least:</i> <ul style="list-style-type: none"> <i>a) For the procurement of goods:</i> <ul style="list-style-type: none"> <i>i) Eligibility requirements under Section 23.1 of this IRR;</i> <i>ii) The bid security in the prescribed form, amount and validity period;</i> <i>iii) Technical specifications, which may include production/delivery schedule, manpower requirements, and/or after-sales service/parts, if applicable; and</i> <i>iv) Sworn statement by the prospective bidder or its duly authorized representative in the form prescribed by the GPPB as to the following:</i> <ul style="list-style-type: none"> <i>(1) It is not "blacklisted" or barred from bidding by the GOP or any of its agencies, offices, corporations, or LGUs, including foreign government/foreign or international financing institution whose blacklisting rules have been recognized by the GPPB;</i> 		<p>a. Registration certificate from SEC, Department of Trade and Industry (DTI) for sole proprietorship, or CDA for cooperatives, or any proof of such registration as stated in the Bidding Documents?</p> <p>b. In a Joint Venture, <u>each partner's</u> Registration certificate from SEC, Department of Trade and Industry (DTI) for sole proprietorship, or CDA for cooperatives, or any proof of such registration as stated in the Bidding Documents?</p> <p>c. Mayor's permit issued by the city or municipality where the principal place of business of the prospective bidder is located?</p> <p>d. In a Joint Venture, <u>each partner's</u> Mayor's permit issued by the city or municipality where the principal place of business of the prospective bidder is located?</p> <p>e. Statement of the prospective bidder of all its ongoing and completed government and private contracts, including contracts awarded but not yet started, if any, whether similar or not similar in nature</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
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<p>(2) Each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and information provided therein are true and correct;</p> <p>(3) It is authorizing the Head of the Procuring Entity or his duly authorized representative/s to verify all the documents submitted;</p> <p>(4) The signatory is the duly authorized representative of the prospective bidder, and granted full power and authority to do, execute and perform any and all acts necessary and/or to represent the prospective bidder in the bidding, with the duly notarized Secretary's Certificate attesting to such fact, if the prospective bidder is a corporation, partnership, cooperative, or joint venture;</p> <p>(5) It complies with the disclosure provision under Section 47 of the Act in relation to other provisions of R.A. 3019;</p> <p>(6) It complies with the responsibilities of a prospective or eligible bidder provided in the PBDs; and</p> <p>(7) It complies with existing labor laws and standards, in the case of procurement of services.</p> <p>• 23.1. For purposes of determining the <u>eligibility of bidders</u> using the criteria stated in Section 23.5 of this IRR, <u>only the following documents shall be required</u> by the BAC, using the forms prescribed in the Bidding Documents,:</p> <p>a) Class "A" Documents</p> <p><u>Legal Documents</u></p> <p>i) Registration certificate from SEC, Department of Trade and Industry (DTI) for sole proprietorship, or CDA for cooperatives, or any proof of such registration as stated in the Bidding Documents.</p> <p>ii) Mayor's permit issued by the city or municipality where the principal place of business of</p>		<p>and complexity to the contract to be bid, within the relevant period as provided in the Bidding Documents?</p> <p>e.1. In a Joint Venture, <u>any partner's...?</u></p> <p>f. The bidder's audited financial statements, showing, among others, the prospective bidder's total and current assets and liabilities, stamped "received" by the BIR or its duly accredited and authorized institutions, for the preceding calendar year which should not be earlier than two (2) years from the date of bid submission?</p> <p>f.1. In a Joint Venture, <u>any partner's...?</u></p> <p>g. The bidder's computation for its Net Financial Contracting Capacity (NFCC) or a commitment from a Universal or Commercial Bank to extend a credit line in favor of the prospective bidder if awarded the contract to be bid (CLC)?</p> <p>g.1. In a Joint Venture, <u>any partner's...?</u></p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>the prospective bidder is located.</i></p> <p><u>Technical Documents</u></p> <p><i>iii) Statement of the prospective bidder of all its ongoing and completed government and private contracts, including contracts awarded but not yet started, if any, whether similar or not similar in nature and complexity to the contract to be bid, within the relevant period as provided in the Bidding Documents. The statement shall include all information required in the PBDs prescribed by the GPPB.</i></p> <p><i>iv) ...</i></p> <p><u>Financial Documents</u></p> <p><i>v) The prospective bidder's audited financial statements, showing, among others, the prospective bidder's total and current assets and liabilities, stamped "received" by the BIR or its duly accredited and authorized institutions, for the preceding calendar year which should not be earlier than two (2) years from the date of bid submission.</i></p> <p><i>vi) The prospective bidder's computation for its Net Financial Contracting Capacity (NFCC) or a commitment from a Universal or Commercial Bank to extend a credit line in favor of the prospective bidder if awarded the contract to be bid (CLC).</i></p> <p><i>b) Class "B" Document</i></p> <p><i>Valid joint venture Agreement (JVA), in case the joint venture is already in existence. In the absence of a JVA, duly notarized statements from all the potential joint venture partners stating that they will enter into and abide by the provisions of the JVA in the instance that the bid is successful shall be included in the bid. Failure to enter into a joint venture in the event of a contract award shall be ground for the forfeiture of the bid security.</i></p>		<p>h. Valid joint venture Agreement (JVA), in case the joint venture is already in existence.</p> <p>In the absence of a JVA, duly notarized statements from all the potential joint venture partners stating that they will enter into and abide by the provisions of the JVA in the instance that the bid is successful?</p> <p>i. The bid security in the prescribed: (1) form? (2) amount? (3) validity period?</p> <p>j. Technical specifications, which may include: (1) production/delivery schedule? (2) manpower requirements? (3) after-sales service/parts, if applicable?</p> <p>k. Sworn statement by the prospective bidder or its duly authorized representative in the form prescribed by the GPPB as to the following: (1) It is not "blacklisted" or barred from bidding by the GOP or any of its agencies, offices, corporations, or LGUs, including foreign government/</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper									
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<p><i>Each partner of the joint venture shall submit the legal eligibility documents. The submission of technical and financial eligibility documents by any of the joint venture partners constitutes compliance.</i></p> <p>• 27.1. All bids shall be accompanied by a bid security, payable to the procuring entity concerned as a guarantee that the successful bidder shall, within ten (10) calendar days or less, as indicated in the Instructions to Bidders, from receipt of the notice of award, enter into contract with the procuring entity and furnish the performance security required in Section 39 of this IRR, except when Section 37.1 of this IRR allows a longer period. Failure to enclose the required bid security in the form and amount prescribed herein shall automatically disqualify the bid concerned.</p> <p>• 27.2 The bid security shall be in an amount equal to a percentage of the ABC in accordance with the following schedule [as amended by Annex A of GPPB Resolution No. 06-2009 dated September 30, 2009]:</p> <table><tr><td>Form of Bid Security</td><td>Amount of Bid Security (Equal to Percentage of the ABC)</td></tr><tr><td>a) Cash or cashier's/ manager's check issued by a Universal or Commercial Bank. b) Bank draft/ guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank: Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.</td><td>Two percent (2%)</td></tr><tr><td>c) Surety bond callable upon demand issued by a surety or insurance company duly certified by Insurance Commission as authorized to issue such security.</td><td>Five percent (5%)</td></tr></table>	Form of Bid Security	Amount of Bid Security (Equal to Percentage of the ABC)	a) Cash or cashier's/ manager's check issued by a Universal or Commercial Bank. b) Bank draft/ guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank: Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.	Two percent (2%)	c) Surety bond callable upon demand issued by a surety or insurance company duly certified by Insurance Commission as authorized to issue such security.	Five percent (5%)		foreign or international financing institution whose blacklisting rules have been recognized by the GPPB? (2) Each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and information provided therein are true and correct? (3) It is authorizing the Head of the Procuring Entity or his duly authorized representative/s to verify all the documents submitted? (4) The signatory is the duly authorized representative of the prospective bidder, and granted full power and authority to do, execute and perform any and all acts necessary and/or to represent the prospective bidder in the bidding, with the duly notarized Secretary's Certificate attesting to such fact, if the prospective bidder is a corporation, partnership, cooperative, or joint venture? (5) It complies with			
Form of Bid Security	Amount of Bid Security (Equal to Percentage of the ABC)										
a) Cash or cashier's/ manager's check issued by a Universal or Commercial Bank. b) Bank draft/ guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank: Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.	Two percent (2%)										
c) Surety bond callable upon demand issued by a surety or insurance company duly certified by Insurance Commission as authorized to issue such security.	Five percent (5%)										



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
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<div> <div>d) Any combination of the foregoing.</div> <div>Proportionate to share of form with respect to total amount of security</div> </div> <p><i>For biddings conducted by LGUs, the prospective bidder may also submit bid securities in the form of cashier's/manager's check, bank draft/guarantee, or irrevocable letter of credit from other banks certified by the BSP as authorized to issue such financial instrument.</i></p> <ul style="list-style-type: none"> • <i>27.3. The bid security shall be denominated in Philippine Pesos and posted in favor of the procuring entity.</i> • <i>28.1. Bids and bid securities shall be valid for a reasonable period as determined by the Head of the Procuring Entity concerned, which shall be indicated in the Bidding Documents, but in no case shall the period exceed one hundred twenty (120) calendar days from the date of the opening of bids.</i> • <i>Section 47. Disclosure of Relations</i> <i>All bids shall be accompanied by a sworn affidavit of the bidder that it is not related to the Head of the Procuring Entity, members of the BAC, the TWG, and the BAC Secretariat, the head of the PMO or the end-user unit, and the project consultants, by consanguinity or affinity up to the third civil degree. Failure to comply with the aforementioned provision shall be a ground for the automatic disqualification of the bid in consonance with Section 30 of this IRR. For this reason, relation to the aforementioned persons within the third civil degree of consanguinity or affinity shall automatically disqualify the bidder from participating in the procurement of contracts of the procuring entity. On the part of the bidder, this provision shall apply to the following persons:</i> <ul style="list-style-type: none"> a) <i>If the bidder is an individual or a sole proprietorship, to the bidder himself;</i> b) <i>If the bidder is a partnership, to all</i> 		<p>the disclosure provision under Section 47 of the Act in relation to other provisions of R.A. 3019?</p> <p>(6) It complies with the responsibilities of a prospective or eligible bidder provided in the PBDs?</p> <p>(7) It complies with existing labor laws and standards, in the case of procurement of services?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>its officers and members;</i> <i>c) If the bidder is a corporation, to all its officers, directors, and controlling stockholders; and</i> <i>d) If the bidder is a joint venture, the provisions of items (a), (b), or (c) of this Section shall correspondingly apply to each of the members of the said joint venture, as may be appropriate.</i>					
6. To verify if the BAC opened the second envelopes of the bidders whose first envelopes were rated passed on the same day and determined compliance with the requirements using a nondiscretionary "pass/fail" criterion, as stated in the Instructions to Bidders <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 30.2 Immediately after determining compliance with the requirements in the first envelope, the BAC shall forthwith open the second bid envelope of each remaining eligible bidder whose first bid envelope was rated "passed." The second envelope of each complying bidder shall be opened within the same day... In case one or more of the requirements in the second envelope of a particular bid is missing, incomplete or patently insufficient, and/or if the <u>submitted total bid price exceeds the ABC</u>, the BAC shall rate the bid concerned as "failed". Only bids that are determined to contain all the bid requirements for both components shall be rated "passed" and shall immediately be considered for evaluation and comparison. 25.3. The second envelope shall contain the financial information/documents as specified in the PBDs. 	11. From the Checklists and Minutes of the Bid Opening and of the first envelope identify the bidders who were rated passed	Did the BAC open only the second envelopes of the bidders whose first envelopes were rated passed?			
	12. From the Minutes of the Bid Opening, check if the second envelopes of the bidders who were rated passed was opened by the BAC on the same day when the first envelopes were opened.	Did the BAC open the second envelopes on the same day when the first envelopes were opened?			
	13. Compare the Checklist with the list of documents in the second envelope per Bidding Documents.	Was the BAC's Checklist in accordance with the list of documents in the second envelope per Bidding Document?			
	14. Validate the entries ("pass/fail") in the Checklist with the documents submitted by the bidders in the second envelope (for presence or absence).	Did the BAC determine each bidder's compliance with the <u>documents required</u> to be submitted in the second envelope: (a) Financial Bid Form, which includes a.1 bid prices?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Philippine Bidding Documents for the Procurement of Goods, 3rd Edition (October 2009) issued by the GPPB:</i></p> <ul style="list-style-type: none"> <i>Instruction to Bidders (ITB) 13. Documents Comprising the Bid: Financial Component</i> <p><i>13.1 Unless otherwise stated in the BDS, the financial component of the bid shall contain the following:</i></p> <p><i>(a) Financial Bid Form, which includes bid prices and the bill of quantities and the applicable Price Schedules, in accordance with ITB Clauses 15.1 and 15.4;</i></p> <p><i>(b) If the bidder claims preference as a Domestic Bidder or Domestic Entity, a certification from the DTI, SEC, or CDA issued in accordance with ITB Clause 27</i></p> <p>----</p> <p><i>15.1 The Bidder shall complete the appropriate Price Schedules included herein, stating the unit prices, total price per item, the total amount and the expected countries of origin of the Goods to be supplied under this Project.</i></p> <p>----</p> <p><i>15.4 Prices indicated on the Price Schedule shall be entered separately in the following manner:</i></p> <p><i>(a) For Goods offered from within the Procuring Entity's country:</i></p> <p><i>(i) The price of the Goods quoted EXW (ex works, ex factory, ex warehouse, ex showroom, or off-the-shelf, as applicable), including all customs duties and sales and other taxes already paid or payable:</i></p> <p><i>(i.1) on the components and raw</i></p>		<p>a.2 bill of quantities?</p> <p>a.3 Price Schedules?</p> <p>a.4 total bid price?</p> <p>(b) If the bidder claims preference as a Domestic Bidder or Domestic Entity, a certification from the:</p> <p>DTI? or</p> <p>SEC? or</p> <p>CDA?</p>			
	<p>15. From the <i>Minutes of Bid Opening, Abstract of Bids as Read</i>, and relevant <i>BAC Resolutions</i> check if bids higher than the ABC were automatically disqualified.</p>	<p>Did the BAC automatically disqualify bids higher than the ABC?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
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<p><i>material used in the manufacture or assembly of Goods quoted ex works or ex factory; or</i></p> <p><i>(i.2) on the previously imported Goods of foreign origin quoted ex warehouse, ex showroom, or off-the-shelf and any Procuring Entity country sales and other taxes which will be payable on the Goods if the contract is awarded.</i></p> <p><i>(ii) The price for inland transportation, insurance, and other local costs incidental to delivery of the Goods to their final destination.</i></p> <p><i>(iii) The price of other (incidental) services, if any, listed in the BDS.</i></p> <p><i>(b) For Goods offered from abroad:</i></p> <p><i>(i) Unless otherwise stated in the BDS, the price of the Goods shall be quoted Delivered Duty Paid (DDP) with the place of destination in the Philippines as specified in the BDS. In quoting the price, the Bidder shall be free to use transportation through carriers registered in any eligible country. Similarly, the Bidder may obtain insurance services from any eligible source country.</i></p> <p><i>(ii) The price of other (incidental) services, if any, are listed in the BDS.</i></p> <p>----</p> <p><i>27. Domestic Preference</i></p> <p><i>27.1 Unless otherwise stated in the BDS, the Procuring Entity will</i></p>					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>grant a margin of preference for the purpose of comparison of bids in accordance with the following:</i></p> <p>(a) <i>The preference shall be applied when (i) the lowest Foreign Bid is lower than the lowest bid offered by a Domestic Bidder, or (ii) the lowest bid offered by a non-Philippine national is lower than the lowest bid offered by a Domestic Entity.</i></p> <p>(b) <i>For evaluation purposes, the lowest Foreign Bid or the bid offered by a non-Philippine national shall be increased by fifteen percent (15%).</i></p> <p>(c) <i>In the event that (i) the lowest bid offered by a Domestic Entity does not exceed the lowest Foreign Bid as increased, or (ii) the lowest bid offered by a non-Philippine national as increased, then the Procuring Entity shall award the contract to the Domestic Bidder/Entity at the amount of the lowest Foreign Bid or the bid offered by a non-Philippine national, as the case may be.</i></p> <p>(d) <i>If the Domestic Entity/Bidder refuses to accept the award of contract at the amount of the Foreign Bid or bid offered by a non-Philippine national within two (2) calendar days from receipt of written advice from the BAC, the Procuring Entity shall award to the bidder offering the Foreign Bid or the non-Philippine national, as the case may be, subject to post-qualification and submission of all the documentary requirements under these Bidding Documents.</i></p> <p><i>27.2. A Bidder may be granted preference as a Domestic Entity subject to the certification from the DTI (in case of sole proprietorships), SEC (in case of partnerships and corporations), or</i></p>					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>CDA (in case of cooperatives) that the (a) sole proprietorship is a citizen of the Philippines or the partnership, corporation, cooperative, or association is duly organized under the laws of the Philippines with at least seventy five percent (75%) of its interest or outstanding capital stock belonging to citizens of the Philippines, (b) habitually established in business and habitually engaged in the manufacture or sale of the merchandise covered by is bid, and (c) the business has been in existence for at least five (5) consecutive years prior to the advertisement and/or posting of the Invitation to Bid for this Project.</i></p> <p><i>27.3. A Bidder may be granted preference as a Domestic Bidder subject to the certification from the DTI that the Bidder is offering unmanufactured articles, materials or supplies of the growth of production of the Philippines, or manufactured articles, materials, or supplies manufactured or to be manufactured in the Philippines substantially from articles, materials, or supplies of the growth, production, or manufacture, as the case may be, of the Philippines.</i></p> <p>----</p> <p><i>31.1. The ABC shall be the upper limit or ceiling for acceptable bid prices. If a bid price, as evaluated and calculated in accordance with this IRR, is higher than the ABC, the bidder submitting the same shall be automatically disqualified. There shall be no lower limit or floor on the amount of the award.</i></p>					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
IN CASE A BIDDER DETERMINED AS “FAILED” FILES A REQUEST FOR RECONSIDERATION					
1. To verify if the Bidder determined as “failed” submitted his request for reconsideration within 3 days upon written notice or, if present at the time of bid opening, upon verbal notification <i>Philippine Bidding Documents (PBDs) for the Procurement of Goods, 3rd Edition, (October 2009) approved by the GPPB per GPPB Resolution No. 06-2009 dated September 30, 2009:</i> • 24.7. A Bidder determined as “failed” has three (3) calendar days upon written notice or, if present at the time of bid opening, upon verbal notification within which to file a request or motion for reconsideration with the BAC: <i>Provided, however, that the motion for reconsideration shall not be granted if it is established that the finding of failure is due to the fault of the Bidder concerned: Provided, further, that the BAC shall decide on the request for reconsideration within seven (7) calendar days from receipt thereof. If a failed bidder signifies his intent to file a request for reconsideration, the BAC shall keep the bid envelopes of the said failed Bidder unopened and/or duly sealed until such time that the request for reconsideration or protest has been resolved.</i>	1. Count the number of days FROM the date of bid opening or date of receipt of the notice by the concerned Bidder TO the date of receipt by the BAC Secretariat of the letter-request for reconsideration (duly stamped “received” by the BAC Secretariat) and compare with the 3-day maximum.	Did the BAC ensure that the Bidder determined as “failed” submitted their requests for reconsideration within 3 days upon written notice or, if present at the time of bid opening, upon verbal notification?			
	2. From the Minutes of the deliberation of the request for reconsideration, look for information and finding if the failure was due to the fault of the Bidder, and the if the BAC decided not to grant the request.	Did the BAC evaluate if the failure was due to the fault of the bidder? If in the affirmative, did the BAC decide not to grant the request?			
	3. From the Minutes of the deliberation of the request for reconsideration, look for information on the period within which the BAC decided on the request for reconsideration – from the date of receipt of the request for reconsideration up to the date of decision (BAC Resolution) on the decision reached; and compare with the 7-day maximum period.	Did the BAC decide on the request for reconsideration within 7 days from receipt thereof?			
INVOLVEMENT OF BAC OBSERVERS IN THE BID OPENING AND PRELIMINARY EXAMINATION OF BIDS, INCLUDING EVALUATION AND DECISION ON MOTIONS FOR RECONSIDERATION					
1. To verify if the BAC invited Observers: a. representing the COA, the specific relevant chamber-member of the Philippine Chamber of Commerce and Industry, and a non-government organization (NGO) from the procuring entity's Pool of Observers; b. that have: b.1. knowledge, experience or expertise in procurement or	1. From the Minutes of the BAC meeting on the selection of the Observer from the “pool”, check for information on the BAC's evaluation in regard to: • the selection of the organization from which the Observer will be invited; • knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; • no actual or potential conflict of interest in the contract to	Did the BAC choose the Observers considering: a. one representing the COA? b. One representing the specific relevant chamber-member of the Philippine Chamber of Commerce and Industry?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>in the subject matter of the contract to be bid; b.2. no actual or potential conflict of interest in the contract to be bid; and b.3. conformed with other relevant criteria determined by the BAC; c. at least 3 calendar days prior to the start of the activity</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> Section 13. Observers 13.1. To enhance the transparency of the process, the BAC shall, in all stages of the procurement process, invite, in addition to the representative of the COA, at least two (2) observers, who shall not have the right to vote, to sit in its proceedings where: <ul style="list-style-type: none"> a) At least one (1) shall come from a duly recognized private group in a sector or discipline relevant to the procurement at hand, for example: <ul style="list-style-type: none"> i) ... ii) For goods, a specific relevant chamber-member of the Philippine Chamber of Commerce and Industry. iii) ... and b) The other observer shall come from a non-government organization (NGO). 13.2. The observers shall come from an organization duly registered with the Securities and Exchange Commission (SEC) or the Cooperative Development Authority (CDA), and should meet the following criteria: <ul style="list-style-type: none"> a) Knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; b) Absence of actual or potential conflict of interest in the contract to be bid; and c) Any other relevant criteria that may be determined by the BAC. 	<ul style="list-style-type: none"> be bid; and conformed with other relevant criteria determined by the BAC. 	<p>c. One representing a non-government organization?</p> <p>d. With knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid?</p> <p>e. With no actual or potential conflict of interest in the contract to be bid?</p> <p>f. Conformed with other relevant criteria determined by the BAC?</p>			
	<p>2. From certified copies of the invitations to the Observers with evidence of receipt, compare the date of receipt with the 3-day minimum requirement.</p>	<p>Did the BAC invite the Observers at least 3 days before the date of the start of activities?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</p>					
<p>2. To verify if the Procuring Entity considered the comments/observations of the Observers</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 13.4. The observers shall have the following responsibilities: <ul style="list-style-type: none"> a) To prepare the report either jointly or separately indicating their observations made on the procurement activities conducted by the BAC for submission to the Head of the Procuring Entity, copy furnished the BAC Chairman. The report shall <u>assess</u> the extent of the BAC's compliance with the provisions of this IRR and areas of improvement in the BAC's proceedings; b) To submit their report to the procuring entity and furnish a copy to the GPPB and Office of the Ombudsman/Resident Ombudsman. If no report is submitted by the observer, then it is understood that the bidding activity conducted by the BAC followed the correct procedure; and c) To immediately inhibit and notify in writing the procuring entity concerned of any actual or potential interest in the contract to be bid. 13.5. Observers shall be allowed access to the following documents upon their request, subject to signing of a confidentiality agreement: (a) minutes of BAC meetings; (b) abstract of Bids; (c) post-qualification summary report; (d) APP and related PPMP; and (e) opened proposals 	<p>3. Based on the BAC's Minutes on the bid opening, preliminary evaluation of bids, evaluation and decision on motions for reconsideration, and the report of the Observers check whether a deliberation was made on the comments /observations of the observers.</p>	<p>Did the Procuring Entity consider the comments/ observations of the Observers?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <i>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliance to establish the cause(s) and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



IX. BID EVALUATION FOR THE PROCUREMENT OF GOODS

The purpose of bid evaluation is to determine the Lowest Calculated Bid. This is done by establishing the correct calculated prices of the bids and ranking in ascending order the total bid prices as so calculated. The bid with the lowest price is the LCB.

A. AUDIT OBJECTIVES:

1. To verify if the BAC adopted the required **conditions and procedures in bid evaluation**
2. To verify if the BAC followed the required **timeline** in the conduct of bid evaluation.

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for the evaluation:

1. Minutes of Bid Opening;
2. Checklists for technical and financial envelopes;
3. Abstract of Bids as Read;
4. BAC Resolution(s) on the preliminary examination of bids;
5. TWG report on the bid evaluation for determination of the bidder with the LCB, as reviewed by the BAC;
6. Abstract of Bids as Calculated;
7. Minutes of the BAC meeting on bid evaluation;
8. Resolution of the BAC declaring the LCB;
9. Minutes of the BAC meeting on the selection of the Observer from the "pool";
10. Invitation letters to the Observers with evidence of receipt.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC conducted <u>detailed evaluation</u> of all bidders whose first envelope (technical component) and second envelope (financial component) were rated passed <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 30.2.Only bids that are determined to contain all the bid requirements for both components shall be rated "passed" and shall immediately be considered for <u>evaluation</u> and comparison. 	1. From the <i>Minutes of Bid Opening</i> , <i>Checklists</i> for technical and financial envelopes, <i>Abstract of Bids as Read</i> , and <i>BAC Resolutions</i> identify the bidders who were rated "passed" in all aspects and compare with the names of the bidders included in the bid evaluation (from the TWG report, as reviewed by the BAC, <i>Minutes</i> of the BAC meeting on bid evaluation, and <i>Resolution of the BAC</i> declaring the LCB).	Did the BAC conduct detailed evaluation of all bidders who passed in the preliminary examination of bids?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>2. To verify if the BAC considered <u>completeness</u> and <u>arithmetical corrections</u> of the <u>financial component of the bids</u> in the detailed evaluation</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • 32.2.1 – The BAC shall immediately conduct a detailed evaluation of all bids using non-discretionary criteria in considering the following: <ul style="list-style-type: none"> (a) <u>Completeness of the bid</u> – Unless the Instruction to Bidders specifically allow partial bids, bids not addressing or providing all of the required items in the Bidding Documents including, where applicable, bill of quantities, shall be considered non-responsive and, thus, automatically disqualified. In this regard, where a required item is provided, but no price is indicated, the same shall be considered as non-responsive, but specifying a “0” (zero) for the said item would mean that it is being offered for free to the Government; and (b) <u>Arithmetical corrections</u> – Consider computational errors and omissions to enable proper comparison of all eligible bids. It may also consider bid modifications it expressly allowed in the Bidding Documents [AS AMENDED BY GPPB RESOLUTION NO. 06-2009 DATED SEPT 30, 2009] Any adjustment shall be calculated in monetary terms to determine the calculated prices. • 32.2.2. The BAC shall evaluate all bids on an equal footing to ensure fair and competitive bid comparison. For this purpose, all bidders shall be required to include the cost of all taxes, 	<p>2. From the TWG report, as reviewed by the BAC, <i>Minutes</i> of the BAC meeting on bid evaluation, and <i>Resolution of the BAC</i> declaring the LCB, look for the information on the evaluation of completeness of financial component of the bids.</p>	<p>Did the BAC evaluate the completeness of the financial component of the bids :</p> <p><u>For Goods offered from within the Philippines:</u></p> <ul style="list-style-type: none"> a. Item? b. Description? c. Country of Origin? d. Quantity? e. Unit Price EXW per item? f. Cost of local labor, raw material, and component? g. Total price EXW per item? h. Unit prices per item final destination and unit price of other incidental services? i. Sales and other taxes payable per item if Contract is awarded? j. Total price delivered Final Destination? <p><u>For Goods Offered from Abroad:</u></p> <ul style="list-style-type: none"> a. Item? b. Description? c. Country of Origin? d. Quantity? e. Unit price CIF port of entry 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>such as, but not limited to, value added tax (VAT), income tax, local taxes, and other fiscal levies and duties which shall be itemized in the bid form and reflected in the detailed estimates. Such bids, including said taxes, shall be the basis for bid evaluation and comparison.</i>		(specified port) or CIF named place (specified border point or place of destination)?			
		f. Total CIF or CIF price per item?			
		g. Unit price Delivered Duty Unpaid (DDU)?			
		h. Unit price Delivered Duty Paid (DDP)?			
		i. Total Price Delivered DDP?			
		Did the BAC consider non-responsive and, thus, <u>automatically disqualified</u> bids not addressing or providing all of the required items in the Bidding Documents?			
		Did the BAC consider non-responsive and, thus, <u>automatically disqualified</u> bids that did not indicate the price for a required item?			
		Did the BAC evaluate the arithmetical accuracy of financial components of bids in terms of: a. computational errors? b. omissions? c. other bid modification, if allowed in the Bidding Documents?			
	3. From the TWG report with supporting documents and duly reviewed by the BAC, <i>Minutes</i> of the BAC meeting on bid evaluation, and <i>Resolution of the BAC</i> declaring the LCB, look for the information on the evaluation of <u>arithmetical accuracy</u> of financial component of the bids.				



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
3. To verify if the BAC disqualified bidders whose bids as calculated were higher than the ABC <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 31.1 – The ABC shall be the upper limit or ceiling for acceptable bid prices. If a bid price, as evaluated and calculated in accordance with this IRR, is higher than the ABC, the bidder submitting the same shall be automatically disqualified. There shall be no lower limit or floor on the amount of the award. 	4. Analyze the TWG report, as reviewed by the BAC, <i>Minutes</i> of the BAC meeting on bid evaluation, <i>Abstract of Bids as Calculated</i> , and <i>Resolution of the BAC</i> declaring the LCB, in regard to disqualified bidders whose bids are higher than the ABC.	Did the BAC disqualify bidders whose bids as calculated were higher than the ABC?			
4. To verify if the BAC prepared the Abstract of Bids as Calculated with the required information <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> Section 32.3 – After all bids have been received, opened, examined, evaluated, and ranked, the BAC shall prepare the corresponding Abstract of Bids.The Abstract of Bids shall contain the following: <ul style="list-style-type: none"> (a) Name of the contract and its location, if applicable; (b) Time, date and place of bid opening; and (c) Names of bidders and their corresponding calculated bid prices arranged from lowest to highest, the amount of bid security and the name of the issuing entity. 	5. Check for completeness of the information contained in the Abstract of Bids as Calculated and if this was signed by the members of the BAC.	Did the BAC prepare the Abstract of Bids as calculated with the following information: <ul style="list-style-type: none"> a. Name of the contract? b. Location? c. Time of bid opening? d. Date of bid opening? e. Place of bid opening? f. Names of bidders and their corresponding calculated bid prices g. Calculated bid prices arranged from lowest to highest? h. Amount of bid security? i. Name of the issuing entity? 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
		j. Names and signatures of the Chairman and members of the BAC?			
5. To verify if the BAC declared rank 1 in the <i>Abstract of Bids as Calculated as the Lowest Calculated Bid (LCB)</i> <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 32.2.4. Bids shall then be ranked in the ascending order of their total calculated bid prices, as evaluated and corrected for computational errors, and other bid modifications, to identify the Lowest Calculated Bid. Total calculated bid prices, as evaluated and corrected for computational errors, and other bid modifications, which exceed the ABC shall be disqualified. 32.3. After all bids have been received, opened, examined, evaluated, and ranked, the BAC shall prepare the corresponding Abstract of Bids. 	6. Analyze the TWG report, as reviewed by the BAC, Minutes of the BAC meeting on bid evaluation, <i>Abstract of Bids as Calculated</i> , and <i>Resolution of the BAC</i> declaring the LCB, in regard to disqualified bidders whose bids are higher than the ABC.	Did the BAC declare rank 1 in the <i>Abstract of Bids as Calculated</i> as the Lowest Calculated Bid (LCB)?			
6. To verify if the BAC notified the bidder with the LCB <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 34.2. Within three (3) calendar days from receipt by the bidder of the <u>notice from the BAC</u> that the bidder has the Lowest Calculated Bid or Highest Rated Bid, the bidder shall submit the following documentary requirements to the BAC: ... 	7. Obtain a copy of the notice issued by the BAC to the bidder with the LCB and check for receipt by the bidder.	Did the BAC notify the bidder with the LCB?			
7. To verify if the BAC observed quorum <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 12.3 Quorum 	8. From the Office Order creating the BAC, determine the number of BAC members and identify the Chairman or Vice-Chairman. 9. From the <i>Minutes of Bid</i>	Was there a quorum of the BAC?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>A majority of the total BAC composition as designated by the Head of the Procuring Entity shall constitute a quorum for the transaction of business, provided that the presence of the Chairman or Vice-Chairman shall be required.</i>	<i>Evaluation</i> , check for the presence of the Chairman or Vice-Chairman and if majority of the BAC members or representatives/alternates attended the proceedings.				
8. To verify if the BAC completed the evaluation process within seven (7) calendar days from the deadline for receipt of proposals <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 32.4 The entire evaluation process shall be completed within seven (7) calendar days from the <u>deadline for receipt of proposals</u>. 	10. From the <i>Invitation to Bid</i> and BAC Resolution determine the number of days from the deadline for receipt of proposals and the completion of the bid evaluation.	Did the BAC complete the evaluation process within seven (7) calendar days from the Bid Submission Deadline?			
INVOLVEMENT OF BAC OBSERVERS IN THE BID EVALUATION INCLUDING EVALUATION AND DECISION ON MOTIONS FOR RECONSIDERATION					
9. To verify if the BAC invited Observers: <ol style="list-style-type: none"> representing the COA, the specific relevant chamber-member of the Philippine Chamber of Commerce and Industry, and a non-government organization (NGO) from the procuring entity's Pool of Observers; that have: <ol style="list-style-type: none"> knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; no actual or potential conflict of interest in the contract to be bid; and conformed with other relevant criteria determined by the BAC; at least 3 calendar days prior to the start of the activity <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i>	11. From the Minutes of the BAC meeting on the selection of the Observer from the "pool", check for information on the BAC's evaluation in regard to: <ul style="list-style-type: none"> the selection of the organization from which the Observer will be invited; knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; no actual or potential conflict of interest in the contract to be bid; and conformed with other relevant criteria determined by the BAC. 	Did the BAC choose the Observers considering: <ol style="list-style-type: none"> one representing the COA? One representing the specific relevant chamber-member of the Philippine Chamber of Commerce and Industry? One representing a non-government organization? With knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid? With no actual or potential conflict of interest in the 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> 13. Observers 13.1. To enhance the transparency of the process, the BAC shall, in all stages of the procurement process, invite, in addition to the representative of the COA, at least two (2) observers, who shall not have the right to vote, to sit in its proceedings where: <ul style="list-style-type: none"> a) At least one (1) shall come from a duly recognized private group in a sector or discipline relevant to the procurement at hand, for example: <ul style="list-style-type: none"> i) ... ii) For goods, a specific relevant chamber-member of the Philippine Chamber of Commerce and Industry. iii) ... and b) The other observer shall come from a non-government organization (NGO). 13.2. The observers shall come from an organization duly registered with the Securities and Exchange Commission (SEC) or the Cooperative Development Authority (CDA), and should meet the following criteria: <ul style="list-style-type: none"> a) Knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; b) Absence of actual or potential conflict of interest in the contract to be bid; and c) Any other relevant criteria that may be determined by the BAC. 13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing. 		contract to be bid? f. Conformed with other relevant criteria determined by the BAC?			
	12. From certified copies of the invitations to the Observers with evidence of receipt and the date of the start of bid evaluation, compare the period with the 3-day minimum requirement.	Did the BAC invite the observers at least 3 days before the date of the bid evaluation?			
10. To verify if the Procuring Entity considered the comments/observations of the Observers <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 13.4. The observers shall have 	13. Based on the BAC's Minutes on the bid evaluation and the report of the Observers check whether a deliberation was made on the comments /observations of the observers.	Did the Procuring Entity consider the comments/ observations of the Observers?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>the following responsibilities:</i></p> <p><i>a) To prepare the report either jointly or separately indicating their observations made on the procurement activities conducted by the BAC for submission to the Head of the Procuring Entity, copy furnished the BAC Chairman. The report shall <u>assess</u> the extent of the BAC's compliance with the provisions of this IRR and areas of improvement in the BAC's proceedings;</i></p> <p><i>b) To submit their report to the procuring entity and furnish a copy to the GPPB and Office of the Ombudsman/Resident Ombudsman. If no report is submitted by the observer, then it is understood that the bidding activity conducted by the BAC followed the correct procedure; and</i></p> <p><i>c) To immediately inhibit and notify in writing the procuring entity concerned of any actual or potential interest in the contract to be bid.</i></p> <p>• <i>13.5. Observers shall be allowed access to the following documents upon their request, subject to signing of a confidentiality agreement: (a) minutes of BAC meetings; (b) abstract of Bids; (c) post-qualification summary report; (d) APP and related PPMP; and (e) opened proposals.</i></p>					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p>	<p>Analyze the instances of non-compliances to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <i>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>	NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .				
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re-Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



X. POST-QUALIFICATION FOR THE PROCUREMENT OF GOODS

The Lowest Calculated Bid (LCB) shall undergo post-qualification in order to determine whether the bidder concerned complies with and is responsive to all the requirements and conditions as specified in the Bidding Documents.

A. AUDIT OBJECTIVES:

1. To verify if the BAC adopted the required **conditions and procedures** in the conduct of post-qualification
2. To verify if the BAC followed the required **timeline** in the conduct of post-qualification

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. Minutes of the BAC meetings on post-qualification;
2. Copy of the BAC Secretariat's Receiving logbook indicating information on receipt of the: a) Tax clearance, b) Latest income and business tax returns, c) Certificate of PhilGEPS Registration; and d) Other appropriate licenses and permits required by law and stated in the Bidding Documents, submitted by the bidder with the LCB;
3. Copy each of the documents submitted by the bidder with the LCB;
4. BAC Resolution disqualifying the bidder and forfeiting its bid security, if the bidder with the LCB did not comply with the required submissions;
5. Documents evidencing the BAC's validation of the veracity of the documents submitted and the information thereon;
6. Copy of the BAC Resolution disqualifying the bidder and forfeiting its bid security, if the BAC had a finding against the veracity of the documents/ information thereon;
7. TWG report on the post-qualification conducted, including supporting documents (e.g. inspection reports), as reviewed by the BAC; evidencing:
 - 7.1. validation of the authenticity of the documents submitted and information thereon;
 - 7.2. validation of compliance of the goods offered with the requirements specified in the Bidding Documents, duly supported with: inspection reports on the goods offered and test results;
 - 7.3. validation of the sufficiency of the bid security as to type, amount, form and wording, validity period;
 - 7.4. validation of compliance with the financial requirements of the LCB;
 - 7.5. conduct of analysis and concluding on the post-qualification or disqualification of the bidder, as the case may be;
8. TWG report(s) on the evaluation of the post-disqualified bidder(s)' request for reconsideration, as reviewed by the BAC;
9. Minutes of the post-qualification activities;
10. BAC Resolution declaring the LCRB;
11. Copy of the document approved by the HOPE extending the period for the post-qualification process, if applicable;
12. Minutes of the BAC meeting on the selection of the Observer from the "pool";
13. Reports of the BAC Observers.



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify whether the bidder whose bid was declared by the BAC as LCB submitted the following documents within 3 calendar days from its receipt of the notice: a) Tax clearance; b) Latest income and business tax returns; c) Certificate of PhilGEPS Registration; and d) Other appropriate licenses and permits required by law and stated in the Bidding Documents. <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 34.2. Within three (3) calendar days from receipt by the bidder of the notice from the BAC that the bidder has the Lowest Calculated Bid or Highest Rated Bid, the bidder shall submit the following documentary requirements to the BAC: <ul style="list-style-type: none"> a) Tax clearance; b) Latest income and business tax returns; c) Certificate of PhilGEPS Registration; and d) Other appropriate licenses and permits required by law and stated in the Bidding Documents. 	<p>1. From the records of the BAC, check the date when the bidder with the LCB submitted the: a) Tax clearance, b) Latest income and business tax returns, c) Certificate of PhilGEPS Registration; and d) Other appropriate licenses and permits required by law and stated in the Bidding Documents and compare this with the date of receipt of the notice that the bidder has the LCB.</p> <p>2. Ask for copies of the documents submitted from the BAC Secretariat and compare them with the requirements.</p>	<p>Did the bidder with the LCB submit within 3 calendar days from receipt of the notice as LCB:</p> <p>a. Tax Clearance?</p> <p>b. Latest income and business tax returns?</p> <p>c. Certificate of PhilGEPS Registration?</p> <p>d. Other appropriate licenses and permits required by law and stated in the Bidding Documents?</p>			
2. To verify if the BAC: 2.1. determined the veracity of the documents submitted and 2.2. forfeited the bid security and disqualified the bidder for award for reason that; a. the bidder failed to submit the required documents on time, and/or b. there was a finding against the veracity of the documents/ information	<p>3. If based on the validation conducted in 1. and 2. above, the submissions were found to be incomplete and/or not on time, obtain a copy of the BAC Resolution disqualifying the bidder and forfeiting its bid security.</p>	<p>Did the BAC forfeit the bid security and disqualify the bidder for award because of failure to submit the required documents on time?</p>			
	<p>4. Obtain from the BAC Secretariat documents evidencing the BAC's validation of the veracity of the documents submitted and the</p>	<p>Did the BAC forfeit the bid security and disqualify the bidder for award because of a finding against the</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 34.2. Within three (3) calendar days from receipt by the bidder of the notice from the BAC that the bidder has the Lowest Calculated Bid or Highest Rated Bid, the bidder shall submit the following documentary requirements to the BAC: <ul style="list-style-type: none"> a) Tax clearance; b) Latest income and business tax returns; c) Certificate of PhilGEPS Registration; and d) Other appropriate licenses and permits required by law and stated in the Bidding Documents. <p><i>Failure to submit the above requirements <u>on time</u> or a <u>finding against the veracity</u> of such shall be ground for the forfeiture of the bid security and disqualify the bidder for award.</i></p>	<p>information thereon and check the results of such validation.</p> <p>If the BAC had a finding against the veracity of the documents/ information thereon, obtain a copy of the BAC Resolution disqualifying the bidder and forfeiting its bid security.</p>	veracity of the documents/ information?			
<p>3. To verify if the BAC conducted post-qualification on the bidder with the Lowest Calculated Bid (LCB)</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 34.1 The Lowest Calculated Bid shall undergo post-qualification in order to determine whether the bidder concerned complies with and is responsive to all the requirements and conditions as specified in the Bidding Documents. 	<p>5. Match the name of the bidder with the LCB as indicated in the BAC Resolution declaring the LCB with the name of the bidder indicated in the Post-Qualification Report.</p>	Did the BAC conduct post-qualification on the bidder with the Lowest Calculated Bid (LCB)?			
<p>4. To verify if the BAC verified, validated, and ascertained that the bidder with the LCB is:</p> <p>a. a duly licensed Filipino citizen/sole proprietor, or</p> <p>b. a Partnerships duly organized under the laws of the Philippines and of which at least sixty percent (60%) of the interest belongs to citizens of the Philippines, or</p>	<p>6. Secure from the BAC Secretariat the TWG report, as reviewed by the BAC, evidencing validation of the authenticity of the:</p> <p>a) DTI Registration Certificate, duly supported with:</p> <ul style="list-style-type: none"> the DTI-certified copy of the <i>Registration Certificate</i> and DTI certificate that the sole proprietor is a Filipino citizen 	Did the BAC validate the authenticity of the Registration documents submitted by the bidder?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>c. a Corporation duly organized under the laws of the Philippines, and of which at least sixty percent (60%) of the outstanding capital stock belongs to citizens of the Philippines, or</p> <p>d. Cooperatives duly organized under the laws of the Philippines, and of which at least sixty percent (60%) belongs to citizens of the Philippines, or</p> <p>e. Joint Venture - <u>that Filipino ownership or interest of the joint venture concerned shall be at least sixty percent (60%).</u></p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 34.3. The post-qualification shall verify, validate, and ascertain all statements made and documents submitted by the bidder with the Lowest Calculated Bid/Highest Rated Bid, using non-discretionary criteria, as stated in the Bidding Documents. These criteria shall consider, but shall not be limited to, the following: <ul style="list-style-type: none"> a) Legal Requirements. To verify, validate, and ascertain licenses, certificates, permits, and agreements submitted by the bidder, and the fact that it is not included in any "blacklist" as provided in Section 25.2 of this IRR. For this purpose, the GPPB shall maintain a consolidated file of all "blacklisted" suppliers, contractors, and consultants. ... 23.5.1. For the procurement of goods: <ul style="list-style-type: none"> 23.5.1.1. The following shall be eligible to participate in the bidding for the supply of goods: <ul style="list-style-type: none"> a) Duly licensed Filipino citizens/ sole proprietorships; b) <u>Partnerships</u> duly organized under the laws of the Philippines and of which at least sixty percent 	<p>(based on the application for registration filed by the bidder with the DTI),</p> <p>if the bidder is a sole proprietorship;</p> <p>b. <u>SEC registration</u> and of the <u>60% Filipino ownership</u>, duly supported with:</p> <ul style="list-style-type: none"> the SEC-certified copy of the Registration Certificate, <p>if the bidder is a partnership;</p> <p>c. <u>SEC registration</u> and of the <u>60% Filipino ownership</u>, duly supported with:</p> <ul style="list-style-type: none"> SEC-certified copy of the Registration Certificate and SEC-certified copy of the Articles of Incorporation <p>if the bidder is a corporation.</p> <p>d. <u>CDA registration</u> and of the <u>60% Filipino ownership</u>, duly supported with:</p> <ul style="list-style-type: none"> CDA-certified copy of the Registration Certificate and CDA certificate that at least sixty percent (60%) belongs to citizens of the Philippines <p>if the bidder is a cooperative</p> <p>e. Joint Venture individual partner's:</p> <ul style="list-style-type: none"> <u>DTI, SEC, or CDA registrations</u> and of the <u>60% Filipino ownership</u> <p>duly supported with the DTI-, SEC-, or CDA-certified Certificate, as the case may be and DTI-, SEC-</p>				



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>(60%) of the interest belongs to citizens of the Philippines;</i> <i>c) <u>Corporations</u> duly organized under the laws of the Philippines, and of which at least sixty percent (60%) of the outstanding capital stock belongs to citizens of the Philippines;</i> <i>d) <u>Cooperatives</u> duly organized under the laws of the Philippines, and of which at least sixty percent (60%) belongs to citizens of the Philippines; or</i> <i>e) Persons/ entities forming themselves into a <u>joint venture</u>, i.e., a group of two (2) or more persons/entities that intend to be jointly and severally responsible or liable for a particular contract: Provided, however, <u>That Filipino ownership or interest of the joint venture concerned shall be at least sixty percent (60%).</u> For this purpose, Filipino ownership or interest shall be based on the contributions of each of the members of the joint venture as specified in their JVA.</i></p>	, or CDA-certified documents evidencing ownership.				
	7. Compare the data/documents in 6. above with the documents submitted by the bidder to validate authenticity and extent of Filipino ownership.	<p>Did the BAC validate if the bidder is a Filipino, for a sole proprietorship?</p> <p>Did the BAC validate if the Partnership or Corporation or Cooperative or Joint Venture is at least 60% Filipino owned?</p>			
<p>5. To verify if the BAC verified, validated, and ascertained that the <u>Mayor's Permit</u> submitted by the bidder with the LCB was issued by the city or municipality where the principal place of business of the prospective bidder is located</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>34.3. The post-qualification shall verify, validate, and ascertain all statements made and documents submitted by the bidder with the Lowest Calculated Bid/Highest Rated Bid, using non-discretionary criteria, as stated in the Bidding Documents. These criteria shall consider, but shall not be limited to, the following:</i> <ul style="list-style-type: none"> <i>a) Legal Requirements. To verify, validate, and ascertain licenses, certificates, permits, and</i> 	<p>8. Secure from the BAC Secretariat the TWG report, as reviewed by the BAC, evidencing <u>validation of the authenticity</u> of the Mayor's Permit and whether it was issued by the city or municipality where the principal place of the business of the bidder is located, duly supported with:</p> <ul style="list-style-type: none"> The LGU-certified copy of the Mayor's permit, and DTI-, SEC-, or CDA-certified Registration Certificate showing the bidder's principal place of business <p>9. Compare the data/documents in 8. above with the documents submitted by the bidder to validate authenticity and issuing entity is the city/municipality where the bidder's principal</p>	<p>Did the BAC validate the authenticity of the Mayor's Permit submitted by the bidder?</p> <p>Did the BAC verify, validate, and ascertain that the Mayor's Permit submitted by the bidder with the LCB was issued by the city or municipality where the principal place of business of the prospective bidder is located?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>agreements submitted by the bidder, and the fact that it is not included in any "blacklist" as provided in Section 25.2 of this IRR. For this purpose, the GPPB shall maintain a consolidated file of all "blacklisted" suppliers, contractors, and consultants.</i></p> <p>...</p> <ul style="list-style-type: none"> 23.1. For purposes of determining the eligibility of bidders using the criteria stated in Section 23.5 of this IRR, only the following documents shall be required by the BAC, using the forms prescribed in the Bidding Documents: <ul style="list-style-type: none"> a) Class "A" Documents <ul style="list-style-type: none"> <u>Legal Documents</u> i) --- ii) Mayor's permit issued by the city or municipality where the principal place of business of the prospective bidder is located. 	<p>place of business is located.</p>				
<p>6. To verify if the BAC verified, validated, and ascertained compliance of the goods offered with the requirements specified in the Bidding Documents, including, where applicable:</p> <p>a. Verification and/or inspection and testing of the goods/product,</p> <p>b. after sales and/or maintenance capabilities, in applicable cases</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 34.3. The post-qualification shall verify, validate, and ascertain all statements made and documents submitted by the bidder with the Lowest Calculated Bid/Highest Rated Bid, using non-discretionary criteria, as stated in the Bidding Documents. These criteria shall consider, but shall not be limited to, the following: <ul style="list-style-type: none"> a) <u>Legal Requirements</u>... b) <u>Technical Requirements</u>. To determine compliance of goods, infrastructure 	<p>10. Secure from the BAC Secretariat the TWG report, as reviewed by the BAC, evidencing <u>validation of the goods offered with the requirements specified in the Bidding Documents</u>, duly supported with:</p> <p>a. inspection reports on the goods offered;</p> <p>b. test results</p> <p>11. Compare the results of validation in 10 above with the requirements in the Bidding Documents</p>	<p>Did the BAC verify, validate, and ascertain that the goods offered by the bidder with the LCB complied with the requirements specified in the Bidding Documents in terms of:</p> <p>a. specifications of the item?</p> <p>b. maintenance and/or after-sales capabilities?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>projects, or consulting services offered with the requirements specified in the Bidding Documents, including, where applicable:</i></p> <p><i>i)...</i></p> <p><i>ii) ...</i></p> <p><i>iii) Verification and/or inspection and testing of the goods/product, after sales and/or maintenance capabilities, in applicable cases, for the procurement of goods; ...</i></p>					
<p>7. To verify if the BAC validated if the bidder with the LCB is not “blacklisted”</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • 34.3. <i>The post-qualification shall verify, validate, and ascertain all statements made and documents submitted by the bidder with the Lowest Calculated Bid/Highest Rated Bid, using non-discretionary criteria, as stated in the Bidding Documents. These criteria shall consider, but shall not be limited to, the following:</i> <p><i>a) Legal Requirements. To verify, validate, and ascertain licenses, certificates, permits, and agreements submitted by the bidder, and the fact that it is not included in any “blacklist” as provided in Section 25.2 of this IRR. For this purpose, the GPPB shall maintain a consolidated file of all “blacklisted” suppliers, contractors, and consultants.</i></p>	<p>11. From the TWG report with supporting documents (e.g. consolidated file of all “blacklisted” suppliers maintained by the GPPB) duly reviewed by the BAC, and the <i>Minutes</i> of BAC meetings, check for information showing the BAC’s validation if the bidder with the LCB is not “blacklisted”.</p>	<p>Did the BAC validate if the bidder with the LCB was not blacklisted?</p>			
<p>8. To verify if the BAC validated the bidder’s compliance with the “no relationship” provision embodied in Section 47 of the Revised IRR of RA No. 9184, i.e., that the bidder is not related by consanguinity or affinity up to the 3rd civil degree to the:</p>	<p>12. From the TWG report, as reviewed by the BAC, the Minutes of BAC meetings/ deliberations and BAC Resolution, check for information showing the BAC’s validation that:</p> <p>a. the individual bidder in an individual or a sole proprietorship, is not related to the persons</p>	<p>Did the BAC validate the relationship of the bidder with the:</p> <p>a. HOPE?</p> <p>b. members of the BAC?</p> <p>c. members of the TWG?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
a. HOPE, b. members of the BAC, c. members of the TWG, d. members of the BAC Secretariat, e. head of the Project Management Office (PMO), f. head of the end-user unit, g. project consultants • <i>Section 47. Disclosure of Relations</i> <i>All bids shall be accompanied by a sworn affidavit of the bidder that it is not related to the Head of the Procuring Entity, members of the BAC, the TWG, and the BAC Secretariat, the head of the PMO or the end-user unit, and the project consultants, by consanguinity or affinity up to the third civil degree. Failure to comply with the aforementioned provision shall be a ground for the automatic disqualification of the bid in consonance with Section 30 of this IRR. For this reason, relation to the aforementioned persons within the third civil degree of consanguinity or affinity shall automatically disqualify the bidder from participating in the procurement of contracts of the procuring entity. On the part of the bidder, this provision shall apply to the following persons:</i> <i>a) If the bidder is an individual or a sole proprietorship, to the bidder himself;</i> <i>b) If the bidder is a partnership, to all its officers and members;</i> <i>c) If the bidder is a corporation, to all its officers, directors, and controlling stockholders; and</i> <i>d) If the bidder is a joint venture, the provisions of items (a), (b), or (c) of this Section shall correspondingly apply to each of the members of the said joint venture, as may be appropriate.</i>	mentioned in Sec. 47, Amended IRR of RA 9184; b. all the officers and members of the bidder partnership are not related to the persons mentioned in Sec. 47, Amended IRR of RA 9184; c. all the officers, directors, and controlling stockholders of the bidder corporation are not related to the persons mentioned in Sec. 47, Amended IRR of RA 9184.	d. members of the BAC Secretariat? e. head of the Project Management Office (PMO)? f. head of the end-user unit? g. project consultants?			
	13. From the TWG report, as reviewed by the BAC, the Minutes of BAC meetings/deliberations and BAC Resolution, check for information showing the BAC's decision/action in case of violation with the "no relationship" provision.	Did the BAC automatically disqualify the bidder found to be related within the 3 rd civil degree of consanguinity or affinity with the persons listed in Section 47 of the Revised IRR of RA 9184?			
9. To verify if the BAC verified, validated, and ascertained <u>sufficiency</u> of the bid security as to: a. type,	14. Request from the BAC Secretariat, for the document evidencing that the TWG ascertained the sufficiency of the bid security.	1. Did the BAC ascertain the sufficiency of the bid security as to: a. type?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
b. amount, c. form and wording, and d. validity period. <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 34.3. The post-qualification shall verify, validate, and ascertain all statements made and documents submitted by the bidder with the Lowest Calculated Bid, using non-discretionary criteria, as stated in the Bidding Documents. These criteria shall consider, but shall not be limited to, the following: <ul style="list-style-type: none"> a) Legal Requirements... b) Technical Requirements. <ul style="list-style-type: none"> i)... ii)... iii)... iv) Ascertainment of the sufficiency of the bid security as to type, amount, form and wording, and validity period; 		b. amount? c. form and word? d. validity period?			
10. To verify if the BAC verified, validated, and ascertained if the Net Financial Contracting Capacity (NFCC) is at least equal to the ABC or the Credit Line Certificate (CLC) in favor of the prospective bidder if awarded the contract is at least 10% of the ABC <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 34.3. The post-qualification shall verify, validate, and ascertain all statements made and documents submitted by the bidder with the Lowest Calculated Bid, using non-discretionary criteria, as stated in the Bidding Documents. These criteria shall consider, but shall not be limited to, the following: <ul style="list-style-type: none"> a) Legal Requirements b) Technical Requirements ... c) Financial Requirements To verify, validate and ascertain the bid price proposal of the bidder and, whenever applicable, the required CLC in 	15. From the TWG report duly reviewed by the BAC with supporting documents from the appropriate authorities (e.g. certified true copy of the financial statements with the Income Tax Return, bank that issued the CLC), the Minutes of BAC meetings/deliberations and BAC Resolution, check for information showing the bidder's: <ul style="list-style-type: none"> a. CLC must be at least equal to 10% of the ABC. Or <ul style="list-style-type: none"> b. NFCC must be at least equal to the ABC 	Did the BAC verify, validate, and ascertain the financial requirements of the LCB as to: <ul style="list-style-type: none"> a. CLC at least equal to 10% of the ABC. Or <ul style="list-style-type: none"> b. NFCC at least equal to the ABC? 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>the amount specified and over the period stipulated in the Bidding Documents, or the bidder's NFCC to ensure that the bidder can sustain the operating cash flow of the transaction.</i></p> <ul style="list-style-type: none"> 23.5.1.4. <i>If the prospective bidder submits a computation of its NFCC, the NFCC must be at least equal to the ABC to be bid, calculated as follows:</i> <p><i>NFCC = [(Current assets minus current liabilities) (K)] minus the value of all outstanding or uncompleted portions of the projects under ongoing contracts, including awarded contracts yet to be started coinciding with the contract to be bid.</i></p> <p><i>Where:</i></p> <p><i>K = 10 for a contract duration of one year or less, 15 for a contract duration of more than one year up to two years, and 20 for a contract duration of more than two years.</i></p> <p><i><u>If the prospective bidder submits a CLC, the CLC must be at least equal to ten percent (10%) of the ABC to be bid. If the CLC is issued by a foreign Universal or Commercial Bank, it shall be confirmed or authenticated by a Universal or Commercial Bank. For biddings conducted by LGUs, the prospective bidder may also submit CLC from other banks certified by the BSP as authorized to issue such financial instrument.</u></i></p>					
<p>11. To verify if the BAC declared the post-qualified LCB as the Lowest Calculated Responsive Bid (LCRB)</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 34.4. <i>If the BAC determines that the bidder with the Lowest Calculated Bid passes all the criteria for post-qualification, it shall declare the said bid as the</i> 	16. From the post qualification report of the TWG, as reviewed by the BAC, check if the LCB passed all the criteria for post qualification.	Did the LCB pass post-qualification?			
	17. Match the name of the LCRB as approved by the HOPE with the name of bidder as indicated in the BAC resolution recommending LCRB.	Did the BAC declare the LCB as the Lowest Calculated Responsive Bid (LCRB)?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Lowest Calculated Responsive Bid, and recommend to the Head of the Procuring Entity the award of contract to the said bidder at its submitted bid price or its calculated bid price, whichever is lower, or in the case of quality-based evaluation procedure, submitted bid price or its negotiated price, whichever is lower.</i></p>		<p>If Yes, proceed to: AWARD OF CONTRACT.</p> <p>If No, proceed to the Audit Sub-Objectives in case of Post-disqualification of the bidder with the LCB.</p>			
IN CASE OF POST-DISQUALIFICATION OF THE BIDDER WITH THE LOWEST CALCULATED BID (LCB) – FOR THE PROCUREMENT OF GOODS					
<p>1. To verify if the BAC, in case of post-disqualification of the LCB, immediately notified the LCB in writing of the post-disqualification with the grounds for it.</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • 34.5. If, however, the BAC determines that the bidder with the Lowest Calculated Bid fails the criteria for post-qualification, it shall immediately notify the said bidder in writing of its post-disqualification and grounds for it. • 34.6. Immediately after the BAC has notified the first bidder of its post-disqualification, and notwithstanding any pending request for reconsideration thereof, the BAC shall initiate and complete the same post-qualification process on the bidder with the second Lowest Calculated Bid. 	<p>1. From the records of the BAC Secretariat, check for information on the date of receipt by the post-disqualified bidder of the notice and for the grounds for disqualification indicated thereon.</p>	<p>Did the BAC <u>immediately</u> notify the LCB of the post-disqualification?</p> <p>Did the BAC indicate in the notice the <u>grounds</u> for post-disqualification?</p>			
<p>2. To verify if the BAC <u>conducted</u> and <u>completed</u> the post-qualification of the second rank bidder using the <u>same post-qualification process</u> adopted for the LCB</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on</i></p>	<p>2. Look for the TWG report on the post-qualification of the second rank bidder as reviewed by the BAC.</p>	<p>Did the BAC conduct and complete the post-qualification of the second rank bidder?</p>			
	<p>3. Repeat the audit activities of sub-objective nos.4 to 10 above.</p>	<p>Did the TWG adopt the same process of verifying, validating and</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>September 2, 2009:</i></p> <ul style="list-style-type: none"> 34.6. ... the BAC shall initiate and complete the same post-qualification process on the bidder with the second Lowest Calculated Bid. 	<p>4. Analyze the post-qualification reports of the TWG, as reviewed by the BAC, for the LCB and the second rank bidder to check whether the TWG adopted the same process of verifying, validating and ascertaining all statements made and documents submitted by the LCB and the second rank bidder.</p>	<p>ascertaining all statements made and documents submitted by the LCB and the second rank bidder?</p>			
	<p>5. From the post qualification report of the TWG, as reviewed by the BAC, check if the second rank bidder passed the post qualification.</p> <p>NOTE: For each post-disqualification of the next-rank bidder, the BAC is to repeat the post-qualification process until the LCRB is declared for award.</p> <p>The related audit activities are likewise to be repeated.</p>	<p>Did the second rank bidder pass the post-qualification?</p> <p>If Yes, proceed to the Audit Sub-objective to verify if the BAC declared the post-qualified <i>second-rank</i> bidder as the LCRB <u>after</u> a request for reconsideration of the LCB (first-rank, second-rank, or next-in-rank, a the case may be) <u>has been denied</u></p> <p>If No, proceed to the Audit Sub-Objectives in case of Post-disqualification of the bidder with the LCB.</p>			
<p>3. To verify if the BAC declared the post-qualified <i>second-rank</i> bidder as the LCRB <u>after</u> a request for</p>	<p>6. From the Minutes of the BAC meeting, analyze if the BAC declared the post-qualified <i>second-rank</i></p>	<p>Did the BAC declare the post-qualified <i>second-rank</i> bidder as the</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
reconsideration of the LCB (first-rank) <u>has been denied</u> <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 34.6. Immediately after the BAC has notified the first bidder of its post-disqualification, and notwithstanding any pending request for reconsideration thereof, the BAC shall initiate and complete the same post-qualification process on the bidder with the second Lowest Calculated Bid. If the second bidder passes the post-qualification, and provided that the request for reconsideration of the first bidder has been denied, the second bidder shall be post-qualified as the bidder with the Lowest Calculated Responsive Bid. 	<p>bidder as the LCRB after a request for reconsideration of the LCB (first-rank) has been denied.</p> <p>7. Match the name of the LCRB as approved by the HOPE with the name of bidder as indicated in the BAC resolution recommending the LCRB.</p>	LCRB after a request for reconsideration of the LCB (first-rank) has been denied?			
4. To verify if the BAC completed the post-qualification process in not more than seven (7) calendar days from the determination of the LCB or if extended, such extension was approved by the HOPE and not exceeding 30 calendar days <ul style="list-style-type: none"> 34.8. The post-qualification process shall be completed in not more than seven (7) calendar days from the determination of the Lowest Calculated Bid. In exceptional cases, the post-qualification period may be extended by the Head of the Procuring Entity, but in no case shall the aggregate period exceed thirty (30) calendar days. 	<p>8. Compute the number of days from the BAC Resolution declaring the LCB and the BAC Resolution declaring the LCRB, and compare this with the 7-calendar-day requirement.</p> <p>9. If the BAC completed the post-qualification in more than seven (7) calendar days, secure a copy of the document approved by the HOPE extending the period for the post-qualification process.</p>	<p>Did the BAC complete the post-qualification process in not more than seven (7) calendar days from the determination of the LCB?</p> <p>If the BAC completed the post-qualification in more than seven (7) calendar days, was the extension approved by the HOPE?</p> <p>If the BAC completed the post-qualification in more than seven (7) calendar days, was the extension within the 30-calendar day maximum?</p>			
5. To verify if the BAC invited Observers: a. representing the COA, the	10. From the Minutes of the BAC meeting on the selection of the Observer from the "pool", check for	Did the BAC choose the Observers considering:			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>specific relevant chamber-member of the Philippine Chamber of Commerce and Industry, and a non-government organization (NGO) from the procuring entity's Pool of Observers;</p> <p>b. that have:</p> <p>b.1. knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</p> <p>b.2. no actual or potential conflict of interest in the contract to be bid; and</p> <p>b.3. conformed with other relevant criteria determined by the BAC;</p> <p>c. at least 3 calendar days prior to the Post-qualification</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> Section 13. Observers 13.1. To enhance the transparency of the process, the BAC shall, in all stages of the procurement process, invite, in addition to the representative of the COA, at least two (2) observers, who shall not have the right to vote, to sit in its proceedings where: <ul style="list-style-type: none"> a) At least one (1) shall come from a duly recognized private group in a sector or discipline relevant to the procurement at hand, for example: <ul style="list-style-type: none"> i) ... ii) For goods, a specific relevant chamber-member of the Philippine Chamber of Commerce and Industry. iii) ... and b) The other observer shall come from a non-government organization (NGO). 13.2. The observers shall come from an organization duly registered with the Securities and Exchange Commission (SEC) or the Cooperative Development Authority (CDA), and should meet the following criteria: <ul style="list-style-type: none"> a) Knowledge, experience or 	<p>information on the BAC's evaluation in regard to:</p> <ul style="list-style-type: none"> the selection of the organization from which the Observer will be invited; knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; no actual or potential conflict of interest in the contract to be bid; and conformed with other relevant criteria determined by the BAC. 	<p>a. one representing the COA?</p> <p>b. One representing the specific relevant chamber-member of the Philippine Chamber of Commerce and Industry?</p> <p>c. One representing a non-government organization?</p> <p>d. With knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid?</p> <p>e. With no actual or potential conflict of interest in the contract to be bid?</p> <p>f. Conformed with other relevant criteria determined by the BAC?</p>			
	<p>11. From certified copies of the invitations to the Observers with evidence of receipt, compare the date of receipt with the 3-day minimum requirement.</p>	<p>Did the BAC invite the observers at least 3 days before the date of the post-qualification?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>expertise in procurement or in the subject matter of the contract to be bid;</i></p> <p><i>b) Absence of actual or potential conflict of interest in the contract to be bid; and</i></p> <p><i>c) Any other relevant criteria that may be determined by the BAC.</i></p> <p>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</p>					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p> <p>c. etc.</p> <p>and develop appropriate audit recommendations</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <p>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</p>	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
<p>2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations</p>	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .				
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



XI. AWARD OF CONTRACT FOR THE PROCUREMENT OF GOODS

A. AUDIT OBJECTIVES:

1. To verify if the conditions and procedures for the award of contract were adhered to by the procuring entity
2. To verify if the award was made within the prescribed period
3. To verify if the conditions/requirements, procedures and timelines for entering into and approval of the contract were adhered to by the procuring entity

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for the evaluation:

1. Minutes of the BAC meeting on post-qualification;
2. BAC Resolution declaring the LCRB and recommending award, approved by the HOPE with the following supporting documents:
 - a. Abstract of Bids,
 - b. Duly approved delivery schedule and Cost Estimates,
 - c. Document issued by appropriate entity authorizing the procuring entity to incur obligations for a specified amount,
 - d. Other pertinent documents required by existing laws, rules and/or the procuring entity concerned.
3. Notice of Award signed by the HOPE, with date of release to and receipt by the winning bidder;
4. Copy of the bid security of the winning bidder stamped received by the BAC Secretariat;
5. Copy of the portions of the receiving records of the BAC, with information on the date of submission of the Joint Venture Agreement (JVA), if the winning bidder is a Joint Venture; and the date of posting of the performance security;
6. Copy of the performance security posted by the winning bidder;
7. Copy of the complete set of contract documents duly signed and approved by higher authorities;
8. Copy of the policy and schedule of approving authorities;
9. Evidences of postings at the PhilGEPS and the procuring entity's websites;
10. Evidences of postings at the conspicuous place at the premises of the procuring entity;
11. Copy of the document with the approval of the contract by higher authorities;
12. Copy of the document with the HOPE's disapproval of the award and the justifications thereto, duly received by the BAC;
13. In case of disapproval of the BAC's recommendation for award, copy of the document with the HOPE's instructions on the steps to be adopted by the BAC.
14. Copy of the Minutes of the BAC meeting on the selection of the Observer from the "pool";
15. Copy of the reports of the BAC Observers.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC recommended the bidder with the Lowest Calculated Responsive Bid (LCRB) or	1. Compare the LCRB determined by the BAC in its deliberations (per Minutes of the BAC meeting) with the	Did the BAC recommend to the HOPE the award of contract to the			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
Single Calculated Responsive Bid (SCRB), if lone, to the HOPE for award <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 37.1.1. The BAC shall recommend to the Head of the Procuring Entity the award of contract to the bidder with the Lowest Calculated Responsive Bid or the Single Calculated Responsive Bid after the post qualification process has been completed. <i>To facilitate the approval of the award, the BAC shall submit the following supporting documents to the Head of the Procuring Entity:</i> <ul style="list-style-type: none"> a) Resolution of the BAC recommending award; b) Abstract of Bids; c) Duly approved program of work or delivery schedule, and Cost Estimates; d) Document issued by appropriate entity authorizing the procuring entity to incur obligations for a specified amount; and e) Other pertinent documents required by existing laws, rules and/ or the procuring entity concerned. 	LCRB recommended for award in the <i>BAC Resolution</i> .	bidder with LCRB?			
2. To verify if the BAC submitted the following documents to the HOPE with the recommendation for award: <ul style="list-style-type: none"> a. Resolution of the BAC recommending award; b. Abstract of Bids; c. Duly approved delivery schedule and Cost Estimates; d. Document issued by appropriate entity authorizing the procuring entity to incur obligations for a specified amount; and e. Other pertinent documents required by 	2. From the BAC Chairman's letter for the HOPE submitting the results and the documents pertaining to the recommendation, duly received by the Office of the HOPE, look for information on the documents submitted.	Did the BAC submit the following documents to the HOPE with the recommendation for award: <ul style="list-style-type: none"> a. Resolution of the BAC recommending award? b. Abstract of Bids? c. Duly approved delivery schedule and Cost Estimates? 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>existing laws, rules and/or the procuring entity concerned</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 37.1.1. The BAC shall recommend to the Head of the Procuring Entity the award of contract to the bidder with the Lowest Calculated Responsive Bid or the Single Calculated Responsive Bid after the post qualification process has been completed. <p><i>To facilitate the approval of the award, the BAC shall submit the following supporting documents to the Head of the Procuring Entity:</i></p> <ol style="list-style-type: none"> Resolution of the BAC recommending award; Abstract of Bids; Duly approved program of work or delivery schedule, and Cost Estimates; Document issued by appropriate entity authorizing the procuring entity to incur obligations for a specified amount; and Other pertinent documents required by existing laws, rules and/or the procuring entity concerned. 		<p>d. Document issued by appropriate entity authorizing the procuring entity to incur obligations for a specified amount?</p> <p>e. Other pertinent documents required by existing laws, rules and/or the procuring entity concerned?</p>			
<p>3. To verify if the HOPE, or his/her duly authorized official, approved the LCRB recommended by the BAC for award within 7 calendar days from the date of receipt of the recommendation from the BAC (15 calendar days for GOCCs/GFIs)</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 37.1.2. Within a period not exceeding seven (7) calendar days from the date of receipt of the recommendation of the BAC, the Head of the Procuring Entity shall approve or disapprove the said 	<p>3. Determine the number of days from the date of receipt by the HOPE of the recommendation for award to the date of approval and compare with the 7-day or 15-day period.</p>	<p>Did the HOPE approve the BAC recommendation for award within the 7-calendar-day period (or 15-calendar-day period for GOCCs/GFIs)?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>recommendation.</i>					
4. In case of approval, to verify if the Notice of Award was <u>immediately</u> issued to the bidder with the Lowest Calculated Responsive Bid as recommended by the BAC and approved by the HOPE <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 37.1.3. In case of approval, the Head of the Procuring Entity shall immediately issue the Notice of Award to the bidder with the Lowest Calculated Responsive Bid. In the event the Head of the Procuring Entity shall disapprove such recommendation, such disapproval shall be based only on valid, reasonable, and justifiable grounds to be expressed in writing, a copy furnished the BAC. • 37.1.5. Contract award shall be made within the bid validity period provided in Section 28 of this IRR • Annex "C" – Period of Action on Procurement Activities 	<p>4. Compare the name of the LCRB recommended by the BAC and approved by the HOPE (per BAC Resolution declaring the LCRB and recommending award, approved by the HOPE) with the name of the bidder-awardee in the Notice of Award.</p> <p>5. Compare the date of release of the Notice of Award with the date of approval of the BAC Resolution recommending the award.</p>	Was the Notice of Award immediately issued to the bidder with the Lowest Calculated Responsive Bid as recommended by the BAC and approved by the HOPE?			
	6. Compare the date of the release of the Notice of Award with the expiry date of the bid validity period.	Was the award made within the bid validity period of the bid security?			
5. To verify if the BAC <u>notified</u> all the losing bidders within the 7 calendar day period (same period provided for the HOPE to approve/disapprove the BAC's Resolution) <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 37.1.2. Within a period not exceeding seven (7) calendar days from the date of receipt of the recommendation of the BAC, the Head of the Procuring Entity shall approve or disapprove the said recommendation. ... In the case of GOCCs and GFIs, the period provided herein shall be fifteen (15) calendar days. <u>Within the same period provided herein the</u> 	<p>7. From the notices to the losing bidders, look for the date of its receipt and compare with the 7-day or 15-day requirement.</p> <p>8. Also compare the names of the losing bidders notified with those appearing in the Abstract of Bids as Read.</p>	Did the BAC notify <u>all</u> the losing bidders <u>within the 7 calendar day or 15 calendar day period</u> (same period provided for the HOPE to approve/disapprove the BAC's Resolution)?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<u>BAC shall notify all losing bidders of its decision.</u>					
<p>6. To verify if the BAC posted the Notice of Award within 3 days from its issuance at the:</p> <p>a. PhilGEPS website,</p> <p>b. website of the procuring entity, and</p> <p>c. any conspicuous place in the premises of the procuring entity.</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 37.1.6. The BAC, through the Secretariat, shall post, within three (3) calendar days from its issuance, the Notice of Award in the PhilGEPS, the website of the procuring entity, if any, and any conspicuous place in the premises of the procuring entity. 	<p>9. Access the PhilGEPS website and the website of the procuring entity, and conduct inspection of the area where the Notice of Award is to be posted on the 3rd day from the issuance of the Notice of Award to the winning bidder.</p>	<p>Did the BAC post the Notice of Award:</p> <p>a. within 3 days from its issuance at the PhilGEPS website?</p> <p>b. within 3 days from its issuance at the website of the procuring entity? And</p> <p>c. within 3 days from its issuance at any conspicuous place in the premises of the procuring entity?</p>			
<p>7. To verify if the procuring entity observed the following conditions for the execution of the contract:</p> <p>a) Submission of valid joint venture agreement, if applicable, within 10 days from receipt of the Notice of Award by the winning Joint Venture bidder,</p> <p>b) Posting of performance security within ten (10) calendar days from receipt by the winning bidder of the Notice of Award & prior to the signing of the contract in the required amount, currency, form, issuing entity, and valid until the issuance by the procuring entity of the final certificate of acceptance,</p> <p>c) Signing of the contract within the same ten (10) day period provided that</p>	<p>10. From the receiving records of the BAC, compare the date of submission of the Joint Venture Agreement (JVA) with the required 10 days from receipt of the Notice of Award.</p> <p>11. From the receiving records of the BAC, compare the date of posting of the performance security with the required 10 days from receipt of the Notice of Award; also compare with the date of the signing of the contract.</p> <p>12. Compare the amount, currency, form, issuing entity, and validity period of the performance security posted by the winning bidder with the requirements of Sec 39.2 of the Revised IRR of RA 9184.</p> <p>13. Compare the date of signing of the contract with</p>	<p>Did the bidder submit the JVA within ten (10) calendar days from receipt of the notice of award?</p> <p>Was the performance security posted within ten (10) calendar days from receipt by the winning bidder of the Notice of Award & prior to the signing of the contract?</p> <p>Was the performance security posted in the:</p> <p>a. right amount?</p> <p>b. right currency?</p> <p>c. right form?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>all the documentary requirements are complied with,</p> <p>d) Approval by higher authority, if required, within 15 days from receipt (25 days for GOCCs)</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • 37.1.4. Notwithstanding the issuance of the Notice of Award, award of contract shall be subject to the following conditions: <ul style="list-style-type: none"> a) Submission of the following documents within the prescribed period: <ul style="list-style-type: none"> i) Valid JVA, if applicable, within ten (10) calendar days from receipt by the bidder of the notice from the BAC that the bidder has the Lowest Calculated Responsive Bid, as the case may be; or ii) b) Posting of performance security in accordance with Section 39 of this IRR; c) Signing of the contract as provided in Section 37.2 of this IRR; d) Approval by higher authority, if required, as provided in Section 37.3 of this IRR. • 39. Performance Security <ul style="list-style-type: none"> 39.1. To guarantee the faithful performance by the winning bidder of its obligations under the contract in accordance with the Bidding Documents, it shall post a performance security prior to the signing of the contract. 39.2. The performance security shall be in an amount equal to a percentage of the total contract price in accordance with the following schedule: <p>[AS AMENDED UNDER GPPB RESOLUTION NO. 06-2009 DATED 30 SEPTEMBER 2009]</p>	<p>the required 10-day period from receipt of the Notice of Award.</p> <p>14. Compare the signatory (approval) in the contract with the authorized signatory as required by relevant regulations/policies and as shown by a copy of a valid appointment or office order.</p> <p>15. Compare the date of approval of the contract by higher authority with the 15-day-period from receipt (25 days for GOCCs).</p>	<p>d. right issuing entity?</p> <p>e. right validity period?</p> <p>Was the contract signed within 10 calendar days from receipt of the Notice of Award by the winning bidder?</p> <p>If further approval by higher authority is required, was the contract approved by appropriate approving authority or his/her duly authorized representative?</p> <p>Was the contract approved by higher authority within 15 calendar days? (25 calendar days for GOCCs)?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper											
		Audit Question	Yes	No	Particulars of the Answer								
<table><tr><th><i>Form of Performance Security</i></th><th><i>Amount of Performance Security (Equal to Percentage of the Total Contract Price)</i></th></tr><tr><td><i>a) Cash, cashier's/ manager's check issued by a Universal or Commercial Bank</i></td><td rowspan="2"><i>Two percent (2%)</i></td></tr><tr><td><i>b) Bank draft/ guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank; Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.</i></td></tr><tr><td><i>c) Surety bond callable upon demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security.</i></td><td><i>Five percent (5%)</i></td></tr><tr><td><i>d) Any combination of the foregoing.</i></td><td><i>Proportionate to share of form with respect to total amount of security</i></td></tr></table> <ul style="list-style-type: none">37.2. Contract Signing37.2.1. The winning bidder shall post the required Performance Security and enter into contract with the procuring entity within ten (10) calendar days from receipt by the winning bidder of the Notice of Award.37.2.2. The procuring entity shall enter into contract with the winning bidder within the same ten (10) day period provided that all the documentary requirements are complied with.	<i>Form of Performance Security</i>	<i>Amount of Performance Security (Equal to Percentage of the Total Contract Price)</i>	<i>a) Cash, cashier's/ manager's check issued by a Universal or Commercial Bank</i>	<i>Two percent (2%)</i>	<i>b) Bank draft/ guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank; Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.</i>	<i>c) Surety bond callable upon demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security.</i>	<i>Five percent (5%)</i>	<i>d) Any combination of the foregoing.</i>	<i>Proportionate to share of form with respect to total amount of security</i>				
<i>Form of Performance Security</i>	<i>Amount of Performance Security (Equal to Percentage of the Total Contract Price)</i>												
<i>a) Cash, cashier's/ manager's check issued by a Universal or Commercial Bank</i>	<i>Two percent (2%)</i>												
<i>b) Bank draft/ guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank; Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.</i>													
<i>c) Surety bond callable upon demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security.</i>	<i>Five percent (5%)</i>												
<i>d) Any combination of the foregoing.</i>	<i>Proportionate to share of form with respect to total amount of security</i>												



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> • <i>37.3. Contract Approval by Higher Authority</i> <i>When further approval of higher authority is required, the approving authority for the contract or his duly authorized representative shall be given maximum of fifteen (15) calendar days from receipt thereof to approve or disapprove it.</i> • <i>38.3. If no action on the contract is taken by the Head of the Procuring Entity or the appropriate approving authority within the periods specified in this IRR, the contract concerned shall be deemed approved: Provided, however, That where further approval by the Office of the President is required, the contract shall not be deemed approved unless and until the Office of the President gives actual approval to the contract concerned.</i> 					
<p>8. To verify if the BAC invited Observers:</p> <p>a. representing the COA, the specific relevant chamber-member of the Philippine Chamber of Commerce and Industry, and a non-government organization (NGO) from the procuring entity's Pool of Observers;</p> <p>b. that have:</p> <p>b.1. knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</p> <p>b.2. no actual or potential conflict of interest in the contract to be bid; and</p> <p>b.3. conformed with other relevant criteria determined by the BAC;</p> <p>c. at least 3 calendar days prior to the start of the activity</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p>	<p>16. From the Minutes of the BAC meeting on the selection of the Observer from the "pool", check for information on the BAC's evaluation in regard to:</p> <ul style="list-style-type: none"> • the selection of the organization from which the Observer will be invited; • knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; • no actual or potential conflict of interest in the contract to be bid; and • conformed with other relevant criteria determined by the BAC. 	<p>Did the BAC choose the Observers considering:</p> <p>a. one representing the COA?</p> <p>b. One representing the specific relevant chamber-member of the Philippine Chamber of Commerce and Industry?</p> <p>c. One representing a non-government organization?</p> <p>d. With knowledge, experience or expertise in procurement or in the subject matter of the contract to be</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> Section 13. Observers <i>13.1. To enhance the transparency of the process, the BAC shall, in all stages of the procurement process, invite, in addition to the representative of the COA, at least two (2) observers, who shall not have the right to vote, to sit in its proceedings where:</i> <ul style="list-style-type: none"> <i>a) At least one (1) shall come from a duly recognized private group in a sector or discipline relevant to the procurement at hand, for example:</i> <ul style="list-style-type: none"> <i>i) ...</i> <i>ii) For goods, a specific relevant chamber-member of the Philippine Chamber of Commerce and Industry.</i> <i>iii) ... and</i> <i>b) The other observer shall come from a non-government organization (NGO).</i> <i>13.2. The observers shall come from an organization duly registered with the Securities and Exchange Commission (SEC) or the Cooperative Development Authority (CDA), and should meet the following criteria:</i> <ul style="list-style-type: none"> <i>a) Knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</i> <i>b) Absence of actual or potential conflict of interest in the contract to be bid; and</i> <i>c) Any other relevant criteria that may be determined by the BAC.</i> 13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing. 		bid? e. With no actual or potential conflict of interest in the contract to be bid? f. Conformed with other relevant criteria determined by the BAC?			
	17. From certified copies of the invitations to the Observers with evidence of receipt, compare the date of receipt with the 3-day minimum requirement.	Did the BAC invite the observers at least 3 days from the date of the bid evaluation?			
9. To verify if the Procuring Entity considered the comments/observations of the Observers <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i>	18. Based on the Minutes of BAC's meetings and the report of the Observers check whether a deliberation was made on the comments/observations of the observers.	Did the Procuring Entity consider the comments/ observations of the Observers?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> 13.4. The observers shall have the following responsibilities: a) To prepare the report either jointly or separately indicating their observations made on the procurement activities conducted by the BAC for submission to the Head of the Procuring Entity, copy furnished the BAC Chairman. The report shall <u>assess</u> the extent of the BAC's compliance with the provisions of this IRR and areas of improvement in the BAC's proceedings; b) To submit their report to the procuring entity and furnish a copy to the GPPB and Office of the Ombudsman/Resident Ombudsman. If no report is submitted by the observer, then it is understood that the bidding activity conducted by the BAC followed the correct procedure; and c) To immediately inhibit and notify in writing the procuring entity concerned of any actual or potential interest in the contract to be bid. 13.5. Observers shall be allowed access to the following documents upon their request, subject to signing of a confidentiality agreement: (a) minutes of BAC meetings; (b) abstract of Bids; (c) post-qualification summary report; (d) APP and related PPMP; and (e) opened proposals. 					
10. To verify if the contract is complete <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 37.2.3. The following documents shall form part of the contract: a) Contract Agreement; b) Bidding Documents; c) Winning bidder's bid, including the Eligibility requirements, Technical and Financial Proposals, and all other documents/statements	19. Obtain from the BAC Secretariat or the Project Management Office or the Office responsible for project implementation/ contract execution for a copy of the complete set of documents comprising the contract and compare with the requirements.	Are the contract documents complete, consisting of the following: a) Contract Agreement; b) Bidding Documents; c) Winning bidder's bid, including the Eligibility requirements, Technical and Financial			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>submitted; d) Performance Security; e) Credit line in accordance with the provisions of this IRR, if applicable; f) Notice of Award of Contract; and g) Other contract documents that may be required by existing laws and/or the procuring entity concerned in the Bidding Documents, ...</i>		Proposals, and all other documents/statements submitted; d) Performance Security; e) Credit line in accordance with the provisions of this IRR, if applicable; f) Notice of Award of Contract; and g) Other contract documents that may be required by existing laws and/or the procuring entity concerned in the Bidding Documents, such as the construction schedule and S-curve, manpower schedule, construction methods, equipment utilization schedule, construction safety and health program approved by the Department of Labor and Employment, and PERT/CPM for infrastructure projects?			
IN CASE OF DISAPPROVAL BY THE HOPE OF THE BAC'S RECOMMENDATION FOR AWARD – FOR THE PROCUREMENT OF GOODS					
1. In case of disapproval by the HOPE, verify if the: a. grounds for such were expressed in writing and a copy furnished to the BAC, and b. written instructions on the subsequent steps to be adopted were given to the BAC <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i>	1. If the HOPE disapproved the recommendation for award, look for the document indicating the grounds for such with evidence of receipt of a copy thereof by the BAC. 2. Also look for the document indicating the instructions given by the HOPE on the subsequent steps to be adopted by the BAC.	In case of disapproval by the HOPE of the BAC's recommendation, did the HOPE express the grounds for such and furnished a copy to the BAC? In case of disapproval by the HOPE of the BAC's recommendation, did the HOPE give			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> 37.1.3. In case of approval, the Head of the Procuring Entity shall immediately issue the Notice of Award to the bidder with the Lowest Calculated Responsive Bid. In the event the Head of the Procuring Entity shall disapprove such recommendation, such disapproval shall be based only on valid, reasonable, and justifiable grounds to be expressed in writing, a copy furnished the BAC. <p>Generic Procurement Procedures for Goods, June 2006, published by the GPPB:</p> <ul style="list-style-type: none"> How is a contract awarded? <p>...</p> <p>5. ...In case of disapproval of the recommendation of award the HOPE shall state the reasons for disapproval and instruct the BAC on the subsequent actions to be adopted.</p>		instructions to the BAC on the subsequent actions to be adopted?			
IN CASE OF FAILURE, REFUSAL, OR INABILITY BY THE WINNING BIDDER TO SUBMIT DOCUMENTS AND ENTER INTO CONTRACT - FOR THE PROCUREMENT OF GOODS					
1. To verify if the BAC: a. disqualified, b. forfeited the bid security of and c. recommended the imposition of sanctions to the winning bidder who, through his fault, failed, refused or was unable: a. to submit the documents required under Section 37.1 of the Revised IRR of RA 9184, or b. to make good its bid by entering into a contract with the procuring entity, or c. post the required Performance Security within the period stipulated in the Revised IRR of RA 9184 or in the Bidding Documents <i>Implementing Rules and</i>	1. From the records of the BAC: <ul style="list-style-type: none"> documenting the fact-finding to establish if the winning bidder was responsible for his failure, refusal, or inability to: (a) to submit the documents required under Section 37.1 of the Revised IRR of RA 9184, or (b) to make good its bid by entering into a contract with the procuring entity, or (c) post the required Performance Security within the period stipulated in the Revised IRR of RA 9184 or in the Bidding Documents; documenting the deliberations/evaluation conducted and the decisions arrived at; documenting the recommendations made to the HOPE, look for information on the:	Did the BAC disqualify the winning bidder who, through his fault, failed, refused or was unable to: a. submit the documents required under Section 37.1 of the Revised IRR of RA 9184? or b. to make good its bid by entering into a contract with the procuring entity? or c. post the required Performance Security within the period stipulated in the Revised			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • <i>40.1. If the bidder with the Lowest Calculated Responsive Bid/Highest Rated Responsive Bid or the bidder with the Single Calculated/Rated Responsive Bid, fails, refuses or is unable to submit the documents required under Section 37.1 of this IRR or to make good its bid by entering into a contract with the procuring entity or post the required Performance Security within the period stipulated in this IRR or in the Bidding Documents, the <u>bid security shall be forfeited</u> and the <u>appropriate sanctions</u> provided in this IRR and existing laws shall be imposed, <u>except where such failure, refusal or inability is through no fault of the said bidder.</u></i> 	<ul style="list-style-type: none"> • disqualification of the said bidder, • forfeiture of the bid security and • recommendation of the imposition of sanctions to the winning bidder. 	<p>IRR of RA 9184 or in the Bidding Documents?</p> <p>Did the BAC forfeit the bid security of the winning bidder who, through his fault, failed, refused or was unable to:</p> <p>a. submit the documents required under Section 37.1 of the Revised IRR of RA 9184?</p> <p>or</p> <p>b. to make good its bid by entering into a contract with the procuring entity?</p> <p>or</p> <p>c. post the required Performance Security within the period stipulated in the Revised IRR of RA 9184 or in the Bidding Documents?</p> <p>Did the BAC recommend the imposition of sanctions to the winning bidder who, through his fault, failed, refused or was unable to:</p> <p>a. submit the documents required under Section 37.1 of the Revised IRR of RA 9184?</p> <p>or</p> <p>b. to make good its bid by entering</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
		into a contract with the procuring entity? or c. post the required Performance Security within the period stipulated in the Revised IRR of RA 9184 or in the Bidding Documents?			
2. To verify if the BAC, after disqualifying the winning bidder who, due to his fault, refused, failed, or was unable to enter into contract, post the required performance security, or submit other required documents within the time stipulated, initiated and completed the post-qualification process on the bidder with the second Lowest Calculated Bid <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 40.2. In the case of the failure, refusal or inability of the bidder with the Lowest Calculated Responsive Bid/Highest Rated Responsive Bid to submit the documents required under Section 37.1 of this IRR or to enter into contract and post the required Performance Security, as provided in this Section, the BAC shall disqualify the said bidder, and shall <u>initiate and complete the post-qualification process on the bidder with the second Lowest Calculated Bid/...</u> 	<p>2. From the records of the BAC, look for information on the <u>disqualification</u> of the winning bidder who, due to his fault, refused, failed, or was unable to enter into contract, post the required performance security, or submit other required documents within the time stipulated.</p> <p>Look also for information on the conduct of post-qualification on the bidder with the second Lowest Calculated Bid.</p> <p>NOTE: For the audit on the <i>Post-Qualification for the Procurement of Goods</i> conducted by the BAC, perform the audit activities pertaining to these procurement activities in another part of this <i>Guide</i>.</p>	Did the BAC, after disqualifying the winning bidder who, due to his fault, refused, failed, or was unable to enter into contract, post the required performance security, or submit other required documents within the time stipulated, initiate and complete the post-qualification process on the bidder with the second Lowest Calculated Bid?			
3. To verify if the BAC, after disqualifying the winning bidder with the <i>Single Calculated Responsive Bid</i>	<p>3. From the records of the BAC, look for information on the <u>disqualification</u> of the winning bidder with the SCRB</p>	Did the BAC, after disqualifying the winning bidder with the SCRB who, due			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>(SCRB) who, due to his fault, refused, failed, or was unable to enter into contract, post the required performance security, or submit other required documents within the time stipulated, declared the bidding a failure and conducted a re-bidding with re-advertisement and/or posting, as provided for in Sections 21 and 25 of the Revised IRR of RA 9184</p> <p>Implementing Rules and <i>Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 40.3. <i>In the case of failure, refusal or inability of the bidder with the Single Calculated/Rated Responsive Bid to submit the documents required under Section 37.1 of this IRR or to enter into contract and post the required Performance Security, as provided in this Section, the BAC shall disqualify the said bidder, and shall declare the bidding a failure and conduct a re-bidding with re-advertisement and/or posting, as provided for in Sections 21 and 25 of this IRR. Should there occur another failure of bidding after the conduct of the contract's re-bidding, the procuring entity concerned may enter into a negotiated procurement.</i> 	<p>who, due to his fault, refused, failed, or was unable to enter into contract, post the required performance security, or submit other required documents within the time stipulated.</p> <p>Look also for information on the declaration of the bidding a failure and the conduct of a re-bidding with re-advertisement.</p> <p>NOTE: For the audit on the <i>Failure of Bidding for the Procurement of Goods</i> and on the <i>Competitive/Public Bidding for the Procurement of Goods</i>, perform the audit activities pertaining to these procurement activities in other parts of this <i>Guide</i>.</p>	<p>to his fault, refused, failed, or was unable to enter into contract, post the required performance security, or submit other required documents within the time stipulated,</p> <p>a. declare the bidding a failure?</p> <p>and</p> <p>b. conduct a re-bidding with re-advertisement and/or posting?</p>			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p>	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> 13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.	AND PENALTIES portion of this <i>Audit Guide</i> .				
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re-Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



XII. FAILURE OF BIDDING DECLARED BY THE B.A.C. FOR THE PROCUREMENT OF GOODS

A. AUDIT OBJECTIVE:

To verify if the conditions/requirements, procedures for the declaration of failure of bidding were adhered to by the procuring entity

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for the evaluation:

1. Documentary evidences that no bids were received;
2. Documentary evidences that all prospective bidders were declared ineligible;
3. Documentary evidences that all bids failed to comply with all the bid requirements;
4. Documentary evidences that all bids failed post-qualification;
5. Documentary evidences that the bidder with the Lowest Calculated Responsive Bid refused, without justifiable cause, to accept the award of contract, and no award was made in accordance with Section 40 of the RA 9184 and Revised IRR;
6. Minutes of the BAC meetings on post-qualification;
7. BAC Resolution declaring the bidding a failure;
8. Minutes of the BAC meetings with information on the review and evaluation conducted on the: (a) terms, (b) conditions, (c) specifications, and (d) cost estimates and the recommendations/decisions made – possible revisions/adjustments;
9. Approved revised Bidding Documents;
10. Revised Approved Budget for the Contract (ABC);
11. Records of the re-bidding;
12. Copy of the Minutes of the BAC meeting on the selection of the Observer from the "pool";
13. Copy of reports of the BAC Observers.



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC declared a failure of bidding for reason that: a) No bids were received; or b) All prospective bidders were declared ineligible; or c) All bids failed to comply with all the bid requirements, or d) all bids failed post-qualification, or e) the bidder with the Lowest Calculated Responsive Bid refused, without justifiable cause, to accept the award of contract, and no award was made in accordance with <u>Section 40</u> of the RA 9184 and Revised IRR <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 35.1. The BAC shall declare the bidding a failure when: <ul style="list-style-type: none"> a) No bids are received; b) All prospective bidders are declared ineligible; c) All bids fail to comply with all the bid requirements or fail post-qualification, or, in the case of consulting services, there is no successful negotiation; or d) The bidder with the Lowest Calculated Responsive Bid/Highest Rated Responsive Bid refuses, without justifiable cause, to accept the award of contract, and no award is made in accordance with Section 40 of the Act and this IRR. 	1. From the <i>Minutes</i> of BAC meetings and other records, look for information that: <ul style="list-style-type: none"> a) No bids were received; b) All prospective bidders were declared ineligible; c) all bids failed to comply with all the bid requirements, d) all bids failed post-qualification, d) the bidder with the Lowest Calculated Responsive Bid refused, without justifiable cause, to accept the award of contract, and no award was made in accordance with <u>Section 40</u> of the RA 9184 and Revised IRR. 	Did the BAC declare a failure of bidding for reason that: a) No bids were received? b) All prospective bidders were declared ineligible? or c) All bids failed to comply with all the bid requirements? or d) all bids failed post-qualification? or e) the bidder with the Lowest Calculated Responsive Bid refused, without justifiable cause, to accept the award of contract, and no award was made in accordance with <u>Section 40</u> of the RA 9184 and Revised IRR?			
2. To verify if the BAC determined the reason for the failed bidding by conducting a mandatory review and evaluation of the : a. terms, b. conditions, c. specifications, d. cost estimates	2. From the minutes of the BAC meetings held for the purpose, look for information on the review and evaluation conducted on the: (a) terms, (b) conditions, (c) specifications, and (d) cost estimates and the recommendations/decisions made – possible	Did the BAC determine the reason for the failed bidding by conducting a mandatory review and evaluation of the: a. terms in the Bidding Documents? b. conditions in the			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
4. To verify if the BAC invited Observers: a. representing the COA, the specific relevant chamber-member of the Philippine Chamber of Commerce and Industry, and a non-government organization (NGO) from the procuring entity's Pool of Observers; b. that have: b.1. knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; b.2. no actual or potential conflict of interest in the contract to be bid; and b.3. conformed with other relevant criteria determined by the BAC; c. at least 3 calendar days prior to the start of the activity <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> Section 13. Observers 13.1. To enhance the transparency of the process, the BAC shall, in all stages of the procurement process, invite, in addition to the representative of the COA, at least two (2) observers, who shall not have the right to vote, to sit in its proceedings where: <ul style="list-style-type: none"> a) At least one (1) shall come from a duly recognized private group in a sector or discipline relevant to the procurement at hand, for example: <ul style="list-style-type: none"> i) ... ii) For goods, a specific relevant chamber-member of the Philippine Chamber of Commerce and Industry. iii) ... and b) The other observer shall come from a non-government organization (NGO). 13.2. The observers shall come from an organization duly registered with the Securities and Exchange Commission (SEC) or the Cooperative Development 	5. From the Minutes of the BAC meeting on the selection of the Observer from the "pool", check for information on the BAC's evaluation in regard to: <ul style="list-style-type: none"> the selection of the organization from which the Observer will be invited; knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; no actual or potential conflict of interest in the contract to be bid; and conformed with other relevant criteria determined by the BAC. 	Did the BAC choose the Observers considering: <ul style="list-style-type: none"> a. one representing the COA? b. One representing the specific relevant chamber-member of the Philippine Chamber of Commerce and Industry? c. One representing a non-government organization? d. With knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid? e. With no actual or potential conflict of interest in the contract to be bid? f. Conformed with other relevant criteria determined by the BAC? 			
	6. From certified copies of the invitations to the Observers with evidence of receipt, compare the date of receipt with the 3-day minimum requirement.	Did the BAC invite the observers at least 3 days from the date of the bid evaluation?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Authority (CDA), and should meet the following criteria:</i></p> <p><i>a) Knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</i></p> <p><i>b) Absence of actual or potential conflict of interest in the contract to be bid; and</i></p> <p><i>c) Any other relevant criteria that may be determined by the BAC.</i></p> <p>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</p>					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p> <p>c. etc.</p> <p>and develop appropriate audit recommendations</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <p><i>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i></p>	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
<p>2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations</p>	<p>Analyze the instances of non-compliance to establish the cause(s) and develop appropriate audit recommendations.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. <u>NOTE:</u> Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .				
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



XIII. FAILURE OF BIDDING DECLARED BY THE HOPE FOR THE PROCUREMENT OF GOODS

A. AUDIT OBJECTIVE:

To verify if the conditions/requirements for the declaration of failure of bidding were adhered to by the procuring entity

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for the evaluation:

Documents on the declaration of failure of bidding by the HOPE with supporting documents on the existence of the grounds used to justify the said declaration that:

1. there was prima facie evidence of collusion between appropriate public officers or employees of the procuring entity, or
2. there was prima facie evidence of collusion between appropriate public officers or employees of the procuring entity, or
3. there was prima facie evidence of collusion between or among the bidders themselves,
4. there was prima facie evidence of collusion between a bidder and a third party, or
5. there was prima facie evidence of any act which restricted, suppressed or nullified competition, or
6. the BAC was found to have failed in following the prescribed bidding procedures, or
7. the award of the contract will not redound to the benefit of the GOP, for justifiable and reasonable grounds such as the physical and economic conditions have significantly changed so as to render the project no longer economically, financially, or technically feasible, as determined by the Head of the Procuring Entity, or
8. the award of the contract will not redound to the benefit of the GOP, for justifiable and reasonable grounds such as the project is no longer necessary as determined by the Head of the Procuring Entity, or
9. the award of the contract will not redound to the benefit of the GOP, for justifiable and reasonable grounds such as the source of funds for the project has been withheld or reduced through no fault of the procuring entity.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the HOPE declared a failure of bidding for reason that: a. the funds/allotment for the program/project/activity has been withheld or reduced through no fault of the procuring entity; b. there is prima facie evidence of collusion between: b.1. appropriate public officers or employees of the procuring entity, or b.2. between the BAC and any of the bidders , or	1. From the documents on the declaration of failure of bidding by the HOPE, look for information on the reason for such declaration.	Did the HOPE declare a failure of bidding for reason that: a. the funds/allotment for the program/project/activity has been withheld or reduced through no fault of the procuring entity? or b. there was prima facie evidence of collusion between appropriate public			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>b.3. among the bidders themselves, or b.4. a bidder and a third party, including any act which restricts, suppresses or nullifies or tends to restrict, suppress or nullify competition; or c. the BAC is found to have failed in following the prescribed bidding procedures; or d. the award of the contract will not redound to the benefit of the GOP, for justifiable and reasonable grounds such as: (i) if the physical and economic conditions have significantly changed so as to render the project no longer economically, financially, or technically feasible, as determined by the Head of the Procuring Entity; (ii) if the project is no longer necessary as determined by the Head of the Procuring Entity; and (iii) if the source of funds for the project has been withheld or reduced through no fault of the procuring entity.</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> Section 41. The Head of the Procuring Entity reserves the right to reject any and all bids, <u>declare a failure of bidding</u>, or not award the contract in the following situations: <ul style="list-style-type: none"> a) If there is prima facie evidence of collusion between appropriate public officers or employees of the procuring entity, or between the BAC and any of the bidders, or if the collusion is between or among the bidders themselves, or between a bidder and a third party, including 		<p>officers or employees of the procuring entity?</p> <p>Or</p> <p>c. there was prima facie evidence of collusion between the BAC and any of the bidders?</p> <p>or</p> <p>d. there was prima facie evidence of collusion between or among the bidders themselves?</p> <p>Or</p> <p>e. there was prima facie evidence of collusion between a bidder and a third party?</p> <p>Or</p> <p>f. there was prima facie evidence of any act which restricted, suppressed or nullified competition?</p> <p>or</p> <p>g. the BAC was found to have failed in following the prescribed bidding procedures?</p> <p>or</p> <p>h. the award of the contract will not redound to the benefit of the GOP, for justifiable and reasonable grounds such as the physical and economic conditions have significantly changed so as to render the project no longer economically, financially, or technically feasible, as determined by the</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>any act which restricts, suppresses or nullifies or tends to restrict, suppress or nullify competition;</i></p> <p><i>b) If the BAC is found to have failed in following the prescribed bidding procedures; or</i></p> <p><i>c) For any justifiable and reasonable ground where the award of the contract will not redound to the benefit of the GOP, as follows: (i) if the physical and economic conditions have significantly changed so as to render the project no longer economically, financially, or technically feasible, as determined by the Head of the Procuring Entity; (ii) if the project is no longer necessary as determined by the Head of the Procuring Entity; and (iii) if the source of funds for the project has been withheld or reduced through no fault of the procuring entity.</i></p> <p><i>GPPB Circular 01-2009 dated 20 January 2009</i></p> <ul style="list-style-type: none"> <i>Section 4.9</i> <i>Pursuant to Section 41 of the IRR-A of R.A. 9184, the procuring entity reserves the right to declare a failure of bidding if the funds/allotment for the program/project/activity has been withheld or reduced through no fault of the procuring entity.</i> <p><i>For transparency, procuring entities shall ensure that their bid documents expressly reserves their right to reject bids, declare a failure of bidding, and not to award the contract without incurring any liability if the funds/allotment for said program/project/activity has been withheld or reduced through no fault of its own. They are also encouraged to emphasize this reservation clause during pre-bid conference or submission of bids.</i></p>		<p>Head of the Procuring Entity?</p> <p>Or</p> <p>i. the award of the contract will not redound to the benefit of the GOP, for justifiable and reasonable grounds such as the project is no longer necessary as determined by the Head of the Procuring Entity?</p> <p>Or</p> <p>j. the award of the contract will not redound to the benefit of the GOP, for justifiable and reasonable grounds such as the source of funds for the project has been withheld or reduced through no fault of the procuring entity?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <i>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliance to establish the cause(s) and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



ALTERNATIVE METHODS OF PROCUREMENT FOR GOODS



On the Procurement Procedures:

**LIMITED SOURCE BIDDING
FOR GOODS**



Procurement Procedures: LIMITED SOURCE BIDDING FOR GOODS

Limited Source Bidding, otherwise known as *selective bidding*, is a method of procurement of goods that involves direct invitation to bid by the procuring entity from the list of pre-selected suppliers with known experience and proven capability on the requirements of the particular contract.

I. APPROVAL OF THE ALTERNATIVE METHOD

A. AUDIT OBJECTIVE:

To verify if the adoption of the Alternative Method: Limited Source Bidding was in accordance with the rules and regulations

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. copy of the approved Annual Procurement Plan (APP);
2. evidences to support the conclusion that public bidding cannot be ultimately pursued;
3. list of the only suppliers who can supply the highly specialized types of goods subject of the specific procurement; or, list of the only suppliers of the major plant component;
4. Minutes of BAC meetings on the deliberations made;
5. BAC Resolution recommending the alternative method of procurement: Limited Source Bidding, duly approved by the HOPE.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC validated: a. that the original mode of procurement per APP was public bidding but cannot be ultimately pursued; and, b. the existence of the conditions to justify Limited Source Bidding: b.1. Procurement of highly specialized types of goods (e.g., sophisticated defense equipment, complex air navigation systems, coal) where only a few suppliers are known to be available, such that resorting to the public bidding method will not likely result in any additional suppliers participating in the bidding; or	1. From the evaluation report with supporting documents and minutes of the BAC's meetings and relevant BAC Resolution(s), look for information on the BAC's validation that the original mode of procurement per APP was public bidding but cannot be ultimately pursued and of the existence of the conditions to justify Limited Source Bidding.	Did the BAC validate that the original mode of procurement per APP was public bidding but cannot be ultimately pursued?			
		Did the BAC validate the existence of the conditions to justify Limited Source Bidding: a. Procurement of highly specialized types of goods (e.g., sophisticated defense equipment, complex air navigation systems, coal)			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>b.2. Procurement of major plant components where it is deemed advantageous to limit the bidding to known qualified bidders in order to maintain uniform quality and performance of the plant as a whole;</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 48.2. In accordance with Section 10 of this IRR, as a general rule, the Procuring Entities shall adopt public bidding as the general mode of procurement and shall see to it that the procurement program allows sufficient lead time for such public bidding. Alternative methods shall be resorted to only in the highly exceptional cases provided for in this Rule. 48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE. 49.1. Limited Source Bidding, otherwise known as selective bidding, is a method of <u>procurement of goods</u> that involves direct invitation to bid by the procuring entity from the list of pre-selected suppliers with known experience and proven capability of the requirements of the particular contract. This alternative method of procurement may be employed under any of the following conditions: <ul style="list-style-type: none"> a) Procurement of highly specialized types of goods (e.g., sophisticated defense equipment, complex air navigation systems, coal) where only a few suppliers are known to be available, such that resorting to the public bidding method will not likely 		<p>where only a few suppliers are known to be available, such that resorting to the public bidding method will not likely result in any additional suppliers or consultants participating in the bidding?</p> <p>or</p> <p>b. Procurement of major plant components where it is deemed advantageous to limit the bidding to known qualified bidders in order to maintain uniform quality and performance of the plant as a whole?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>					
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			



LIMITED SOURCE BIDDING FOR GOODS

II. BIDDING DOCUMENTS

NOTE:

Since the requirement of regulations is for the Procuring Entity to prepare the Bidding Documents including the Invitation to Bid (indicating therein the method of procurement to be used) and the technical specifications, in accordance with the procedures in the IRR, the Generic Procurement Manual and the Philippine Bidding Documents (PBDs), the audit pertaining to Bidding Documents shall be as indicated in the *Audit Guide for Bidding Documents in Competitive/Public Bidding for Goods*.

Audit Criteria:

- 49.4. The BAC of the concerned procuring entity shall directly invite all the suppliers appearing in the pre-selected list. All other procedures for competitive bidding shall be undertaken, except for the advertisement of Invitation to Bid under Section 21.2.1 of the Revised IRR of RA 9184.
- Manual of Procedures for the Procurement of Goods and Services, Volume 2
The following steps are followed in conducting a limited source bidding:
 1. ...
 2. The BAC, through the TWG and the BAC Secretariat, prepares the Bidding Documents including the Invitation to Bid (indicating therein the method of procurement to be used) and the technical specifications, in accordance with the procedures laid down in the IRR, this Manual and the PBDs.

III. PRE-PROCUREMENT CONFERENCE

NOTE:

Since the requirement of regulations is for the Procuring Entity to conduct Pre-Procurement Conference in accordance with the procedures in the IRR, the Generic Procurement Manual and the Philippine Bidding Documents (PBDs), the audit pertaining to Pre-Procurement Conference shall be as indicated in the *Audit Guide for Pre-Procurement Conference in Competitive/Public Bidding for Goods*.

Audit Criteria:

- 49.4. The BAC of the concerned procuring entity shall directly invite all the suppliers appearing in the pre-selected list. All other procedures for competitive bidding shall be undertaken, except for the advertisement of Invitation to Bid under Section 21.2.1 of the Revised IRR of RA 9184.
- Manual of Procedures for the Procurement of Goods and Services, Volume 2
The following steps are followed in conducting a limited source bidding:
 1. ...
 2. ...
 3. ...
 4. If a Pre-procurement Conference is required or deemed necessary as previously discussed in this Manual, the BAC holds the said Conference. If a Pre-procurement Conference is held the participants should confirm the existence of the conditions required by law for procurement through limited source bidding.



LIMITED SOURCE BIDDING FOR GOODS

IV. POSTING OF THE INVITATION TO BID

NOTE:

Since the requirement of regulations is for the Procuring Entity to post the Invitation to Bid in accordance with the procedures in the IRR, the Generic Procurement Manual and the Philippine Bidding Documents (PBDs), the audit pertaining to posting of the Invitation to Bid shall be as indicated in the Audit Guide for posting of the Invitation to Bid in Competitive/Public Bidding for Goods.

Audit Criteria:

- 49.4. The BAC of the concerned procuring entity shall directly invite all the suppliers appearing in the pre-selected list. All other procedures for competitive bidding shall be undertaken, except for the advertisement of Invitation to Bid under Section 21.2.1 of the Revised IRR of RA 9184.

V. PRE-SELECTION AND INVITATION OF SUPPLIERS

A. AUDIT OBJECTIVES

1. To verify if the BAC conducted the pre-selection of suppliers as required by regulations;
2. To verify if the BAC invited pre-selected suppliers as required by regulations.

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. List maintained by the relevant government authority that has expertise in the type of procurement concerned;
2. BAC evaluation report with supporting documents on the pre-selection of suppliers;
3. List of Pre-Selected Suppliers;
4. Printout of the web pages where the Invitation to Bid was posted in the PhilGEPS website, the website of the procuring entity concerned, if available, and website prescribed by the foreign government/ foreign or international financing institution, if applicable for the first day and at least the last day of posting;
5. Certification by the head of the BAC Secretariat of the procuring entity that the invitation was posted at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days.
6. Invitations to bid duly received by the suppliers;

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC: a. used the list maintained by the relevant government authority, b. took into account experience and past performance on similar contracts,	1. From the BAC evaluation report with supporting documents (including a copy of the list used by the BAC in pre-selecting suppliers) on the pre-selection of suppliers, the minutes of BAC meetings conducted for the purpose, look for information on the	Did the BAC in the pre-selection of supplier: a. use the list maintained by the relevant government authority?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>c. took into account capabilities with respect to personnel,</p> <p>d. took into account capabilities with respect to equipment or manufacturing facilities,</p> <p>e. took into account capabilities with respect to financial position in the pre-selection of suppliers</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 49.2. <i>The pre-selected suppliers shall be those appearing in a list maintained by the relevant government authority that has expertise in the type of procurement concerned. The list of pre-selected suppliers shall be updated periodically. A copy of the list shall be submitted to, and maintained updated with, the GPPB.</i> 49.3. <i>The pre-selection shall be based upon the <u>capability</u> and <u>resources</u> of the bidders to perform the contract taking into account their <u>experience and past performance</u> on <u>similar contracts</u>, <u>capabilities with respect to personnel, equipment or manufacturing facilities</u>, and <u>financial position</u>. Pre-selection shall be done in accordance with the procedures provided in the GPMs.</i> Section 6.2. <i>Once issued by the GPPB, the use of the Generic Procurement Manuals (GPMs), Philippine Bidding Documents (PBDs), and other standard forms shall be mandatory upon all Procuring Entities. However, whenever necessary, to suit the particular needs of the procuring entity, modifications may be made, particularly for major and specialized procurement, subject to the approval of the GPPB.</i> <p><i>Manual of Procedures for the Procurement of Goods and Services, Volume 2</i></p>	<p>use of the list and consideration of capabilities and experience in the pre-selection process.</p>	<p>b. took into account experience and past performance on similar contracts?</p> <p>c. took into account capabilities with respect to personnel?</p> <p>d. took into account capabilities with respect to equipment or manufacturing facilities?</p> <p>e. took into account capabilities with respect to financial position?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> The following steps are followed in conducting a limited source bidding: <ol style="list-style-type: none"> The BAC, through the Secretariat gets the list of pre-selected suppliers from the government authority that has expertise in the type of procurement at hand. It may also access the PhilGEPS website as a secondary source of information. 					
2. To verify if the BAC sent invitations to bid to <u>all</u> the pre-selected suppliers <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 49.4. The BAC of the concerned procuring entity shall directly invite <u>all the suppliers appearing in the pre-selected list</u>. 6.2. Once issued by the GPPB, the use of the Generic Procurement Manuals (GPMs), Philippine Bidding Documents (PBDs), and other standard forms shall be mandatory upon all Procuring Entities. However, whenever necessary, to suit the particular needs of the procuring entity, modifications may be made, particularly for major and specialized procurement, subject to the approval of the GPPB. <i>Manual of Procedures for the Procurement of Goods and Services, Volume 2</i> <ul style="list-style-type: none"> The following steps are followed in conducting a limited source bidding: <ol style="list-style-type: none"> ... The BAC Secretariat sends the invitation to bid to the pre-selected suppliers. The invitation to bid is sent to ALL suppliers in the list. 	2. Compare the names of suppliers per copies of invitations to bid duly received by them with the suppliers in the list of pre-selected suppliers.	Did the BAC send invitations to bid to <u>all</u> the pre-selected suppliers?			
3. To verify if the BAC Secretariat post the invitation to bid in: a. The PhilGEPS,	3. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting.	Did the BAC post the <i>Invitation to Bid</i> continuously in the:			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
b. the website of the procuring entity, c. electronic procurement service provider, if any, for a period of 7 calendar days prior to the opening of the bids <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 6.2. Once issued by the GPPB, the use of the Generic Procurement Manuals (GPMs), Philippine Bidding Documents (PBDs), and other standard forms shall be mandatory upon all Procuring Entities. However, whenever necessary, to suit the particular needs of the procuring entity, modifications may be made, particularly for major and specialized procurement, subject to the approval of the GPPB. <i>Manual of Procedures for the Procurement of Goods and Services, Volume 2</i> <ul style="list-style-type: none"> The following steps are followed in conducting a limited source bidding: ... 5. The BAC, through the Secretariat, posts for information purposes the invitation to bid in a. The PhilGEPS; b. the website of the procuring entity and its electronic procurement service provider, if any, for a period of 7 calendar days prior to the opening of the bids.	4. On the first day of posting access the PhilGEPS website, the website of the procuring entity concerned, if available, and website prescribed by the foreign government/ foreign or international financing institution, if applicable. Print the page where the notice was posted (to form part of the audit evidences). 5. Access the websites at random during the 7-day period to verify the postings.	1. PhilGEPS website for 7 calendar days starting on the date of advertisement? 2. website of the procuring entity concerned, if available, for 7 calendar days starting on the date of advertisement? 3. website prescribed by the foreign government/ foreign or international financing institution, if applicable, for 7 calendar days starting on the date of advertisement?			
4. To verify if the BAC Secretariat post the invitation to bid in any conspicuous place in the premises of the procuring entity for a period of 7 calendar days prior to the opening of the bids <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 6.2. Once issued by the GPPB, the use of the Generic Procurement Manuals (GPMs), Philippine Bidding 	6. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting. 7. Conduct ocular inspection on the first day of posting. 8. Repeat the ocular inspections (may be at random) during the 7-day period to verify the postings. 9. Request for the certification of the head of the BAC Secretariat	Did the BAC post the Invitation to Bid continuously at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days, as certified by the head of the BAC Secretariat of the procuring entity?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Documents (PBDs), and other standard forms shall be mandatory upon all Procuring Entities. However, whenever necessary, to suit the particular needs of the procuring entity, modifications may be made, particularly for major and specialized procurement, subject to the approval of the GPPB.</i></p> <p><i>Manual of Procedures for the Procurement of Goods and Services, Volume 2</i></p> <ul style="list-style-type: none"> <i>The following steps are followed in conducting a limited source bidding:</i> ... <i>5. The BAC, through the Secretariat, posts for information purposes the invitation to bid in a ... b. ... c. any conspicuous place in the premises of the procuring entity; for a period of 7 calendar days prior to the opening of the bids.</i> 					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p> <p>c. etc.</p> <p>and develop appropriate audit recommendations</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <p><i>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i></p>	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			

LIMITED SOURCE BIDDING FOR GOODS

- VI. PRE-BID CONFERENCE
- VI. OPENING AND PRELIMINARY EXAMINATION OF BIDS
- VII. BID EVALUATION
- VIII. POST-QUALIFICATION
- IX. AWARD OF CONTRACT

NOTE:

Since the requirement of regulations is for the Procuring Entity to undertake all other procedures for competitive bidding, except for the advertisement of Invitation to Bid, the audit pertaining to other phases/activities in Limited Source Bidding shall be as indicated in the *Audit Guide for Competitive/Public Bidding for Goods*.

Audit Criteria:

- *Manual of Procedures for the Procurement of Goods and Services, Volume 2*

The following steps are followed in conducting a limited source bidding:

1. ...
2. ...
3. ...
4. ...
5. ...
6. ...



7. *The BAC proceeds with the pre-bid conference (if deemed warranted under the circumstances), eligibility check, bid evaluation, post-qualification and succeeding activities up to contract award, signing and approval, following the procedures for competitive bidding.*

- *49.4. The BAC of the concerned procuring entity shall directly invite all the suppliers appearing in the pre-selected list. All other procedures for competitive bidding shall be undertaken, except for the advertisement of Invitation to Bid under Section 21.2.1 of the Revised IRR of RA 9184.*
- *54.1. Splitting of Government Contracts is not allowed. Splitting of Government Contracts means the division or breaking up of GOP contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the requirements of law and this IRR, specially the necessity of public bidding and the requirements for the alternative methods of procurement.*
- *54.4. Except for Limited Source Bidding under Section 49 of this IRR, submission of bid securities may be dispensed with.*
- *54.5. Performance and warranty securities, as prescribed in Sections 39 and 62 of this IRR, shall be submitted for contracts acquired through the alternative methods of procurement, except for Shopping under Section 52 and Negotiated Procurement under Sections 53.2 (emergency cases), 53.9 (small value procurement), 53.10 (lease of real property), and 53.13 (UN agencies).*



On the Procurement Procedures:

**DIRECT CONTRACTING
FOR GOODS**



Procurement Procedures: DIRECT CONTRACTING FOR GOODS

Direct Contracting or *single source procurement* is a method of procurement of goods that does not require elaborate Bidding Documents. The supplier is simply asked to submit a price quotation or a pro-forma invoice together with the conditions of sale. The offer may be accepted immediately or after some negotiations.

I. APPROVAL OF THE ALTERNATIVE METHOD

A. AUDIT OBJECTIVE:

To verify if the adoption of Direct Contracting was in accordance with the rules and regulations

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. copy of the approved Annual Procurement Plan (APP);
2. evidences to support the conclusion that public bidding cannot be ultimately pursued;
3. evidence of proprietary nature of the item to be procured; or
4. copy of the contract with a provision which requires procurement of critical plant components from a specific supplier as a condition precedent to hold a contractor to guarantee its project performance, in accordance with the provisions of its contract; or
5. evidence of exclusive dealership or of absence of sub-dealers selling at lower prices;
6. evidence that no suitable substitute for the item to be procured can be obtained at more advantageous terms to the GOP;
7. Minutes of BAC meetings on the deliberations made;
8. BAC Resolution recommending the alternative method of procurement: Direct Contracting, duly approved by the HOPE.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC validated: a. that the original mode of procurement per APP was public bidding but cannot be ultimately pursued; and, b. the existence of the conditions to justify Direct Contracting: b.1. the goods are proprietary in nature which can be obtained only from the proprietary	1. From the minutes of the BAC's meetings and relevant BAC Resolution(s), look for information on the BAC's validation that the original mode of procurement per APP was public bidding but cannot be ultimately pursued and of the existence of the conditions to justify Direct Contracting.	Did the BAC validate that the original mode of procurement per APP was public bidding but cannot be ultimately pursued?			
		Did the BAC validate the existence of the conditions to justify Direct Contracting: a. the goods are proprietary in			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>source, i.e. when patents, trade secrets, and copyrights prohibit others from manufacturing the same item; or</p> <p>b.2. the procurement involves critical plant components from a specific supplier and is a condition precedent to hold a contractor to guarantee its project performance, in accordance with the provisions of its contract; or</p> <p>b.3. the item to be procured is sold by an exclusive dealer or manufacturer which does not have sub-dealers selling at lower prices and for which no suitable substitute can be obtained at more advantageous terms to the GOP.</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 48.1. Subject to the prior approval of the Head of the Procuring Entity, and whenever justified by the conditions provided in this Act, the procuring entity may, in order to promote economy and efficiency, resort to any of the alternative methods of procurement provided in this Rule. In all instances, the procuring entity shall ensure that the most advantageous price for the Government is obtained. 48.2. In accordance with Section 10 of this IRR, as a general rule, the Procuring Entities shall adopt public bidding as the general mode of procurement and shall see to it that the procurement program 		<p>nature which can be obtained only from the proprietary source, i.e. when patents, trade secrets, and copyrights prohibit others from manufacturing the same item?</p> <p>b. the patent, copyright and other evidences of propriety?</p> <p>or</p> <p>c. the procurement involves critical plant components from a specific supplier and is a condition precedent to hold a contractor to guarantee its project performance, in accordance with the provisions of its contract?</p> <p>or</p> <p>d. the item to be procured is sold by an exclusive dealer or manufacturer which does not have sub-dealers selling at lower prices and for which no suitable substitute can be obtained at more advantageous terms to the GOP?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>allows sufficient lead time for such public bidding. Alternative methods shall be resorted to only in the highly exceptional cases provided for in this Rule.</i></p> <ul style="list-style-type: none"> • <i>48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE.</i> • <i>50. ...Direct contracting may be resorted to by concerned Procuring Entities under any of the following conditions:</i> <ul style="list-style-type: none"> <i>a) Procurement of goods of proprietary nature which can be obtained only from the proprietary source, i.e. when patents, trade secrets, and copyrights prohibit others from manufacturing the same item;</i> <i>b) When the procurement of critical plant components from a specific supplier is a condition precedent to hold a contractor to guarantee its project performance, in accordance with the provisions of its contract; or</i> <i>c) Those sold by an exclusive dealer or manufacturer which does not have sub-dealers selling at lower prices and for which no suitable substitute can be obtained at more advantageous terms to the GOP.</i> 					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
3. To verify if the BAC: a. recommended the alternative mode of procurement: Direct Contracting to the HOPE, and b. the HOPE approved the method of procurement <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 48.1. Subject to the <u>prior approval of the Head of the Procuring Entity</u>, and whenever justified by the conditions provided in this Act, the procuring entity may, in order to promote economy and efficiency, resort to any of the alternative methods of procurement provided in this Rule. In all instances, the procuring entity shall ensure that the most advantageous price for the Government is obtained. 48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and <u>recommend the change in the mode of procurement to be approved by the HOPE</u>. 	3. From the BAC Resolution recommending Direct Contracting as the method of procurement, look for the approval of the HOPE.	Did the BAC recommend the alternative mode of procurement: Direct Contracting to the HOPE? Did the HOPE approve Direct Contracting as the method of procurement?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc.	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> 13.3. <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>	NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .				
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>conditions of sale. The offer may be accepted immediately or after some negotiations.</i>					
2. To verify if the Procuring Entity evaluated and accepted the offer based on pre-established criteria and procedures <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <i>50. The supplier is simply asked to submit a price quotation or a pro-forma invoice together with the conditions of sale. The offer may be accepted immediately or after some negotiations.</i>	2. From the documentation of the evaluation conducted by the procurement unit, look for information on the evaluation conducted and the decisions made.	Did the Procuring Entity evaluate and accept the offer based on pre-established criteria and procedures?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <i>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re-Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			



On the Procurement Procedures:

REPEAT ORDER FOR GOODS



Procurement Procedures: REPEAT ORDER FOR GOODS

Repeat Order, when provided for in the APP, is a method of procurement of goods from the previous winning bidder, whenever there is a need to replenish goods procured under a contract previously awarded through Competitive Bidding.

A. AUDIT OBJECTIVE:

To verify if the adoption of the Alternative Method: Repeat Order was in accordance with the rules and regulations

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. copy of the approved Annual Procurement Plan (APP);
2. copy of the original contract and evidences that it was awarded through Competitive Bidding;
3. copy of the prices for the repeat order with evidences that they are the prevailing market price (advantageous to the GOP) as of the time of the negotiation;
4. evidences to support the conclusion that the repeat order contract did not result to splitting of requisition or contract;
5. Analysis showing that the quantity of each item in the repeat order did not exceed twenty-five percent (25%) of the quantity of each item in the original contract;
6. Minutes of BAC meetings on the deliberations made;

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC validated: a. that Repeat Order is the mode of procurement provided for in the approved APP; and that: b. the original contract was previously awarded through Competitive Bidding; c. Unit prices of the repeat order were the same as or lower than those in the original contract, provided that such prices are still the most advantageous to the GOP after price verification; d. The repeat order will not result in splitting of	1. From the evaluation report with supporting documents (and minutes of the BAC's meetings, look for information on the BAC's validation that the mode of procurement per APP is Repeat Order and of the existence of the conditions to justify Repeat Ordering.	Did the BAC validate that Repeat Order is the mode of procurement provided for in the approved APP?			
		Did the BAC validate that the original contract was previously awarded through Competitive Bidding?			
		Did the BAC validate that Unit prices of the repeat order were the same as or lower than those in the original contract,			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>contracts, requisitions, or purchase orders, as provided for in Section 54.1 of the Revised IRR of RA 9184;</p> <p>e. Except in cases duly approved by the GPPB, the repeat order was availed of only within six (6) months from the contract effectivity date stated in the Notice to Proceed arising from the original contract;</p> <p>and</p> <p>f. The repeat order did NOT exceed twenty-five percent (25%) of the quantity of each item in the original contract.</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 48.1. <i>Subject to the prior approval of the Head of the Procuring Entity, and whenever justified by the conditions provided in this Act, the procuring entity may, in order to <u>promote economy and efficiency</u>, resort to any of the alternative methods of procurement provided in this Rule. In all instances, the procuring entity shall ensure that the most advantageous price for the Government is obtained.</i> 48.3. <i>The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE.</i> 51. <i>Repeat Order, when provided for in the APP, is a method of procurement of goods from the previous winning bidder, whenever there is a need to replenish goods procured under a</i> 		provided that such prices are still the most advantageous to the GOP after price verification?			
		Did the BAC validate that repeat order will not result in splitting of contracts, requisitions, or purchase orders?			
		Did the BAC validate that except in cases duly approved by the GPPB, the repeat order was availed of only within six (6) months from the contract effectivity date stated in the Notice to Proceed arising from the original contract?			
		Did the BAC validate that the repeat order did NOT exceed twenty-five percent (25%) of the quantity of each item in the original contract?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>contract previously awarded through Competitive Bidding.</i></p> <p>a) <i>Unit prices of the repeat order must be the same as or lower than those in the original contract, provided that such prices are still the most advantageous to the GOP after price verification;</i></p> <p>b) <i>The repeat order will not result in splitting of contracts, requisitions, or purchase orders, as provided for in Section 54.1 of the Revised IRR of RA 9184;</i></p> <p>c) <i>Except in cases duly approved by the GPPB, the repeat order shall be availed of only within six (6) months from the contract effectivity date stated in the Notice to Proceed arising from the original contract; and</i></p> <p>d) <i>The repeat order shall not exceed twenty-five percent (25%) of the quantity of each item in the original contract.</i></p>					
<p>2. To verify if the BAC Secretariat posted the notice of award in:</p> <p>a. the PhilGEPS,</p> <p>b. the website of the procuring entity, if available</p> <p>c. any conspicuous place in the premises of the procuring entity</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>54.3 In all instances of alternative methods of procurement, the BAC, through the Secretariat, shall post, for information purposes, the notice of award in the PhilG-EPS website, the website of the procuring entity concerned, if available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity.</i> 	<p>2. Ahead of the procurement, request the BAC Secretariat for advance information on the schedule of any posting.</p> <p>3. Access the PhilGEPS website, the website of the procuring entity concerned, if available and print the page where the notice was posted (to form part of the audit evidences).</p> <p>4. Conduct ocular inspection on the schedule of posting.</p>	<p>Did the BAC Secretariat post the notice of award in:</p> <p>a. the PhilGEPS?</p> <p>b. the website of the procuring entity?</p> <p>c. any conspicuous place in the premises of the procuring entity?</p>			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <i>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliance to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			



On the Procurement Procedures:

SHOPPING FOR GOODS



Procurement Procedures: SHOPPING FOR GOODS

Shopping is a method of procurement of goods whereby the procuring entity simply requests for the submission of price quotations for readily available off-the-shelf goods or ordinary/regular equipment to be procured directly from suppliers of known qualifications.

I. APPROVAL OF THE ALTERNATIVE METHOD

A. AUDIT OBJECTIVE:

To verify if the adoption of the Alternative Method: Shopping was in accordance with the rules and regulations

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. copy of the approved Annual Procurement Plan (APP);
2. evidences to support the conclusion that public bidding cannot be ultimately pursued;
3. evidences to support the occurrence of unforeseen contingency requiring immediate purchase;
4. analysis leading to the conclusion that the items procured were ordinary or regular office supplies and equipment;
5. evidences of the non-availability of the items in the Procurement Service;
6. analysis leading to the conclusion that the amounts involved are within the threshold provided in Annex "H" of the Revised IRR of RA 9184;
7. Minutes of BAC meetings on the deliberations made;
8. BAC Resolution recommending the alternative method of procurement: Shopping, duly approved by the HOPE.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC validated: a. that the original mode of procurement per APP was public bidding but cannot be ultimately pursued; and, b. the existence of the conditions to justify Shopping: b.1. occurrence of unforeseen contingency requiring immediate purchase; b.2. procurement of ordinary or regular office supplies and equipment not available in the	1. From the evaluation report with supporting documents and minutes of the BAC's meetings and relevant BAC Resolution(s), look for information on the BAC's validation that the original mode of procurement per APP was public bidding but cannot be ultimately pursued and of the existence of the conditions to justify Shopping.	Did the BAC validate that the original mode of procurement per APP was public bidding but cannot be ultimately pursued?			
		Did the BAC validate the existence of the conditions to justify Shopping: a. occurrence of unforeseen contingency requiring			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>Procurement Service; b.3. the amounts involved did not exceed the thresholds in Annex "H" of the Revised IRR of RA 9184, c. that there is no "splitting".</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 48.3. <i>The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the <u>original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE.</u></i> 52.1. <i>Shopping is a method of procurement of goods whereby the procuring entity simply requests for the submission of price quotations for readily available off-the-shelf goods or ordinary/regular equipment to be procured directly from suppliers of known qualifications. This method of procurement shall be employed in any of the following cases:</i> <ul style="list-style-type: none"> a) <i>When there is an unforeseen contingency requiring immediate purchase: Provided, however, That the amount shall not exceed the thresholds prescribed in Annex "H" of the Revised IRR or RA 9184.</i> b) <i>Procurement of ordinary or regular office supplies and equipment not available in the Procurement Service involving an amount not exceeding the thresholds prescribed in Annex "H" of this IRR.</i> 52.2. <i>The phrase "ordinary or regular office supplies" shall be understood to include those supplies, commodities, or materials which, depending on the procuring entity's mandate and nature of operations,</i> 		<p>immediate purchase?</p> <p>or</p> <p>b. procurement of ordinary or regular office supplies and equipment not available in the Procurement Service?</p> <p>Or</p> <p>c. the amounts involved did not exceed the thresholds in Annex "H" of the Revised IRR of RA 9184?</p>			
		Did the BAC validate that there is no "splitting"?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>are necessary in the transaction of its official businesses, and consumed in the day-to-day operations of said procuring entity. However, office supplies shall not include services such as repair and maintenance of equipment and furniture, as well as trucking, hauling, janitorial, security, and related or analogous services.</i></p> <ul style="list-style-type: none"> <i>54.1. Splitting of Government Contracts is not allowed. Splitting of Government Contracts means the division or breaking up of GOP contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the requirements of law and this IRR, specially the necessity of public bidding and the requirements for the alternative methods of procurement.</i> 					
<p>2. To verify if the BAC: a. recommended the alternative mode of procurement: Shopping to the HOPE, and b. the HOPE approved the alternative method of procurement</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>48.1. Subject to the <u>prior approval of the Head of the Procuring Entity</u>, and whenever justified by the conditions provided in this Act, the procuring entity may, in order to promote economy and efficiency, resort to any of the alternative methods of procurement provided in this Rule. In all instances, the procuring entity shall ensure that the most advantageous price for the Government is obtained.</i> <i>48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement</i> 	<p>2. From the BAC Resolution recommending Shopping as the method of procurement, look for the approval of the HOPE.</p>	<p>Did the BAC recommend the alternative mode of procurement: Shopping to the HOPE?</p> <p>Did the HOPE approve Shopping as the method of procurement?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE.</i>					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <i>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			

SHOPPING FOR GOODS

II. PRICE QUOTATIONS, ACCEPTANCE OF OFFER AND AWARD OF CONTRACT

A. AUDIT OBJECTIVE

To verify if the Procuring Entity conducted Shopping as required by regulations

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. evidences that the suppliers identified were bona fide;
2. copy of the requests for price quotations duly received by the suppliers;
3. copy of the price quotations;
4. evidence of posting request for quotations (RFQ);
5. documentation of the analysis of the price quotations leading to the conclusion of what was to be accepted/ compliance with the specifications and other terms and conditions stated in the RFQ;
6. documentation of the recommendation to the authorized official of the Procuring Entity;
7. documentation of the acceptance of the offer;
8. Abstract of Quotations;
9. notice of award;
10. evidence of posting notice of award

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the Procuring Entity obtained price quotations from at least 3 bona fide suppliers (1 supplier during unforeseen contingencies requiring immediate purchase) <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on</i>	1. From the documentation of the evaluation conducted by the procurement unit of the Procuring Entity, with supporting documents, look for information on whether price quotations were obtained from at least 3 bona fide suppliers (or 1 supplier during unforeseen contingencies).	Did the procurement unit of the Procuring Entity obtain price quotations from at least 3 bona fide suppliers (or 1 supplier during unforeseen contingencies)?			



Prepared by:
 Technical Services Office
 Special Services Sector
 Commission on Audit
 Republic of the Philippines

GUIDE IN THE AUDIT OF PROCUREMENT
 First Update - December 2009

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>September 2, 2009:</i></p> <ul style="list-style-type: none"> 52.3. Under Section 52.1 (b) of this IRR, at least three (3) price quotations from bona fide suppliers shall be obtained. <p><i>Guidelines for Shopping and Small Value Procurement covered by GPPB Resolution No. 09-2009, dated 23 November 2009:</i></p> <ul style="list-style-type: none"> 1. . . . 2. . . . 3. <i>Procedural Guidelines</i> ... c. The Request for Quotation (RFQ) shall be sent to at least three (3) suppliers of known qualifications. However, during unforeseen contingencies requiring immediate purchase under Section 52.1 (a) of the IRR, the RFQ may be sent to only one (1) supplier. 					
<p>2. For procurement of ordinary or regular office supplies and equipment with an ABC of more than Php 50,000.00, To verify if the procuring entity posted the RFQs in:</p> <ul style="list-style-type: none"> a. the PhilGEPS, b. the website of the procuring entity, if available c. any conspicuous place in the premises of the procuring entity for a period of 7 calendar days <p><i>Guidelines for Shopping and Small Value Procurement covered by GPPB Resolution No. 09-2009, dated 23 November 2009:</i></p> <ul style="list-style-type: none"> 1. . . . 2. . . . 3. <i>Procedural Guidelines</i> ... 	<p>2. Ahead of the procurement, request the procuring entity for advance information on the schedule of any posting.</p> <p>3. Access the PhilGEPS website, the website of the procuring entity concerned, if available and print the page where the RFQ was posted (to form part of the audit evidences).</p> <p>4. Conduct ocular inspection on the schedule of posting.</p>	<p>Did the procurement unit of the Procuring Entity post the RFQ in:</p> <ul style="list-style-type: none"> a. the PhilGEPS for a period of 7 calendar days? b. the website of the procuring entity for a period of 7 calendar days? c. any conspicuous place in the premises of the procuring entity for a period of 7 calendar days? 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>d. RFQs shall also be posted for a period of seven (7) calendar days in the Philippine Government Electronic Procurement System (PhilG-EPS) website, website of the procuring entity, if available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity. However, in the following instances, the posting requirement shall not be applicable:</i></p> <p><i>i. When there is an unforeseen contingency requiring immediate purchase under Section 52.1(a) of the IRR; or</i></p> <p><i>ii. RFQs with ABCs equal to Fifty Thousand Pesos (Php 50,000.00) and below.</i></p>					
<p>3. To verify if the procuring entity prepared an Abstract of Quotations after the deadline for submission of price quotations and determined the lowest quotation</p> <p><i>Guidelines for Shopping and Small Value Procurement covered by GPPB Resolution No. 09-2009, dated 23 November 2009:</i></p> <ul style="list-style-type: none"> • 1. . . . 2. . . . 3. <i>Procedural Guidelines</i> <i>e. After the deadline for submission of price quotations, an Abstract of Quotations shall be prepared setting forth the names of those who responded to the RFQ, their corresponding price quotations, and the lowest quotation submitted.</i> 	<p>5. Look for the Abstract of Quotations and check for the indication of the lowest quotation.</p> <p>6. Compare the date of the Abstract of Quotations with the deadline for submission of price quotations as indicated in the RFQs.</p>	<p>Did the procurement unit of the Procuring Entity prepare an Abstract of Quotations?</p> <p>Did the procurement unit of the Procuring Entity prepare an Abstract of Quotations after the deadline for submission of price quotations?</p> <p>Did the procurement unit of the Procuring Entity determine the lowest quotation?</p>			
<p>4. To verify if the procuring entity made the award of contract to the lowest quotation which complied with the specifications and other terms and conditions stated in the RFQ</p>	<p>7. Compare the name of supplier with the lowest quotation as indicated in the Abstract of Quotation with the name of supplier who was given the Notice of Award.</p> <p>8. From the documentation of</p>	<p>Did the procuring entity award the contract to the lowest quotation which complied with the specifications and other terms and</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Guidelines for Shopping and Small Value Procurement covered by GPPB Resolution No. 09-2009, dated 23 November 2009:</i></p> <ul style="list-style-type: none"> 1. . . . 2. . . . 3. <i>Procedural Guidelines</i> ... <i>h. Award of contract shall be made to the lowest quotation for goods which complies with the specifications and other terms and conditions stated in the RFQ.</i> 	<p>the evaluation of price quotations conducted by the procuring entity, look for the verification on the compliance with the specifications and other terms and conditions stated in the RFQ.</p>	conditions stated in the RFQ?			
<p>5. For procurement with and ABC of more than P50,000.00, To verify if the procuring entity posted the notice of award in:</p> <ul style="list-style-type: none"> a. the PhilGEPS, b. the website of the procuring entity, if available c. any conspicuous place in the premises of the procuring entity <p><i>Guidelines for Shopping and Small Value Procurement covered by GPPB Resolution No. 09-2009, dated 23 November 2009:</i></p> <ul style="list-style-type: none"> 1. . . . 2. . . . 3. <i>Procedural Guidelines</i> ... <i>i. For information purposes, all awards shall be posted in the PhilG-EPS website, website of the procuring entity, if available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity except for those with ABCs equal to Fifty Thousand Pesos (Php 50,000.00) and below.</i> 	<p>9. Ahead of the procurement, request the procuring entity for advance information on the schedule of any posting.</p> <p>10. Access the PhilGEPS website, the website of the procuring entity concerned, if available and print the page where the notice was posted (to form part of the audit evidences).</p> <p>11. Conduct ocular inspection on the schedule of posting.</p>	<p>Did the procuring entity post the notice of award in:</p> <ul style="list-style-type: none"> a. the PhilGEPS? b. the website of the procuring entity? c. any conspicuous place in the premises of the procuring entity? 			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement</p>	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <i>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>	<p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>				
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			



Other criteria:

- 54.4. *Except for Limited Source Bidding under Section 49 of this IRR, submission of bid securities may be dispensed with.*
- 54.5. *Performance and warranty securities, as prescribed in Sections 39 and 62 of this IRR, shall be submitted for contracts acquired through the alternative methods of procurement, except for Shopping under Section 52 and Negotiated Procurement under Sections 53.2 emergency cases), 53.9 (small value procurement), 53.10 (lease of real property), and 53.13 (UN agencies).*



On the Procurement Procedures:

**NEGOTIATED PROCUREMENT
OF GOODS**

AFTER TWO (2) FAILED BIDDINGS



Procurement Procedures: NEGOTIATED PROCUREMENT OF GOODS AFTER TWO (2) FAILED BIDDINGS

Negotiated Procurement is a method of procurement of goods whereby the procuring entity directly negotiates a contract with a technically, legally, and financially capable supplier.

It is resorted **after two failed biddings** (where there has been failure of public bidding for the second time) or in any of the following cases:

- a. Emergency Cases,
- b. Agency-to-Agency,
- c. Procurement Agent,
- d. Defense Cooperation Agreement,
- e. Small-Value Procurement,
- f. NGO Participation
- g. United Nations Agencies.

I. PREPARATORY ACTIVITY: MAINTAIN REGISTRY OF SUPPLIERS

The maintenance of the Registry of Suppliers is a continuing activity of the Procuring Entity, through its Procurement Unit.

A. AUDIT OBJECTIVE

To determine if the Procuring Entity developed and maintained a Registry of Suppliers

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

- Documentation of the System on the Registry of Suppliers maintained by the Procuring Entity

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the procuring entity <u>maintained</u> a registry of suppliers as basis for selecting the suppliers for negotiations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 53.1.2.2. All Procuring Entities shall maintain a registry of suppliers as basis for selecting the suppliers for negotiations. 	1. Obtain a copy of the registry of suppliers maintained by the Procuring Entity.	Did the Procuring Entity <u>maintain</u> a registry of suppliers as basis for selecting the suppliers for negotiations?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper		
		Audit Question	Yes	No
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT				
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <i>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.	Appropriate Audit Working Papers		
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.	Appropriate Audit Working Papers		
3. To communicate the results of the audit with the auditee’s Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable		



NEGOTIATED PROCUREMENT OF GOODS AFTER TWO (2) FAILED BIDDINGS

II. PREPARATORY ACTIVITY: BIDDING DOCUMENTS

Bidding documents are documents issued by the Procuring Entity to provide prospective bidders all the necessary information that they need to prepare their bids.

A. AUDIT OBJECTIVE:

1. To verify if after the Procuring Entity's conducted a mandatory review of bidding documents due to two (2) failed biddings
2. To verify if the Bidding Documents for the specific procurement **followed the standard forms and manuals** prescribed by the Government Procurement Policy Board (GPPB)

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. The procuring entity's Customized Bidding Documents for Goods;
2. Document evidencing BAC's declaration that there has been two (2) failed biddings;
3. Bidding Documents for the specific procurement.
4. BAC's report on mandatory review of the terms, conditions, specifications and cost estimates;
5. BAC Resolution recommending to the HOPE approval of the revised and agreed minimum technical specifications and ABC.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the procuring entity conducted a mandatory review of the terms, conditions, specifications, and cost estimates on the basis of which the BAC revised and agreed on the: a. minimum technical specifications, b. adjusted the ABC <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 53.1.1. After conduct of the <u>mandatory review</u> of the terms, conditions, specifications, and cost estimates, as prescribed in 	1. From the documentation of the earlier two (2) biddings conducted, look for information on the BAC's declaration that there have been two (2) failed biddings.	Did the BAC declare two (2) failed biddings?			
	2. From the TWG evaluation report with supporting documents and duly reviewed by the BAC, minutes of the meetings of the BAC, and BAC Resolutions, look for evidences of the conduct of the mandatory review of the terms, conditions, specifications and cost estimates by concerned Offices of the Procuring Entity.	Did the Procuring Entity conduct a mandatory review of the terms, conditions, specifications, and cost estimates after two failed biddings?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Section 35 of this IRR, the BAC shall revise and agree on the minimum technical specifications, and if necessary, adjust the ABC, subject to the required approvals. However the ABC cannot be increased by more than twenty percent (20%) of the ABC for the last failed bidding.</i></p>					
	<p>3. From the minutes of the BAC's meetings and BAC Resolutions, look for information on the deliberation, revision and agreement on the minimum technical specifications and adjusted ABC; and recommendation to the HOPE for approval.</p>	<p>Did the BAC revise and agree on the:</p> <p>a. minimum technical specifications?</p> <p>b. Revised ABC?</p>			
		<p>Did the BAC submit the revised minimum technical specifications to the HOPE for approval?</p>			
		<p>Did the BAC submit the adjusted ABC to the HOPE for approval?</p>			
	<p>4. From the minutes of the BAC's meetings and BAC Resolutions, look for information on the BAC's evaluation to ensure that the adjustment in the ABC was at a maximum of 20% of the ABC for the second failed bidding.</p>	<p>Did the BAC ensure that the adjustment in the ABC was at a maximum of 20% of the ABC for the second failed bidding?</p>			
ON THE BIDDING DOCUMENTS					
<p>1. To verify if the Bidding Documents for the specific procurement include the <u>information</u> and are according to the <u>forms</u> indicated in the <i>Customized Bidding Documents approved by the GPPB or the Philippine Bidding Documents for the Procurement of Goods, 3rd Edition (October 2009)</i> issued by the GPPB and <i>Section 17 of the Implementing Rules and Regulations of RA 9184 as amended on September 2, 2009</i>:</p>	<p>1. If the procuring entity adopted customized Bidding Documents and the results of the earlier validation of this element showed that these are <u>compliant</u> with the <i>Philippine Bidding Documents for the Procurement of Goods and Section 17.1 of the Implementing Rules and Regulations of RA 9184</i>, secure from the BAC Secretariat duly certified copies of the <u>Bidding Documents for the specific procurement</u> and <u>compare</u> these with the <u>customized Bidding Documents</u> of the procuring entity.</p>	<p>Are the Bidding Documents/ Information <u>complete</u>:</p> <p>a. Approved Budget for the Contract?</p> <p>b. Request for Submission of Price Quotations?</p> <p>c. Eligibility Requirements?</p> <p>d. Instruction to Bidders, including</p> <ul style="list-style-type: none"> - scope of bid/ proposal? - documents 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
a. Approved Budget for the Contract; b. Request for Submission of Price Quotations; c. Eligibility Requirements; d. Instruction to Bidders, including scope of bid/ proposal, documents comprising the bid/ proposal, criteria for eligibility, price quotations evaluation methodology/criteria in accordance with the Act, and post-qualification, as well as the date, time and place of the pre-bid conference (where applicable), submission and opening of price quotations; d.1. including: Following completion of the negotiations, the BAC shall request all suppliers remaining in the proceedings to submit on a specified date, a best and final offer with respect to all aspects of the proposals, and d.2. selection of the successful offer on the basis of such best and final offers meeting the minimum technical requirements and not exceeding the ABC; e. Scope of work, where applicable;	<p>If the customized Bidding Documents are <u>not compliant</u>, compare the procurement-specific Bidding Documents with the <i>Philippine Bidding Documents for the Procurement of Goods</i> issued by the GPPB.</p>	<p>comprising the bid/ proposal?</p> <ul style="list-style-type: none"> - criteria for eligibility? - Price quotations evaluation methodology/ criteria? - post-qualification methodology? - date of the pre-bid conference, if applicable? - time of the pre-bid conference? - Place of the pre-bid conference? - Deadline for submission of price quotations? - Place of submission of price quotations? - Date of opening of price quotations? - Time of opening of price quotations? - Place of opening of price quotations? - following completion of the negotiations, requesting all suppliers remaining in the proceedings to 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
f. Plans/Drawings and Technical Specifications; g. Form of Bid, Price Form, and List of Goods; h. Delivery Time or Completion Schedule; i. Form, Amount, and Validity of Performance Security and Warranty; j. Form of Contract and General and Special Conditions of Contract; <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 17.1. <i>The Bidding Documents shall be prepared by the procuring entity following the standard forms and manuals prescribed by the GPPB.</i> <i>a. Approved Budget for the Contract;</i> <i>b. Invitation to Bid;</i> <i>c. Eligibility Requirements;</i> <i>d. Instruction to Bidders, including scope of bid, documents comprising the bid, criteria for eligibility, bid evaluation methodology/criteria in accordance with the Act, and post-qualification, as well as the date, time and place of the pre-bid conference (where applicable), submission of bids and opening of bids;</i> <i>e. Scope of work, where applicable;</i> <i>f. Plans/Drawings and Technical Specifications;</i> <i>g. Form of Bid, Price Form, and List of Goods;</i> <i>h. Completion Schedule;</i> <i>i. Form, Amount, and Validity Period of Bid Security;</i> [REVISED BY the Revised IRR of RA 9184, item 54.4. <i>Except for Limited Source Bidding</i>		submit on a specified date, a best and final offer with respect to all aspects of the proposals? - selection of the successful offer on the basis of such best and final offers meeting the minimum technical requirements and not exceeding the ABC? e. Scope of work? f. Plans/Drawings and Technical Specifications? g. Form of Bid, Price Form, and List of Goods? h. Delivery Schedule or Completion Schedule? i. Form, Amount, and Validity of Performance Security and Warranty j. Form of Contract and General and Special Conditions of Contract?			
		Are the Bidding Documents in the required <u>form</u> : a. Request for Submission of Price Quotation? b. Instructions to			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>under Section 49 of this IRR, submission of bid securities may be dispensed with.]</i></p> <p><i>j. Form, Amount, and Validity of Performance Security and Warranty;</i> [Also per Revised IRR of RA 9184, Section 54.5. <i>Performance and warranty securities, as prescribed in Sections 39 and 62 of this IRR, shall be submitted for contracts acquired through the alternative methods of procurement, except for Shopping under Section 52 and Negotiated Procurement under Sections 53.2 (emergency cases), 53.9 (small value procurement), 53.10 (lease of real property), and 53.13 (UN agencies).]</i></p> <p><i>and</i></p> <p><i>k. Form of Contract and General and Special Conditions of Contract.</i></p> <ul style="list-style-type: none"> <i>53.1.4. Following completion of the negotiations, the procuring entity shall request all suppliers, contractors, or consultants remaining in the proceedings to submit, on a specified date, a best and final offer with respect to all aspects of their proposals.</i> <i>53.1.5. The procuring entity shall select the successful offer on the basis of such best and final offers which should meet the procuring entity's minimum technical requirements and should not exceed the ABC.</i> <p>GPPB Resolution No. 05-2009 dated 30 September 2009:</p> <ul style="list-style-type: none"> <i>... all branches, agencies, departments, bureaus, offices and instrumentalities of the Government, including government-owned and/or</i> 		Bidders?			
		c. Price Quotation Data Sheet?			
		d. General Conditions of the Contract?			
		e. Special Conditions of Contract?			
		f. Schedule of Requirements?			
		g. Technical Specifications?			
		h. Price Quotation Forms?			



Audit Sub-objective • <i>Audit Criteria</i> <i>controlled corporations, government financial institutions, state universities and college, and local government units, are hereby mandated to use the Philippine Bidding Documents Third Edition for all of their procurement activities.</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <i>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliance to establish the cause(s) and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .				
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re-Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			

NEGOTIATED PROCUREMENT OF GOODS AFTER TWO (2) FAILED BIDDINGS

III. PREPARATORY ACTIVITY: PRE-PROCUREMENT CONFERENCE

The pre-procurement conference is the forum where all officials involved in the procurement meet and discuss all aspects of a specific procurement activity, which includes the technical specifications, the Approved Budget for the Contract (ABC), the applicability and appropriateness of the recommended method of procurement and the related milestones, the bidding documents, and availability of the pertinent budget release for the project.

A. AUDIT OBJECTIVES:

1. To verify if the Pre-Procurement Conference was conducted **within the required time**;
2. To verify if the **participants** to the Pre-Procurement Conference were as required;
3. To verify if during the Pre-Procurement Conference the participants, led by the Bids and Awards Committee (BAC), performed the required tasks and attained the objectives of the Conference.

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. copy of the approved *Minutes of Pre-Procurement Conference* duly certified by the BAC Secretariat;
2. Invitation to Bid;
3. Duly certified copies of the documents (Office Orders, contracts, Organizational/Functional Charts, etc) which the BAC Secretariat used as bases for identifying and notifying the participants to the Pre-Procurement Conference, including duly certified copies of the notices issued with evidence of receipt by the participants.



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC conducted the Pre-Procurement Conference prior to the posting or the issuance of the Invitation or Request for Submission of Price Quotation <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 20.1. Prior to the Advertisement or the issuance of the Invitation to Bid for each procurement undertaken through public bidding, the BAC, through its Secretariat shall call for a Pre-Procurement Conference. 	1. Secure from the BAC Secretariat a duly certified copy of the <i>Minutes of Pre-Procurement Conference</i> and compare the date the conference was held with the date indicated in the print-out of website pages where the <i>Invitation or Request for Submission of Price Quotation</i> was posted.	Did the BAC conduct the Pre-Procurement Conference prior to the posting or issuance of the Invitation or Request for Submission of Price Quotation?			
2. To verify if the participants to the Pre-Procurement Conference included the BAC, the Secretariat, the unit or officials, including consultants hired by the procuring entity, who prepared the Bidding Documents and the draft Invitation to Bid <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 20.1.... The pre-procurement conference shall be attended by the BAC, the Secretariat, the unit or officials, including consultants hired by the procuring entity, who prepared the Bidding Documents and the draft Invitation to Bid, for each procurement. 	2. Secure from the BAC Secretariat duly certified copies of the documents (Office Orders, contracts, Organizational/Functional Charts, etc) which it used as bases for identifying and notifying the participants to the Pre-Procurement Conference, including duly certified copies of the notices issued with evidence of receipt by the participants. 3. From the <i>Minutes of Pre-Procurement Conference</i> look for the names of the members of the BAC, the members of the Secretariat, the officials and/or consultants who prepared the Bidding Documents and the draft Invitation to Bid.	Did the participants to the Pre-Procurement Conference include the: a. BAC? b. Secretariat? c. unit or officials who prepared the Bidding Documents and the draft Invitation to Bid? d. consultants hired by the procuring entity, who prepared the Bidding Documents and the draft Invitation to Bid?			
3. To verify if during the Pre-Procurement Conference the participants, led by the BAC, performed the following tasks and attained the related	4. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the scope of the contract, the ABC, and contract duration, the	Did the participants led by the BAC discuss and confirm the:			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
objectives: a. Discussed relevant information and <u>confirmed</u> the description of the scope of the contract, the ABC, and contract duration; b. Discussed relevant information and confirmed that the procurement is in accordance with the project procurement management plan (PPMP) and annual procurement plan (APP); c. Discussed relevant information and confirmed readiness of the procurement at hand on the following: c.1. the availability of appropriations and programmed budget for contract; c.2. completeness of the Bidding Documents and their adherence to relevant general procurement guidelines; d. Reviewed, modified and agreed on the criteria for eligibility screening, evaluation, and post-qualification; f. Reviewed and adopted the procurement schedule, including deadlines and timeframes, for the different activities; g. Reiterated and emphasized the importance of confidentiality and the applicable sanctions and penalties, as well as agreed on measures to ensure compliance with the foregoing; h. Confirmed that there was no splitting; and i. identified the justification for the change in the mode of procurement from public bidding to Negotiated Procurement and	deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the description of the scope of the contract, that there was no splitting, the ABC, and the contract duration.</u>	a. Description of the scope of the contract? b. That there was no splitting? c. ABC? d. Contract duration?			
	5. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the review of the PPMP and APP, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the procurement is in accordance with the PPMP and APP.</u>	Did the participants led by the BAC discuss and confirm that the procurement is in accordance with the PPMP and APP?			
	6. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of information, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation</u> of the readiness of the procurement at hand as to: a. availability of appropriations and programmed budget for the contract, b. completeness of the Bidding Documents and their adherence to the Philippine Bidding Documents (PBDs)/ customized Bidding Documents.	Did the participants led by the BAC discuss and confirm that the procurement at hand is ready as to: a. availability of appropriations and programmed budget for the contract? b. completeness of the Bidding Documents? c. adherence of the Bidding Documents with the PBDs/ customized Bidding Documents?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>agreed on the recommendations to the HOPE.</p> <p><i>Manual of Procedures for the Procurement of Goods Vol 2 published by the GPPB:</i></p> <ul style="list-style-type: none"> <i>Methodology: How is Negotiated Procurement undertaken?</i> ... <i>2. The BAC convenes the appropriate officials for the pre-procurement conference, if deemed necessary.</i> ... <i>4. The procedures for the conduct of public bidding should be observed.</i> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>20.1. ... During the conference, the participants, led by the BAC, shall:</i> <ul style="list-style-type: none"> <i>a. Confirm the description and scope of the contract, the ABC, and contract duration;</i> <i>b. Ensure that the procurement is in accordance with the project and annual procurement plans;</i> <i>c. Determine the readiness of the procurement at hand, including, among other aspects, the following:</i> <ul style="list-style-type: none"> <i>i) availability of appropriations and programmed budget for the contract;</i> <i>ii) completeness of the Bidding Documents and their adherence to relevant general procurement guidelines;</i> <i>iii) ...</i> <i>iv) ...</i> <i>d. Review, modify and agree on the criteria for eligibility screening, evaluation, and post-qualification;</i> <i>e. Review and adopt the procurement schedule, including deadlines and timeframes, for the different activities; and</i> <i>f. Reiterate and emphasize the importance of confidentiality and the applicable sanctions and penalties,</i> 					
	<p>7. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the alternative method of procurement, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation and of the justifications for the change in the mode of procurement from public bidding to Negotiated Procurement and agreed on the recommendations to the HOPE.</u></p>	<p>Did the participants led by the BAC discuss and confirm the justifications for the change in the mode of procurement from public bidding to Negotiated Procurement and agreed on the recommendations to the HOPE?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>as well as agree on measures to ensure compliance with the foregoing.</i></p> <ul style="list-style-type: none"> 7.2. No procurement shall be undertaken unless it is in accordance with the approved APP of the procuring entity. The APP shall bear the approval of the Head of the Procuring Entity or second-ranking official designated by the Head of the Procuring Entity to act on his behalf, and must be consistent with its duly approved yearly budget. 48.2. In accordance with Section 10 of this IRR, as a general rule, the Procuring Entities shall adopt public bidding as the general mode of procurement and shall see to it that the procurement program allows sufficient lead time for such public bidding. Alternative methods shall be resorted to only in the highly exceptional cases provided for in this Rule. 48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE. 54.1. Splitting of Government Contracts is not allowed. Splitting of Government Contracts means the division or breaking up of GOP contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the requirements of law and this IRR, specially the necessity of public bidding and the requirements for the alternative methods of procurement. 	8. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the criteria for eligibility screening, price quotation evaluation, and post-qualification, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the criteria for eligibility screening, price quotation evaluation, and post-qualification.</u>	Did the participants led by the BAC discuss and confirm the criteria for: a. Eligibility screening? b. Price Quotation evaluation? c. Post-qualification?			
	9. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the procurement schedule, including deadlines and timeframes for the different activities, the no-contact rule, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the adoption of the procurement schedule including deadlines and timeframes for the different activities.</u>	Did the participants led by the BAC discuss and confirm the adoption of the procurement schedule including deadlines and timeframes for the different activities?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>GPPB Circular 01-2009 dated 20 January 2009:</p> <ul style="list-style-type: none"> ... 4.2. <i>To facilitate the immediate implementation of projects even pending approval of the GAA, the ABC shall be based on the budget levels under the National Expenditure Program (NEP) submitted to Congress.</i> 4.3. <i>For specifically appropriated projects, agencies can proceed with the procurement activities prior to issuance of the notice of award using as basis the NEP figures.</i> 4.4. <i>For lump-sum appropriations and Centrally Managed Items (CMIs) under the agency's budget, the head of the agency shall identify and thereafter notify the implementing units (IUs) of the amount allocated for the projects they are to implement. On the basis of said notification, the heads of the respective IUs, as procuring entities, can proceed with the procurement activities prior to issuance of the notice of award.</i> 4.5. <i>For Multi-Year Projects (MYPs), for which the initial funding – sourced from either the existing/current year's budget or the NEP – is not sufficient to cover the total cost of the project, it is required that a Multi-Year Obligational Authority (MYOA) must already have been issued in accord with DBM Circular Letter 2004-012 prior to commencement of any procurement activity.</i> <i>Thus, the MYOA shall be a pre-requisite for procurement of a multi-year contract. All procurement activities should be within the total project cost and categories reflected in the MYOA issued by DBP for the said MYP.</i> 4.6. <i>As prescribed under Section 47, Chapter 8, Subtitle B, Title I, Book V of the Administrative Code of 1987, no contract involving the expenditure of public funds shall be entered into unless the proper accounting official of the procuring</i> 	<p>10. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the reiteration and emphasis of the importance of confidentiality and the applicable sanctions and penalties, as well as the agreement on measures to ensure compliance.</p>	<p>Did the participants led by the BAC reiterate and emphasize the importance of confidentiality and the applicable sanctions and penalties, as well as the agreement on measures to ensure compliance?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>entity shall have certified as to the availability of funds and the allotment to which the expenditure or obligation may be properly charged.</i></p> <ul style="list-style-type: none"> Definition: <p>3.1. <i>Allotment - document issued by the Department of Budget and Management (DBM) which authorizes an agency to incur obligations for a specified amount as contained in a legislated appropriation. The allotment issued may either be through the Agency Budget Matrix (ABM) which covers the comprehensive release of specifically appropriated items in the agency's budget or through the Special Allotment Release Order (SARO).</i></p> <p>3.2. <i>Annual Procurement Plan (APP) – the requisite document that the agency must prepare to reflect the entire procurement activity (i.e., goods, services, civil works to be procured) that it plans to undertake within the calendar year. This document contains the following information:</i></p> <p>3.2.1. <i>Name of the procurement program/project;</i></p> <p>3.2.2. <i>Project management office or end-user unit;</i></p> <p>3.2.3. <i>General description of the procurement;</i></p> <p>3.2.4. <i>Procurement method to be adopted;</i></p> <p>3.2.5. <i>Time schedule for each procurement activity;</i></p> <p>3.2.6. <i>Source of fund; and</i></p> <p>3.2.7. <i>Approved Budget for the Contract.</i></p> <p>3.3. <i>Approved Budget for the Contract (ABC) – refers to the following:</i> <i>NGs including SUCs (referred to in Section 2.1)</i></p> <p>3.3.1. <i>For specifically appropriated items as reflected in the annual budget of the national government agency, the amount corresponding to either the full cost of a single year</i></p> 					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>or multi-year program/project/activity. For multi-year projects, for which a Multi-Year Obligational Authority has been issued, the ABC shall be the amount reflected in the Multi-Year Obligational Authority. <u>GOCCs and LGUs (referred to in Section 2.2)</u></i></p> <p><i>3.3.3. In the case of GOCCs, including government financial institutions as well as LGUs, the ABC represents the amount of fund transfers which they receive from a national government agency to implement a program/project/activity.</i></p> <p><i>3.9. National Expenditure Program (NEP) – the proposed national budget submitted by the President to Congress in accord with Section 22, Article VII of the Constitution. The NEP shall be the basis of the general appropriations bill, which upon its enactment, becomes the General Appropriations Act (GAA).</i></p>					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p> <p>c. etc.</p> <p>and develop appropriate audit recommendations</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <p><i>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i></p>	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			

NEGOTIATED PROCUREMENT FOR GOODS AFTER TWO (2) FAILED BIDDINGS

IV. APPROVAL OF THE ALTERNATIVE METHOD

A. AUDIT OBJECTIVE:

To verify if the adoption of the Alternative Method: Negotiated Procurement (Two-Failed Biddings) was in accordance with the rules and regulations

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. copy of the approved *Minutes of Pre-Procurement Conference* duly certified by the BAC Secretariat
2. BAC Resolution recommending negotiated procurement, duly approved by the HOPE



Prepared by:
Technical Services Office
Special Services Sector
Commission on Audit
Republic of the Philippines

GUIDE IN THE AUDIT OF PROCUREMENT
First Update - December 2009

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>1. To verify if through a Resolution the BAC presented two (2) failed biddings as the justification for the negotiated procurement and recommended change in the mode of procurement to the HOPE for approval</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 35.5. <i>Should there occur a second failure of bidding, the procuring entity may resort to negotiated procurement, as provided for in Section 53.1 of this IRR.</i> 53.1. Two Failed Biddings. <i>Where there has been failure of public bidding for the second time as provided in Section 35 of the Act and this IRR.</i> 48.3. <i>The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE</i> 	<p>1. From the BAC Resolution, look for information on the BAC's justification, that is, two failed biddings and the recommendation for the change in the mode of procurement to the HOPE for approval.</p>	<p>Did the BAC through a Resolution present two (2) failed biddings as the justification for the negotiated procurement and recommend change in the mode of procurement to the HOPE for approval?</p>			
<p>2. To verify if the BAC:</p> <p>a. recommended the alternative mode of procurement: Negotiated Procurement to the HOPE,</p> <p>and</p> <p>b. the HOPE approved the alternative method of procurement</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 48.3. <i>The method of procurement to</i> 	<p>2. From the BAC Resolution recommending Negotiated Procurement as the method of procurement, look for the approval of the HOPE.</p>	<p>Did the BAC recommend the alternative mode of procurement: Negotiated Procurement to the HOPE?</p> <p>Did the HOPE approve Negotiated Procurement as the method of procurement?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE.</i>					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <i>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p><u>NOTE:</u> Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliance to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .				
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			

NEGOTIATED PROCUREMENT FOR GOODS AFTER TWO (2) FAILED BIDDINGS

V. SELECTION OF SUPPLIERS AND REQUEST FOR SUBMISSION OF PRICE QUOTATIONS

A. AUDIT OBJECTIVE:

To verify if the BAC selected and invited suppliers as required by regulations;

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. Minutes of the BAC's meetings on the selection and invitation of contractors;
2. List of selected contractors to be invited;
3. Copies of invitation letters.



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC used the Procuring Entity's registry of suppliers as basis for selecting the suppliers to be invited for the negotiations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 53.1.2. The BAC shall invite and engage in negotiations with a sufficient number of suppliers to ensure effective competition. 53.1.2.1. ... 53.1.2.2. All Procuring Entities shall maintain a registry of suppliers as basis for selecting the suppliers for negotiations. 	1. From the Minutes of the BAC meetings, TWG evaluation reports supported with copies of the Procuring Entity's Registry of suppliers, look for information on the basis of identification of the suppliers to be invited for the negotiations and the list of identified suppliers based on the agreed-upon basis.	Did the BAC use the Procuring Entity's registry of suppliers who have been classified under the type of contract/project where the subject contract falls, as one of the bases for selecting the suppliers to be invited for the negotiations? Did the BAC come up with a list of suppliers to be invited as agreed during the meetings conducted for the purpose?			
2. To verify if the BAC invited all suppliers identified from the Registry (ies) and other bases adopted by the BAC for the purpose <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 53.1.2. The BAC shall invite and engage in <u>negotiations with a sufficient number of suppliers to ensure effective competition.</u> 	2. Compare the names of the suppliers to whom invitations have been sent by the BAC (with evidence of receipt) with the list of selected suppliers.	Did the BAC invite and engage in negotiations with a sufficient number of suppliers?			
3. To verify if the BAC posted the Request for Submission of Price Quotations continuously in the PhilGEPS website and the website of the procuring entity concerned, if available, for 7 calendar days starting on the date of posting <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 54.2. For alternative methods of 	3. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting. 4. On the first day of posting access the PhilGEPS website, the website of the procuring entity concerned, if available. Print the page where the notice was posted (to form part of the audit evidences). 5. Access the websites at random during the 7-day period	Did the BAC post the <i>Request for Submission of Price Quotations</i> continuously in the: 1. PhilGEPS website for 7 calendar days starting on the date of advertisement? 2. website of the			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>procurement, advertisement and posting as prescribed in Section 21.2.1 of this IRR may be dispensed with: Provided, however, That the BAC, through its Secretariat, shall post the invitation or request for submission of price quotations for Shopping under Sections 52.1(b) and Negotiated Procurement under Sections 53.1 (two-failed biddings) and 53.9 (small value procurement) of this IRR in the PhilGEPS website, the website of the procuring entity concerned, if available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity for a period of seven (7) calendar days.</i>	to verify the postings. OR From the printouts of the web pages indicating the dates of printing, obtained from and duly certified by the BAC Secretariat as true and correct, compare these dates with the required dates of posting.	procuring entity concerned, if available, for 7 calendar days starting on the date of advertisement?			
4. To verify if the BAC posted the Request for Submission of Price Quotations continuously at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days, as certified by the head of the BAC Secretariat of the procuring entity <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • <i>54.2. For alternative methods of procurement, advertisement and posting as prescribed in Section 21.2.1 of this IRR may be dispensed with: Provided, however, That the BAC, through its Secretariat, shall post the invitation or request for submission of price quotations for Shopping under Sections 52.1(b) and Negotiated Procurement under Sections 53.1 (two-failed biddings) and 53.9 (small value procurement) of this IRR in the PhilGEPS website, the website of the procuring entity concerned, if available, and at any conspicuous place reserved for this purpose in</i>	6. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting. 7. Conduct ocular inspection on the first day of posting. 8. Repeat the ocular inspections (may be at random) during the 7-day period to verify the postings. 9. Request for the certification of the head of the BAC Secretariat.	<i>Did the BAC post the Request for Submission of Price Quotations:</i> 1. continuously for seven (7) calendar days? 2. at the conspicuous place reserved for the purpose in the premises of the procuring entity? 3. as certified by the head of the BAC Secretariat of the procuring entity?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>the premises of the procuring entity for a period of seven (7) calendar days.</i>					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <i>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			

NOTES:

- Based on the following requirement of the *Manual of Procedures for the Procurement of Goods Vol 2 published by the GPPB*:

- Methodology: *How is Negotiated Procurement undertaken?*

...

4. ...*The procedures for the conduct of public bidding should be observed.*

for the rest of the procurement procedures up to the award of the contract, the *Audit Guide on the Procedures: Competitive/Public Bidding* are to be observed with particular attention given to compliance by the BAC of the following provisions of the Revised IRR of RA 9184 during bid evaluation up to award:

- 53.1.4. *Following completion of the negotiations, the procuring entity shall request all suppliers remaining in the proceedings to submit, on a specified date, a best and final offer with respect to all aspects of their proposals.*
- 53.1.5. *The procuring entity shall select the successful offer on the basis of such best and final offers which should meet the procuring entity's minimum technical requirements and should not exceed the ABC.*

and to the following provision of the Revised IRR of RA 9184:

- 53.1.6. *In all stages of the negotiations, observers shall be invited*

2. Other relevant criteria

Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:

- 53.1.3. *Any requirements, guidelines, documents, clarifications, or other information relative to the negotiations that are communicated by the*



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 Special Services Sector
 Commission on Audit
 Republic of the Philippines

GUIDE IN THE AUDIT OF PROCUREMENT
 First Update - December 2009

procuring entity to a supplier shall be communicated on an equal basis to all other suppliers engaging in negotiations with the procuring entity relative to the procurement.

- *54.1. Splitting of Government Contracts is not allowed. Splitting of Government Contracts means the division or breaking up of GOP contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the requirements of law and this IRR, specially the necessity of public bidding and the requirements for the alternative methods of procurement.*
- *54.4. Except for Limited Source Bidding under Section 49 of this IRR, submission of bid securities may be dispensed with.*
- *54.5. Performance and warranty securities, as prescribed in Sections 39 and 62 of this IRR, shall be submitted for contracts acquired through the alternative methods of procurement, except for Shopping under Section 52 and Negotiated Procurement under Sections 53.2 emergency cases), 53.9 (small value procurement), 53.10 (lease of real property), and 53.13 (UN agencies).*



On the Procurement Procedures:

**NEGOTIATED PROCUREMENT
OF GOODS**

EMERGENCY CASES



Procurement Procedures: NEGOTIATED PROCUREMENT OF GOODS EMERGENCY CASES

Negotiated Procurement is a method of procurement of goods whereby the procuring entity directly negotiates a contract with a technically, legally, and financially capable supplier.

It may be resorted to in **emergency cases** or in any of the following cases:

- a. After 2 failed biddings,
- b. Agency-to-Agency,
- c. Procurement Agent,
- d. Defense Cooperation Agreement,
- e. Small-Value Procurement,
- f. NGO Participation,
- g. United Nations Agencies.

I. APPROVAL OF THE ALTERNATIVE METHOD OF PROCUREMENT

A. AUDIT OBJECTIVE:

To verify if the adoption of the Alternative Method: Negotiated Procurement in Emergency Cases was in accordance with the rules and regulations

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. copy of the approved *Minutes of Pre-Procurement Conference* duly certified by the BAC Secretariat;
2. BAC Resolution recommending negotiated procurement, duly approved by the HOPE;

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC validated the existence of an emergency as follows: a. imminent danger to life or property during a state of calamity, or b. time is of the essence arising from natural or man-made calamities or other causes where immediate action is necessary to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities	1. From the BAC Resolution, look for information on the BAC's validation of an emergency as follows: a. imminent danger to life or property during a state of calamity, or b. time is of the essence arising from natural or man-made calamities or other causes where immediate action is necessary to prevent damage to or loss of life or property, or to	Did the BAC validation of an emergency as follows: a. imminent danger to life or property during a state of calamity? or b. time is of the essence arising from natural or man-made calamities or other			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 53.2. <i>Emergency Cases. In case of imminent danger to life or property during a state of calamity, or when time is of the essence arising from natural or man-made calamities or other causes where immediate action is necessary to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities.</i> 	restore vital public services, infrastructure facilities and other public utilities	causes where immediate action is necessary to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities?			
<p>2. To verify if the BAC:</p> <p>a. validated the justification for adoption of the adoption of Negotiated Procurement, an alternative method of procurement,</p> <p>b. validated that there was no splitting,</p> <p>and</p> <p>c. through a Resolution recommended said method to the HOPE for approval</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 48.3. <i>The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE.</i> 54.1. <i>Splitting of Government Contracts is not allowed. Splitting of Government Contracts means the division or breaking up of GOP contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of</i> 	2. From the BAC Resolution, look for information on the BAC's validation of the justification for adoption of the alternative method of procurement: Negotiated Procurement and recommendation of said method to the HOPE for approval.	Did the BAC validate the justification for adoption of the alternative method of procurement: Negotiated Procurement?			
		Did the BAC validate that there was no "splitting"?			
		Did the BAC recommend Negotiated Procurement, an alternative method, to the HOPE for approval?			



Audit Sub-objective • <i>Audit Criteria</i> <i>evading or circumventing the requirements of law and this IRR, specially the necessity of public bidding and the requirements for the alternative methods of procurement.</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
3. To verify if the HOPE approved the alternative method of procurement: Negotiated Procurement <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE. 	3. From the BAC Resolution recommending the negotiated procurement as an alternative method, look for the approval of the HOPE.	Did the HOPE approve <i>Negotiated Procurement</i> as the method of procurement?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: <ol style="list-style-type: none"> validity of the procurement activities and outputs including the validity of the resulting contract; validity of any payment to be made on the basis of the contract; etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <p>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</p>	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. <u>NOTE:</u> Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			

NOTES:

- Based on the following requirement of the *Manual of Procedures for the Procurement of Goods Vol. 2 published by the GPPB*:

- Methodology: *How is Negotiated Procurement undertaken?*

...

- ...The procedures for the conduct of public bidding should be observed.

for the rest of the procurement procedures up to the award of the contract, the Audit Guide on the Procedures: Competitive/Public Bidding are to be observed.

- Other relevant criteria

Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:

- 54.4. *Except for Limited Source Bidding under Section 49 of this IRR, submission of bid securities may be dispensed with.*
- 54.5. *Performance and warranty securities, as prescribed in Sections 39 and 62 of this IRR, shall be submitted for contracts acquired through the alternative methods of procurement, except for Shopping under Section 52 and Negotiated Procurement under Sections 53.2 emergency cases), 53.9 (small value procurement), 53.10 (lease of real property), and 53.13 (UN agencies).*



Prepared by:
Technical Services Office
Special Services Sector
Commission on Audit
Republic of the Philippines

GUIDE IN THE AUDIT OF PROCUREMENT
First Update - December 2009

On the Procurement Procedures:

**NEGOTIATED PROCUREMENT FOR
GOODS**

AGENCY-TO-AGENCY



**Procurement Procedures:
NEGOTIATED PROCUREMENT FOR GOODS
AGENCY-TO-AGENCY**

Negotiated Procurement may be resorted to in **an agency-to-agency procurement** or in any of the following cases:

- a. After 2 failed biddings,
- b. Emergency,
- c. Procurement Agent,
- d. Defense Cooperation Agreement,
- e. Small-Value Procurement,
- f. NGO Participation
- g. United Nations Agencies.

Procurement of goods from another agency of the Government of the Philippines (GOP), such as the Procurement Service, Department of Budget and Management (PS-DBM), which is tasked with a centralized procurement of Common-Use Supplies for the GOP in accordance with Letters of Instruction No. 755 and Executive Order No. 359, series of 1989.

For purposes of Section 53.5 of the Revised IRR of RA 9184, the term agency excludes GOCCs incorporated under *Batas Pambansa Blg. 68*, otherwise known as the "Corporation Code of the Philippines".

NOTE:

No Audit Guide has been developed for this alternative method of procurement since the GPPB has yet to issue the Guidelines pursuant to the Revised IRR of RA 9184.



On the Procurement Procedures:

**NEGOTIATED PROCUREMENT FOR
GOODS**

SMALL-VALUE PROCUREMENT



Procurement Procedures: NEGOTIATED PROCUREMENT FOR GOODS SMALL- VALUE PROCUREMENT

Negotiated Procurement may be resorted to in a **small – value procurement** or in any of the following cases:

- a. After 2 failed biddings,
- b. Agency-to-Agency,
- c. Procurement Agent,
- d. Defense Cooperation Agreement,
- e. NGO Participation
- f. United Nations Agencies.

Small-Value Procurement - Where the procurement does not fall under Shopping in Section 52 of the Revised IRR of RA 9184 and the amount involved does not exceed the thresholds prescribed in Annex "H" of said IRR, the procuring entity shall draw up a list of at least three (3) suppliers of known qualifications which will be invited to submit proposals.

The thresholds for this method of procurement are:

- a) For NGAs, GOCCs, GFIs, and SUCs, Five Hundred Thousand Pesos (P500,000).
- b) For LGUs, in accordance with the following schedule:

DOF Classification of LGUs	Maximum Amount (in Philippine Peso)		
	Province	City	Municipality
1st Class	500,000	500,000	100,000
2nd Class	500,000	500,000	100,000
3rd Class	500,000	400,000	100,000
4th Class	400,000	300,000	50,000
5th Class	300,000	200,000	50,000
6th Class	200,000	100,000	50,000

In the case of barangays, Fifty Thousand Pesos (P50,000).



I. APPROVAL OF THE ALTERNATIVE METHOD

A. AUDIT OBJECTIVE:

To verify if the adoption of the Alternative Method: Small-Value Procurement was in accordance with the rules and regulations

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. copy of the approved Annual Procurement Plan (APP);
2. evidences to support the conclusion that public bidding cannot be ultimately pursued;
3. evidences to support that procurement does not fall under Shopping in Section 52 of the IRR;
4. analysis leading to the conclusion that the amounts involved are within the threshold provided in Annex "H" of the Revised IRR of RA 9184;
5. Minutes of BAC meetings on the deliberations made;
6. BAC Resolution recommending the alternative method of procurement: Small-Value Procurement, duly approved by the HOPE.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC validated: a. that the original mode of procurement per APP was public bidding but cannot be ultimately pursued; b. the existence of the conditions to justify Small-Value Procurement: b.1. procurement does not fall under Shopping in Section 52 of the IRR; b.2. the amounts involved did not exceed the thresholds in Annex "H" of the Revised IRR of RA 9184. c. that there was not splitting <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the <u>original mode of procurement</u> 	1. From the evaluation report with supporting documents and minutes of the BAC's meetings and relevant BAC Resolution(s), look for information on the BAC's validation that the original mode of procurement per APP was public bidding but cannot be ultimately pursued and of the existence of the conditions to justify Small-Value Procurement.	Did the BAC validate that the original mode of procurement per APP was public bidding but cannot be ultimately pursued?			
		Did the BAC validate the existence of the conditions to justify Small-Value Procurement: a. procurement does not fall under Shopping in Section 52 of the IRR? Or b. the amounts involved did not exceed the thresholds in Annex "H" of the Revised IRR of RA 9184?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><u>recommended in the APP was public bidding but cannot be ultimately pursued. the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE.</u></p> <ul style="list-style-type: none"> 52.1. Shopping is a method of procurement of goods whereby the procuring entity simply requests for the submission of price quotations for readily available off-the-shelf goods or ordinary/regular equipment to be procured directly from suppliers of known qualifications. This method of procurement shall be employed in any of the following cases: <ul style="list-style-type: none"> a) When there is an unforeseen contingency requiring immediate purchase: Provided, however, That the amount shall not exceed the thresholds prescribed in Annex "H" of the Revised IRR or RA 9184. b) Procurement of ordinary or regular office supplies and equipment not available in the Procurement Service involving an amount not exceeding the thresholds prescribed in Annex "H" of this IRR. 52.2. The phrase "ordinary or regular office supplies" shall be understood to include those supplies, commodities, or materials which, depending on the procuring entity's mandate and nature of operations, are necessary in the transaction of its official businesses, and consumed in the day-to-day operations of said procuring entity. However, office supplies shall not include services such as repair and maintenance of equipment and furniture, as well as trucking, hauling, janitorial, security, and related or analogous services. 53.9. Small Value Procurement. Where the procurement does not fall under Shopping in Section 52 of this IRR and the amount involved does 		Did the BAC validate that there was not "splitting"?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>not exceed the thresholds prescribed in Annex "H" of this IRR.</i></p> <ul style="list-style-type: none"> <i>54.1. Splitting of Government Contracts is not allowed. Splitting of Government Contracts means the division or breaking up of GOP contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the requirements of law and this IRR, specially the necessity of public bidding and the requirements for the alternative methods of procurement.</i> 					
<p>2. To verify if the BAC: a. recommended the alternative mode of procurement: Small-Value Procurement to the HOPE, and b. the HOPE approved the alternative method of procurement</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and <u>recommend the change in the mode of procurement to be approved by the HOPE.</u></i> 	<p>2. From the BAC Resolution recommending Small-Value Procurement as the method of procurement, look for the approval of the HOPE.</p>	<p>Did the BAC recommend the alternative mode of procurement: Small-Value Procurement to the HOPE?</p> <p>Did the HOPE approve Small-Value Procurement as the method of procurement?</p>			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the</p>	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were</p>	<p>Appropriate Audit Working Papers</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <i>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>	<p>taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>				
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			



NEGOTIATED PROCUREMENT FOR GOODS SMALL-VALUE PROCUREMENT

II. PRICE QUOTATIONS AND ACCEPTANCE OF OFFER

A. AUDIT OBJECTIVE

To verify if the Procuring Entity conducted Small-Value Procurement as required by regulations

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. evidences that the suppliers identified were bona fide;
2. copy of the requests for price quotations duly received by the suppliers;
3. copy of the price quotations;
4. evidence of posting request for quotations (RFQ);
5. documentation of the analysis of the price quotations leading to the conclusion of what was to be accepted/ compliance with the specifications and other terms and conditions stated in the RFQ;
6. documentation of the recommendation to the authorized official of the Procuring Entity;
7. documentation of the acceptance of the offer.
8. Abstract of Quotations;
9. notice of award;
10. evidence of posting notice of award

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the Procuring Entity obtained price quotations (RFQs) from at least three (3) bona fide suppliers <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 53.9.1. The procuring entity shall draw up a list of at least three (3) suppliers, of known qualifications which will be invited to submit proposals, ... 	1. From the documentation of the evaluation conducted by the procurement unit of the Procuring Entity, with supporting documents, look for information on whether price quotations were obtained from at least 3 bona fide suppliers.	Did the procurement unit of the Procuring Entity obtain price quotations from at least 3 bona fide suppliers?			
2. For procurement with an ABC of more than Php 50,000.00, To verify if the procuring entity posted the RFQs in: a. the PhilGEPS,	2. Ahead of the procurement, request the procuring entity for advance information on the schedule of any posting.	Did the procurement unit of the Procuring Entity post the RFQ in:			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
b. the website of the procuring entity, if available c. any conspicuous place in the premises of the procuring entity for a period of 7 calendar days <i>Guidelines for Shopping and Small Value Procurement covered by GPPB Resolution No. 09-2009, dated 23 November 2009:</i> <ul style="list-style-type: none"> 1. . . . 2. . . . 3. <i>Procedural Guidelines</i> ... d. <i>RFQs shall also be posted for a period of seven (7) calendar days in the Philippine Government Electronic Procurement System (PhilG-EPS) website, website of the procuring entity, if available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity. However, in the following instances, the posting requirement shall not be applicable:</i> <ul style="list-style-type: none"> i. ... ii. <i>RFQs with ABCs equal to Fifty Thousand Pesos (Php 50,000.00) and below.</i> 	3. Access the PhilGEPS website, the website of the procuring entity concerned, if available and print the page where the notice was posted (to form part of the audit evidences). 4. Conduct ocular inspection on the schedule of posting.	a. the PhilGEPS for a period of 7 calendar days? b. the website of the procuring entity for a period of 7 calendar days? c. any conspicuous place in the premises of the procuring entity for a period of 7 calendar days?			
3. To verify if the procuring entity prepared an Abstract of Quotations after the deadline for submission of price quotations and determined the lowest quotation <i>Guidelines for Shopping and Small Value Procurement covered by GPPB Resolution No. 09-2009, dated 23 November 2009:</i> <ul style="list-style-type: none"> 1. . . . 2. . . . 3. <i>Procedural Guidelines</i> ... 	5. Look for the Abstract of Quotations and check for the indication of the lowest quotation. 6. Compare the date of the Abstract of Quotations with the deadline for submission of price quotations as indicated in the RFQs.	Did the procurement unit of the Procuring Entity prepare an Abstract of Quotations? Did the procurement unit of the Procuring Entity prepare an Abstract of Quotations after the deadline for submission of price quotations?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>e. After the deadline for submission of price quotations, an Abstract of Quotations shall be prepared setting forth the names of those who responded to the RFQ, their corresponding price quotations, and the lowest quotation submitted.</i>		Did the procurement unit of the Procuring Entity determine the lowest quotation?			
4. To verify if the procuring entity made the award of contract to the lowest quotation which complied with the specifications and other terms and conditions stated in the RFQ <i>Guidelines for Shopping and Small Value Procurement covered by GPPB Resolution No. 09-2009, dated 23 November 2009:</i> <ul style="list-style-type: none"> • 1. . . . 2. . . . 3. <i>Procedural Guidelines</i> ... h. <i>Award of contract shall be made to the lowest quotation for goods which complies with the specifications and other terms and conditions stated in the RFQ.</i> 	<p>7. Compare the name of supplier with the lowest quotation as indicated in the Abstract of Quotation with the name of supplier who was awarded the contract.</p> <p>8. From the documentation of the evaluation of price quotations conducted by the procuring entity, look for the verification on the compliance with the specifications and other terms and conditions stated in the RFQ.</p>	Did the procuring entity award the contract to the lowest quotation which complied with the specifications and other terms and conditions stated in the RFQ?			
5. For procurement with an ABC of more than Php 50,000.00, To verify if the procuring entity posted the award in: <ul style="list-style-type: none"> a. the PhilGEPS, b. the website of the procuring entity, if available c. any conspicuous place in the premises of the procuring entity <i>Guidelines for Shopping and Small Value Procurement covered by GPPB Resolution No. 09-2009, dated 23 November 2009:</i> <ul style="list-style-type: none"> • 1. . . . 2. . . . 3. <i>Procedural Guidelines</i> 	<p>9. Ahead of the procurement, request the procuring entity for advance information on the schedule of any posting.</p> <p>10. Access the PhilGEPS website, the website of the procuring entity concerned, if available and print the page where the award was posted (to form part of the audit evidences).</p> <p>11. Conduct ocular inspection on the schedule of posting.</p>	<p>Did the procuring entity post the award in:</p> <ul style="list-style-type: none"> a. the PhilGEPS? b. the website of the procuring entity? c. any conspicuous place in the premises of the procuring entity? 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>... i. For information purposes, all awards shall be posted in the PhilG-EPS website, website of the procuring entity, if available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity except for those with ABCs equal to Fifty Thousand Pesos (Php 50,000.00) and below.</p>					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p> <p>c. etc.</p> <p>and develop appropriate audit recommendations</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
<p>2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations</p>	<p>Analyze the instances of non-compliance to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	<p><u>NOTE:</u> Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>				
<p>3. To communicate the results of the audit with the auditee's Management</p> <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			

Other criteria:

- 54.4. Except for Limited Source Bidding under Section 49 of this IRR, submission of bid securities may be dispensed with.



On the Procurement Procedures:

**NEGOTIATED PROCUREMENT FOR
GOODS**

**DEFENSE COOPERATION
AGREEMENT**



**Procurement Procedures:
NEGOTIATED PROCUREMENT FOR GOODS
DEFENSE COOPERATION AGREEMENT**

Negotiated Procurement is a method of procurement of goods whereby the procuring entity directly negotiates a contract with a technically, legally, and financially capable supplier. It may be resorted to in any of the following cases: (1) Two Failed Biddings, (2) Emergency Cases, (3) Agency-to-Agency, (4) Procurement Agent, (5) Defense Cooperation Agreement, (6) Small-Value Procurement, (7) NGO Participation, (8) United Nations Agencies.

Defense Cooperation Agreement - Upon prior approval by the President of the Philippines, and when the procurement for use by the AFP involves major defense equipment or materiel and/or defense-related consultancy services, when the expertise or capability required is not available locally, and the Secretary of National Defense has determined that the interests of the country shall be protected by negotiating directly with an agency or instrumentality of another country with which the Philippines has entered into a defense cooperation agreement or otherwise maintains diplomatic relations: Provided, however, That the performance by the supplier of its obligations under the procurement contract shall be covered by a performance security in accordance with Section 39 of the Revised IRR of RA 9184.

NOTE:

The *Audit Guide on Direct Contracting* may be used as reference, to consider the following criteria embodied in Section 53.8 of the Revised IRR of RA 9184:

1. There is prior approval by the President of the Philippines,
2. The procurement is by the AFP and involves major defense equipment or materiel;
3. The Secretary of National Defense has determined that the interests of the country shall be protected by negotiating directly with an agency or instrumentality of another country with which the Philippines has entered into a defense cooperation agreement or otherwise maintains diplomatic relations;
4. the performance by the supplier of its obligations under the procurement contract shall be covered by a performance security in accordance with Section 39 of the Revised IRR of RA 9184



On the Procurement Procedures:

**NEGOTIATED PROCUREMENT FOR
GOODS**

**UNITED NATIONS AGENCIES
FOR GOODS**



**Procurement Procedures:
NEGOTIATED PROCUREMENT FOR GOODS
UNITED NATIONS AGENCIES**

Negotiated Procurement is a method of procurement of goods whereby the procuring entity directly negotiates a contract with a technically, legally, and financially capable supplier in any of the following cases: (1) Two Failed Biddings, (2) Emergency Cases, (3) Agency-to-Agency, (4) Procurement Agent, (5) Defense Cooperation Agreement, (6) Small-Value Procurement, (7) NGO Participation, (8) United Nations Agencies.

United Nations Agencies - Procurement from specialized agencies of the United Nations of any of the following:

- (a) small quantities of off-the-shelf goods, primarily in the fields of education and health; and
- (b) specialized products where the number of suppliers is limited, such as vaccines or drugs.

NOTE:

No Audit Guide has been developed for this method of procurement in the absence of regulations specifying the requirements and the related procedures.



On the Procurement Procedures:

**COMPETITIVE / PUBLIC BIDDING
FOR THE PROCUREMENT OF
INFRASTRUCTURE PROJECTS**



**Procurement Procedures:
COMPETITIVE / PUBLIC BIDDING FOR THE
PROCUREMENT OF INFRASTRUCTURE PROJECTS**

I. PREPARATORY ACTIVITY: BIDDING DOCUMENTS

Bidding documents are documents issued by the Procuring Entity to provide prospective bidders all the necessary information that they need to prepare their bids.

A. AUDIT OBJECTIVE:

To verify if the Bidding Documents for the specific procurement **followed the standard forms and manuals** prescribed by the Government Procurement Policy Board (GPPB)

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Document needed for evaluation:

1. The procuring entity's Customized Bidding Documents for Infrastructure Projects;
2. Bidding Documents for the specific procurement.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the Bidding Documents for the specific procurement include the information and are according to the forms indicated in the Customized Bidding Documents approved by the GPPB or the Philippine Bidding Documents for the Procurement of Infrastructure Projects, 3^d Edition (October 2009) issued by the GPPB and Section 17 of the Implementing Rules and Regulations of RA 9184 as amended on September 2, 2009: a. Approved Budget for the Contract; b. Invitation to Bid; c. Eligibility Requirements; d. Instruction to Bidders, including scope of bid, documents comprising the bid, criteria for eligibility, bid evaluation methodology/criteria in	<p>1. If the procuring entity adopted customized Bidding Documents and the results of the earlier validation of this element showed that these are <u>compliant</u> with the <i>Philippine Bidding Documents for the Procurement of Infrastructure Projects</i> and <i>Section 17.1 of the Implementing Rules and Regulations of RA 9184</i>, secure from the BAC Secretariat duly certified copies of the <u>Bidding Documents for the specific procurement</u> and <u>compare</u> these with the <u>customized Bidding Documents</u> of the procuring entity.</p> <p>If the customized Bidding Documents are <u>not compliant</u>, compare the procurement-specific Bidding Documents with the <i>Philippine Bidding Documents for the Procurement of Infrastructure Projects</i> issued by the GPPB.</p>	<p>Are the Bidding Documents/ Information <u>complete</u>:</p> <p>a. Approved Budget for the Contract?</p> <p>b. Invitation to Bid?</p> <p>c. Eligibility Requirements?</p> <p>d. Instruction to Bidders, including</p> <ul style="list-style-type: none"> - scope of bid? - documents comprising the bid? - criteria for eligibility? - bid evaluation methodology/criteria? - post-qualification methodology? - date of the pre-bid conference? 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>accordance with the Act, and post-qualification, as well as the date, time and place of the pre-bid conference (where applicable), submission of bids and opening of bids;</p> <p>e. Scope of work, where applicable;</p> <p>f. Plans/Drawings and Technical Specifications;</p> <p>g. Form of Bid, Price Form, and List of Goods;</p> <p>h. Delivery Time or Completion Schedule;</p> <p>i. Form, Amount, and Validity Period of Bid Security;</p> <p>j. Form, Amount, and Validity of Performance Security and Warranty; and</p> <p>l. Form of Contract and General and Special Conditions of Contract.</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • 17.1. The Bidding Documents shall be prepared by the procuring entity following the standard forms and manuals prescribed by the GPPB. <ul style="list-style-type: none"> a. Approved Budget for the Contract; b. Invitation to Bid; c. Eligibility Requirements; d. Instruction to Bidders, including scope of bid, documents comprising the bid, criteria for eligibility, bid evaluation methodology/criteria in 		<ul style="list-style-type: none"> - time of the pre-bid conference? - Place of the pre-bid conference? - Deadline for submission of bids? - Place of submission of bids? - Date of opening of bids? - Time of opening of bids? - Place of opening of bids? e. Scope of work? f. Plans/Drawings and Technical Specifications? g. Form of Bid, Price Form, and Bill of Quantities? h. Completion Schedule? i. Form, Amount, and Validity Period of Bid Security? j. Form, Amount, and Validity of Performance Security and Warranty? k. Form of Contract and General and Special Conditions of Contract? 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>accordance with the Act, and post-qualification, as well as the date, time and place of the pre-bid conference (where applicable), submission of bids and opening of bids;</i></p> <p><i>e. Scope of work, where applicable;</i></p> <p><i>f. Plans/Drawings and Technical Specifications;</i></p> <p><i>g. Form of Bid, Price Form, and Bill of Quantities;</i></p> <p><i>h. Completion Schedule;</i></p> <p><i>i. Form, Amount, and Validity Period of Bid Security;</i></p> <p><i>j. Form, Amount, and Validity of Performance Security and Warranty; and</i></p> <p><i>k. Form of Contract and General and Special Conditions of Contract.</i></p> <p>GPPB Resolution No. 05-2009 dated 30 September 2009:</p> <ul style="list-style-type: none"> ... all branches, agencies, departments, bureaus, offices and instrumentalities of the Government, including government-owned and/or controlled corporations, government financial institutions, state universities and college, and local government units, are hereby mandated to use the Philippine Bidding Documents Third Edition for all of their procurement activities. 		<p>Are the Bidding Documents in the required <u>form</u>:</p> <p>a. Invitation to Bid?</p> <p>b. Instructions to Bidders?</p> <p>c. Bid Data Sheet?</p> <p>d. General Conditions of the Contract?</p> <p>e. Special Conditions of Contract?</p> <p>f. Schedule of Requirements?</p> <p>g. Technical Specifications?</p> <p>h. Bidding Forms?</p>			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p> <p>c. etc.</p> <p>and develop appropriate audit recommendations</p>	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p><u>NOTE:</u> Also refer to the OFFENSES AND PENALTIES portion of</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>this <i>Audit Guide</i>.</p>				
<p>2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations</p>	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
<p>3. To communicate the results of the audit with the auditee's Management</p> <ul style="list-style-type: none"> <i>COA Circular No. 2009-006 dated September 15, 2009 re-Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			



II. PREPARATORY ACTIVITY: PRE-PROCUREMENT CONFERENCE (For procurement of infrastructure projects costing more than P5 million)

The pre-procurement conference is the forum where all officials involved in the procurement meet and discuss all aspects of a specific procurement activity, which includes the technical specifications, the Approved Budget for the Contract (ABC), the applicability and appropriateness of the recommended method of procurement and the related milestones, the bidding documents, and availability of the pertinent budget release for the project.

A. AUDIT OBJECTIVES:

1. To verify if the Pre-Procurement Conference was conducted **within the required time**;
2. To verify if the **participants** to the Pre-Procurement Conference were as required;
3. To verify if during the Pre-Procurement Conference the participants, led by the Bids and Awards Committee (BAC), performed the required tasks and attained the objectives of the Conference.

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. copy of the approved *Minutes of Pre-Procurement Conference* duly certified by the BAC Secretariat;
2. Invitation to Bid;
3. Duly certified copies of the documents (Office Orders, contracts, Organizational/Functional Charts, etc) which the BAC Secretariat used as bases for identifying and notifying the participants to the Pre-Procurement Conference, including duly certified copies of the notices issued with evidence of receipt by the participants.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC conducted the Pre-Procurement Conference prior to the advertisement or the issuance of the Invitation to Bid <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 20.1. Prior to the Advertisement or the issuance of the Invitation to Bid for each procurement undertaken through public bidding, the BAC, through its Secretariat shall call for a Pre-Procurement Conference. 	1. Secure from the BAC Secretariat a duly certified copy of the <i>Minutes of Pre-Procurement Conference</i> and compare the date the conference was held with the date indicated in the newspaper or in the print-out of website page where <i>Invitation to Bid</i> was published/posted.	Did the BAC conduct the Pre-Procurement Conference prior to the advertisement or issuance of the Invitation to Bid?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To verify if the participants to the Pre-Procurement Conference included the BAC, the Secretariat, the unit or officials, including consultants hired by the procuring entity, who prepared the Bidding Documents and the draft Invitation to Bid <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 20.1.... The pre-procurement conference shall be attended by the BAC, the Secretariat, the unit or officials, including consultants hired by the procuring entity, who prepared the Bidding Documents and the draft Invitation to Bid, for each procurement. 	<p>2. Secure from the BAC Secretariat duly certified copies of the documents (Office Orders, contracts, Organizational/Functional Charts, etc) which it used as bases for identifying and notifying the participants to the Pre-Procurement Conference, including duly certified copies of the notices issued with evidence of receipt by the participants.</p> <p>3. From the <i>Minutes of Pre-Procurement Conference</i> look for the names of the members of the BAC, the members of the Secretariat, the officials and/or consultants who prepared the Bidding Documents and the draft Invitation to Bid.</p>	<p>Did the participants to the Pre-Procurement Conference include the:</p> <p>a. BAC?</p> <p>b. Secretariat?</p> <p>c. unit or officials who prepared the Bidding Documents and the draft Invitation to Bid?</p> <p>d. consultants hired by the procuring entity, who prepared the Bidding Documents and the draft Invitation to Bid?</p>			
3. To verify if during the Pre-Procurement Conference the participants, led by the BAC, performed the following tasks and attained the related objectives: <p>a. Discussed relevant information and confirmed the description of the scope of the contract, the ABC, and contract duration;</p> <p>b. Discussed relevant information and confirmed that the procurement is in accordance with the project procurement management plan (PPMP) and annual procurement plan (APP);</p> <p>c. Discussed relevant information and confirmed readiness of the procurement at hand on the following:</p> <p>c.1. the availability of appropriations and</p>	<p>4. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the scope of the contract, the ABC, and contract duration, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the description of the scope of the contract, the ABC, and the contract duration.</u></p>	<p>Did the participants led by the BAC discuss and confirm the:</p> <p>a. Description of the scope of the contract?</p> <p>b. ABC?</p> <p>c. Contract duration?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>programmed budget for contract; c.2. completeness of the Bidding Documents and their adherence to relevant general procurement guidelines; c.3. completion of the detailed engineering according to the prescribed standards in the case of infrastructure projects; c.4. confirmation of the availability of ROW and the ownership of affected properties.</p> <p>d. Reviewed, modified and agreed on the criteria for eligibility screening, evaluation, and post-qualification;</p> <p>f. Reviewed and adopted the procurement schedule, including deadlines and timeframes, for the different activities; and</p> <p>g. Reiterated and emphasized the importance of confidentiality and the applicable sanctions and penalties, as well as agreed on measures to ensure compliance with the foregoing.</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • 20.1. ... During the conference, the participants, led by the BAC, shall: <ul style="list-style-type: none"> a. Confirm the description and scope of the contract, the ABC, and contract duration; b. Ensure that the procurement is in accordance with the project and annual procurement plans; c. Determine the readiness of the procurement at hand, including, among other aspects, the following: 	<p>5. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the review of the PPMP and APP, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation if the procurement is in accordance with the PPMP and APP and availability of appropriations and programmed budget for the contract.</u></p>	<p>Did the participants led by the BAC discuss and confirm that the:</p> <p>a. procurement is in accordance with the PPMP and APP?</p> <p>b. appropriations and programmed budget for the contract are available?</p>			
	<p>6. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of information, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation</u> of the readiness of the procurement at hand as to:</p> <p>a. availability of appropriations and programmed budget for the contract,</p> <p>b. completeness of the Bidding Documents and their adherence to the Philippine Bidding Documents (PBDs)/ customized Bidding Documents,</p> <p>c. completion of the detailed engineering according to the prescribed standards;</p> <p>d. availability of ROW and the ownership of affected properties.</p>	<p>Did the participants led by the BAC discuss and confirm that the procurement at hand is ready as to:</p> <p>a. availability of appropriations and programmed budget for the contract?</p> <p>b. completeness of the Bidding Documents?</p> <p>c. adherence of the Bidding Documents with the PBDs/ customized Bidding Documents?</p> <p>d. completion of the detailed engineering according to the prescribed standards?</p> <p>e. availability of ROW and the ownership of affected properties?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>i) <i>availability of appropriations and programmed budget for the contract;</i></p> <p>ii) <i>completeness of the Bidding Documents and their adherence to relevant general procurement guidelines;</i></p> <p>iii) <i>completion of the detailed engineering according to the prescribed standards in the case of infrastructure projects;</i></p> <p>iv) <i>confirmation of the availability of ROW and the ownership of affected properties.</i></p> <p>d. <i>Review, modify and agree on the criteria for eligibility screening, evaluation, and post-qualification;</i></p> <p>e. <i>Review and adopt the procurement schedule, including deadlines and timeframes, for the different activities; and</i></p> <p>f. <i>Reiterate and emphasize the importance of confidentiality and the applicable sanctions and penalties, as well as agree on measures to ensure compliance with the foregoing.</i></p> <p>• <i>7.2. No procurement shall be undertaken unless it is in accordance with the approved APP of the procuring entity. The APP shall bear the approval of the Head of the Procuring Entity or second-ranking official designated by the Head of the Procuring Entity to act on his behalf, and must be consistent with its duly approved yearly budget.</i></p> <p>GPPB Circular 01-2009 dated 20 January 2009:</p> <p>• ...</p> <p>4.2. <i>To facilitate the immediate implementation of projects even pending approval of the GAA, the ABC shall be based on the budget levels under the National Expenditure Program (NEP) submitted to Congress.</i></p> <p>4.3. <i>For specifically appropriated</i></p>	<p>7. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the criteria for eligibility screening, bid evaluation, and post-qualification, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the criteria for eligibility screening, bid evaluation, and post-qualification.</u></p>	<p>Did the participants led by the BAC discuss and confirm the criteria for:</p> <p>a. Eligibility screening?</p> <p>b. Bid evaluation?</p> <p>c. Post-qualification?</p>			
	<p>8. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the procurement schedule, including deadlines and timeframes for the different activities, the no-contact rule, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the adoption of the procurement schedule including deadlines and timeframes for the different activities.</u></p>	<p>Did the participants led by the BAC discuss and confirm the adoption of the procurement schedule including deadlines and timeframes for the different activities?</p>			
	<p>9. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the reiteration and emphasis of the importance of confidentiality and the applicable sanctions and penalties, as well as the agreement on measures to ensure compliance.</p>	<p>Did the participants led by the BAC reiterate and emphasize the importance of confidentiality and the applicable sanctions and penalties, as well as the agreement on measures to ensure compliance?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>projects, agencies can proceed with the procurement activities prior to issuance of the notice of award using as basis the NEP figures.</i></p> <p>4.4. <i>For lump-sum appropriations and Centrally Managed Items (CMIs) under the agency's budget, the head of the agency shall identify and thereafter notify the implementing units (IUs) of the amount allocated for the projects they are to implement. On the basis of said notification, the heads of the respective IUs, as procuring entities, can proceed with the procurement activities prior to issuance of the notice of award.</i></p> <p>4.5. <i>For Multi-Year Projects (MYPs), for which the initial funding – sourced from either the existing/current year's budget or the NEP – is not sufficient to cover the total cost of the project, it is required that a Multi-Year Obligational Authority (MYOA) must already have been issued in accord with DBM Circular Letter 2004-012 prior to commencement of any procurement activity.</i></p> <p><i>Thus, the MYOA shall be a pre-requisite for procurement of a multi-year contract. All procurement activities should be within the total project cost and categories reflected in the MYOA issued by DBM for the said MYP.</i></p> <p>4.6. <i>As prescribed under Section 47, Chapter 8, Subtitle B, Title I, Book V of the Administrative Code of 1987, no contract involving the expenditure of public funds shall be entered into unless the proper accounting official of the procuring entity shall have certified as to the availability of funds and the allotment to which the expenditure or obligation may be properly charged.</i></p> <p>• Definition: 3.1. <i>Allotment - document</i></p>					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>issued by the Department of Budget and Management (DBM) which authorizes an agency to incur obligations for a specified amount as contained in a legislated appropriation. The allotment issued may either be through the Agency Budget Matrix (ABM) which covers the comprehensive release of specifically appropriated items in the agency's budget or through the Special Allotment Release Order (SARO).</i></p> <p><i>3.2. Annual Procurement Plan (APP) – the requisite document that the agency must prepare to reflect the entire procurement activity (i.e., goods, services, civil works to be procured) that it plans to undertake within the calendar year. This document contains the following information:</i></p> <p><i>3.2.1. Name of the procurement program/project;</i></p> <p><i>3.2.2. Project management office or end-user unit;</i></p> <p><i>3.2.3. General description of the procurement;</i></p> <p><i>3.2.4. Procurement method to be adopted;</i></p> <p><i>3.2.5. Time schedule for each procurement activity;</i></p> <p><i>3.2.6. Source of fund; and</i></p> <p><i>3.2.7. Approved Budget for the Contract.</i></p> <p><i>3.3. Approved Budget for the Contract (ABC) – refers to the following:</i></p> <p><i><u>NGs including SUCs (referred to in Section 2.1)</u></i></p> <p><i>3.3.1. For specifically appropriated items as reflected in the annual budget of the national government agency, the amount corresponding to either the full cost of a single year or multi-year program/project/activity. For multi-year projects, for which a Multi-Year Obligational Authority has been issued, the ABC shall be the</i></p>					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>amount reflected in the Multi-Year Obligational Authority. <u>GOCCs and LGUs (referred to in Section 2.2)</u></i></p> <p><i>3.3.3. In the case of GOCCs, including government financial institutions as well as LGUs, the ABC represents the amount of fund transfers which they receive from a national government agency to implement a program/project/activity.</i></p> <p><i>3.5. Lump-Sum Appropriations and Centrally Management Items (CMIs) – those itme in the budget of agencies for which the Implementing Units and the specific amounts allocated for each have not been identified in the National Expenditure Program (NEP) or the General Appropriations Act (GAA).</i></p> <p><i>3.8. Multi-Year Obligational Authority (MYOA) – a document issued by the DBM either for locally funded projects or foreign assisted projects implemented by agencies in order to authorize the latter to enter into multi-year contracts for the full project cost. A MYOA, which contains an annual breakdown of the full project cost, obligates agencies to include in their budget proposal for the ensuring years the amount programmed for the said year(s).</i></p> <p><i>3.9. National Expenditure Program (NEP) – the proposed national budget submitted by the President to Congress in accord with Section 22, Article VII of the Constitution. The NEP shall be the basis of the general appropriations bill, which upon its enactment, becomes the General Appropriations Act (GAA).</i></p>					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the:	Analyze the instances of non-compliance to establish the effects and develop appropriate audit	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>				
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			



III. ADVERTISING AND POSTING OF THE INVITATION TO BID (For procurement of infrastructure projects costing more than P5 million)

Advertising and posting are conducted to ensure transparency of the procurement process, widest possible dissemination to increase the number of prospective bidders, and intensify competition for the procurement activity or project

A. AUDIT OBJECTIVE:

To verify if the Invitation to Bid was advertised and posted in the media and within the specified time as required

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. Entire page of the newspaper where the *Invitation to Bid* was advertised;
2. Document used by the BAC Secretariat to verify from the publisher the extent of circulation of the newspaper and the first day of its publication;
3. Printout of the web page where the Invitation to Bid was posted in the PhilGEPS website, the website of the procuring entity concerned, if available, and website prescribed by the foreign government/ foreign or international financing institution, if applicable for the first day and at least the last day of posting;
4. Certification by the head of the BAC Secretariat of the procuring entity that the invitation was posted at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC advertised the <i>Invitation to Bid</i> in a newspaper of general nationwide circulation which has been regularly published for at least 2 years before the date of issue of the advertisement <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 21.2.1. Except as otherwise provided in Sections 21.2.2 and 54.2 of this IRR and for the procurement of common-use goods and supplies, the Request for Expression of Interest shall be: a. Advertised at least once in a newspaper of general nationwide circulation which has been regularly published for at least 2 years before the date of issue of the advertisement	1. From the entire page of the newspaper where the <i>Invitation to Bid</i> was advertised, to be submitted to the Auditor on the day of advertisement, validate the advertisement. 2. From the verification document obtained by the BAC Secretariat from the publisher, check the extent of circulation of the newspaper and the first day of publication.	Did the BAC advertise the <i>Invitation to Bid</i> in a newspaper of general nationwide circulation which has been regularly published for at least 2 years before the date of issue of the advertisement?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>2. To verify if the BAC posted the <i>Invitation to Bid</i> continuously in the PhilGEPS website, the website of the procuring entity concerned, if available, and the website prescribed by the foreign government/foreign or international financing institution, if applicable, for 7 calendar days starting on the date of advertisement</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 21.2.1. Except as otherwise provided in Sections 21.2.2 and 54.2 of this IRR and for the procurement of common-use goods and supplies, the <i>Invitation to Bid</i> shall be: <ul style="list-style-type: none"> c. ... b. Posted continuously in the PhilGEPS website, the website of the procuring entity concerned, if available, and the website prescribed by the foreign government/foreign or international financing institution, if applicable, for 7 calendar days starting on the date of advertisement 	<p>3. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting.</p> <p>4. On the first day of posting access the PhilGEPS website, the website of the procuring entity concerned, if available, and website prescribed by the foreign government/ foreign or international financing institution, if applicable. Print the page where the notice was posted (to form part of the audit evidences).</p> <p>5. Access the websites at random during the 7-day period to verify the postings.</p> <p>OR</p> <p>From the printouts of the web pages indicating the dates of printing, obtained from and duly certified by the BAC Secretariat as a true and correct, compare these dates with the required dates of posting.</p>	<p>Did the BAC post the <i>Invitation to Bid</i> continuously in the:</p> <p>1. PhilGEPS website for 7 calendar days starting on the date of advertisement?</p> <p>2. website of the procuring entity concerned, if available, for 7 calendar days starting on the date of advertisement?</p> <p>3. website prescribed by the foreign government/ foreign or international financing institution, if applicable, for 7 calendar days starting on the date of advertisement?</p>			
<p>3. To verify if the BAC posted the <i>Invitation to Bid</i> continuously at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days, as certified by the head of the BAC Secretariat of the procuring entity</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 21.2.1. Except as otherwise provided in Sections 21.2.2 and 54.2 of this IRR and for the procurement of common-use goods and supplies, the <i>Invitation to Bid</i> shall be: 	<p>6. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting.</p> <p>7. Conduct ocular inspection on the first day of posting.</p> <p>8. Repeat the ocular inspections (may be at random) during the 7-day period to verify the postings.</p> <p>9. Request for the certification of the head of the BAC Secretariat.</p>	<p>Did the BAC post the <i>Invitation to Bid</i>:</p> <p>1. continuously for seven (7) calendar days?</p> <p>2. at the conspicuous place reserved for the purpose in the premises of the procuring entity?</p> <p>3. as certified by the head of the BAC Secretariat of the procuring entity?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>a....</i> <i>b. ...</i> <i>c. Posted at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days, as certified by the head of the BAC Secretariat of the procuring entity.</i>					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliance to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .				
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re-Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



IV. POSTING OF THE INVITATION TO BID (For procurement of infrastructure projects costing P5 million and below)

A. AUDIT OBJECTIVE:

To verify if the Invitation to Bid was posted in the media as required and within the specified time

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. Printouts (duly certified by the BAC Secretariat as true and correct) of the web pages where the Invitation to Bid was posted in the PhilGEPS website, the website of the procuring entity concerned, if available, and website prescribed by the foreign government/ foreign or international financing institution, if applicable, for every day of the posting, indicating the dates of printing
2. Certification by the head of the BAC Secretariat of the procuring entity that the invitation was posted at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC posted the <i>Invitation to Bid</i> continuously in the PhilGEPS website, the website of the procuring entity concerned, if available, and the website prescribed by the foreign government/foreign or international financing institution, if applicable, for 7 calendar days starting on the date of advertisement <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 21.2.1. Except as otherwise provided in Sections 21.2.2 and 54.2 of this IRR and for the procurement of common-use goods and supplies, the <i>Invitation to Bid</i> shall be: <ol style="list-style-type: none"> d. b. Posted continuously in the PhilGEPS website, the website of the procuring entity concerned, if available, and the website prescribed by the foreign government/foreign or international financing institution, if applicable, for 7 calendar days starting on the date of advertisement 	1. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting. 2. On the first day of posting access the PhilGEPS website, the website of the procuring entity concerned, if available, and website prescribed by the foreign government/ foreign or international financing institution, if applicable. Print the page where the notice was posted (to form part of the audit evidences). 3. Access the websites at random during the 7-day period to verify the postings. OR From the printouts of the web pages indicating the dates of printing, obtained from and duly certified by the BAC Secretariat as a true and correct, compare these dates with the	Did the BAC post the <i>Invitation to Bid</i> continuously in the: <ol style="list-style-type: none"> 1. PhilGEPS website for 7 calendar days starting on the date of advertisement? 2. website of the procuring entity concerned, if available, for 7 calendar days starting on the date of advertisement? 3. website prescribed by the foreign government/ foreign or international financing institution, if applicable, for 7 calendar days starting on the date of advertisement? 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	required dates of posting.				
2. To verify if the BAC posted the <i>Invitation to Bid</i> continuously at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days, as certified by the head of the BAC Secretariat of the procuring entity <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 21.2.1. Except as otherwise provided in Sections 21.2.2 and 54.2 of this IRR and for the procurement of common-use goods and supplies, the <i>Invitation to Bid</i> shall be: <ul style="list-style-type: none"> a.... b. ... c. Posted at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days, as certified by the head of the BAC Secretariat of the procuring entity. 	4. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting. 5. Conduct ocular inspection on the first day of posting. 6. Repeat the ocular inspections (may be at random) during the 7-day period to verify the postings. 7. Request for the certification of the head of the BAC Secretariat.	Did the BAC post the <i>Invitation to Bid</i> : 1. continuously for seven (7) calendar days? 2. at the conspicuous place reserved for the purpose in the premises of the procuring entity? 3. as certified by the head of the BAC Secretariat of the procuring entity?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> Observers shall be invited at least three (3) calendar days before the 	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>					
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



V. ISSUANCE OF BIDDING DOCUMENTS FOR THE PROCUREMENT OF INFRASTRUCTURE PROJECTS

The bidding documents must be made available to the prospective bidders from the time the Invitation to Bid is advertised until immediately before the deadline for submission of bids.

A. AUDIT OBJECTIVE:

To determine whether the prescribed procedures and timelines in the issuance of bidding documents were followed

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. Invitation to Bid;
2. Printouts (duly certified by the BAC Secretariat as true and correct) of the web pages where the Bidding Documents were posted in the PhilGEPS website, the website of the procuring entity concerned, if available, and website prescribed by the foreign government/ foreign or international financing institution, if applicable, for every day of the posting, indicating the dates of printing;
3. Records of the BAC on issued bidding documents (with information on Official Receipt numbers) for the procurement at hand.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC observed the time required in making the Bidding Documents available, that is, from the time the Invitation to Bid was first advertised up to the deadline for the submission and receipt of bids <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 17.3. To provide prospective bidders ample time to examine the Bidding Documents and to prepare their respective bids, the concerned BAC shall make the Bidding Documents for the contract to be bid available for the following period: <ul style="list-style-type: none"> a) For the procurement of goods and infrastructure projects, from the time the Invitation to Bid is first advertised/posted until the deadline for the submission of bids. 	1. Compare the "period of availability of the Bidding Documents" indicated in the <i>Invitation to Bid</i> with the dates of the daily printouts of the web pages day of advertising/posting of the <i>Invitation to Bid</i> (day 1 of period) and the deadline for the submission of bids (last day of period).	Did the BAC make the <u>bidding documents</u> available from the time the <i>Invitation to Bid</i> was first advertised/ posted up to the deadline for the submission and receipt of bids?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To verify if the BAC posted the Bidding Documents at the website of the procuring entity and at the PhilGEPS website from the time that the Invitation to Bid was advertised up to the deadline for the submission and receipt of bids <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> Section 17.5 – The procuring entity shall also post the Bidding Documents at its website and at the PhilGEPS website from the time that the Invitation to Bid is advertised. Prospective Bidders may download the Bidding Documents from any of the said websites; Provided that, bidders shall pay the fee for the Bidding Documents upon submission of their Bids. 	<p>2. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting of Bidding Documents.</p> <p>3. On the first day of posting access the PhilGEPS website, the website of the procuring entity concerned, if available.</p> <p>Print the page where the notice was posted (to form part of the audit evidences).</p> <p>4. Access the websites at random from the first day of posting up to the deadline for the submission and receipt of bids to verify the postings.</p>	<p>Did the BAC post the Bidding Documents at the:</p> <p>c. PhilGEPS website starting on the first day of advertisement</p> <p>d. website of the procuring entity concerned, if available, starting on the first day of advertisement</p>			
3. To verify if all bidders that secured Bidding Documents paid to the authorized collecting officer of the procuring entity <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 17.4. Bidders may be asked to pay for the Bidding Documents to recover the cost of its preparation and development. The BAC shall issue the Bidding Documents upon payment of the corresponding cost thereof to the collecting/ disbursing officer of the procuring entity concerned. 17.5. ... Prospective bidders may download the Bidding Documents from any of the said websites; Provided that, bidders shall pay the fee for the Bidding Documents upon submission of their bids. 	<p>5. Compare the records of the BAC on issued bidding documents (with information on Official Receipt numbers) for the procurement at hand with copies of Official Receipts (ORs) issued by authorized collecting officers for the sale of bidding documents.</p> <p>6. After submission of bids, for bidders that downloaded bidding documents, compare the OR numbers indicated in the records of the BAC Secretariat with copies of the ORs or Report of Collection of authorized collecting officers.</p>	<p>Did all the bidders who submitted bids pay the correct amount for the bidding documents to the <u>authorized collecting officer</u> of the procuring entity?</p>			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p>	<p>Appropriate Audit Working Papers</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing. 	<p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>				
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts 	<p>Prepare the appropriate audit/validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			



VI. PRE-BID CONFERENCE

For the procurement of infrastructure projects with an Approved Budget for the Contract of at least One Million Pesos (P 1 Million)

The pre-bid conference is the initial forum where the Procuring Entity's representatives and the prospective bidders discuss the different aspects of the procurement at hand.

A pre-bid conference must be held for contracts with ABCs of at least One Million Pesos (P 1 Million). For contracts with ABCs of less than P 1 million, pre-bid conferences may or may not be held at the discretion of the BAC. The BAC may also decide to hold a pre-bid conference upon the written request of a prospective bidder.

A. AUDIT OBJECTIVES:

1. To verify if the BAC conducted a Pre-Bid Conference for a contract with ABC of at least P1 million;
2. To verify if the BAC conducted the Pre-Bid Conference within the required time;
3. To verify if during the Pre-Bid Conference the participants, led by the BAC, performed the required tasks.

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. Invitation to Bid;
2. Minutes of the pre-bid conference approved by the BAC;
3. Letters to the participants of the Pre-Bid Conference with evidence of receipt by the intended receipt and the date of such receipt;
4. Minutes of the BAC meeting on the selection of the Observer from the "pool";
5. Invitations to the Observers with evidence of receipt,
6. Reports of the BAC Observers.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC conducted a Pre-Bid Conference for a contract with ABC of at least P1 million <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 22.1. For contracts to be bid with an approved budget of One Million Pesos (P1,000,000.00) or more, the BAC shall convene at least one (1) pre-bid conference to <u>clarify and/or explain</u> any of the requirements, terms, conditions, and specifications stipulated in the Bidding Documents. 	1. If the ABC is at least P1 million, obtain certified copies of the Invitation to Bid and Minutes of the Pre-Bid Conference.	Did the BAC hold a Pre-Bid Conference for a contract with ABC of at least P1 million?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To verify if the Pre-Bid Conference was held at least twelve (12) calendar days before the deadline for the submission and receipt of bids <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 22.2 The pre-bid conference shall be held at least twelve (12) calendar days before the deadline for the submission and receipt of bids. If the procuring entity determines that, by reason of the method, nature, or complexity of the contract to be bid or when international participation will be more advantageous to the GOP, a longer period for the preparation of bids is necessary, the pre-bid conference shall be held at least thirty (30) calendar days before the deadline for the submission and receipt of bids. 	<p>2. Based on the deadline for the submission and receipt of bids indicated in the <i>Invitation to Bid</i>, determine the 12th day before such deadline.</p> <p>3. Compare the date determined in 2. above with the date of holding the Pre-Bid Conference indicated in the certified copy of the <i>Minutes of Pre-Bid Conference</i>.</p>	Did the BAC hold the Pre-Bid Conference at least twelve calendar days before the deadline for the submission and receipt of bids			
3. To verify if during the Conference the BAC performed the following tasks and attained the related objectives: <p>a. Presented the eligibility requirements as well as the technical and financial components of the contract to be bid, the evaluation procedures, evaluation criteria, and possible causes of failure of the bidding;</p> <p>b. Discussed the requirements in the ITB, <u>replied to the bidders' queries about the requirements, specifications and other conditions of the project, the procedures on the bid evaluation of all bidders and post-qualification evaluation of the lowest calculated bidder. Emphasized the warranty requirement of the project and the different offenses and penalties provided for in IRR of RA 9184</u></p> <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on</i>	<p>4. From the <i>Minutes of Pre-Bid Conference</i> look for information on the presentation/discussion, issues/questions raised by prospective bidders, and clarifications made thereon relative to the following:</p> <p>a. eligibility requirements,</p> <p>b. technical component of the contract to be bid,</p> <p>c. financial component of the contract to be bid,</p> <p>d. bid evaluation criteria,</p> <p>e. bid evaluation procedures,</p> <p>f. post-qualification criteria,</p> <p>g. post-qualification procedures,</p> <p>h. possible causes of failure of the bidding,</p> <p>i. requirements in the Instructions to Bidders,</p> <p>j. specifications,</p> <p>k. other conditions of the project,</p> <p>l. warranty requirement of the project,</p> <p>m. different offenses and penalties provided for in IRR of RA 9184</p>	<p>Did the BAC present, discuss, and answer queries on the following:</p> <p>a. eligibility requirements?</p> <p>b. technical component of the contract to be bid?</p> <p>c. financial component of the contract to be bid?</p> <p>d. bid evaluation criteria?</p> <p>e. bid evaluation procedures?</p> <p>f. post-qualification criteria?</p> <p>g. post-qualification procedures?</p> <p>h. possible causes</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>September 2, 2009:</i></p> <ul style="list-style-type: none"> 22.3 <i>The pre-bid conference shall discuss, among other things, the eligibility requirements and the technical and financial components of the contract to be bid. However, at the option of the Procuring Entity, only those who have purchased the Bidding Documents shall be allowed to participate in the pre-bid conference and raise or submit written queries or clarifications.</i> [amendment per Annex A of GPPB Resolution No. 06-2009 dated 30 September 2009] <p>Generic Procurement Manual, Volume 2, Manual of Procedures for the Procurement of Infrastructure Projects issued by the GPPB:</p> <ul style="list-style-type: none"> <i>The manner by which the pre-bid conference is conducted depends on the discretion of the BAC. However, several events need to take place in the conference, namely:</i> <ul style="list-style-type: none"> <i>c. The presentation by the BAC of the eligibility requirements as well as the technical and financial components of the contract to be bid, the evaluation criteria, and possible causes of failure of the bidding.</i> <i>d. The BAC chairperson shall also discuss the requirements in the ITB, the replies to the bidders' queries about the requirements, specifications and other conditions of the project, the bid evaluation of all bidders and post-qualification evaluation of the lowest calculated bidder. Emphasis should also be given to the warranty requirement of the project and the different offenses and penalties provided for in IRR-A of R.A. 9184.</i> 		<p>of failure of the bidding?</p> <p>i. requirements in the Instructions to Bidders?</p> <p>j. specifications?</p> <p>k. other conditions of the project?</p> <p>l. warranty requirement of the project?</p> <p>m. different offenses and penalties provided for in IRR of RA 9184?</p>			
<p>4. To verify if the BAC Secretariat recorded the proceedings of the Pre-Bid Conference and made the Minutes available to all participants not later than three (3) calendar days after the pre-bid conference</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p>	<p>5. Count the number of days after the date of the <i>Pre-Bid Conference</i> up to the date of approval of the Minutes.</p> <p>6. Count the number of days after the date of the <i>Pre-Bid Conference</i> up to the date of receipt of the</p>	<p>Did the BAC Secretariat make available the Minutes of the Pre-Bid Conference not later than three (3) calendar days after the pre-bid conference?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> 22.4 The minutes of the pre-bid conference shall be recorded and made available to all participants not later than three (3) calendar days after the pre-bid conference. 	Minutes by its participants as indicated in the "receiving" portion of the letter.				
<p>5. To verify if the BAC invited Observers:</p> <p>a. representing the COA, the duly recognized private group in a sector or discipline relevant to the procurement at hand, and a non-government organization (NGO) from the procuring entity's Pool of Observers;</p> <p>b. that have:</p> <p>b.1. knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</p> <p>b.2. no actual or potential conflict of interest in the contract to be bid; and</p> <p>b.3. conformed with other relevant criteria determined by the BAC;</p> <p>c. at least 3 calendar days prior to the start of the activity</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> Section 13. Observers 13.1. To enhance the transparency of the process, the BAC shall, in all stages of the procurement process, invite, in addition to the representative of the COA, at least two (2) observers, who shall not have the right to vote, to sit in its proceedings where: <ul style="list-style-type: none"> a) At least one (1) shall come from a duly recognized private group in a sector or discipline relevant to the procurement at hand, for example: <ul style="list-style-type: none"> i) For infrastructure projects, national associations of constructors duly recognized by the Construction Industry Authority of the Philippines (CIAP), such as, but not limited to the following: <ul style="list-style-type: none"> (1) Philippine Constructors Association, Inc.; (2) National Constructors Association of the Philippines, Inc.; and (3) Philippine Institute of Civil Engineers (PICE). ii) ... 	<p>7. From the Minutes of the BAC meeting on the selection of the Observer from the "pool", check for information on the BAC's evaluation in regard to:</p> <ul style="list-style-type: none"> the selection of the organization from which the Observer will be invited; knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; no actual or potential conflict of interest in the contract to be bid; and conformed with other relevant criteria determined by the BAC. 	<p>Did the BAC choose the Observers considering:</p> <p>a. one representing the COA?</p> <p>b. One representing the duly recognized private group in a sector or discipline relevant to the procurement at hand?</p> <p>c. One representing a non-government organization?</p> <p>d. With knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid?</p> <p>e. With no actual or potential conflict of interest in the contract to be bid?</p> <p>f. Conformed with other relevant criteria determined by the BAC?</p>			
	8. From certified copies of the invitations to the Observers with evidence	Did the BAC invite the Observers at least 3 days before			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>iii) ... and b) <i>The other observer shall come from a non-government organization (NGO).</i></p> <p>13.2. <i>The observers shall come from an organization duly registered with the Securities and Exchange Commission (SEC) or the Cooperative Development Authority (CDA), and should meet the following criteria:</i></p> <p>a) <i>Knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</i> b) <i>Absence of actual or potential conflict of interest in the contract to be bid; and</i> c) <i>Any other relevant criteria that may be determined by the BAC.</i></p> <p>13.3. <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i></p>	<p>of receipt, compare the date of receipt with the 3-day minimum requirement.</p>	<p>the date of the pre-bid conference?</p>			
<p>6. To verify if the Procuring Entity considered the comments/ observations of the Observers</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 13.4. <i>The observers shall have the following responsibilities:</i> <ul style="list-style-type: none"> a) <i>To prepare the report either jointly or separately indicating their observations made on the procurement activities conducted by the BAC for submission to the Head of the Procuring Entity, copy furnished the BAC Chairman. The report shall <u>assess</u> the extent of the BAC's compliance with the provisions of this IRR and areas of improvement in the BAC's proceedings;</i> b) <i>To submit their report to the procuring entity and furnish a copy to the GPPB and Office of the Ombudsman/Resident Ombudsman. If no report is submitted by the observer, then it is understood that the bidding activity conducted by the BAC followed the correct procedure; and</i> c) <i>To immediately inhibit and notify in writing the procuring entity concerned of any actual or potential interest in</i> 	<p>9. Based on the BAC's Minutes on the Pre-Bid Conference and the report of the Observers check whether a deliberation was made on the comments /observations of the observers.</p>	<p>Did the Procuring Entity consider the comments/ observations of the Observers?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>the contract to be bid.</i> • 13.5. Observers shall be allowed access to the following documents upon their request, subject to signing of a confidentiality agreement: (a) minutes of BAC meetings; (b) abstract of Bids; (c) post-qualification summary report; (d) APP and related PPMP; and (e) opened proposals.					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliance to establish the cause(s) and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	<u>NOTE:</u> Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .				
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



VII. SUPPLEMENTAL / BID BULLETINS FOR THE PROCUREMENT OF INFRASTRUCTURE PROJECTS

Supplemental/Bid Bulletins may be issued upon the procuring entity's initiative for purposes of clarifying or modifying any provision of the Bidding Documents at least seven (7) calendar days before the deadline for the submission and receipt of bids. Any modification to the Bidding Documents shall be identified as an amendment.

A. AUDIT OBJECTIVE:

To verify if Supplemental / Bid Bulletins were issued as required

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. Minutes of the Pre-Bid Conference approved by the BAC;
2. Copy of the Supplemental/Bid Bulletin;
3. Copies of Requests for Clarification submitted by bidders with evidence of receipt by the BAC Secretariat;
4. Printouts of PhilGEPS web page evidencing posting of the Supplemental/Bid Bulletin;
5. Printout of the procuring entity's web page evidencing posting of the Supplemental/Bid Bulletin.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC issued Supplemental / Bid Bulletins in regard to statements made at the pre-bid conference that could modify the terms of the Bidding Documents <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 22.4. ... Any statement made at the pre-bid conference shall not modify the terms of the Bidding Documents, unless such statement is specifically identified in writing as an amendment thereto and issued as a Supplemental/ Bid Bulletin. • 22.5.1. ...The BAC shall respond to the said request by issuing a Supplemental/Bid Bulletin, duly signed by the BAC Chairman, to be made available to all those who have properly secured the Bidding Documents, at least seven (7) calendar days before the deadline for the submission and receipt of bids. 	<ol style="list-style-type: none"> 1. Go over the Minutes of the Pre-Bid Conference and check for statements that could modify the terms of the Bidding Documents. 2. Obtain a copy of the related Supplemental / Bid Bulletin and check for the signature of the BAC Chairman. 3. From certified copies of the letters to bidders who purchased the Bidding Documents, look for evidences of their receipt of the Supplemental/Bid Bulletins. 	<p>Did the BAC issue Supplemental/Bid Bulletins in regard to statements made at the pre-bid conference that could modify the terms of the Bidding Documents to all bidders that properly secured Bidding Documents?</p> <p>Did the BAC Chairman sign the Supplemental / Bid Bulletin?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To verify if: a. requests for clarification(s) on any part of the Bidding Documents or for an interpretation were in writing and submitted to the BAC of the procuring entity at least ten (10) calendar days before the deadline set for the submission and receipt of bids; b. the Supplemental/ Bid Bulletin was duly signed by the BAC Chairman; c. the Supplemental/ Bid Bulletin was issued at least seven (7) calendar days before the deadline for the submission and receipt of bid. <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 22.5.1 Requests for clarification(s) on any part of the Bidding Documents or for an interpretation must be in writing and submitted to the BAC of the procuring entity at least ten (10) calendar days before the deadline set for the submission and receipt of bids. The BAC shall respond to the said request by issuing a Supplemental/Bid Bulletin, duly signed by the BAC Chairman, to be made available to all those who have properly secured the Bidding Documents, at least seven (7) calendar days before the deadline for the submission and receipt of bids.	3. Obtain copy/ies of <i>Requests for Clarification</i> and check (date of receipt stamped on the letters) whether these were submitted at least ten (10) calendar days before the deadline set for the submission and receipt of bids.	Were <i>Requests for Clarification</i> submitted at least ten (10) calendar days before the deadline set for the submission and receipt of bids?			
	4. Obtain duly certified copies of Supplemental/Bid Bulletins and check for the signature of the BAC Chairman.	Did the BAC Chairman sign the Supplemental / Bid Bulletin?			
	5. From the records of the BAC (copies of Supplemental/Bid Bulletins with evidence of the date of issuance) count the number of days from said issuance and the deadline for the submission and receipt of bids; compare with the 7-day requirement.	Did the BAC issue Supplemental/ Bid Bulletins at least seven (7) calendar days before the deadline for the submission and receipt of bid?			
3. To verify if: a. Supplemental/Bid Bulletins initiated by the procuring entity for purposes of clarifying or modifying any provision of the Bidding Documents were issued at least seven (7) calendar	6. From the records of the BAC (copies of Supplemental/Bid Bulletins with evidence of the date of issuance) count the number of days from said issuance and the deadline for the submission and receipt of bids; compare with the 7-	Did the BAC issue Supplemental/ Bid Bulletins at least seven (7) calendar days before the deadline for the submission and receipt of bid?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
days before the deadline for the submission and receipt of bids; b. Modifications to the Bidding Documents were identified as amendments; c. the Supplemental/ Bid Bulletin was duly signed by the BAC Chairman <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 22.5.1. ... <i>issuing a Supplemental/Bid Bulletin, duly signed by the BAC Chairman...</i> 22.5.2 <i>Supplemental/Bid Bulletins may be issued upon the procuring entity's initiative for purposes of clarifying or modifying any provision of the Bidding Documents at least seven (7) calendar days before the deadline for the submission and receipt of bids. Any modification to the Bidding Documents shall be identified as an amendment.</i> 	day requirement.				
	7. Go through the contents of Supplemental/Bid Bulletins and check if amendments were identified as such.	Did the BAC identify modifications to the Bidding Documents as amendments?			
	8. Go through the Supplemental/Bid Bulletins and check for the signature of the BAC Chairman.	Did the BAC Chairman sign the Supplemental / Bid Bulletin?			
4. To verify if the BAC posted Supplemental/Bid Bulletins it issued on the PhilGEPS and the website of the procuring entity concerned, if available <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 22.5.3 <i>Any Supplemental/ Bid Bulletin issued by the BAC shall also be posted on the PhilGEPS or ["OR" was changed to "AND" per Annex "A" of GPPB Resolution No. 06-2009 dated September 30, 2009] the website of the procuring entity concerned, if available. It shall be the responsibility of all those who have properly secured the Bidding Documents to inquire and secure Supplemental/Bid Bulletins that may be issued by the BAC. However, bidders who have submitted bids before the issuance of the Supplemental/Bid Bulletin</i> 	9. In advance of the posting, request the BAC Secretariat for print-outs (printed on the day of the posting) of <i>Supplemental/ Bid Bulletins</i> as posted on the PhilGEPS and at their website. 10. Obtain the printouts requested as evidence of the posting.	Did the BAC post <i>Supplemental/Bid Bulletins</i> : a. on the PhilGEPS? <u>and</u> b. the website of the procuring entity concerned?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>must be informed and allowed to modify or withdraw their bids in accordance with Section 26.1 of the IRR.</i>					
5. To verify if the BAC informed and allowed to modify or withdraw their bids those bidders who have submitted bids before the issuance of the Supplemental/Bid Bulletin <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 22.5.3 ... However, bidders who have submitted bids before the issuance of the Supplemental/Bid Bulletin must be informed and allowed to modify or withdraw their bids in accordance with Section 26.1 of the IRR. 	11. From the BAC records on submission of bids, identify the bidders who have submitted bids before the issuance of <i>Supplemental/Bid Bulletins</i> . 12. Go through copies of letters sent by the BAC to these bidders and check if they were informed and allowed to modify or withdraw their bids in accordance with Section 26.1 of the IRR.	Did the BAC <u>inform</u> and <u>allow to modify</u> or <u>withdraw</u> their bids in accordance with Section 26.1 of the IRR the bidders who have submitted bids before the issuance of <i>Supplemental/Bid Bulletins</i> ?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing. 	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



VIII. SUBMISSION, RECEIPT, OPENING & PRELIMINARY EXAMINATION OF BIDS FOR THE PROCUREMENT OF INFRASTRUCTURE PROJECTS

Bids shall be submitted simultaneously in two (2) separate sealed envelopes and received by the procuring entity on or before the deadline specified in the Invitation to Bid. Opening of Bids shall be at the time, date and place specified in the Invitation to Bid.

A. AUDIT OBJECTIVES:

1. To verify if the prescribed conditions and procedures in the submission and receipt of bids were followed;
2. To verify if the bids were submitted in the prescribed manner, specified forms and contained all the required information;
3. To verify if the prescribed conditions and procedures in the opening and preliminary examination of bids were followed.

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. Minutes of the Bid Opening approved by the BAC;
2. Letters from bidders submitting their bids;
3. Bid documents submitted by the bidders:
 - a. First Envelope and its contents,
 - b. Second Envelope and its contents,
 - c. Modified bids, if applicable
4. Copy of portions of the BAC Secretariat's Receiving logbook containing information on receipt of bids;
5. Invitation to Bid;
6. Accomplished *Checklist* for the First Envelopes;
7. Accomplished *Checklist* for the Second Envelopes;
8. Abstract of Bids as Read;
9. BAC Resolution on the results of the opening of and the preliminary evaluation of bids;
10. Minutes of the BAC meeting on the selection of the Observer from the "pool";
11. Invitations to the Observers with evidence of receipt;
12. Reports of the BAC Observers.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
SUBMISSION OF BIDS FOR THE PROCUREMENT OF INFRASTRUCTURE PROJECTS					
1. To verify if the BAC validated if the bidders submitted their bids: a. through their duly authorized representative, b. in two (2) separate sealed bid envelopes submitted simultaneously <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i>	1. Go through the <i>Minutes of the Bid Opening</i> and look for information on the BAC's validation if the signatory to the document submitting the bid is the bidder's authorized representative as indicated in the <i>Sworn</i>	Did the BAC validate if the bidders submit their bids through their duly authorized representative?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> 25.1. Bidders shall submit their bids through their duly authorized representative using the forms specified in the Bidding Documents in two (2) separate sealed bid envelopes, and which shall be submitted simultaneously. The first shall contain the technical component of the bid, including the eligibility requirements under Section 23.1 of this IRR, and the second shall contain the financial component of the bid 	<i>Statement.</i>				
	2. Go through the <i>Minutes of the Bid Opening</i> and look for information on the BAC's validation if each bidder adopted the forms specified in the Bidding Documents.	Did the BAC validate if the bidders submitted their bids using the forms specified in the Bidding Documents?			
	3. Go through the records of the BAC pertaining to the submission of bids of each bidder and check if the two (2) envelopes were submitted simultaneously.	Did the BAC validate if the bidders submit their bids in two (2) separate sealed bid envelopes submitted simultaneously?			
	4. Go through the <i>Minutes of the Bid Opening</i> and look for information pertaining to opening of two (2) sealed envelopes of each bidder.				
2. To verify if the BAC validated that in modifying a bid: a. it was done before the deadline for the submission and receipt of bids, b. the original bid was not retrieved but another bid equally sealed, properly identified, was submitted and linked to the original bid and marked as a "modification," thereof, and stamped "received" by the BAC <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 26.1. A bidder may modify its bid, provided that this is done before the deadline for the submission and receipt of bids. Where a bidder modifies its bid, it shall not be allowed to retrieve its original bid, but shall only be allowed to send another bid equally sealed, properly identified, linked to its 	5. Go through the records of the BAC pertaining to the submission of bids of each bidder and check if the submission of modifications were done before the deadline for the submission and receipt.	Did the BAC validate that the bidders concerned submitted their bid modifications before the deadline for the submission and receipt?			
	6. Go through the <i>Minutes of the Bid Opening</i> and look for information on the BAC's activities validating if: a. bidders did not retrieve the original bid but merely submitted another equally sealed and properly identified as "modification" and stamped "received" by the BAC; and b. linked to the original	Did the BAC validate if the bidders concerned did not retrieve the original bid but merely submitted another bid equally sealed, properly identified, and linked to the original bid and marked as a "modification," thereof, and stamped "received" by the BAC?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper									
		Audit Question	Yes	No	Particulars of the Answer						
<i>original bid and marked as a “modification,” thereof, and stamped “received” by the BAC. Bid modifications received after the applicable deadline shall not be considered and shall be returned to the bidder unopened.</i>	bid (not withdrawn).										
RECEIPT OF BIDS FOR THE PROCUREMENT OF INFRASTRUCTURE PROJECTS											
1. To verify if the BAC received bids: a. on the date and time, b. place specified in the Invitation to Bid <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • <i>25.4. Bids shall be received by the BAC on the date, time, and place specified in the Invitation to Bid.</i> <i>25.5. Bids, including the eligibility requirements under Section 23.1 of this IRR, submitted after the deadline shall not be accepted by the BAC.</i>	1. Check the receiving logbook of the BAC for information on the date, time, and place of receipt of bids and compare these with those in the Invitation to Bid.	Did the BAC receive bids on the date and time specified in the Invitation to Bid? Did the BAC receive bids at the place specified in the Invitation to Bid? Did the BAC not accept bids after the deadline for submission of bids?									
2. To verify if the BAC observed the maximum of 50 (or 65) calendar days from the last day of posting of the Invitation to Bid up to the deadline for submission and receipt of bids <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • <i>25.4. Bids shall be received by the BAC on the date, time, and place specified in the Invitation to Bid/Request for Expression of Interest. The following periods from the last day of posting of the Invitation to Bid/Request for Expression of Interest up to the submission and receipt of bids shall be observed:</i> <i>a)...</i> <i>b) For infrastructure projects, the following maximum periods:</i> <table border="1"><tr><td>Approved Budget for the Contract (in Philippine currency)</td><td>Period</td></tr><tr><td><i>Fifty (50) million and below</i></td><td><i>50 calendar days</i></td></tr><tr><td><i>Above fifty (50) million</i></td><td><i>65 calendar days</i></td></tr></table> <i>c) ...</i>	Approved Budget for the Contract (in Philippine currency)	Period	<i>Fifty (50) million and below</i>	<i>50 calendar days</i>	<i>Above fifty (50) million</i>	<i>65 calendar days</i>	2. Count the number of days from the last day of posting of the Invitation to Bid (per printout of the web page with the date indicated thereon) up to the deadline for submission and receipt of bids (per Bidding Documents) and compare with the 50- or 65-calendar-day maximum period.	Did the BAC observe the maximum of 50- or 65 calendar days from the last day of posting of the Invitation to Bid up to the deadline for submission and receipt of bids?			
Approved Budget for the Contract (in Philippine currency)	Period										
<i>Fifty (50) million and below</i>	<i>50 calendar days</i>										
<i>Above fifty (50) million</i>	<i>65 calendar days</i>										



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
OPENING & PRELIMINARY EXAMINATION OF BIDS FOR THE PROCUREMENT OF INFRASTRUCTURE PROJECTS					
1. To verify if the BAC observed quorum. <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 12.3 Quorum <i>A majority of the total BAC composition as designated by the Head of the Procuring Entity shall constitute a quorum for the transaction of business, provided that the presence of the Chairman or Vice-Chairman shall be required.</i>	1. From the Office Order creating the BAC, determine the number of BAC members and identify the Chairman or Vice-Chairman. 2. From the <i>Minutes of Opening of Bids</i> , check for the presence of the Chairman or Vice-Chairman and if majority of the BAC members or representatives/alternates attended the proceedings.	Was there a quorum of the BAC?			
2. To verify if the BAC opened the bids immediately after the deadline for the submission and receipt of bids and at the: a. date, b. time, and c. place specified in the Invitation to Bid <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 29. Bid Opening <i>The BAC shall open the bids immediately after the deadline for the submission and receipt of bids. [GPPB Resolution No. 13-2009, dated 16 December 2009] The time, date, and place of the opening of bids shall be specified in the Bidding Documents. The bidders or their duly authorized representatives may attend the opening of bids. The BAC shall adopt a procedure for ensuring the integrity, security, and confidentiality of all submitted bids. The minutes of the bid opening shall be made available to the public upon written request and payment of a specified fee to recover cost of materials.</i>	3. Compare the date and time of the opening of bids indicated in the Minutes of the Opening of Bids with the deadline for submission and receipt of bids stated in the Bidding Documents. 4. Compare the date, time and place of the opening of bids indicated in the Minutes of the Opening of Bids with those specified in the Invitation to Bid.	Did the BAC open the bids immediately after the deadline for the submission and receipt of bids? Did the BAC open the bids on the date specified in the Invitation to Bid? Did the BAC open the bids on the time specified in the Invitation to Bid? Did the BAC open the bids at the place specified in the Invitation to Bid?			
3. To verify if the BAC/BAC Secretariat read out and recorded during bid opening letters of withdrawal and returned to the bidder the envelope containing the corresponding withdrawn bid unopened, either to the bidder's representative if he is present or by	5. From the Minutes of Bid Opening, check for information on the BAC's reading out and recording of withdrawn bids during the bid opening; checking of the date of submission of the withdrawal letter:	Did the BAC: a. read out and record during bid opening letters of withdrawal of bids? b. if the withdrawal of bid was made before			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
registered mail <i>Philippine Bidding Documents for the Procurement of Infrastructure Projects, 3rd edition (October 2009) approved per GPPB Resolution No. 05-2009 dated 30 September 2009:</i> <ul style="list-style-type: none"> 23. <i>Modification and Withdrawal of Bids</i> 7.2. ... 7.3. A Bidder may, through a letter of withdrawal, withdraw its bid after it has been submitted, for valid and justifiable reason; provided that the letter of withdrawal is received by the Procuring Entity prior to the deadline prescribed for submission and receipt of bids. 7.4. Bids requested to be withdrawn in accordance with ITB Clause 23.1, shall be returned unopened to the Bidders. A Bidder may also express its intention not to participate in the bidding through a letter which should reach and be stamped by the BAC before the deadline for submission and receipt of bids. A Bidder that withdraws its bid shall not be permitted to submit another bid, directly or indirectly, for the same contract. 7.5. No bid may be modified after the deadline for submission of bids. No bid may be withdrawn in the interval between the deadline for submission of bids and the expiration of the period of bid validity specified by the Bidder on the Financial Bid Form. Withdrawal of a bid during this interval shall result in the forfeiture of the Bidder's bid security, pursuant to ITB Clause 18.5, and the imposition of administrative, civil, and criminal sanctions as prescribed by RA 9184 and its IRR. 24. <i>Opening and Preliminary Examination of Bids</i> 24.3 Letters of withdrawal shall be read out and recorded during bid opening, and the envelope containing the corresponding withdrawn bid shall be returned to the Bidder unopened. If the withdrawing Bidder's representative is in attendance, the original bid and all copies thereof shall be returned to the representative during the bid opening. If the representative is not in attendance, the bid shall be returned unopened by registered mail. The Bidder may withdraw its bid prior to the deadline 	and returning the withdrawn bid unopened. Also check for evidence of the return of the withdrawn bids from acknowledged registered mails.	the deadline for submission and receipt of bids, return the bids unopened to representatives of the bidders concerned present during the bid opening? c. if the withdrawal of bid was made before the deadline for submission and receipt of bids, return withdrawn bids unopened by registered mail?			
	6. From the Minutes of the Bid Opening, check for information on withdrawals of bids made after the deadline for submission and receipt of bids up to the expiration of the period of bid validity specified by the bidder in the financial bid form; and for information on forfeiture of bid security and imposition of sanctions on these bidder.	Did the BAC forfeit the bid security and recommend the imposition of sanctions on bidders who withdrew their bids during the interval between the deadline for submission of bids and the expiration of the period of bid validity specified by the Bidder on the Financial Bid Form?			



Audit Sub-objective • <i>Audit Criteria</i> <i>for the submission and receipt of bids, provided that the corresponding Letter of Withdrawal contains a valid authorization requesting for such withdrawal, subject to appropriate sanctions.</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
4. To verify if the BAC opened the first bid envelopes of the bidders in public <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 30.1. The BAC shall open the first bid envelopes of prospective bidders in <u>public</u> to determine each bidder's compliance with the documents required to be submitted for eligibility and for the technical requirements, as prescribed in this IRR. For this purpose, the BAC shall check the submitted documents of each bidder against a checklist of required documents to ascertain if they are all present, using a nondiscretionary "pass/fail" criterion, as stated in the Instructions to Bidders. If a bidder submits the required document, it shall be rated "passed" for that particular requirement. In this regard, bids that fail to include any requirement or are incomplete or patently insufficient shall be considered as "failed". Otherwise, the BAC shall rate the said first bid envelope as "passed" 	7. From the Attendance Record/Minutes of the Opening of Bids check if the participants included bidders and observers.	Did the BAC open the first bid envelopes of the bidders in public?			
5. To verify if the BAC determined compliance of each bidder with the documents required to be submitted in the first envelope by checking the submitted documents of each bidder against a checklist of required documents to ascertain if they are all present, using a nondiscretionary "pass/fail" criterion, as stated in the Instructions to Bidders <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 30.1. The BAC shall open the first bid envelopes of prospective bidders in public to determine each bidder's compliance with the documents required to be submitted for eligibility and for the technical requirements, as prescribed in this IRR. For this purpose, the BAC shall check the submitted documents of each bidder against a checklist of required documents to ascertain if they are all present, using a nondiscretionary "pass/fail" criterion, 	8. Compare the Checklist for the first envelope adopted by the BAC with the list of documents in the first envelope per Bidding Documents.	Did the BAC adopt a Checklist for the first envelope in accordance with the list of documents in the first envelope per Bidding Documents?			
	9. Determine if the BAC's entries in the Checklist are complete.	Did the BAC determine each bidder's compliance with the documents <u>required</u> to be submitted in the first envelope: a. Registration certificate from SEC, Department of Trade and Industry (DTI) for sole proprietorship, or CDA for cooperatives, or			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
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<p><i>as stated in the Instructions to Bidders. If a bidder submits the required document, it shall be rated "passed" for that particular requirement. In this regard, bids that fail to include any requirement or are incomplete or patently insufficient shall be considered as "failed". Otherwise, the BAC shall rate the said first bid envelope as "passed".</i></p> <ul style="list-style-type: none"> 25.2. The first envelope shall contain the following technical information/ documents, at the least: <ul style="list-style-type: none"> a) ... b) For the procurement of infrastructure projects: <ul style="list-style-type: none"> i) Eligibility requirements under Section 23.1 of this IRR; ii) The bid security in the prescribed form, amount and validity period; iii) Project Requirements, which shall include the following: <ul style="list-style-type: none"> (1) Organizational chart for the contract to be bid; (2) List of contractor's personnel (viz, Project Manager, Project Engineers, Materials Engineers, and Foremen), to be assigned to the contract to be bid, with their complete qualification and experience data; (3) List of contractor's equipment units, which are owned, leased, and/or under purchase agreements, supported by certification of availability of equipment from the equipment lessor/vendor for the duration of the project; iv) Sworn statement by the prospective bidder or its duly authorized representative in the form prescribed by the GPPB as to the following: <ul style="list-style-type: none"> (1) It is not "blacklisted" or barred from bidding by the GOP or any of its agencies, offices, corporations, or LGUs, including foreign government/foreign or international financing institution whose blacklisting rules have been recognized by the GPPB; (2) Each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and information provided therein are true and correct; (3) It is authorizing the Head of the Procuring Entity or his duly authorized representative/s to verify all the documents submitted; (4) The signatory is the duly authorized representative of the prospective bidder, 		<p>any proof of such registration as stated in the Bidding Documents?</p> <p>b. In a Joint Venture, <u>each partner's</u> Registration certificate from SEC, Department of Trade and Industry (DTI) for sole proprietorship, or CDA for cooperatives, or any proof of such registration as stated in the Bidding Documents?</p> <p>c. Mayor's permit issued by the city or municipality where the principal place of business of the prospective bidder is located?</p> <p>d. In a Joint Venture, <u>each partner's</u> Mayor's permit issued by the city or municipality where the principal place of business of the prospective bidder is located?</p> <p>e. Statement of the prospective bidder of all its ongoing and completed government and private contracts, including contracts awarded but not yet started, if any, whether similar or not similar in nature and complexity to the contract to be bid,</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>and granted full power and authority to do, execute and perform any and all acts necessary and/or to represent the prospective bidder in the bidding, with the duly notarized Secretary's Certificate attesting to such fact, if the prospective bidder is a corporation, partnership, cooperative, or joint venture;</i></p> <p><i>(5) It complies with the disclosure provision under Section 47 of the Act in relation to other provisions of R.A. 3019;</i></p> <p><i>(6) It complies with the responsibilities of a prospective or eligible bidder provided in the PBDs; and</i></p> <p><i>(7) It complies with existing labor laws and standards, in the case of procurement of services.</i></p> <p>• <i>23.1. For purposes of determining the <u>eligibility of bidders</u> using the criteria stated in Section 23.5 of this IRR, <u>only the following documents shall be required</u> by the BAC, using the forms prescribed in the Bidding Documents,:</i></p> <p><i>a) Class "A" Documents</i></p> <p><u>Legal Documents</u></p> <p><i>i) Registration certificate from SEC, Department of Trade and Industry (DTI) for sole proprietorship, or CDA for cooperatives, or any proof of such registration as stated in the Bidding Documents.</i></p> <p><i>ii) Mayor's permit issued by the city or municipality where the principal place of business of the prospective bidder is located.</i></p> <p><u>Technical Documents</u></p> <p><i>iii) Statement of the prospective bidder of all its ongoing and completed government and private contracts, including contracts awarded but not yet started, if any, whether similar or not similar in nature and complexity to the contract to be bid, within the relevant period as provided in the Bidding Documents. The statement shall include all information required in the PBDs prescribed by the GPPB.</i></p> <p><i>iv) In the case of procurement of infrastructure projects, a valid Philippine Contractors Accreditation Board (PCAB) license and registration for the type and cost of the contract to be bid</i></p> <p><u>Financial Documents</u></p> <p><i>v) The prospective bidder's audited financial statements, showing, among</i></p>		<p>within the relevant period as provided in the Bidding Documents?</p> <p>e.1. In a Joint Venture, <u>any partner's</u> statement of all its ongoing and completed government and private contracts, including contracts awarded but not yet started, if any</p> <p>f. The bidder's audited financial statements, showing, among others, the prospective bidder's total and current assets and liabilities, stamped "received" by the BIR or its duly accredited and authorized institutions, for the preceding calendar year which should not be earlier than two (2) years from the date of bid submission?</p> <p>f.1. In a Joint Venture, <u>any partner's</u> audited financial statement</p> <p>g. The bidder's computation for its Net Financial Contracting Capacity (NFCC) or a commitment from a Universal or Commercial Bank to extend a credit line in favor of the prospective bidder if awarded the contract to be bid (CLC)?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>others, the prospective bidder's total and current assets and liabilities, stamped "received" by the BIR or its duly accredited and authorized institutions, for the preceding calendar year which should not be earlier than two (2) years from the date of bid submission.</i></p> <p><i>vi) The prospective bidder's computation for its Net Financial Contracting Capacity (NFCC) or a commitment from a Universal or Commercial Bank to extend a credit line in favor of the prospective bidder if awarded the contract to be bid (CLC).</i></p> <p><i>b) Class "B" Document</i></p> <p><i>Valid joint venture Agreement (JVA), in case the joint venture is already in existence. In the absence of a JVA, duly notarized statements from all the potential joint venture partners stating that they will enter into and abide by the provisions of the JVA in the instance that the bid is successful shall be included in the bid. Failure to enter into a joint venture in the event of a contract award shall be ground for the forfeiture of the bid security. Each partner of the joint venture shall submit the legal eligibility documents. The submission of technical and financial eligibility documents by any of the joint venture partners constitutes compliance.</i></p> <ul style="list-style-type: none"> <i>27.1. All bids shall be accompanied by a bid security, payable to the procuring entity concerned as a guarantee that the successful bidder shall, within ten (10) calendar days or less, as indicated in the Instructions to Bidders, from receipt of the notice of award, enter into contract with the procuring entity and furnish the performance security required in Section 39 of this IRR, except when Section 37.1 of this IRR allows a longer period. Failure to enclose the required bid security in the form and amount prescribed herein shall automatically disqualify the bid concerned.</i> <i>27.2 The bid security shall be in an amount equal to a percentage of the ABC in accordance with the following schedule [as amended by Annex A of GPPB Resolution No. 06-2009 dated September 30, 2009]:</i> 		<p>g.1. In a Joint Venture, <u>any partner's</u> NFCC or CLC</p> <p>h. Valid joint venture Agreement (JVA), in case the joint venture is already in existence.</p> <p>In the absence of a JVA, duly notarized statements from all the potential joint venture partners stating that they will enter into and abide by the provisions of the JVA in the instance that the bid is successful?</p> <p>i. The bid security in the prescribed:</p> <ol style="list-style-type: none"> form? amount? validity period? <p>j. Project Requirements, which shall include:</p> <ol style="list-style-type: none"> Organizational chart for the contract to be bid? List of contractor's personnel (viz, Project Manager, Project Engineers, Materials Engineers, and Foremen), to be assigned to the contract to be bid, with their complete qualification 			



Audit Sub-objective • <i>Audit Criteria</i>		Audit Activities	Suggested Audit Working Paper			
			Audit Question	Yes	No	Particulars of the Answer
<i>Form of Bid Security</i>	<i>Amount of Bid Security (Equal to Percentage of the ABC)</i>		and experience data?			
<i>a) Cash or cashier's/ manager's check issued by a Universal or Commercial Bank.</i>	<i>Two percent (2%)</i>		c. List of contractor's equipment units, which are owned, leased, and and/or under purchase agreements, supported by certification of availability of equipment from the equipment lessor/vendor for the duration of the project?			
<i>b) Bank draft/ guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank: Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.</i>						
<i>c) Surety bond callable upon demand issued by a surety or insurance company duly certified by Insurance Commission as authorized to issue such security.</i>	<i>Five percent (5%)</i>					
<i>d) Any combination of the foregoing.</i>	<i>Proportionate to share of form with respect to total amount of security</i>					
<i>For biddings conducted by LGUs, the prospective bidder may also submit bid securities in the form of cashier's/manager's check, bank draft/guarantee, or irrevocable letter of credit from other banks certified by the BSP as authorized to issue such financial instrument.</i>						
<ul style="list-style-type: none">27.3. The bid security shall be denominated in Philippine Pesos and posted in favor of the procuring entity.						
<ul style="list-style-type: none">Section 47. Disclosure of Relations All bids shall be accompanied by a sworn affidavit of the bidder that it is not related to the Head of the Procuring Entity, members of the BAC, the TWG, and the BAC Secretariat, the head of the PMO or the end-user unit, and the project consultants, by consanguinity or affinity up to the third civil degree. Failure to comply with the aforementioned provision shall be a ground for the automatic disqualification of the bid in consonance with Section 30 of this IRR. For this reason, relation to the aforementioned persons within the third civil degree of consanguinity or affinity shall automatically disqualify the bidder from participating in the procurement of contracts of the procuring entity. On the part of the bidder, this provision shall apply to the following persons:						
			k. Sworn statement by the prospective bidder or its duly authorized representative in the form prescribed by the GPPB as to the following: (1) It is not "blacklisted" or barred from bidding by the GOP or any of its agencies, offices, corporations, or LGUs, including foreign government/ foreign or international financing institution whose blacklisting rules have been recognized by the GPPB? (2) Each of the documents submitted in satisfaction of the bidding requirements is			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>a) If the bidder is an individual or a sole proprietorship, to the bidder himself;</i></p> <p><i>b) If the bidder is a partnership, to all its officers and members;</i></p> <p><i>c) If the bidder is a corporation, to all its officers, directors, and controlling stockholders; and</i></p> <p><i>d) If the bidder is a joint venture, the provisions of items (a), (b), or (c) of this Section shall correspondingly apply to each of the members of the said joint venture, as may be appropriate</i></p>		<p>an authentic copy of the original, complete, and all statements and information provided therein are true and correct?</p> <p>(3) It is authorizing the Head of the Procuring Entity or his duly authorized representative/s to verify all the documents submitted?</p> <p>(4) The signatory is the duly authorized representative of the prospective bidder, and granted full power and authority to do, execute and perform any and all acts necessary and/or to represent the prospective bidder in the bidding, with the duly notarized Secretary's Certificate attesting to such fact, if the prospective bidder is a corporation, partnership, cooperative, or joint venture?</p> <p>(5) It complies with the disclosure provision under Section 47 of the Act in relation to other provisions of</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
		R.A. 3019? (6) It complies with the responsibilities of a prospective or eligible bidder provided in the PBDs? (7) It complies with existing labor laws and standards, in the case of procurement of services?			
6. To verify if the BAC opened the second envelopes of the bidders whose first envelopes were rated passed <u>on the same day</u> and determined <u>compliance</u> with the requirements using a nondiscretionary "pass/fail" criterion, as stated in the Instructions to Bidders <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 30.2 Immediately after determining compliance with the requirements in the first envelope, the BAC shall forthwith open the second bid envelope of each remaining eligible bidder whose first bid envelope was rated "passed." The second envelope of each complying bidder shall be opened within the same day... In case one or more of the requirements in the second envelope of a particular bid is missing, incomplete or patently insufficient, and/or if the <u>submitted total bid price exceeds the ABC</u>, the BAC shall rate the bid concerned as "failed". Only bids that are determined to contain all the bid requirements for both components shall be rated "passed" and shall immediately be considered for evaluation and comparison. 25.3. The second envelope shall contain the financial information/documents as specified in the PBDs. Philippine Bidding Documents (PBDs) for the Procurement of Infrastructure Projects, 3rd Edition, (October 2009) approved by the GPPB per GPPB Resolution No. 06-2009 dated September 30, 2009: <ul style="list-style-type: none"> Documents Comprising the Bid: Financial 	10. From the Checklists of the first envelope and Minutes of the Bid Opening identify the bidders who were rated passed.	Did the BAC open only the second envelopes of the bidders whose first envelopes were rated passed?			
	11. From the Minutes of the Bid Opening, check if the second envelopes of the bidders who were rated passed was opened by the BAC on the same day when the first envelopes were opened.	Did the BAC open the second envelopes <u>on the same day</u> when the first envelopes were opened?			
	12. Compare the Checklist with the list of documents in the second envelope per Bidding Documents.	Was the BAC's Checklist in accordance with the list of documents in the second envelope per Bidding Documents?			
	13. Validate the entries ("pass/fail") in the Checklist with the documents submitted by the bidders in the second envelope (for presence or absence).	Did the BAC determine each bidder's compliance with the <u>financial information/document s required</u> to be submitted in the second envelope: (a) Bidding Forms a.1 Bid Form? a.2 Form of			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Component</i></p> <p>13.1. Unless otherwise stated in the Bid Data Sheets, the financial component of the bid shall contain the following:</p> <p>a. Financial Bid Form in accordance with the form prescribed in Section IX, Bidding Forms; and</p> <p>b. Any other document required in the Bid Data Sheets.</p> <p>13.2. Unless indicated in the BDS, all bids that exceed the ABC shall not be accepted.</p> <p>• 31.1 – The ABC shall be the upper limit or ceiling for acceptable bid prices. If a bid price, as evaluated and calculated in accordance with this IRR, is higher than the ABC, the bidder submitting the same shall be automatically disqualified. There shall be no lower limit or floor on the amount of the award.</p>		Contract Agreement?			
		a.3. Omnibus Sworn Statement?			
	14. From the <i>Minutes of Bid Opening, Abstract of Bids as Read</i> , and relevant <i>BAC Resolutions</i> check if bids higher than the ABC were automatically disqualified.	Did the BAC automatically disqualify bids higher than the ABC?			
IN CASE A BIDDER DETERMINED AS “FAILED” FILES A REQUEST FOR RECONSIDERATION					
<p>1. To verify if the Bidder determined as “failed” submitted his request for reconsideration within 3 days upon written notice or, if present at the time of bid opening, upon verbal notification</p> <p><i>Philippine Bidding Documents (PBDs) for the Procurement of Infrastructure Projects, 3rd Edition, (October 2009) approved by the GPPB per GPPB Resolution No. 06-2009 dated September 30, 2009:</i></p> <p>• 24.7. A Bidder determined as “failed” has three (3) calendar days upon written notice or, if present at the time of bid opening, upon verbal notification within which to file a request for reconsideration with the BAC: <i>Provided however, that the request for reconsideration shall not be granted if it is established that the finding of failure is due to the fault of the Bidder concerned: Provided, further, that the BAC shall decide on the request for reconsideration within seven (7) calendar days from receipt thereof. If a failed bidder signifies his intent to file a request for reconsideration, the BAC shall keep the bid envelopes of the said failed Bidder unopened and/or duly sealed until such time that the request for reconsideration or protest has been resolved.</i></p>	1. Count the number of days FROM the date of bid opening or date of receipt of the notice by the concerned Bidder TO the date of receipt by the BAC Secretariat of the letter-request for reconsideration (duly stamped “received” by the BAC Secretariat) and compare with the 3-day maximum.	Did the BAC ensure that the Bidder determined as “failed” submitted their requests for reconsideration within 3 days upon written notice or, if present at the time of bid opening, upon verbal notification?			
	2. From the Minutes of the deliberation of the request for reconsideration, look for information and finding if the failure was due to the fault of the Bidder, and the if the BAC decided not to grant the request.	Did the BAC evaluate if the failure was due to the fault of the bidder?			
	3. From the Minutes of the deliberation of the request for reconsideration, look for information on the period within which the BAC decided on the request for reconsideration – from the date of receipt of the request for	Did the BAC decide on the request for reconsideration within 7 days from receipt thereof?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	reconsideration up to the date of decision (BAC Resolution) on the decision reached; and compare with the 7-day maximum period.				
INVOLVEMENT OF BAC OBSERVERS IN THE BID OPENING AND PRELIMINARY EXAMINATION OF BIDS, INCLUDING EVALUATION AND DECISION ON REQUESTS FOR RECONSIDERATION					
1. To verify if the BAC invited Observers: a. representing the COA, the duly recognized private group in a sector or discipline relevant to the procurement at hand, and a non-government organization (NGO) from the procuring entity's Pool of Observers; b. that have: b.1. knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; b.2. no actual or potential conflict of interest in the contract to be bid; and b.3. conformed with other relevant criteria determined by the BAC; c. at least 3 calendar days prior to the start of the activity <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> Section 13. Observers 13.1. To enhance the transparency of the process, the BAC shall, in all stages of the procurement process, invite, in addition to the representative of the COA, at least two (2) observers, who shall not have the right to vote, to sit in its proceedings where: a) At least one (1) shall come from a duly recognized private group in a sector or discipline relevant to the procurement at hand, for example: i) For infrastructure projects, national associations of constructors duly recognized by the Construction Industry Authority of the Philippines (CIAP), such as, but not limited to the following: (1) Philippine Constructors Association, Inc.; (2) National Constructors Association of the Philippines, Inc.; and (3) Philippine Institute of Civil Engineers (PICE). ii) ... 	1. From the Minutes of the BAC meeting on the selection of the Observer from the "pool", check for information on the BAC's evaluation in regard to: <ul style="list-style-type: none"> the selection of the organization from which the Observer will be invited; knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; no actual or potential conflict of interest in the contract to be bid; and conformed with other relevant criteria determined by the BAC. 	Did the BAC choose the Observers considering: 1. one representing the COA? 2. One representing the duly recognized private group in a sector or discipline relevant to the procurement at hand? 3. One representing a non-government organization? 4. With knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid? 5. With no actual or potential conflict of interest in the contract to be bid? 6. Conformed with other relevant criteria determined by the BAC?			
	2. From certified copies of the invitations to the Observers with evidence of receipt, compare the date of receipt with the 3-day minimum requirement.	Did the BAC invite the Observers at least 3 days before the date of the bid opening?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>iii) ... and</p> <p>b) <i>The other observer shall come from a non-government organization (NGO).</i></p> <p>13.2. <i>The observers shall come from an organization duly registered with the Securities and Exchange Commission (SEC) or the Cooperative Development Authority (CDA), and should meet the following criteria:</i></p> <p>a) <i>Knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</i></p> <p>b) <i>Absence of actual or potential conflict of interest in the contract to be bid; and</i></p> <p>c) <i>Any other relevant criteria that may be determined by the BAC.</i></p> <p>13.3. <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i></p>					
<p>2. To verify if the Procuring Entity considered the comments/observations of the Observers</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 13.4. <i>The observers shall have the following responsibilities:</i> <ul style="list-style-type: none"> a) <i>To prepare the report either jointly or separately indicating their observations made on the procurement activities conducted by the BAC for submission to the Head of the Procuring Entity, copy furnished the BAC Chairman. The report shall assess the extent of the BAC's compliance with the provisions of this IRR and areas of improvement in the BAC's proceedings;</i> b) <i>To submit their report to the procuring entity and furnish a copy to the GPPB and Office of the Ombudsman/Resident Ombudsman. If no report is submitted by the observer, then it is understood that the bidding activity conducted by the BAC followed the correct procedure; and</i> c) <i>To immediately inhibit and notify in writing the procuring entity concerned of any actual or potential interest in the contract to be bid.</i> 13.5. <i>Observers shall be allowed access to</i> 	<p>3. Based on the BAC's Minutes on the bid opening and preliminary evaluation of bids and the report of the Observers check whether a deliberation was made on the comments /observations of the observers.</p>	<p>Did the Procuring Entity consider the comments/ observations of the Observers?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>the following documents upon their request, subject to signing of a confidentiality agreement: (a) minutes of BAC meetings; (b) abstract of Bids; (c) post-qualification summary report; (d) APP and related PPMP; and (e) opened proposals.</i>					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliance to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts 	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



IX. BID EVALUATION FOR THE PROCUREMENT OF INFRASTRUCTURE PROJECTS

The purpose of bid evaluation is to determine the Lowest Calculated Bid. This is done by establishing the correct calculated prices of the bids and ranking in ascending order the total bid prices as so calculated. The bid with the lowest price is the LCB.

A. AUDIT OBJECTIVES:

1. To verify if the BAC adopted the required conditions and procedures in the bid evaluation;
2. To verify if the BAC followed the required timeline in the conduct of bid evaluation.

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for the evaluation:

1. Minutes of Bid Opening;
2. Checklists for technical and financial envelopes;
3. Abstract of Bids as Read;
4. BAC Resolution(s) on the preliminary examination of bids;
5. TWG report on the bid evaluation for determination of the bidder with the LCB, as reviewed by the BAC;
6. Abstract of Bids as Calculated;
7. Minutes of the BAC meeting on bid evaluation;
8. Resolution of the BAC declaring the LCB;
9. Minutes of the BAC meeting on the selection of the Observer from the "pool";
10. Invitation letters to the Observers with evidence of receipt;
11. Reports of the BAC Observers.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC conducted <u>detailed evaluation</u> of all bidders whose first envelope (technical component) and second envelope (financial component) were rated passed <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 30.2.Only bids that are determined to contain all the bid requirements for both components shall be rated "passed" and shall immediately be considered for <u>evaluation</u> and comparison. 	1. From the <i>Minutes of Bid Opening</i> , <i>Checklists</i> for technical and financial envelopes, <i>Abstract of Bids as Read</i> , and <i>BAC Resolutions</i> identify the bidders who were rated "passed" in all aspects and compare with the names of the bidders included in the bid evaluation (from the TWG report, as reviewed by the BAC, <i>Minutes</i> of the BAC meeting on bid evaluation, and <i>Resolution of the BAC</i> declaring the LCB).	Did the BAC conduct detailed evaluation <u>only</u> of bidders who passed in the preliminary examination of bids?			
2. To verify if the BAC considered <u>completeness</u>	2. From the TWG report, as reviewed by the BAC, <i>Minutes</i> of the BAC meeting	Did the BAC evaluate the completeness of the financial component of			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>and arithmetical corrections of the financial component of the bids in the detailed evaluation</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 32.2.1 – The BAC shall immediately conduct a detailed evaluation of all bids using non-discretionary criteria in considering the following: <ol style="list-style-type: none"> <u>Completeness of the bid</u> – Unless the Instruction to Bidders specifically allow partial bids, bids not addressing or providing all of the required items in the Bidding Documents including, where applicable, bill of quantities, shall be considered non-responsive and, thus, automatically disqualified. In this regard, where a required item is provided, but no price is indicated, the same shall be considered as non-responsive, but specifying a “0” (zero) for the said item would mean that it is being offered for free to the Government; and <u>Arithmetical corrections</u> – Consider computational errors and omissions to enable proper comparison of all eligible bids. It may also consider bid modifications if expressly allowed in the Bidding Documents [AS AMENDED BY GPPB RESOLUTION NO. 06-2009 DATED SEPT 30, 2009]. Any adjustment shall be calculated in monetary terms to determine the calculated prices. 32.2.2. The BAC shall evaluate all bids on an equal footing to ensure fair and competitive bid comparison. For this purpose, all bidders shall be required to include the cost of all taxes, such as, but not limited to, value added tax (VAT), income tax, local taxes, and other fiscal levies and duties which shall be itemized in the bid form and reflected in the detailed estimates. Such bids, including said 	<p>on bid evaluation, and <i>Resolution of the BAC</i> declaring the bidder with the Lowest Calculated Bid (LCB), look for the information on the evaluation of completeness of financial component of the bids.</p>	<p>the bids?</p> <p>Did the BAC consider non-responsive and, thus, <u>automatically disqualified</u> bids not addressing or providing all of the required items in the Bidding Documents?</p> <p>Did the BAC consider non-responsive and, thus, <u>automatically disqualified</u> bids that did not indicate the price for a required item?</p>			
	<p>3. From the TWG report, as reviewed by the BAC, <i>Minutes</i> of the BAC meeting on bid evaluation, and <i>Resolution of the BAC</i> declaring the bidder with the Lowest Calculated Bid (LCB), look for the information on the evaluation of <u>arithmetical accuracy</u> of financial component of the bids.</p>	<p>Did the BAC evaluate the arithmetical accuracy of financial components of bids:</p> <p>d. computational errors?</p> <p>e. omissions?</p> <p>f. other bid modification, if allowed in the Bidding Documents?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>taxes, shall be the basis for bid evaluation and comparison.</i></p> <ul style="list-style-type: none"> 32.2.3. <i>In case of discrepancies between: (a) bid prices in figures and in words, the latter shall prevail; (b) total price per item and unit price for the item as extended or multiplied by the quantity of that item, the latter shall prevail; (c) stated total price and the actual sum of prices of component items, the latter shall prevail; (d) unit cost in the detailed estimate and unit cost in the bill of quantities, the latter shall prevail.</i> 32.2.4. <i>Bids shall then be ranked in the ascending order of their total calculated bid prices, as evaluated and corrected for computational errors, and other bid modifications, to identify the Lowest Calculated Bid. Total calculated bid prices, as evaluated and corrected for computational errors, and other bid modifications, which exceed the ABC shall be disqualified.</i> Requirements of the Bidding Documents for the specific procurement. 					
<p>3. To verify if the BAC disqualified bidders whose bids as calculated were higher than the ABC</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 31.1 – <i>The ABC shall be the upper limit or ceiling for acceptable bid prices. If a bid price, as evaluated and calculated in accordance with this IRR, is higher than the ABC, the bidder submitting the same shall be automatically disqualified. There shall be no lower limit or floor on the amount of the award.</i> 	<p>4. Analyze the TWG report with supporting documents and duly reviewed by the BAC, <i>Minutes</i> of the BAC meeting on bid evaluation, <i>Abstract of Bids as Calculated</i>, and <i>Resolution of the BAC</i> declaring the bidder with the Lowest Calculated Bid (LCB), and check if the BAC disqualified bidders whose bids are higher than the ABC.</p>	<p>Did the BAC disqualify bidders whose bids as calculated were higher than the ABC?</p>			
<p>4. To verify if the BAC prepared the Abstract of Bids as Calculated with the required information</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on</i></p>	<p>5. Check for completeness of the information contained in the Abstract of Bids as Calculated and if this was signed by the members of the BAC.</p>	<p>Did the BAC prepare the Abstract of Bids as calculated with the following information:</p> <p>a. Name of the contract?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>September 2, 2009:</i></p> <ul style="list-style-type: none"> Section 32.3 – After all bids have been received, opened, examined, evaluated, and ranked, the BAC shall prepare the corresponding Abstract of Bids.The Abstract of Bids shall contain the following: <ol style="list-style-type: none"> Name of the contract and its location, if applicable; Time, date and place of bid opening; and Names of bidders and their corresponding calculated bid prices arranged from lowest to highest, the amount of bid security and the name of the issuing entity. 		b. Location? c. Time of bid opening? d. Date of bid opening? e. Place of bid opening? f. Names of bidders and their corresponding calculated bid prices g. Calculated bid prices arranged from lowest to highest? h. Amount of bid security? i. Name of the issuing entity? j. Names and signatures of the Chairman and members of the BAC?			
<p>5. To verify if the BAC declared rank 1 in the Abstract of Bids as Calculated as the bidder with the Lowest Calculated Bid (LCB)</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 32.2.4. Bids shall then be ranked in the ascending order of their total calculated bid prices, as evaluated and corrected for computational errors, and other bid modifications, to identify the Lowest Calculated Bid. Total calculated bid prices, as evaluated and corrected for computational errors, and other bid modifications, which exceed the ABC shall be disqualified. 	<p>6. Analyze the TWG report, as reviewed by the BAC, Minutes of the BAC meeting on bid evaluation, Abstract of Bids as Calculated, and Resolution of the BAC declaring the bidder with the Lowest Calculated Bid (LCB), and check if rank 1 in the Abstract was declared as the bidder with the Lowest Calculated Bid (LCB).</p>	<p>Did the BAC declare rank 1 in the <i>Abstract of Bids as Calculated</i> as the bidder with the Lowest Calculated Bid (LCB)?</p>			
<p>6. To verify if the BAC notified</p>	<p>7. Obtain a copy of the notice issued by the BAC to</p>	<p>Did the BAC notify the bidder with the LCB?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
the bidder with the LCB <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 34.2. Within three (3) calendar days from receipt by the bidder of the <u>notice from the BAC</u> that the bidder has the Lowest Calculated Bid or Highest Rated Bid, the bidder shall submit the following documentary requirements to the BAC: 	the bidder with the LCB and check for receipt by the bidder.				
7. To verify if the BAC completed the evaluation of bids within seven (7) calendar days from the deadline for receipt of proposals (5 calendar days for infrastructure projects costing P50 million and below) <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 32.4 The entire evaluation process shall be completed within seven (7) calendar days from the <u>deadline for receipt of proposals</u>. However, for infrastructure projects costing Fifty Million Pesos (P50,000,000) and below, the entire evaluation process shall be completed in not more than five (5) calendar days from the deadline for receipt of proposal. 	8. From the <i>Invitation to Bid</i> and the <i>Minutes of Bid Evaluation</i> determine the number of days from the deadline for receipt of proposals and the completion of the bid evaluation.	Did the BAC complete the evaluation process within seven (7) calendar days from the deadline for receipt of proposal? (5 days for projects costing P50 million and below)?			
8. To verify if the BAC invited Observers: <ol style="list-style-type: none"> representing the COA, the duly recognized private group in a sector or discipline relevant to the procurement at hand, and a non-government organization (NGO) from the procuring entity's Pool of Observers; that have: <ol style="list-style-type: none"> knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; no actual or potential conflict of interest in the contract to be bid; and conformed with other 	9. From the Minutes of the BAC meeting on the selection of the Observer from the "pool", check for information on the BAC's evaluation in regard to: <ul style="list-style-type: none"> the selection of the organization from which the Observer will be invited; knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; no actual or potential conflict of interest in the contract to be bid; and conformed with other relevant criteria 	Did the BAC choose the Observers considering: <ol style="list-style-type: none"> one representing the COA? One representing the duly recognized private group in a sector or discipline relevant to the procurement at hand? One representing a non-government organization? With knowledge, experience or 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
relevant criteria determined by the BAC; c. at least 3 calendar days prior to the start of the activity <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • <i>Section 13. Observers</i> <i>13.1. To enhance the transparency of the process, the BAC shall, in all stages of the procurement process, invite, in addition to the representative of the COA, at least two (2) observers, who shall not have the right to vote, to sit in its proceedings where:</i> <i>a) At least one (1) shall come from a duly recognized private group in a sector or discipline relevant to the procurement at hand, for example:</i> <i>i) For infrastructure projects, national associations of constructors duly recognized by the Construction Industry Authority of the Philippines (CIAP), such as, but not limited to the following:</i> <i>(1) Philippine Constructors Association, Inc.;</i> <i>(2) National Constructors Association of the Philippines, Inc.; and</i> <i>(3) Philippine Institute of Civil Engineers (PICE).</i> <i>ii) ...</i> <i>iii) ... and</i> <i>b) The other observer shall come from a non-government organization (NGO). 13.2. The observers shall come from an organization duly registered with the Securities and Exchange Commission (SEC) or the Cooperative Development Authority (CDA), and should meet the following criteria:</i> <i>a) Knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</i> <i>b) Absence of actual or potential conflict of interest in the contract to be bid; and</i> <i>c) Any other relevant criteria that may be determined by the BAC.</i>	determined by the BAC.	expertise in procurement or in the subject matter of the contract to be bid? e. With no actual or potential conflict of interest in the contract to be bid? f. Conformed with other relevant criteria determined by the BAC?			
	10. From certified copies of the invitations to the Observers with evidence of receipt, compare the date of receipt with the 3-day minimum requirement	Did the BAC invite the observers at least 3 days from the date of the bid evaluation?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> 13.3. <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 					
<p>9. To verify if the Procuring Entity considered the comments/observations of the Observers</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 13.4. <i>The observers shall have the following responsibilities:</i> <ul style="list-style-type: none"> a) <i>To prepare the report either jointly or separately indicating their observations made on the procurement activities conducted by the BAC for submission to the Head of the Procuring Entity, copy furnished the BAC Chairman. The report shall <u>assess</u> the extent of the BAC's compliance with the provisions of this IRR and areas of improvement in the BAC's proceedings;</i> b) <i>To submit their report to the procuring entity and furnish a copy to the GPPB and Office of the Ombudsman/Resident Ombudsman. If no report is submitted by the observer, then it is understood that the bidding activity conducted by the BAC followed the correct procedure; and</i> c) <i>To immediately inhibit and notify in writing the procuring entity concerned of any actual or potential interest in the contract to be bid.</i> 	<p>10. Based on the BAC's Minutes on the bid evaluation and the report of the Observers check whether a deliberation was made on the comments /observations of the observers.</p>	<p>Did the Procuring Entity consider the comments/ observations of the Observers?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> 13.5. <i>Observers shall be allowed access to the following documents upon their request, subject to signing of a confidentiality agreement: (a) minutes of BAC meetings; (b) abstract of Bids; (c) post-qualification summary report; (d) APP and related PPMP; and (e) opened proposals.</i> 					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p> <p>c. etc.</p> <p>and develop appropriate audit recommendations</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
<p>2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations</p>	<p>Analyze the instances of non-compliance to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .				
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



X. POST-QUALIFICATION FOR THE FOR THE PROCUREMENT OF INFRASTRUCTURE PROJECTS

The Lowest Calculated Bid (LCB) shall undergo post-qualification in order to determine whether the bidder concerned complies with and is responsive to all the requirements and conditions as specified in the Bidding Documents.

A. AUDIT OBJECTIVES:

1. To verify if the BAC adopted the required conditions and procedures in the conduct of post-qualification;
2. To verify if the BAC followed the required timeline in the conduct of post-qualification.

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. BAC Resolution declaring the bidder with the LCB;
2. Copy of the BAC Secretariat's Receiving logbook indicating information on receipt of the:
a) Tax clearance, b) Latest income and business tax returns, c) Certificate of PhilGEPS Registration; and d) Other appropriate licenses and permits required by law and stated in the Bidding Documents, submitted by the bidder with the LCB;
3. Copy each of the documents submitted by the bidder with the LCB;
4. Constructors Performance Evaluation System (CPES) reports obtained by the BAC from the Construction Industry Authority of the Philippines (CIAP);
5. Documents evidencing the BAC's validation of the veracity of the documents submitted and the information thereon;
6. TWG report on the post-qualification conducted, including supporting documents (e.g. inspection reports), as reviewed by the BAC; evidencing:
 - a. validation of the authenticity of the documents submitted and information thereon;
 - b. validation of compliance of the goods offered with the requirements specified in the Bidding Documents, duly supported with: inspection reports on the goods offered and test results;
 - c. validation of the sufficiency of the bid security as to type, amount, form and wording, validity period;
 - d. validation of compliance with the financial requirements of the LCB;
 - e. conduct of analysis and concluding on the post-qualification or disqualification of the bidder, as the case may be;
7. BAC Resolutions on post-qualification/post-disqualification, declaration of LCRB, and recommendation to the HOPE;
8. TWG report(s) on the evaluation of the post-disqualified bidder(s)' request for reconsideration, as reviewed by the BAC;
9. Minutes of the post-qualification activities;
10. Copy of the document approved by the HOPE extending the period for the post-qualification process, if applicable;
11. Minutes of the BAC meeting on the selection of the Observer from the "pool";
12. Reports of the BAC Observers.



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify whether the bidder whose bid was declared as the Lowest Calculated Bid (LCB)/ Single Calculated Bid (SCB) submitted the following documents within 3 calendar days from the bidder's receipt of the notice: a) Tax clearance; b) Latest income and business tax returns; c) Certificate of PhilGEPS Registration; and d) Other appropriate licenses and permits required by law and stated in the Bidding Documents <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 34.2. Within three (3) calendar days from receipt by the bidder of the notice from the BAC that the bidder has the Lowest Calculated Bid or Highest Rated Bid, the bidder shall submit the following documentary requirements to the BAC: a) Tax clearance; b) Latest income and business tax returns; c) Certificate of PhilGEPS Registration; and d) Other appropriate licenses and permits required by law and stated in the Bidding Documents. 	<p>1. From the records of the BAC, count the number of days from the date when the bidder with the LCB received the notice and the date it submitted the: a) Tax clearance, b) Latest income and business tax returns, c) Certificate of PhilGEPS Registration; and d) Other appropriate licenses and permits required by law and stated in the Bidding Documents.</p> <p>Compare this with the required maximum 3-day period.</p>	<p>Did the bidder with the LCB:</p> <p>a. submit within 3 calendar days from receipt of the notice as LCB?</p> <p>b. Tax Clearance?</p> <p>c. Latest income and business tax returns?</p> <p>d. Certificate of PhilGEPS Registration?</p> <p>e. Other appropriate licenses and permits required by law and stated in the Bidding Documents?</p>			
2. To verify if the BAC: 2.1. determined the veracity of the documents submitted and 2.2. forfeited the bid security and disqualified the bidder for award for reason that; a. the bidder failed to submit the required documents on time, and/or b. there was a finding against the veracity of the documents/ information	<p>2. If based on the validation conducted in 1. above, the submissions were found to be incomplete and/or not on time, obtain a copy of the BAC Resolution disqualifying the bidder and forfeiting its bid security.</p>	<p>Did the BAC forfeit the bid security and disqualify the bidder for award because of failure to submit the required documents on time?</p>			
	<p>3. Obtain from the BAC Secretariat documents evidencing the BAC's validation of the veracity of the documents submitted and the information thereon and check the results of such validation.</p>	<p>Did the BAC forfeit the bid security and disqualify the bidder for award because of a finding against the veracity of the documents/</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 34.2. Within three (3) calendar days from receipt by the bidder of the notice from the BAC that the bidder has the Lowest Calculated Bid or Highest Rated Bid, the bidder shall submit the following documentary requirements to the BAC: <ul style="list-style-type: none"> a) Tax clearance; b) Latest income and business tax returns; c) Certificate of PhilGEPS Registration; and d) Other appropriate licenses and permits required by law and stated in the Bidding Documents. <p><i>Failure to submit the above requirements <u>on time</u> or a <u>finding against the veracity of such</u> shall be ground for the forfeiture of the bid security and disqualify the bidder for award.</i></p>	<p>If the BAC had a finding against the veracity of the documents/ information thereon, obtain a copy of the BAC Resolution disqualifying the bidder and forfeiting its bid security.</p>	information?			
<p>3. To verify if the BAC subjected the bidder with the Lowest Calculated Bid (LCB) to post-qualification</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 34.1 The Lowest Calculated Bid shall undergo post-qualification in order to determine whether the bidder concerned complies with and is responsive to all the requirements and conditions as specified in the Bidding Documents. 	<p>4. Match the name of the bidder with the LCB as indicated in the BAC Resolution declaring the LCB with the name of the bidder indicated in the TWG's Post-Qualification Report, as reviewed by the BAC and in the Minutes of the BAC meetings.</p>	Did the BAC subject the bidder with the Lowest Calculated Bid (LCB) to post-qualification?			
<p>4. To verify if the BAC verified, validated, and ascertained that the bidder with the LCB is:</p> <p>a. a duly <u>licensed Filipino citizen/sole proprietor</u>, or</p> <p>b. a Partnerships duly organized under the <u>laws of the Philippines</u> and of which <u>at least seventy five percent</u></p>	<p>5. From the TWG report with supporting documents and duly reviewed by the BAC, and the <i>Minutes</i> of BAC meetings, look for information evidencing validation of the authenticity of the:</p> <p>a) DTI Registration Certificate, duly supported with:</p>	Did the BAC validate the authenticity of the Registration documents submitted by the bidder?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><u>(75%) of the interest belongs to citizens of the Philippines, or</u></p> <p>c. a Corporation duly organized under the <u>laws of the Philippines, and of which at least seventy five percent (75%) of the outstanding capital stock belongs to citizens of the Philippines, or</u></p> <p>d. <u>Cooperatives</u> duly organized under the laws of the Philippines, and of which at least <u>seventy five percent (75%)</u> belongs to citizens of the Philippines, or</p> <p>e. Joint Venture - <u>that Filipino ownership or interest of the joint venture concerned shall be at least seventy five percent (75%)</u></p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 34.3. The post-qualification shall verify, validate, and ascertain all statements made and documents submitted by the bidder with the Lowest Calculated Bid/Highest Rated Bid, using non-discretionary criteria, as stated in the Bidding Documents. These criteria shall consider, but shall not be limited to, the following: <ul style="list-style-type: none"> a) Legal Requirements. To verify, validate, and ascertain licenses, certificates, permits, and agreements submitted by the bidder, and the fact that it is not included in any "blacklist" as provided in Section 25.2 of this IRR. For this purpose, the GPPB shall maintain a consolidated file of all "blacklisted" suppliers, contractors, and consultants. <p>...</p> <ul style="list-style-type: none"> 23.5.2. For the procurement of infrastructure projects: <ul style="list-style-type: none"> 23.5.2.1. The following persons/entities shall be allowed to participate in the bidding for infrastructure projects: <ul style="list-style-type: none"> a) Duly licensed Filipino citizens/sole proprietorships; 	<ul style="list-style-type: none"> the DTI-certified copy of the <u>Registration Certificate</u> and DTI certificate that the sole proprietor is a Filipino citizen (based on the application for registration filed by the bidder with the DTI), if the bidder is a sole proprietorship; <p>b. <u>SEC registration</u> and of the <u>75% Filipino ownership</u>, duly supported with:</p> <ul style="list-style-type: none"> the SEC-certified copy of the Registration Certificate, if the bidder is a partnership; <p>c. <u>SEC registration</u> and of the <u>60% Filipino ownership</u>, duly supported with:</p> <ul style="list-style-type: none"> SEC-certified copy of the Registration Certificate and SEC-certified copy of the Articles of Incorporation if the bidder is a corporation. <p>d. <u>CDA registration</u> and of the <u>75% Filipino ownership</u>, duly supported with:</p> <ul style="list-style-type: none"> CDA-certified copy of the Registration Certificate and CDA certificate that at least sixty percent (60%) belongs to citizens of the Philippines if the bidder is a cooperative <p>e. Joint Venture individual partner's:</p> <ul style="list-style-type: none"> <u>DTI, SEC, or CDA registrations</u> and of the <u>75% Filipino ownership</u> 				



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>b) Partnerships duly organized under the laws of the Philippines and of which at least seventy-five percent (75%) of the interest belongs to citizens of the Philippines;</i> <i>c) Corporations duly organized under the laws of the Philippines, and of which at least seventy-five percent (75%) of the outstanding capital stock belongs to citizens of the Philippines;</i> <i>d) Cooperatives duly organized under the laws of the Philippines, and of which at least seventy percent (75%) belongs to citizens of the Philippines; or</i> <i>e) Persons/entities forming themselves into a joint venture, i.e., a group of two (2) or more persons/entities that intend to be jointly and severally responsible or liable for a particular contract: Provided, however, That, in accordance with Letter of Instructions No. 630 (LOI 630), Filipino ownership or interest of the joint venture concerned shall be at least seventy-five percent (75%): Provided, further, That joint ventures in which Filipino ownership or interest is less than seventy-five percent (75%) may be eligible where the structures to be built require the application of techniques and/or technologies which are not adequately possessed by a person/entity meeting the seventy-five percent (75%) Filipino ownership requirement: Provided, finally, That in the latter case, Filipino ownership or interest shall not be less than twenty-five percent (25%). For this purpose, Filipino ownership or interest shall be based on the contributions of each of the members of the joint venture as specified in their JVA.</i>	duly supported with the DTI-, SEC-, or CDA-certified Certificate, as the case may be and DTI-, SEC-, or CDA-certified documents evidencing ownership.				
	6. From the TWG report, as reviewed by the BAC, and the <i>Minutes</i> of BAC meetings, look for information evidencing validation of Filipino ownership of the bidder's firm.	Did the BAC validate Filipino ownership of the bidder?			
5. To verify if the BAC verified, validated, and ascertained that the <u>Mayor's Permit</u> submitted by the bidder with the LCB was issued by the city or municipality where the principal place of business of the prospective bidder is located	7. From the TWG report, as reviewed by the BAC, and the <i>Minutes</i> of BAC meetings, look for information evidencing validation of <u>authenticity</u> of the Mayor's Permit and whether it was <u>issued by the city or municipality where the principal place of the business of the bidder is</u>	Did the BAC verify, validate, and ascertain that the Mayor's Permit submitted by the bidder is authentic?			
		Did the BAC verify, validate, and ascertain that the			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none">34.3. <i>The post-qualification shall verify, validate, and ascertain all statements made and documents submitted by the bidder with the Lowest Calculated Bid/Highest Rated Bid, using non-discretionary criteria, as stated in the Bidding Documents. These criteria shall consider, but shall not be limited to, the following:</i><ul style="list-style-type: none">a) <i>Legal Requirements. To verify, validate, and ascertain licenses, certificates, permits, and agreements submitted by the bidder, and the fact that it is not included in any "blacklist" as provided in Section 25.2 of this IRR. For this purpose, the GPPB shall maintain a consolidated file of all "blacklisted" suppliers, contractors, and consultants.</i>...23.1. <i>For purposes of determining the eligibility of bidders using the criteria stated in Section 23.5 of this IRR, only the following documents shall be required by the BAC, using the forms prescribed in the Bidding Documents,:</i><ul style="list-style-type: none">a) <i>Class "A" Documents</i> <u>Legal Documents</u><ul style="list-style-type: none">i) ---ii) <i>Mayor's permit issued by the city or municipality where the principal place of business of the prospective bidder is located.</i>	<p><u>located</u>, duly supported with:</p> <ul style="list-style-type: none">The LGU-certified copy of the Mayor's permit, andDTI-, SEC-, or CDA-certified Registration Certificate showing the bidder's principal place of business	Mayor's Permit submitted by the bidder was issued by the city or municipality where the <u>principal place of business</u> of the bidder is located?			
<p>6. To verify if the BAC validated if the bidder with the LCB has a <u>valid license and registration</u> issued by the Philippine Contractors Accreditation Board (PCAB) to engage or act as a contractor for the type of contract to be bid</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none">23.5.2.3. <i>In accordance with R.A. 4566, entitled "An Act Creating the Philippine Licensing Board for Contractors, Prescribing its Powers, Duties and Functions, Providing Funds Therefor, and for Other</i>	<p>8. From the TWG report, as reviewed by the BAC, and the <i>Minutes</i> of BAC meetings, check for information showing the BAC's validation of the:</p> <ul style="list-style-type: none">authenticity of the PCAB license and registration,for the type of contract to be bid.	Did the BAC verify, validate, and ascertain that the PCAB license and registration submitted by the bidder is authentic?			
		Did the BAC validate if the bidder with the LCB has a valid license and registration issued by the Philippine Contractors			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Purposes”, the persons/entities enumerated in Section 23.5.1.1 of this IRR may participate in public bidding if he has been issued a license by the PCAB to engage or act as a contractor.</i></p> <ul style="list-style-type: none"> 23.1. Technical Documents <ul style="list-style-type: none"> iii) ... iv) In the case of procurement of infrastructure projects, a valid Philippine Contractors Accreditation Board (PCAB) license and registration for the type and cost of the contract to be bid. 		Accreditation Board (PCAB) to engage or act as a contractor for the type of contract to be bid?			
<p>7. To verify if the BAC validated if the bidder with the LCB is not “blacklisted”</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 34.3. The post-qualification shall verify, validate, and ascertain all statements made and documents submitted by the bidder with the Lowest Calculated Bid/Highest Rated Bid, using non-discretionary criteria, as stated in the Bidding Documents. These criteria shall consider, but shall not be limited to, the following: <p>a) Legal Requirements. To verify, validate, and ascertain licenses, certificates, permits, and agreements submitted by the bidder, and the fact that it is not included in any “blacklist” as provided in Section 25.2 of this IRR. For this purpose, the GPPB shall maintain a consolidated file of all “blacklisted” suppliers, contractors, and consultants.</p>	9. From the TWG report, as reviewed by the BAC, and the <i>Minutes</i> of BAC meetings, check for information showing the BAC’s validation if the bidder with the LCB is not “blacklisted”.	Did the BAC validate if the bidder with the LCB was not blacklisted?			
<p>8. To verify if the BAC validated the bidder’s <u>compliance with the “no relationship”</u> provision embodied in Section 47 of the Revised IRR of RA No. 9184, i.e., that the bidder is not related by consanguinity or affinity up to the 3rd civil degree to the:</p> <p>a. HOPE,</p>	10. From the TWG report, as reviewed by the BAC, the Minutes of BAC meetings/ deliberations and BAC Resolution, check for information showing the BAC’s validation that:	Did the BAC validate the relationship of the bidder with the:			
	a. the individual bidder in an individual or a sole proprietorship, is not related to the persons mentioned in Sec. 47, Amended IRR of RA	a. HOPE? b. members of the BAC? c. members of the TWG?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
b. members of the BAC, c. members of the TWG, d. members of the BAC Secretariat, e. head of the Project Management Office (PMO), f. head of the end-user unit, g. project consultants • <i>Section 47. Disclosure of Relations</i> <i>All bids shall be accompanied by a sworn affidavit of the bidder that it is not related to the Head of the Procuring Entity, members of the BAC, the TWG, and the BAC Secretariat, the head of the PMO or the end-user unit, and the project consultants, by consanguinity or affinity up to the third civil degree. Failure to comply with the aforementioned provision shall be a ground for the automatic disqualification of the bid in consonance with Section 30 of this IRR. For this reason, relation to the aforementioned persons within the third civil degree of consanguinity or affinity shall automatically disqualify the bidder from participating in the procurement of contracts of the procuring entity. On the part of the bidder, this provision shall apply to the following persons:</i> <i>a) If the bidder is an individual or a sole proprietorship, to the bidder himself;</i> <i>b) If the bidder is a partnership, to all its officers and members;</i> <i>c) If the bidder is a corporation, to all its officers, directors, and controlling stockholders; and</i> <i>d) If the bidder is a joint venture, the provisions of items (a), (b), or (c) of this Section shall correspondingly apply to each of the members of the said joint venture, as may be appropriate</i>	9184; b. all the officers and members of the bidder partnership are not related to the persons mentioned in Sec. 47, Amended IRR of RA 9184; c. all the officers, directors, and controlling stockholders of the bidder corporation are not related to the persons mentioned in Sec. 47, Amended IRR of RA 9184.	d. members of the BAC Secretariat? e. head of the Project Management Office (PMO)? f. head of the end-user unit? g. project consultants?			
	11. From the TWG report, as reviewed by the BAC, the Minutes of BAC meetings/deliberations and BAC Resolution, check for information showing the BAC's decision/action in case of violation with the "no relationship" provision.	Did the BAC automatically disqualify the bidder found to be related within the 3 rd civil degree of consanguinity or affinity with the persons listed in Section 47 of the Revised IRR of RA 9184?			
9. To verify if the BAC validated the bidder's stated <u>competence and experience</u> <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i>	12. From the TWG report duly reviewed by the BAC, and the <i>Minutes</i> of BAC meetings, check for information showing the BAC's validation of the completion by the bidder	Did the BAC validate if the bidder with the LCB has completed: a. within a period of ten (10) years			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> 34.3. <i>The post-qualification shall verify, validate, and ascertain all statements made and documents submitted by the bidder with the Lowest Calculated Bid/Highest Rated Bid, using non-discretionary criteria, as stated in the Bidding Documents. These criteria shall consider, but shall not be limited to, the following:</i> ... b) <i>Technical Requirements. To determine compliance of the goods, infrastructure projects, or consulting services offered with the requirements specified in the Bidding Documents, including, where applicable:</i> i) <i>Verification and validation of the bidder's stated competence and experience, and the competence and experience of the bidder's key personnel to be assigned to the project, for the procurement of infrastructure projects and consulting services;</i> 23.5.2.5. <i>The prospective bidder must have an experience of having completed, within a period of ten (10) years from the date of submission and receipt of bids, at least one (1) contract that is similar to the contract to be bid, and whose value, adjusted to current prices using the NSO consumer price indices, must be at least fifty percent (50%) of the ABC to be bid: Provided, however, That contractors under Small A and Small B categories without similar experience on the contract to be bid may be allowed to bid if the cost of such contract is not more than fifty percent (50%) of the Allowable Range of Contract Cost (ARCC) of their registration based on the guidelines as prescribed by the PCAB.</i> <i>For Foreign-funded Procurement, the GOP and the foreign government/ foreign or international financing institution may agree on another track record requirement.</i> <i>Moreover, a contract shall be considered "similar" to the contract</i> 	<p>within a period of ten (10) years from the date of submission and receipt of bids, of at least one (1) contract that is similar to the contract to be bid, and whose value, adjusted to current prices using the NSO consumer price indices is at least fifty percent (50%) of the ABC to be bid.</p> <p>OR</p> <p>From the TWG report, as reviewed by the BAC, and the <i>Minutes</i> of BAC meetings, check for information showing the BAC's validation that for contractors under Small A and Small B categories without similar experience on the contract to be bid, the cost of such contract is not more than fifty percent (50%) of the Allowable Range of Contract Cost (ARCC) of their registration based on the guidelines as prescribed by the PCAB.</p>	<p>from the date of submission and receipt of bids?</p> <p>b. of at least one (1) contract that is similar to the contract to be bid?</p> <p>c. and whose value, adjusted to current prices using the NSO consumer price indices is at least fifty percent (50%) of the ABC to be bid?</p>			
		Did the BAC validate if for bidder under Small A and Small B categories without similar experience on the contract to be bid the ABC is not more than 50% of ARCC?			



Audit Sub-objective • <i>Audit Criteria</i> <i>to be bid if it has the same major categories of work.</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
10. To verify if the BAC validated the stated competence and experience of the bidder's <u>key personnel to be assigned to the project</u> <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 34.3. <i>The post-qualification shall verify, validate, and ascertain all statements made and documents submitted by the bidder with the Lowest Calculated Bid/Highest Rated Bid, using non-discretionary criteria, as stated in the Bidding Documents. These criteria shall consider, but shall not be limited to, the following:</i> ... <i>b) Technical Requirements. To determine compliance of the goods, infrastructure projects, or consulting services offered with the requirements specified in the Bidding Documents, including, where applicable:</i> <i>i) Verification and validation of the bidder's stated competence and experience, and the competence and experience of the bidder's key personnel to be assigned to the project, for the procurement of infrastructure projects and consulting services.</i>	13. From the TWG report with supporting documents and duly reviewed by the BAC, and the <i>Minutes</i> of BAC meetings, check for information showing the BAC's validation of the authenticity of the documents submitted as evidence of the competence and experience of the bidder's key personnel to be assigned to the project; and validation of said competence and experience with the requirements of the Bidding Documents.	Did the BAC verify, validate, and ascertain that the documents submitted by the bidder as evidence of the competence and experience of its key personnel to be assigned to the project license were authentic?			
		Did the BAC validate the stated competence and experience of the bidder's <u>key personnel to be assigned to the project against the requirements of the Bidding Documents</u> ?			
11. To verify if the BAC validated the <u>availability, commitment, capacities and operating conditions of equipment units to be owned/leased/under purchase</u> by the bidder for use in the contract under bidding <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> ... <i>b) Technical Requirements. To determine compliance of the goods, infrastructure projects, or consulting services offered with the requirements specified in the Bidding Documents, including, where</i>	14. From the TWG report, as reviewed by the BAC, and the <i>Minutes</i> of BAC meetings, duly supported with analysis of schedules of equipment utilization, inspection reports and test results, check for information showing the BAC's validation of the <u>availability, commitment, capacities and operating conditions of equipment units to be owned/leased/under purchase</u> by the bidder for use in the contract under bidding.	Did the BAC validate the availability, commitment, capacities and operating conditions of <u>equipment units to be owned/leased/under purchase</u> by the bidder for use in the contract under bidding?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>applicable:</i></p> <p><i>i) ...</i></p> <p><i>ii) Verification of availability and commitment, and/or inspection and testing for the required capacities and operating conditions, of equipment units to be owned/leased/under purchase by the bidder for use in the contract under bidding,</i></p> <p><i>as well as checking the performance of the bidder in its ongoing government and private contracts (if any of these on-going contracts shows a reported negative slippage of at least fifteen percent (15%), or substandard quality of work as per contract plans and specifications, or unsatisfactory performance of the contractor's obligations as per contract terms and conditions, at the time of inspection, and if the BAC verifies any of these deficiencies to be due to the contractor's fault or negligence, the agency shall disqualify the contractor from the award), for the procurement of infrastructure projects;</i></p> <p><i>iii)...</i></p> <p><i>iv)...</i></p>					
<p>12. To verify if the BAC checked the performance of the bidder in its on-going government and private contracts for:</p> <p>a. reported negative slippage of at least fifteen percent (15%), or</p> <p>b. substandard quality of work as per contract plans and specifications, or</p> <p>c. unsatisfactory performance of the contractor's obligations as per contract terms and conditions, at the time of inspection,</p> <p>and verified that the deficiencies were due to the contractor's fault or negligence</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on</i></p>	<p>15. From the TWG report duly reviewed by the BAC, and the <i>Minutes</i> of BAC meetings, duly supported with inspection reports and test results, photographs, interview documents with owners/project personnel of previous/current projects of the bidder, check for information showing the BAC's validation of the performance of the bidder in its ongoing government and private contracts for:</p> <p>a. reported negative slippage of at least fifteen percent (15%), or</p> <p>b. substandard quality of work as per contract plans and specifications, or</p>	<p>Did the BAC validate the bidder's performance in its ongoing government and private contracts for:</p> <p>a. reported negative slippage of at least fifteen percent (15%)? or</p> <p>b. substandard quality of work as per contract plans and specifications? or</p> <p>c. unsatisfactory performance of the contractor's</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>September 2, 2009:</i></p> <ul style="list-style-type: none"> 34.3. <p><i>b) Technical Requirements. To determine compliance of the goods, infrastructure projects, or consulting services offered with the requirements specified in the Bidding Documents, including, where applicable:</i></p> <p><i>i) ...</i></p> <p><i>ii) ... as well as checking the performance of the bidder in its ongoing government and private contracts (if any of these on-going contracts shows a reported negative slippage of at least fifteen percent (15%), or substandard quality of work as per contract plans and specifications, or unsatisfactory performance of the contractor's obligations as per contract terms and conditions, at the time of inspection, and if the BAC verifies any of these deficiencies to be due to the contractor's fault or negligence, the agency shall disqualify the contractor from the award, for the procurement of infrastructure projects;</i></p> <p><i>iii)...</i></p> <p><i>iv)...</i></p>	<p>c. unsatisfactory performance of the contractor's obligations as per contract</p> <p>and verified that the deficiencies were due to the contractor's fault or negligence.</p>	<p>obligations as per contract?</p> <p>and</p> <p>d. verified that the deficiencies were due to the contractor's fault or negligence?</p>			
	<p>16. From the TWG report duly reviewed by the BAC, the Minutes of BAC meetings/ deliberations and BAC Resolution, check for information showing the BAC's evaluation and decision to disqualify the bidder found to be at fault or negligent.</p>	<p>Did the BAC disqualify the bidder found to be at fault or negligent?</p>			
<p>13. To verify if the BAC validated that the bidder's Constructors Performance Evaluation Summary and/or certificate of completion and owner's acceptance of the contract was at least satisfactory</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 23.5.2.4. The Constructors Performance Evaluation System [AS AMENDED BY GPPB RESOLUTION NO. 11-2009 DATED 30 NOVEMBER 2009] (CPES) rating and/or certificate of completion and owner's acceptance of the contract must be satisfactory. 	<p>17. From the TWG report, as reviewed by the BAC, the Minutes of BAC meetings/ deliberations and BAC Resolution, with copies of the CPES) reports obtained by the BAC from the Construction Industry Authority of the Philippines (CIAP), check for information showing the BAC's validation of the bidder's ratings in the CPES and/or certificates of completions and owner's acceptance that the ratings were at least "satisfactory".</p>	<p>Did the BAC validate that the bidder's ratings in the CPES and/or certificates of completion and owner's acceptance were at least "satisfactory"?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
14. To verify if the BAC verified, validated, and ascertained authenticity of the bid security and its <u>sufficiency</u> as to: a. type, b. amount, c. form and wording, and d. validity period. <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 34.3. The post-qualification shall verify, validate, and ascertain all statements made and documents submitted by the bidder with the Lowest Calculated Bid, using non-discretionary criteria, as stated in the Bidding Documents. These criteria shall consider, but shall not be limited to, the following: <ul style="list-style-type: none"> a. Legal Requirements... b) <u>Technical Requirements.</u> <ul style="list-style-type: none"> i)... ii)... iii)... iv) Ascertainment of the sufficiency of the bid security as to type, amount, form and wording, and validity period. 	18. From the TWG report duly reviewed by the BAC, the Minutes of BAC meetings/ deliberations and BAC Resolution, check for information showing the BAC's validation of the authenticity of the bid security and its sufficiency as to type, amount, form and wording, and validity period.	Did the BAC verify, validate, and ascertain the authenticity of the bid security submitted by the bidder?			
		Did the BAC ascertain the sufficiency of the bid security as to: a. type? b. amount? c. form and wording? d. validity period?			
15. To verify if the BAC verified, validated, and ascertained if the Net Financial Contracting Capacity (NFCC) is at least equal to the ABC or the Credit Line Certificate (CLC) in favor of the prospective bidder if awarded the contract is at least 10% of the ABC <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 34.3. The post-qualification shall verify, validate, and ascertain all statements made and documents submitted by the bidder with the Lowest Calculated Bid, using non-discretionary criteria, as stated in the Bidding Documents. These criteria shall consider, but shall not be limited to, the following: <ul style="list-style-type: none"> a) Legal Requirements b) Technical Requirements ... 	19. From the TWG report duly reviewed by the BAC with supporting documents from the appropriate authorities (e.g. certified true copy of the financial statements with the Income Tax Return, bank that issued the CLC), the Minutes of BAC meetings/deliberations and BAC Resolution, check for information showing the BAC's: <ul style="list-style-type: none"> a. validation of the authenticity of the CLC or the financial statements used as basis for computing the NFCC, b. validation of the accuracy of the computation for NFCC, c. validation of the Statement of the prospective bidder of all its ongoing and 	Did the BAC verify, validate, and ascertain the authenticity of the documents (financial statements, etc.) submitted by the bidder to support its computation of NFCC?			
		Did the BAC verify, validate, and ascertain that the: <ul style="list-style-type: none"> a. NFCC is at least equal to the ABC? or <ul style="list-style-type: none"> b. CLC is at least 10% of the ABC? 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>c) <i>Financial Requirements</i> <i>To verify, validate and ascertain the bid price proposal of the bidder and, whenever applicable, the required CLC in the amount specified and over the period stipulated in the Bidding Documents, or the bidder's NFCC to ensure that the bidder can sustain the operating cash flow of the transaction.</i></p> <p>• <i>23.5.1.4. If the prospective bidder submits a computation of its NFCC, the NFCC must be at least equal to the ABC to be bid, calculated as follows:</i></p> <p><i>NFCC = [(Current assets minus current liabilities) (K)] minus the value of all outstanding or uncompleted portions of the projects under ongoing contracts, including awarded contracts yet to be started coinciding with the contract to be bid.</i></p> <p><i>Where:</i> <i>K = 10 for a contract duration of one year or less, 15 for a contract duration of more than one year up to two years, and 20 for a contract duration of more than two years.</i></p> <p><i><u>If the prospective bidder submits a CLC, the CLC must be at least equal to ten percent (10%) of the ABC to be bid. If the CLC is issued by a foreign Universal or Commercial Bank, it shall be confirmed or authenticated by a Universal or Commercial Bank. For biddings conducted by LGUs, the prospective bidder may also submit CLC from other banks certified by the BSP as authorized to issue such financial instrument.</u></i></p> <p>• <i>23.1. ...</i> <i>Technical Documents</i> <i>iii) Statement of the prospective bidder of all its ongoing and completed government and private contracts, including contracts awarded but not yet started, if any, whether similar or not similar in nature and complexity to the contract to be bid, within the relevant period as provided in the Bidding Documents. The statement shall include all information required in</i></p>	<p>completed government and private contracts, including contracts awarded but not yet started, and</p> <p>d. comparison with the requirements.</p>				



Audit Sub-objective • <i>Audit Criteria</i> <i>the PBDs prescribed by the GPPB.</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
16. To verify if the BAC declared the post-qualified bidder with LCB as the Lowest Calculated Responsive Bid (LCRB) at its submitted bid price or its calculated bid price, whichever is lower <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 34.4. If the BAC determines that the bidder with the Lowest Calculated Bid passes all the criteria for post-qualification, it shall declare the said bid as the Lowest Calculated Responsive Bid, and recommend to the Head of the Procuring Entity the award of contract to the said bidder at its submitted bid price or its calculated bid price, whichever is lower. 	20. From the post qualification report of the TWG with supporting documents and duly reviewed by the BAC, computations and analysis, check if the LCB passed all the criteria for post qualification.	Did the BAC pass the LCB/bidder with the LCB in all the criteria for post-qualification?			
	21. Match the name of the LCRB as approved by the HOPE with the name of bidder as indicated in the BAC Resolution declaring the results of the post-qualification and recommending LCRB, if applicable.	Did the BAC declare the bid of the post-qualified LCB as the Lowest Calculated Responsive Bid (LCRB)? If Yes, proceed to: AWARD OF CONTRACT. If No, proceed to the Audit Sub-Objectives in case of Post-disqualification of the bidder with the LCB.			
IN CASE OF POST-DISQUALIFICATION OF THE BIDDER WITH THE LOWEST CALCULATED BID (LCB) - FOR THE PROCUREMENT OF INFRASTRUCTURE PROJECTS					
17. To verify if the BAC, in case of post-disqualification of the LCB immediately notified the LCB in writing of the post-disqualification with the grounds for it. <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 34.5. If, however, the BAC determines that the bidder with the Lowest Calculated Bid fails the criteria for post-qualification, it shall immediately notify the said bidder in writing of its post-disqualification and grounds for it. 34.6. Immediately after the BAC has notified the first bidder of its post-disqualification, and notwithstanding any pending request for 	1. From the records of the BAC Secretariat, check for information on the date of receipt by the post-disqualified bidder of the notice of post-disqualification and for the grounds for such disqualification indicated thereon.	Did the BAC <u>immediately</u> notify the LCB of the post-disqualification? Did the BAC indicate in the notice the <u>grounds</u> for post-disqualification?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>reconsideration thereof, the BAC shall initiate and complete the same post-qualification process on the bidder with the second Lowest Calculated Bid. If the second bidder passes the post-qualification, and provided that the request for reconsideration of the first bidder has been denied, the second bidder shall be post-qualified as the bidder with the Lowest Calculated Responsive Bid. If the second bidder passes the post-qualification, and provided that the request for reconsideration of the first bidder has been denied, the second bidder shall be post-qualified as the bidder with the Lowest Calculated Responsive Bid.</i>					
18. To verify if the BAC conducted and completed the post-qualification of the second rank bidder using the same post-qualification process adopted for the LCB <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 34.6. ... the BAC shall initiate and complete the same post-qualification process on the bidder with the second Lowest Calculated Bid.	2. Look for the TWG report on the post-qualification of the second rank bidder as reviewed by the BAC.	Did the BAC conduct and complete the post-qualification of the second rank bidder?			
	3. Repeat the audit activities of on post-qualification for the second rank bidder. 4. Analyze the post-qualification reports of the TWG, as reviewed by the BAC, for the LCB and the second rank bidder to check whether the TWG adopted the same process of verifying, validating and ascertaining all statements made and documents submitted by the LCB and the second rank bidder.	Did the BAC adopt the same process of verifying, validating and ascertaining all statements made and documents submitted by the LCB and the second rank bidder?			
	5. From the post qualification report of the TWG, as reviewed by the BAC, check if the second rank bidder passed the post qualification. NOTE: For each post-disqualification of the next-rank bidder, the BAC is to repeat the	Did the second rank bidder pass the post-qualification? If Yes, proceed to the Audit Sub-objective to verify if the BAC declared the post-			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	<p>post-qualification process <u>until the LCRB is declared for award.</u></p> <p>The related audit activities are likewise to be repeated.</p>	<p>qualified <i>second-rank</i> bidder as the LCRB <u>after</u> a request for reconsideration of the LCB (first-rank, second-rank, or next-in-rank, a the case may be) <u>has been denied</u></p> <p>If No, proceed to the Audit Sub-Objectives in case of Post-disqualification of the bidder with the LCB.</p>			
<p>19. To verify if the BAC declared the LCB as the LCRB after its request for reconsideration was granted and it was declared post-qualified</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • 34.6. Immediately after the BAC has notified the first bidder of its post-disqualification, and notwithstanding any pending request for reconsideration thereof, the BAC shall initiate and complete the same post-qualification process on the bidder with the second Lowest Calculated Bid. If the second bidder passes the post-qualification, and provided that the request for reconsideration of the first bidder has been denied, the second bidder shall be post-qualified as the bidder with the Lowest Calculated Responsive Bid. 	<p>27. From the Minutes of the BAC meeting, analyze if the BAC declared the LCB as the LCRB after its request for reconsideration has been granted and it was declared post-qualified.</p> <p>28. Match the name of the LCRB as approved by the HOPE with the name of bidder as indicated in the BAC resolution recommending the LCRB.</p>	Did the BAC declare the LCB as the LCRB after its request for reconsideration was granted and it was declared post-qualified?			
<p>20. To verify if the BAC declared the post-qualified <i>second-rank</i> bidder as the</p>	29. From the Minutes of the BAC meeting, analyze if the BAC declared the post-	Did the BAC declare the post-qualified <i>second-rank</i> bidder			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>LCRB after a request for reconsideration of the LCB (first-rank) has been denied</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • 34.6. Immediately after the BAC has notified the first bidder of its post-disqualification, and notwithstanding any pending request for reconsideration thereof, the BAC shall initiate and complete the same post-qualification process on the bidder with the second Lowest Calculated Bid. If the second bidder passes the post-qualification, and provided that the request for reconsideration of the first bidder has been denied, the second bidder shall be post-qualified as the bidder with the Lowest Calculated Responsive Bid. 	<p>qualified <i>second-rank</i> bidder as the LCRB after a request for reconsideration of the LCB (first-rank) has been denied.</p> <p>30. Match the name of the LCRB as approved by the HOPE with the name of bidder as indicated in the BAC resolution recommending the LCRB.</p>	as the LCRB after a request for reconsideration of the LCB (first-rank) has been denied?			
<p>21. To verify if the BAC completed the post-qualification process in not more than seven (7) calendar days from the determination of the LCB or if extended, such extension was approved by the HOPE and not exceeding 30 calendar days</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • 34.8. The post-qualification process shall be completed in not more than seven (7) calendar days from the determination of the Lowest Calculated Bid. In exceptional cases, the post-qualification period may be extended by the Head of the Procuring Entity, but in no case shall the aggregate period exceed thirty (30) calendar days. 	31. Compute the number of days from the BAC Resolution declaring the LCB and the BAC Resolution declaring the LCRB, and compare this with the 7-calendar-day requirement.	Did the BAC complete the post-qualification process in not more than seven (7) calendar days from the determination of the LCB?			
	32. If the BAC completed the post-qualification in more than seven (7) calendar days, secure a copy of the document approved by the HOPE extending the period for the post-qualification process.	If the BAC completed the post-qualification in more than seven (7) calendar days, was the extension approved by the HOPE?			
		If the BAC completed the post-qualification in more than seven (7) calendar days, was the extension within the 30-calendar day maximum?			
<p>22. To verify if the BAC invited Observers:</p> <p>a. representing the COA, the</p>	33. From the Minutes of the BAC meeting on the selection of the Observer from the "pool", check for	Did the BAC choose the Observers considering:			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>duly recognized private group in a sector or discipline relevant to the procurement at hand, and a non-government organization (NGO) from the procuring entity's Pool of Observers;</p> <p>b. that have:</p> <p>b.1. knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</p> <p>b.2. no actual or potential conflict of interest in the contract to be bid; and</p> <p>b.3. conformed with other relevant criteria determined by the BAC;</p> <p>c. at least 3 calendar days prior to the Post-qualification</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> Section 13. Observers 13.1. To enhance the transparency of the process, the BAC shall, in all stages of the procurement process, invite, in addition to the representative of the COA, at least two (2) observers, who shall not have the right to vote, to sit in its proceedings where: <ul style="list-style-type: none"> a) At least one (1) shall come from a duly recognized private group in a sector or discipline relevant to the procurement at hand, for example: <ul style="list-style-type: none"> i) For infrastructure projects, national associations of constructors duly recognized by the Construction Industry Authority of the Philippines (CIAP), such as, but not limited to the following: <ul style="list-style-type: none"> (1) Philippine Constructors Association, Inc.; (2) National Constructors Association of the Philippines, Inc.; and (3) Philippine Institute of Civil Engineers (PICE). ii) ... iii) ... and b) The other observer shall come from a non-government organization (NGO). 13.2. The observers shall come from an organization duly registered with the 	<p>information on the BAC's evaluation in regard to:</p> <ul style="list-style-type: none"> the selection of the organization from which the Observer will be invited; knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; no actual or potential conflict of interest in the contract to be bid; and conformed with other relevant criteria determined by the BAC. 	<p>a. one representing the COA?</p> <p>b. One representing the duly recognized private group in a sector or discipline relevant to the procurement at hand?</p> <p>c. One representing a non-government organization?</p> <p>d. With knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid?</p> <p>e. With no actual or potential conflict of interest in the contract to be bid?</p> <p>f. Conformed with other relevant criteria determined by the BAC?</p>			
	<p>34. From certified copies of the invitations to the Observers with evidence of receipt, compare the date of receipt with the 3-day minimum requirement.</p>	<p>Did the BAC invite the observers at least 3 days from the date of the post-qualification?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Securities and Exchange Commission (SEC) or the Cooperative Development Authority (CDA), and should meet the following criteria:</i></p> <p><i>a) Knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</i></p> <p><i>b) Absence of actual or potential conflict of interest in the contract to be bid; and</i></p> <p><i>c) Any other relevant criteria that may be determined by the BAC.</i></p> <p>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</p>					
<p>23. To verify if the Procuring Entity considered the comments/observations of the Observers</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>13.4. The observers shall have the following responsibilities:</i> <ul style="list-style-type: none"> <i>a) To prepare the report either jointly or separately indicating their observations made on the procurement activities conducted by the BAC for submission to the Head of the Procuring Entity, copy furnished the BAC Chairman. The report shall <u>assess</u> the extent of the BAC's compliance with the provisions of this IRR and areas of improvement in the BAC's proceedings;</i> <i>b) To submit their report to the procuring entity and furnish a copy to the GPPB and Office of the Ombudsman/Resident Ombudsman. If no report is submitted by the observer, then it is understood that the bidding activity conducted by the BAC followed the correct procedure; and</i> <i>c) To immediately inhibit and notify in writing the procuring entity concerned of any actual or potential</i> 	<p>35. Based on the BAC's Minutes on the Post Qualification and the report of the Observers check whether a deliberation was made on the comments /observations of the observers.</p>	<p>Did the Procuring Entity consider the comments/ observations of the Observers?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>interest in the contract to be bid.</i> • 13.5. Observers shall be allowed access to the following documents upon their request, subject to signing of a confidentiality agreement: (a) minutes of BAC meetings ; (b) abstract of Bids ; (c) post-qualification summary report ; (d) APP and related PPMP ; and (e) opened proposals .					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. <u>NOTE:</u> Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. <u>NOTE:</u> Also refer to the	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .				
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



XI. AWARD OF CONTRACT FOR THE PROCUREMENT OF INFRASTRUCTURE PROJECTS

A. AUDIT OBJECTIVES:

1. To verify if the conditions/requirements and procedures for the award of contract were adhered to by the procuring entity;
2. To verify if the award was made within the prescribed period;
3. To verify if the conditions/requirements, procedures and timelines for entering into and approval of the contract were adhered to by the procuring entity.

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for the evaluation:

1. Minutes of the BAC meetings on post-qualification;
2. BAC Resolution declaring the LCRB/SCRB and recommending award, approved by the HOPE, with the following supporting documents:
 - a. Abstract of Bids,
 - b. Duly approved program of work and Cost Estimates,
 - c. Document issued by appropriate entity authorizing the procuring entity to incur obligations for a specified amount,
 - d. Other pertinent documents required by existing laws, rules and/or the procuring entity concerned.
3. Notice of Award signed by the HOPE, with date of release to and receipt by the winning bidder;
4. Copy of the bid security of the winning bidder stamped received by the BAC Secretariat;
5. Copy of the portions of the receiving records of the BAC, with information on the date of submission of the Joint Venture Agreement (JVA), if the winning bidder is a Joint Venture; and the date of posting of the performance security;
6. Copy of the performance security posted by the winning bidder;
7. Copy of the complete set of contract documents duly signed and approved by higher authorities;
8. Copy of the policy and schedule of approving authorities;
9. Evidences of postings at the PhilGEPS and the procuring entity's websites;
10. Evidences of postings at the conspicuous place at the premises of the procuring entity;
11. Copy of the Minutes of the BAC meeting on the selection of the Observer from the "pool";
12. Copy of reports of the BAC Observers;
13. Copy of the document with the HOPE's disapproval of the award and the justifications thereto, duly received by the BAC;
14. In case of disapproval of the BAC's recommendation for award, copy of the document with the HOPE's instructions on the steps to be adopted by the BAC.



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>1. To verify if the BAC recommended the bidder with the Lowest Calculated Responsive Bid (LCRB) or Single Calculated Responsive Bid (SCRB), if lone, to the HOPE for award</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • 37.1.1. <i>The BAC shall recommend to the Head of the Procuring Entity the award of contract to the bidder with the Lowest Calculated Responsive Bid or the Single Calculated Responsive Bid after the post qualification process has been completed.</i> <p><i>To facilitate the approval of the award, the BAC shall submit the following supporting documents to the Head of the Procuring Entity:</i></p> <ol style="list-style-type: none"> <i>a) Resolution of the BAC recommending award;</i> <i>b) Abstract of Bids;</i> <i>c) Duly approved program of work or delivery schedule, and Cost Estimates;</i> <i>d) Document issued by appropriate entity authorizing the procuring entity to incur obligations for a specified amount; and</i> <i>e) Other pertinent documents required by existing laws, rules and/ or the procuring entity concerned.</i> <ul style="list-style-type: none"> • 37.1.2. <i>Within a period not exceeding seven (7) calendar days from the date of receipt of the recommendation of the BAC, the Head of the Procuring Entity shall approve or disapprove the said recommendation. ... In the case of GOCCs and GFIs, the period provided herein shall be fifteen (15) calendar days.</i> • 37.1.3. <i>In case of approval, the Head of the Procuring Entity shall immediately issue the Notice of Award to the bidder with the Lowest Calculated Responsive Bid. In the event the Head of the</i> 	<p>1. Compare the LCRB determined by the BAC in its deliberations (per Minutes of the BAC meeting) with the LCRB recommended for award in the <i>BAC Resolution</i>.</p>	<p>Did the BAC recommend to the HOPE the award of contract to the bidder with LCRB or the SCRB?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>Procuring Entity shall disapprove such recommendation, such disapproval shall be based only on valid, reasonable, and justifiable grounds to be expressed in writing, a copy furnished the BAC.</i>					
<p>2. To verify if the BAC recommended to the HOPE the award of the contract to the bidder with the LCRB at its <u>submitted price</u> or its <u>calculated bid price</u>, whichever is lower, subject to ITB Clause 30.3.</p> <p><i>Philippine Bidding Documents (PBDs) for the Procurement of Infrastructure Projects, 3rd Edition, (October 2009) approved by the GPPB per GPPB Resolution No. 06-2009 dated September 30, 2009:</i></p> <ul style="list-style-type: none"> 28.4. If the BAC determines that the Bidder with the Lowest Calculated Bid passes all the criteria for post-qualification, it shall declare the said bid as the Lowest Calculated Responsive Bid, and recommend to the Head of the Procuring Entity the award of contract to the said Bidder at its submitted price or its calculated bid price, whichever is lower, subject to ITB Clause 30.3. 	2. From the TWG evaluation report with supporting documents and duly reviewed by the BAC and BAC Resolution declaring the LCRB and recommending award, look for information on the contract amount recommended by the BAC for award.	Did the BAC recommend to the HOPE the award of the contract to the bidder with the LCRB at the lower of the <u>submitted price</u> and its <u>calculated bid price</u> ?			
<p>3. To verify if the BAC submitted the following documents to the HOPE with the recommendation for award:</p> <ol style="list-style-type: none"> Resolution of the BAC recommending award; Abstract of Bids; Duly approved program of work and Cost Estimates; Document issued by appropriate entity authorizing the procuring entity to incur obligations for a specified amount; and Other pertinent documents required by existing laws, rules and/ 	3. From the BAC Chairman's letter for the HOPE submitting the results and the documents pertaining to the recommendation, duly received by the Office of the HOPE, look for information on the documents submitted.	<p>Did the BAC submit the following documents to the HOPE with the recommendation for award:</p> <ol style="list-style-type: none"> Resolution of the BAC recommending award? Abstract of Bids? Duly approved program of work and Cost Estimates? Document issued by appropriate entity authorizing the procuring entity to 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>or the procuring entity concerned</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 37.1.1. The BAC shall recommend to the Head of the Procuring Entity the award of contract to the bidder with the Lowest Calculated Responsive Bid or the Single Calculated Responsive Bid after the post qualification process has been completed. <p><i>To facilitate the approval of the award, the BAC shall submit the following supporting documents to the Head of the Procuring Entity:</i></p> <ol style="list-style-type: none"> Resolution of the BAC recommending award; Abstract of Bids; Duly approved program of work or delivery schedule, and Cost Estimates; Document issued by appropriate entity authorizing the procuring entity to incur obligations for a specified amount; and Other pertinent documents required by existing laws, rules and/ or the procuring entity concerned. 		<p>incur obligations for a specified amount?</p> <p>e. Other pertinent documents required by existing laws, rules and/or the procuring entity concerned?</p>			
<p>4. To verify if the HOPE, or his/her duly authorized official, approved the LCRB/SLRB recommended by the BAC for award within 7 calendar days (4 calendar days for infrastructure projects costing P50 million and below) from the date of receipt of the recommendation from the BAC (15 calendar days for GOCCs/GFIs)</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 37.1.2. Within a period not exceeding seven (7) calendar days from the date of receipt of the recommendation of the BAC, the Head of the Procuring Entity shall 	<p>4. Determine the number of days from the date of receipt by the HOPE of the recommendation for award to the date of approval and compare with the 4-day, 7-day or 15-day period.</p>	<p>Did the HOPE approve the BAC recommendation for award within the 4-, 7-calendar-day period (or 15-calendar-day period for GOCCs/GFIs)?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>approve or disapprove the said recommendation. However, for infrastructure projects with an ABC of Fifty Million Pesos (P50,000,000) and below, the Head of the Procuring Entity shall approve or disapprove the said recommendation within four (4) calendar days. In the case of GOCCs and GFIs, the period provided herein shall be fifteen (15) calendar days.</i>					
5. In case of approval, to verify if the Notice of Award was issued to the winning bidder <u>immediately</u> and <u>within the validity period of the bid security</u> <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 37.1.3. In case of approval, the Head of the Procuring Entity shall immediately issue the Notice of Award to the bidder with the Lowest Calculated Responsive Bid. In the event the Head of the Procuring Entity shall disapprove such recommendation, such disapproval shall be based only on valid, reasonable, and justifiable grounds to be expressed in writing, a copy furnished the BAC. 37.1.5. Contract award shall be made within the bid validity period provided in Section 28 of this IRR. Annex C Period of Action on Procurement Activities 	5. Compare the name of the bidder appearing in the Notice of Award with the winning bidder per approved BAC Resolution. 6. Compare the date of release of the Notice of Award with the date of approval of the BAC Resolution recommending the award.	Was the Notice of Award as recommended by the BAC and approved by the HOPE <u>immediately</u> issued to the winning bidder?			
	7. Compare the date of the release of the Notice of Award with the expiry date of the bid validity period.	Was the Notice of Award as recommended by the BAC and approved by the HOPE issued to the winning bidder within the bid validity period of the bid security?			
6. To verify if the BAC notified all the losing bidders within the 7 or 4 calendar day period (same period provided for the HOPE to approve/ disapprove the BAC's Resolution) <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 37.1.2. Within a period not exceeding seven (7) calendar days 	8. From the notices to the losing bidders, look for the date of its receipt and compare with the 7-day or 4-day requirement. 9. Also compare the names of the losing bidders notified with those appearing in the Abstract of Bids.	Did the BAC notify <u>all</u> the losing bidders <u>within the 7 calendar day period</u> / 4 calendar day period for ABC P50,000,000 and below (same period provided for the HOPE to approve/ disapprove the BAC's Resolution)?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>from the date of receipt of the recommendation of the BAC, the Head of the Procuring Entity shall approve or disapprove the said recommendation. However, for infrastructure projects with an ABC of Fifty Million Pesos (P50,000,000) and below, the Head of the Procuring Entity shall approve or disapprove the said recommendation within four (4) calendar days. In the case of GOCCs and GFIs, the period provided herein shall be fifteen (15) calendar days. Within the same period provided herein the BAC shall notify all losing bidders of its decision.</i>					
7. To verify if the BAC posted the Notice of Award within 3 days from its issuance at the: a. PhilGEPS website, b. website of the procuring entity, and c. any conspicuous place in the premises of the procuring entity. <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 37.1.6. The BAC, through the Secretariat, shall post, within three (3) calendar days from its issuance, the Notice of Award in the PhilGEPS, the website of the procuring entity, if any, and any conspicuous place in the premises of the procuring entity. 	10. Access the PhilGEPS website and the website of the procuring entity, and conduct inspection of the area where the Notice of Award is to be posted on the 3 rd day from the issuance of the Notice of Award to the winning bidder.	Did the BAC post the Notice of Award within 3 days from its issuance at the: a. PhilGEPS website? b. website of the procuring entity? And c. any conspicuous place in the premises of the procuring entity?			
8. To verify if the procuring entity observed the following conditions for the execution of the contract: a) Submission of valid joint venture agreement, if applicable, within 10 days from receipt of the Notice of Award by the winning Joint Venture bidder, b) Posting of performance security within ten (10) calendar days from receipt by the winning bidder of	11. From the receiving records of the BAC, compare the date of submission of the Joint Venture Agreement (JVA) with the required 10 days from receipt of the Notice of Award.	Did the bidder submit the JVA within ten (10) calendar days from receipt of the notice of award?			
	12. From the receiving records of the BAC, compare the date of posting of the performance security with the required 10 days from	Was the performance security posted within ten (10) calendar days from receipt by the winning bidder of the			



Audit Sub-objective • <i>Audit Criteria</i> the Notice of Award & prior to the signing of the contract in the required amount, currency, form, issuing entity, and valid until the issuance by the procuring entity of the final certificate of acceptance, c) Signing of the contract within the same ten (10) day period provided that all the documentary requirements are complied with, d) Approval by higher authority, if required, within 15 days from receipt (25 days for GOCCs) <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 37.1.4. Notwithstanding the issuance of the Notice of Award, award of contract shall be subject to the following conditions: a) Submission of the following documents within the prescribed period: i) Valid JVA, if applicable, within ten (10) calendar days from receipt by the bidder of the notice from the BAC that the bidder has the Lowest Calculated Responsive Bid, as the case may be; or ii) In case of infrastructure projects, valid PCAB license and registration for the type and cost of the contract to be bid for foreign bidders, within 30 calendar days from receipt by the bidder of the notice from the BAC that the bidder has the LCRB, when the treaty or international or executive agreement expressly allows submission of the PCAB license and registration for the type and cost of the contract to be (sic) as a pre-condition to the notice of award.	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	receipt of the Notice of Award; also compare with the date of the signing of the contract.	Notice of Award & prior to the signing of the contract?			
	13. Compare the amount, currency, form, issuing entity, and validity period of the performance security posted by the winning bidder with the requirements of Sec 39.2 of the Revised IRR of RA 9184.	Was the performance security posted in the: a. right amount? b. right currency? c. right form? d. right issuing entity? e. right validity period?			
	14. Compare the date of signing of the contract with the required 10-day period from receipt of the Notice of Award.	Was the contract signed within 10 calendar days from receipt of the Notice of Award by the winning bidder?			
	15. Compare the signatory (approval) in the contract with the authorized signatory as required by relevant regulations/policies and as shown by a copy of a valid appointment or office order.	If further approval by higher authority is required, was the contract approved by appropriate approving authority or his/her duly authorized representative?			
	16. Compare the date of approval of the contract by higher authority with the 15-day-period (5 days for infrastructure projects costing P50 M and below) from receipt (25 days for GOCCs).	Was the contract approved by higher authority within 15 calendar days (5 days for infrastructure projects costing P50 million and below)? (25 calendar days for GOCCs)?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper												
		Audit Question	Yes	No	Particulars of the Answer									
<p><i>e) Posting of performance security in accordance with Section 39 of this IRR;</i></p> <p><i>f) Signing of the contract as provided in Section 37.2 of this IRR;</i></p> <p><i>g) Approval by higher authority, if required, as provided in Section 37.3 of this IRR.</i></p> <p>• <i>39. Performance Security</i></p> <p><i>39.1. To guarantee the faithful performance by the winning bidder of its obligations under the contract in accordance with the Bidding Documents, it shall post a performance security prior to the signing of the contract.</i></p> <p><i>39.2. The performance security shall be in an amount equal to a percentage of the total contract price in accordance with the following schedule: [AS AMENDED UNDER GPPB RESOLUTION NO. 06-2009 DATED 30 SEPTEMBER 2009]</i></p>														
<table><tr><th><i>Form of Performance Security</i></th><th><i>Amount of Performance Security (Equal to Percentage of the Total Contract Price)</i></th></tr><tr><td><i>a) Cash, cashier's/ manager's check issued by a Universal or Commercial Bank</i></td><td rowspan="2"><i>Two percent (2%)</i></td></tr><tr><td><i>b) Bank draft/ guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank; Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.</i></td></tr><tr><td><i>c) Surety bond callable upon demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security.</i></td><td><i>Five percent (5%)</i></td></tr><tr><td><i>d) Any combination of the foregoing.</i></td><td><i>Proportionate to share of form with respect to total amount of security</i></td></tr></table>	<i>Form of Performance Security</i>	<i>Amount of Performance Security (Equal to Percentage of the Total Contract Price)</i>	<i>a) Cash, cashier's/ manager's check issued by a Universal or Commercial Bank</i>	<i>Two percent (2%)</i>	<i>b) Bank draft/ guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank; Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.</i>	<i>c) Surety bond callable upon demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security.</i>	<i>Five percent (5%)</i>	<i>d) Any combination of the foregoing.</i>	<i>Proportionate to share of form with respect to total amount of security</i>					
<i>Form of Performance Security</i>	<i>Amount of Performance Security (Equal to Percentage of the Total Contract Price)</i>													
<i>a) Cash, cashier's/ manager's check issued by a Universal or Commercial Bank</i>	<i>Two percent (2%)</i>													
<i>b) Bank draft/ guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank; Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.</i>														
<i>c) Surety bond callable upon demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security.</i>	<i>Five percent (5%)</i>													
<i>d) Any combination of the foregoing.</i>	<i>Proportionate to share of form with respect to total amount of security</i>													



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> 37.2. Contract Signing 37.2.1. The winning bidder shall post the required Performance Security and enter into contract with the procuring entity within ten (10) calendar days from receipt by the winning bidder of the Notice of Award. 37.2.2. The procuring entity shall enter into contract with the winning bidder within the same ten (10) day period provided that all the documentary requirements are complied with. 37.3. Contract Approval by Higher Authority <p>When further approval of higher authority is required, the approving authority for the contract or his duly authorized representative shall be given maximum of fifteen (15) calendar days from receipt thereof to approve or disapprove it. However, for infrastructure projects with an ABC of Fifty Million Pesos (P50,000,000) and below, the maximum period is five (5) calendar days. In the case of GOCCs, the concerned board or its duly authorized representative shall be given a maximum of twenty-five (25) calendar days from receipt thereof to approve or disapprove it.</p>					
<p>9. To verify if the contract is complete</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 37.2.3. The following documents shall form part of the contract: <ul style="list-style-type: none"> a) Contract Agreement; b) Bidding Documents; c) Winning bidder's bid, including the Eligibility requirements, Technical and Financial Proposals, and all other documents/statements submitted; d) Performance Security; e) Credit line in accordance with the provisions of this IRR, if applicable; 	<p>17. Obtain from the BAC Secretariat or the Project Management Office or the Office responsible for project implementation/ contract execution for a copy of the complete set of documents comprising the contract and compare with the requirements.</p>	<p>Are the contract documents complete, consisting of the following:</p> <ul style="list-style-type: none"> a) Contract Agreement; b) Bidding Documents; c) Winning bidder's bid, including the Eligibility requirements, Technical and Financial Proposals, and all other documents/statements submitted; d) Performance Security; e) Credit line in accordance with the 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>f) Notice of Award of Contract; and</i> <i>g) Other contract documents that may be required by existing laws and/or the procuring entity concerned in the Bidding Documents, such as the construction schedule and S-curve, manpower schedule, construction methods, equipment utilization schedule, construction safety and health program approved by the Department of Labor and Employment, and PERT/CPM for infrastructure projects.</i>		provisions of this IRR, if applicable; f) Notice of Award of Contract; and g) Other contract documents that may be required by existing laws and/or the procuring entity concerned in the Bidding Documents, such as the construction schedule and S-curve , manpower schedule, construction methods, equipment utilization schedule, construction safety and health program approved by the Department of Labor and Employment, and PERT/CPM for infrastructure projects?			
IN CASE OF DISAPPROVAL BY THE HOPE OF THE BAC'S RECOMMENDATION FOR AWARD – FOR THE PROCUREMENT OF INFRASTRUCTURE PROJECTS					
1. In case of disapproval by the HOPE, verify if the: a. grounds for such were expressed in writing and a copy furnished to the BAC, and b. written instructions on the subsequent steps to be adopted were given to the BAC <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 37.1.3. <i>In case of approval, the Head of the Procuring Entity shall immediately issue the Notice of Award to the bidder with the Lowest Calculated Responsive Bid. In the event the Head of the Procuring Entity shall disapprove such recommendation, such disapproval shall be based only</i>	1. If the HOPE disapproved the recommendation for award, look for the document indicating the grounds for such with evidence of receipt of a copy thereof by the BAC. 2. Also look for the document indicating the instructions given by the HOPE on the subsequent steps to be adopted by the BAC.	In case of disapproval by the HOPE of the BAC's recommendation, did the HOPE express the grounds for such and furnished a copy to the BAC? In case of disapproval by the HOPE of the BAC's recommendation, did the HOPE give instructions to the BAC on the subsequent actions to be adopted?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>on valid, reasonable, and justifiable grounds to be expressed in writing, a copy furnished the BAC.</i></p> <p><i>Generic Procurement Procedures for Infrastructure Projects, June 2006, published by the GPPB:</i></p> <ul style="list-style-type: none"> <i>How is a contract awarded?</i> <p>...</p> <p><i>5. In case of disapproval of the recommendation of award the HOPE shall state the reasons for disapproval and instruct the BAC on the subsequent actions to be adopted.</i></p>					
IN CASE OF FAILURE, REFUSAL, OR INABILITY BY THE WINNING BIDDER TO SUBMIT DOCUMENTS AND ENTER INTO CONTRACT - FOR THE PROCUREMENT OF INFRASTRUCTURE PROJECTS					
<p>1. To verify if the BAC:</p> <p>a. disqualified,</p> <p>b. forfeited the bid security of and</p> <p>c. recommended the imposition of sanctions to the winning bidder who, through his fault, failed, refused or was unable:</p> <p>a. to submit the documents required under Section 37.1 of the Revised IRR of RA 9184, or</p> <p>b. to make good its bid by entering into a contract with the procuring entity, or</p> <p>c. post the required Performance Security within the period stipulated in the Revised IRR of RA 9184 or in the Bidding Documents</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>40.1. If the bidder with the Lowest Calculated Responsive Bid/Highest Rated Responsive Bid or the bidder with the Single Calculated/Rated Responsive Bid, fails, refuses or is unable to</i> 	<p>1. From the records of the BAC:</p> <ul style="list-style-type: none"> documenting the fact-finding to establish if the winning bidder was responsible for his failure, refusal, or inability to: (a) to submit the documents required under Section 37.1 of the Revised IRR of RA 9184, or (b) to make good its bid by entering into a contract with the procuring entity, or (c) post the required Performance Security within the period stipulated in the Revised IRR of RA 9184 or in the Bidding Documents; documenting the deliberations/evaluation conducted and the decisions arrived at; documenting the recommendations made to the HOPE, <p>look for information on the:</p> <ul style="list-style-type: none"> disqualification of the said bidder, forfeiture of the bid security and recommendation of the imposition of sanctions 	<p>Did the BAC disqualify the winning bidder who, through his fault, failed, refused or was unable to:</p> <p>a. submit the documents required under Section 37.1 of the Revised IRR of RA 9184?</p> <p>or</p> <p>b. to make good its bid by entering into a contract with the procuring entity?</p> <p>or</p> <p>c. post the required Performance Security within the period stipulated in the Revised IRR of RA 9184 or in the Bidding Documents?</p> <p>Did the BAC forfeit the bid security of the winning bidder who, through his fault, failed, refused or was unable to:</p> <p>a. submit the documents required under Section 37.1 of the Revised IRR of RA 9184?</p> <p>or</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>submit the documents required under Section 37.1 of this IRR or to make good its bid by entering into a contract with the procuring entity or post the required Performance Security within the period stipulated in this IRR or in the Bidding Documents, the <u>bid security shall be forfeited</u> and the <u>appropriate sanctions</u> provided in this IRR and existing laws shall be imposed, <u>except where such failure, refusal or inability is through no fault of the said bidder.</u></i></p>	to the winning bidder.	<p>b. to make good its bid by entering into a contract with the procuring entity?</p> <p>or</p> <p>c. post the required Performance Security within the period stipulated in the Revised IRR of RA 9184 or in the Bidding Documents?</p> <p>Did the BAC recommend the imposition of sanctions to the winning bidder who, through his fault, failed, refused or was unable to:</p> <p>a. submit the documents required under Section 37.1 of the Revised IRR of RA 9184?</p> <p>or</p> <p>b. to make good its bid by entering into a contract with the procuring entity?</p> <p>or</p> <p>c. post the required Performance Security within the period stipulated in the Revised IRR of RA 9184 or in the Bidding Documents?</p>			
<p>2. To verify if the BAC, after disqualifying the winning bidder who, due to his fault, refused, failed, or was unable to enter into contract, post the required performance security, or submit other required documents within the time stipulated, initiated and completed the post-qualification process on the bidder with the second Lowest Calculated Bid</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on</i></p>	<p>2. From the records of the BAC, look for information on the <u>disqualification</u> of the winning bidder who, due to his fault, refused, failed, or was unable to enter into contract, post the required performance security, or submit other required documents within the time stipulated.</p> <p>Look also for information on the conduct of post-qualification on the bidder with the second Lowest Calculated Bid.</p>	<p>Did the BAC, after disqualifying the winning bidder who, due to his fault, refused, failed, or was unable to enter into contract, post the required performance security, or submit other required documents within the time stipulated, initiate and complete the post-qualification process on the bidder with the second Lowest Calculated Bid?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>September 2, 2009:</i></p> <ul style="list-style-type: none"> 40.2. In the case of the failure, refusal or inability of the bidder with the Lowest Calculated Responsive Bid to submit the documents required under Section 37.1 of this IRR or to enter into contract and post the required Performance Security, as provided in this Section, the BAC shall disqualify the said bidder, and shall <u>initiate and complete the post-qualification process on the bidder with the second Lowest Calculated Bid</u>:.... This procedure shall be repeated until the Lowest Calculated Responsive Bid/Highest Rated Responsive Bid is determined for award. However, <u>if no bidder passes post-qualification</u>, the BAC shall declare the bidding a failure and conduct a re-bidding with re-advertisement. Should there occur another failure of bidding after the conduct of the contract's re-bidding, the procuring entity concerned may enter into a negotiated procurement. 	<p>NOTE:</p> <p>For the audit on the Post-Qualification for the Procurement of Infrastructure Projects conducted by the BAC, perform the audit activities pertaining to these procurement activities in another part of this Guide.</p>				
<p>3. To verify if the BAC, after disqualifying the winning bidder with the <i>Single Calculated Responsive Bid (SCRB)</i> who, due to his fault, refused, failed, or was unable to enter into contract, post the required performance security, or submit other required documents within the time stipulated, declared the bidding a failure and conducted a re-bidding with re-advertisement and/or posting, as provided for in Sections 21 and 25 of the Revised IRR of RA 9184</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 40.3. In the case of failure, refusal or inability of the bidder with the <u>Single Calculated/Rated Responsive Bid</u> to submit the documents required under Section 37.1 of this IRR or to enter into contract and 	<p>3. From the records of the BAC, look for information on the <u>disqualification</u> of the winning bidder with the SCRБ who, due to his fault, refused, failed, or was unable to enter into contract, post the required performance security, or submit other required documents within the time stipulated.</p> <p>Look also for information on the declaration of the bidding a failure and the conduct of a re-bidding with re-advertisement.</p> <p>NOTE:</p> <p>For the audit on the Failure of Bidding for the Procurement of Infrastructure Projects and on the Competitive/ Public</p>	<p>Did the BAC, after disqualifying the winning bidder with the SCRБ who, due to his fault, refused, failed, or was unable to enter into contract, post the required performance security, or submit other required documents within the time stipulated,</p> <p>a. declare the bidding a failure?</p> <p>and</p> <p>b. conduct a re-bidding with re-advertisement and/or posting?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>post the required Performance Security, as provided in this Section, the BAC shall disqualify the said bidder, and shall <u>declare the bidding a failure and conduct a re-bidding with re-advertisement and/or posting, as provided for in Sections 21 and 25 of this IRR.</u> Should there occur another failure of bidding after the conduct of the contract's re-bidding, the procuring entity concerned may enter into a negotiated procurement.</i></p>	<p><i>Bidding for the Procurement of Infrastructure Projects, perform the audit activities pertaining to these procurement activities in other parts of this Guide.</i></p>				
INVOLVEMENT OF THE BAC OBSERVERS					
<p>1. To verify if the BAC invited Observers:</p> <p>a. representing the COA, the duly recognized private group in a sector or discipline relevant to the procurement at hand, and a non-government organization (NGO) from the procuring entity's Pool of Observers;</p> <p>b. that have:</p> <p>b.1. knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</p> <p>b.2. no actual or potential conflict of interest in the contract to be bid; and</p> <p>b.3. conformed with other relevant criteria determined by the BAC;</p> <p>c. at least 3 calendar days prior to the start of the activity</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>Section 13. Observers</i> <i>13.1. To enhance the transparency of the process, the BAC shall, in all stages of the procurement process, invite, in addition to the representative of the COA, at least two (2) observers, who shall not have the right to vote, to sit in its proceedings where:</i> <ul style="list-style-type: none"> <i>a) At least one (1) shall come from a duly recognized private group in a sector or discipline relevant to the procurement at hand, for example:</i> 	<p>1. From the Minutes of the BAC meeting on the selection of the Observer from the "pool", check for information on the BAC's evaluation in regard to:</p> <ul style="list-style-type: none"> the selection of the organization from which the Observer will be invited; knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; no actual or potential conflict of interest in the contract to be bid; and conformed with other relevant criteria determined by the BAC. 	<p>Did the BAC choose the Observers considering:</p> <ul style="list-style-type: none"> a. one representing the COA? b. one representing the duly recognized private group in a sector or discipline relevant to the procurement at hand? c. one representing a non-government organization? d. with knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid? e. With no actual or potential conflict of interest in the contract to be bid? f. Conformed with other relevant criteria determined by the BAC? 			
	<p>2. From certified copies of the invitations to the Observers with evidence of receipt, compare the date of receipt with the 3-day minimum requirement.</p>	<p>Did the BAC invite the observers at least 3 days prior to the start of the activity?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>i) For infrastructure projects, national associations of constructors duly recognized by the Construction Industry Authority of the Philippines (CIAP), such as, but not limited to the following:</i></p> <p><i>(1) Philippine Constructors Association, Inc.;</i></p> <p><i>(2) National Constructors Association of the Philippines, Inc.; and</i></p> <p><i>(3) Philippine Institute of Civil Engineers (PICE).</i></p> <p><i>ii) ...</i></p> <p><i>iii) ... and</i></p> <p><i>b) The other observer shall come from a non-government organization (NGO).</i></p> <p><i>13.2. The observers shall come from an organization duly registered with the Securities and Exchange Commission (SEC) or the Cooperative Development Authority (CDA), and should meet the following criteria:</i></p> <p><i>a) Knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</i></p> <p><i>b) Absence of actual or potential conflict of interest in the contract to be bid; and</i></p> <p><i>c) Any other relevant criteria that may be determined by the BAC.</i></p> <p><i>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i></p>					
<p>2. To verify if the Procuring Entity considered the comments/observations of the Observers</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>13.4. The observers shall have the following responsibilities:</i> <ul style="list-style-type: none"> <i>a) To prepare the report either jointly or separately indicating</i> 	<p>3. Based on the BAC's Minutes on the Post Qualification, the meetings on the award of contract, and the report of the Observers check whether a deliberation was made on the comments /observations of the observers.</p>	Did the Procuring Entity consider the comments/ observations of the Observers?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>their observations made on the procurement activities conducted by the BAC for submission to the Head of the Procuring Entity, copy furnished the BAC Chairman. The report shall <u>assess</u> the extent of the BAC's compliance with the provisions of this IRR and areas of improvement in the BAC's proceedings;</i></p> <p><i>b) To submit their report to the procuring entity and furnish a copy to the GPPB and Office of the Ombudsman/Resident Ombudsman. If no report is submitted by the observer, then it is understood that the bidding activity conducted by the BAC followed the correct procedure; and</i></p> <p><i>c) To immediately inhibit and notify in writing the procuring entity concerned of any actual or potential interest in the contract to be bid.</i></p> <ul style="list-style-type: none"> <i>13.5. Observers shall be allowed access to the following documents upon their request, subject to signing of a confidentiality agreement: (a) minutes of BAC meetings; (b) abstract of Bids; (c) post-qualification summary report; (d) APP and related PPMP; and (e) opened proposals.</i> 					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p> <p>c. etc.</p> <p>and develop appropriate audit recommendations</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as</i></p>	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>amended on September 2, 2009:</i> <ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 					
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p><u>NOTE:</u> Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			



XII. FAILURE OF BIDDING DECLARED BY THE BIDS AND AWARDS COMMITTEE (BAC) FOR THE PROCUREMENT OF INFRASTRUCTURE PROJECTS

A. AUDIT OBJECTIVE:

To verify if the conditions/requirements, procedures for the declaration of failure of bidding were adhered to by the procuring entity

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for the evaluation:

1. Documentary evidences that no bids were received;
2. Documentary evidences that all prospective bidders were declared ineligible;
3. Documentary evidences that all bids failed to comply with all the bid requirements;
4. Documentary evidences that all bids failed post-qualification;
5. Documentary evidences that the bidder with the Lowest Calculated Responsive Bid refused, without justifiable cause, to accept the award of contract, and no award was made in accordance with Section 40 of the RA 9184 and Revised IRR;
6. Minutes of the BAC meetings on post-qualification;
7. BAC Resolution declaring the bidding a failure;
8. Minutes of the BAC meetings with information on the review and evaluation conducted on the: (a) terms, (b) conditions, (c) specifications, and (d) cost estimates and the recommendations/decisions made – possible revisions/adjustments;
9. Approved revised Bidding Documents;
10. Revised Approved Budget for the Contract (ABC);
11. Records of the re-bidding;
12. Copy of the Minutes of the BAC meeting on the selection of the Observer from the “pool”;
13. Copy of reports of the BAC Observers.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC declared a failure of bidding for reason that: a) No bids were received; or b) All prospective bidders were declared ineligible; or c) All bids failed to comply with all the bid requirements, or d) all bids failed post-qualification, or e) the bidder with the Lowest Calculated Responsive Bid refused, without justifiable cause, to accept the award of contract, and no award was made in accordance	1. From the <i>Minutes</i> of BAC meetings and other records, look for information that: a) No bids were received; b) All prospective bidders were declared ineligible; c) all bids failed to comply with all the bid requirements, d) all bids failed post-qualification, e) the bidder with the Lowest Calculated Responsive Bid refused, without justifiable cause, to accept the award of contract, and no award was made in accordance with <u>Section 40</u> of the RA 9184 and Revised IRR.	Did the BAC declare a failure of bidding for reason that: a) No bids were received? b) All prospective bidders were declared ineligible? or c) All bids failed to comply with all the bid requirements? or d) all bids failed post-qualification? or e) the bidder with			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>with <u>Section 40</u> of the RA 9184 and Revised IRR</p> <p>e) funds are not available</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 35.1. The BAC shall declare the bidding a failure when: <ul style="list-style-type: none"> a) No bids are received; b) All prospective bidders are declared ineligible; c) All bids fail to comply with all the bid requirements or fail post-qualification, or, in the case of consulting services, there is no successful negotiation; or d) The bidder with the Lowest Calculated Responsive Bid/Highest Rated Responsive Bid refuses, without justifiable cause, to accept the award of contract, and no award is made in accordance with Section 40 of the Act and this IRR. <p>GPPB Circular 01-2009 dated 20 January 2009:</p> <ul style="list-style-type: none"> ... 4.2. To facilitate the immediate implementation of projects even pending approval of the GAA, the ABC shall be based on the budget levels under the National Expenditure Program (NEP) submitted to Congress. 4.3. For specifically appropriated projects, agencies can proceed with the procurement activities prior to issuance of the notice of award using as basis the NEP figures. 4.4. For lump-sum appropriations and Centrally Managed Items (CMIs) under the agency's budget, the head of the agency shall identify and thereafter notify the implementing units (IUs) of the amount allocated for the projects they are to implement. On the basis of said notification, the heads of the respective IUs, as procuring entities, can proceed with the procurement activities prior to issuance of the notice of award. 		<p>the Lowest Calculated Responsive Bid refused, without justifiable cause, to accept the award of contract, and no award was made in accordance with <u>Section 40</u> of the RA 9184 and Revised IRR?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>4.5. <i>For Multi-Year Projects (MYPs), for which the initial funding – sourced from either the existing/current year's budget or the NEP – is not sufficient to cover the total cost of the project, it is required that a Multi-Year Obligational Authority (MYOA) must already have been issued in accord with DBM Circular Letter 2004-012 prior to commencement of any procurement activity.</i></p> <p><i>Thus, the MYOA shall be a pre-requisite for procurement of a multi-year contract. All procurement activities should be within the total project cost and categories reflected in the MYOA issued by DBM for the said MYP.</i></p> <p>4.6. <i>As prescribed under Section 47, Chapter 8, Subtitle B, Title I, Book V of the Administrative Code of 1987, no contract involving the expenditure of public funds shall be entered into unless the proper accounting official of the procuring entity shall have certified as to the availability of funds and the allotment to which the expenditure or obligation may be properly charged.</i></p>					
<p>2. To verify if the BAC determined the reason for the failed bidding by conducting a mandatory review and evaluation of the :</p> <p>a. terms, b. conditions, c. specifications, d. cost estimates in the Bidding Documents</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>35.2. In order to determine the reason for the failed bidding, the BAC shall conduct a mandatory review and evaluation of the terms, conditions, and specifications in the</i> 	<p>2. From the minutes of the BAC meetings held for the purpose, look for information on the review and evaluation conducted on the: (a) terms, (b) conditions, (c) specifications, and (d) cost estimates and the recommendations/decisions made – possible revisions/adjustments.</p>	<p>Did the BAC determine the reason for the failed bidding by conducting a mandatory review and evaluation of the:</p> <p>a. terms in the Bidding Documents?</p> <p>b. conditions in the Bidding Documents?</p> <p>c. specifications in the Bidding Documents?</p> <p>d. cost estimates?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>Bidding Documents, including its cost estimates.</i>					
<p>3. To verify if the BAC and the concerned units/officials of the procuring entity, revised the following as a result of the review and evaluation conducted:</p> <p>a. terms,</p> <p>b. conditions,</p> <p>c. specifications,</p> <p>d. Approved Budget for the Contract (ABC);</p> <p>had them approved; and conducted a re-bidding with re-advertisement and/or posting</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • 35.2. In order to determine the reason for the failed bidding, the BAC shall conduct a mandatory review and evaluation of the terms, conditions, and specifications in the Bidding Documents, including its cost estimates. • 35.3. Based on its findings, the BAC shall revise the terms, conditions, and specifications, and if necessary, adjust the ABC, subject to the required approvals, and conduct a re-bidding with re-advertisement and/or posting, as provided for in Section 21.2 of this IRR • 35.4. All bidders who have initially responded to the Invitation to Bid/Request for Expression of Interest and have been declared eligible or short listed in the previous biddings shall be allowed to submit new bids. The BAC shall observe the same process and set the new periods according to the same rules followed during the previous bidding(s). • 35.5. Should there occur a second failure of bidding, the procuring entity may resort to 	<p>3. From the minutes of the BAC meetings held for the purpose and other records of the procuring entity, look for information on the revisions/adjustments made on the (a) terms, (b) conditions, (c) specifications, (d) ABC and approvals made thereon.</p>	<p>Did the BAC and the concerned units/officials of the procuring entity, <u>revised</u> the following as a result of the review and evaluation conducted:</p> <p>a. terms in the Bidding Documents?</p> <p>b. conditions in the Bidding Documents?</p> <p>c. specifications in the Bidding Documents?</p> <p>d. cost estimates?</p>			
	<p>4. From the records of the BAC look for information on the re-bidding conducted.</p> <p>NOTE:</p> <p>For the audit on the re-bidding conducted perform the audit using the portion of this Guide on Competitive/Public Bidding for the Procurement of Infrastructure Projects.</p>	<p>Did the BAC conduct a re-bidding?</p>			



Audit Sub-objective • <i>Audit Criteria</i> <i>negotiated procurement, as provided for in Section 53.1 of this IRR.</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
4. To verify if the BAC invited Observers: a. representing the COA, the duly recognized private group in a sector or discipline relevant to the procurement at hand, and a non-government organization (NGO) from the procuring entity's Pool of Observers; b. that have: b.1. knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; b.2. no actual or potential conflict of interest in the contract to be bid; and b.3. conformed with other relevant criteria determined by the BAC; c. at least 3 calendar days prior to the start of the activity <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • <i>Section 13. Observers</i> <i>13.1. To enhance the transparency of the process, the BAC shall, in all stages of the procurement process, invite, in addition to the representative of the COA, at least two (2) observers, who shall not have the right to vote, to sit in its proceedings where:</i> <i>a) At least one (1) shall come from a duly recognized private group in a sector or discipline relevant to the procurement at hand, for example:</i> <i>i)) For infrastructure projects, national associations of constructors duly recognized by the Construction Industry Authority of the Philippines (CIAP), such as, but not limited to the following:</i> <i>(1) Philippine Constructors Association, Inc.;</i> <i>(2) National Constructors Association of the</i>	5. From the Minutes of the BAC meeting on the selection of the Observer from the "pool", check for information on the BAC's evaluation in regard to: <ul style="list-style-type: none"> the selection of the organization from which the Observer will be invited; knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; no actual or potential conflict of interest in the contract to be bid; and conformed with other relevant criteria determined by the BAC. 	Did the BAC choose the Observers considering: 1. one representing the COA? 2. One representing the specific relevant the duly recognized private group in a sector or discipline relevant to the procurement at hand? 3. One representing a non-government organization? 4. With knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid? 5. With no actual or potential conflict of interest in the contract to be bid? 6. Conformed with other relevant criteria determined by the BAC?			
	6. From certified copies of the invitations to the Observers with evidence of receipt, compare the date of receipt with the 3-day minimum requirement.	Did the BAC invite the observers at least 3 days from the date of the bid evaluation?			



Audit Sub-objective • <i>Audit Criteria</i> <i>Philippines, Inc.; and (3) Philippine Institute of Civil Engineers (PICE)....</i> <i>ii)</i> <i>iii) ... and</i> <i>b) The other observer shall come from a non-government organization (NGO).</i> <i>13.2. The observers shall come from an organization duly registered with the Securities and Exchange Commission (SEC) or the Cooperative Development Authority (CDA), and should meet the following criteria:</i> <i>a) Knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</i> <i>b) Absence of actual or potential conflict of interest in the contract to be bid; and</i> <i>c) Any other relevant criteria that may be determined by the BAC.</i> <i>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i>	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 					
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			



XIII. FAILURE OF BIDDING DECLARED BY THE HOPE FOR THE PROCUREMENT OF INFRASTRUCTURE PROJECTS

A. AUDIT OBJECTIVE:

To verify if the conditions/requirements for the declaration of failure of bidding were adhered to by the procuring entity

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for the evaluation:

Documents on the declaration of failure of bidding by the HOPE with supporting documents on the existence of the grounds used to justify the said declaration that:

1. there was prima facie evidence of collusion between appropriate public officers or employees of the procuring entity, or
2. there was prima facie evidence of collusion between appropriate public officers or employees of the procuring entity, or
3. there was prima facie evidence of collusion between or among the bidders themselves,
4. there was prima facie evidence of collusion between a bidder and a third party, or
5. there was prima facie evidence of any act which restricted, suppressed or nullified competition, or
6. the BAC was found to have failed in following the prescribed bidding procedures, or
7. the award of the contract will not redound to the benefit of the GOP, for justifiable and reasonable grounds such as the physical and economic conditions have significantly changed so as to render the project no longer economically, financially, or technically feasible, as determined by the Head of the Procuring Entity, or
8. the award of the contract will not redound to the benefit of the GOP, for justifiable and reasonable grounds such as the project is no longer necessary as determined by the Head of the Procuring Entity, or
9. the award of the contract will not redound to the benefit of the GOP, for justifiable and reasonable grounds such as the source of funds for the project has been withheld or reduced through no fault of the procuring entity.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the HOPE declared a failure of bidding for reason that: a. no funds available; b. there is prima facie evidence of collusion between: b.1. appropriate public officers or employees of the procuring entity, or b.2. between the BAC and any of the bidders, or b.3. among the bidders themselves, or b.4. a bidder and a third party,	1. From the documents on the declaration of failure of bidding by the HOPE, look for information on the reason for such declaration.	Did the HOPE declare a failure of bidding for reason that: a. no funds available? OR b. there was prima facie evidence of collusion between appropriate public officers or employees of the procuring entity?			
		OR			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>including any act which restricts, suppresses or nullifies or tends to restrict, suppress or nullify competition;</p> <p>or</p> <p>c. the BAC is found to have failed in following the prescribed bidding procedures;</p> <p>or</p> <p>d. the award of the contract will not redound to the benefit of the GOP, for justifiable and reasonable grounds such as: (i) if the physical and economic conditions have significantly changed so as to render the project no longer economically, financially, or technically feasible, as determined by the Head of the Procuring Entity; (ii) if the project is no longer necessary as determined by the Head of the Procuring Entity; and (iii) if the source of funds for the project has been withheld or reduced through no fault of the procuring entity.</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> Section 41. The Head of the Procuring Entity reserves the right to reject any and all bids, <u>declare a failure of bidding</u>, or not award the contract in the following situations: <ul style="list-style-type: none"> a) If there is prima facie evidence of collusion between appropriate public officers or employees of the procuring entity, or between the BAC and any of the bidders, or if the collusion is between or among the bidders themselves, or between a bidder and a third party, including any act which restricts, suppresses or nullifies or tends to restrict, suppress or nullify competition; 		<p>c. there was prima facie evidence of collusion between the BAC and any of the bidders?</p> <p>OR</p> <p>c. there was prima facie evidence of collusion between or among the bidders themselves?</p> <p>OR</p> <p>d. there was prima facie evidence of collusion between a bidder and a third party?</p> <p>OR</p> <p>e. there was prima facie evidence of any act which restricted, suppressed or nullified competition?</p> <p>OR</p> <p>f. the BAC was found to have failed in following the prescribed bidding procedures?</p> <p>OR</p> <p>g. the award of the contract will not redound to the benefit of the GOP, for justifiable and reasonable grounds such as the physical and economic conditions have significantly changed so as to render the project no longer economically, financially, or technically feasible, as determined by the</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>b) If the BAC is found to have failed in following the prescribed bidding procedures; or</p> <p>c) For any justifiable and reasonable ground where the award of the contract will not redound to the benefit of the GOP, as follows: (i) if the physical and economic conditions have significantly changed so as to render the project no longer economically, financially, or technically feasible, as determined by the Head of the Procuring Entity; (ii) if the project is no longer necessary as determined by the Head of the Procuring Entity; and (iii) if the source of funds for the project has been withheld or reduced through no fault of the procuring entity.</p>		<p>Head of the Procuring Entity?</p> <p>OR</p> <p>h. the award of the contract will not redound to the benefit of the GOP, for justifiable and reasonable grounds such as the project is no longer necessary as determined by the Head of the Procuring Entity?</p> <p>OR</p> <p>i. the award of the contract will not redound to the benefit of the GOP, for justifiable and reasonable grounds such as the source of funds for the project has been withheld or reduced through no fault of the procuring entity?</p>			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p> <p>c. etc.</p> <p>and develop appropriate audit recommendations</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of</i> 	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>					
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



ALTERNATIVE METHODS OF PROCUREMENT FOR INFRASTRUCTURE PROJECTS



Prepared by:
*Technical Services Office
Special Services Sector
Commission on Audit
Republic of the Philippines*

GUIDE IN THE AUDIT OF PROCUREMENT
First Update - December 2009

On the Procurement Procedures:

**NEGOTIATED PROCUREMENT
OF INFRASTRUCTURE PROJECTS**

AFTER TWO (2) FAILED BIDDINGS



Procurement Procedures: NEGOTIATED PROCUREMENT OF INFRASTRUCTURE PROJECTS AFTER TWO (2) FAILED BIDDINGS

Negotiated Procurement is a method of procurement of infrastructure projects whereby the procuring entity directly negotiates a contract with a technically, legally, and financially capable contractor.

Cases when negotiated procurement are allowed:

- (1) Two Failed Biddings (there has been failure of public bidding for the second time),
- (2) Emergency Cases,
- (3) Take-Over of Contracts,
- (4) Adjacent or Contiguous,
- (5) Agency-to-Agency,
- (6) Small Value Procurement,
- (7) NGO Participation,
- (8) Community Participation.

I. PREPARATORY ACTIVITY: REGISTRY OF CONTRACTORS

The Registry of Contractors is developed and maintained by the Procuring Entity to ensure that it is updated.

A. AUDIT OBJECTIVE

To determine if the Procuring Entity developed and maintained a Registry of Contractors

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

- Documentation of the System on the Registry of contractors maintained by the Procuring Entity

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the procuring entity <u>maintained</u> a registry of contractors as basis for selecting the contractors for negotiations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 53.1.2.2. All Procuring Entities shall maintain a registry of contractors as basis for selecting the contractors for negotiations. 	1. Obtain a copy of the registry of contractors maintained by the Procuring Entity.	Did the Procuring Entity <u>maintain</u> a registry of contractors as basis for selecting the contractors for negotiations?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliance to establish the cause(s) and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



Negotiated Procurement of Infrastructure Projects After Two (2) Failed Biddings

II. PREPARATORY ACTIVITY: BIDDING DOCUMENTS

Bidding documents are documents issued by the Procuring Entity to provide prospective bidders all the necessary information that they need to prepare their bids.

A. AUDIT OBJECTIVE:

To verify if after the Procuring Entity's conduct of mandatory review due to two (2) failed biddings, the Bidding Documents for the specific procurement **followed the standard forms and manuals** prescribed by the Government Procurement Policy Board (GPPB)

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. The procuring entity's Customized Bidding Documents for Infrastructure Projects;
2. Bidding Documents for the specific procurement.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the procuring entity conducted a mandatory review of the terms, conditions, specifications, and cost estimates on the basis of which the BAC revised and agreed on the: a. minimum technical specifications, b. adjusted the ABC <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • <i>53.1.1. After conduct of the <u>mandatory review</u> of the terms, conditions, specifications, and cost estimates, as prescribed in Section 35 of this IRR, the BAC shall revise and agree on the minimum technical specifications, and if necessary, adjust the ABC, subject to the required approvals. However the ABC cannot be increased by more than twenty percent (20%) of the ABC for the last failed bidding.</i> 	1. From the documentation of the earlier two (2) biddings conducted, look for information on the BAC's declaration that there have been two (2) failed biddings.	Did the BAC declare two (2) failed biddings?			
	2. From the TWG evaluation report with supporting documents and duly reviewed by the BAC, minutes of the meetings of the BAC, and BAC Resolutions, look for evidences of the conduct of the mandatory review of the terms, conditions, specifications and cost estimates by concerned Offices of the Procuring Entity.	Did the Procuring Entity conduct a mandatory review of the terms, conditions, specifications, and cost estimates after two failed biddings?			
	3. From the minutes of the BAC's meetings and BAC Resolutions, look for information on the deliberation, revision and agreement on the minimum technical specifications and adjusted ABC; and	Did the BAC revise and agree on the: a. minimum technical specifications? b. Revised ABC?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> 6.2. Once issued by the GPPB, the use of the Generic Procurement Manuals (GPMs), Philippine Bidding Documents (PBDs), and other standard forms shall be mandatory upon all Procuring Entities. However, whenever necessary, to suit the particular needs of the procuring entity, modifications may be made, particularly for major and specialized procurement, subject to the approval of the GPPB. 	recommendation to the HOPE for approval.	Did the BAC submit the revised minimum technical specifications to the HOPE for approval?			
		Did the BAC submit the adjusted ABC to the HOPE for approval?			
	4. From the minutes of the BAC's meetings and BAC Resolutions, look for information on the BAC's evaluation to ensure that the adjustment in the ABC was at a maximum of 20% of the ABC for the second failed bidding.	Did the BAC ensure that the adjustment in the ABC was at a maximum of 20% of the ABC for the second failed bidding?			
ON THE BIDDING DOCUMENTS					
1. To verify if the Bidding Documents for the specific procurement include the <u>information</u> and are according to the <u>forms</u> indicated in the <i>Customized Bidding Documents approved by the GPPB or the Philippine Bidding Documents for the Procurement of Infrastructure Projects, 3rd Edition (October 2009)</i> issued by the GPPB and <i>Section 17 of the Implementing Rules and Regulations of RA 9184 as amended on September 2, 2009</i>: b. Approved Budget for the Contract; b. Request for Submission of Price Quotation; c. Eligibility Requirements; d. Instruction to Bidders, including scope of bid, documents comprising the bid, criteria for eligibility, bid evaluation methodology/criteria in accordance with the Act, and post-qualification, as	1. If the procuring entity adopted customized Bidding Documents and the results of the earlier validation of this element showed that these are <u>compliant</u> with the <i>Philippine Bidding Documents for the Procurement of Infrastructure Projects</i> and <i>Section 17.1 of the Implementing Rules and Regulations of RA 9184</i> , secure from the BAC Secretariat duly certified copies of the <u>Bidding Documents for the specific procurement</u> and <u>compare</u> these with the <u>customized Bidding Documents</u> of the procuring entity. If the customized Bidding Documents are <u>not compliant</u> , compare the procurement-specific Bidding Documents with the <i>Philippine Bidding Documents for the Procurement of Infrastructure Projects</i> issued by the GPPB.	Are the Bidding Documents/ Information <u>complete</u> : l. Revised Approved Budget for the Contract? m. Request for Price Quotation? n. Eligibility Requirements? o. Instruction to Bidders, including - scope of bid? - documents comprising the bid? - criteria for eligibility? - price quotations evaluation methodology/ criteria? - post-qualification methodology?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>well as the date, time and place of the pre-bid conference (where applicable), submission of bids and opening of bids;</p> <p>d.1. including: Following completion of the negotiations, the BAC shall request all contractors remaining in the proceedings to submit on a specified date, a best and final offer with respect to all aspects of the proposals, and</p> <p>d.2. selection of the successful offer on the basis of such best and final offers meeting the minimum technical requirements and not exceeding the ABC;</p> <p>e. Scope of work, where applicable;</p> <p>f. Plans/Drawings and Technical Specifications;</p> <p>g. Form of Bid, Price Form, and Bill of Quantities;</p> <p>h. Delivery Time or Completion Schedule;</p> <p>i. Form, Amount, and Validity of Performance Security and Warranty;</p> <p>1. Form of Contract and General and Special Conditions of Contract;</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • <i>17.1. The Bidding Documents shall be prepared by the procuring entity following the standard forms and manuals prescribed by the GPPB.</i> <ul style="list-style-type: none"> <i>a. Approved Budget for the Contract;</i> <i>b. Invitation to Bid;</i> <i>c. Eligibility Requirements;</i> <i>d. Instruction to Bidders, including scope of bid,</i> 		<ul style="list-style-type: none"> - date of the pre-bid conference, if applicable? - time of the pre-bid conference? - Place of the pre-bid conference? - Deadline for submission of price quotations? - Place of submission of price quotations? - Date of opening of price quotations? - Time of opening of price quotations? - Place of opening of price quotations? - following completion of the negotiations, requesting all contractors remaining in the proceedings to submit on a specified date, a best and final offer with respect to all aspects of the proposals? - selection of the successful offer on the basis of such best and final offers meeting the minimum technical requirements and not exceeding the ABC? <p>p. Scope of work?</p> <p>q. Plans/Drawings and Technical Specifications?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>documents comprising the bid, criteria for eligibility, bid evaluation methodology/criteria in accordance with the Act, and post-qualification, as well as the date, time and place of the pre-bid conference (where applicable), submission of bids and opening of bids;</i></p> <p><i>e. Scope of work, where applicable;</i></p> <p><i>f. Plans/Drawings and Technical Specifications;</i></p> <p><i>g. Form of Bid, Price Form, and Bill of Quantities;</i></p> <p><i>h. Completion Schedule;</i></p> <p><i>i. Form, Amount, and Validity Period of Bid Security;</i></p> <p>[REVISED BY the Revised IRR of RA 9184, item 54.4. <i>Except for Limited Source Bidding under Section 49 of this IRR, submission of bid securities may be dispensed with.</i>]</p> <p><i>j. Form, Amount, and Validity of Performance Security and Warranty;</i></p> <p>[Also per Revised IRR of RA 9184, Section 54.5. <i>Performance and warranty securities, as prescribed in Sections 39 and 62 of this IRR, shall be submitted for contracts acquired through the alternative methods of procurement, except for Shopping under Section 52 and Negotiated Procurement under Sections 53.2 (emergency cases), 53.9 (small value procurement), 53.10 (lease of real property), and 53.13 (UN agencies).</i>]</p> <p><i>and</i></p> <p><i>k. Form of Contract and General and Special Conditions of Contract.</i></p> <p>• <i>53.1.4. Following completion of the negotiations, the procuring entity shall request all suppliers, contractors, or consultants remaining in the proceedings to submit, on a specified date, a best and final offer with respect to all aspects of their proposals.</i></p>		<p>r. Price Form and Bill of Quantities?</p> <p>s. Completion Schedule?</p> <p>t. Form of Contract and General and Special Conditions of Contract?</p>			
		<p>Are the Bidding Documents in the required <u>form</u>:</p> <p>a. Request for Price Quotation?</p> <p>b. Instructions to Bidders?</p> <p>c. Price Quotation Data Sheet?</p> <p>d. General Conditions of the Contract?</p> <p>e. Special Conditions of Contract?</p> <p>f. Schedule of Requirements?</p> <p>g. Technical Specifications?</p> <p>h. Price Quotation Forms?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> 53.1.5. The procuring entity shall select the successful offer on the basis of such best and final offers which should meet the procuring entity's minimum technical requirements and should not exceed the ABC. <p>GPPB Resolution No. 05-2009 dated 30 September 2009:</p> <ul style="list-style-type: none"> ... all branches, agencies, departments, bureaus, offices and instrumentalities of the Government, including government-owned and/or controlled corporations, government financial institutions, state universities and college, and local government units, are hereby mandated to use the Philippine Bidding Documents Third Edition for all of their procurement activities. 					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p> <p>c. etc.</p> <p>and develop appropriate audit recommendations</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing. 	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p><u>NOTE:</u> Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re-Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



Negotiated Procurement Of Infrastructure Projects After Two (2) Failed Biddings

III. PREPARATORY ACTIVITY: PRE-PROCUREMENT CONFERENCE

The pre-procurement conference is the forum where all officials involved in the procurement meet and discuss all aspects of a specific procurement activity, which includes the technical specifications, the Approved Budget for the Contract (ABC), the applicability and appropriateness of the recommended method of procurement and the related milestones, the bidding documents, and availability of the pertinent budget release for the project.

A. AUDIT OBJECTIVES:

1. To verify if the Pre-Procurement Conference was conducted **within the required time**;
2. To verify if the **participants** to the Pre-Procurement Conference were as required;
3. To verify if during the Pre-Procurement Conference the participants, led by the Bids and Awards Committee (BAC), performed the required tasks and attained the objectives of the Conference.

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. copy of the approved *Minutes of Pre-Procurement Conference* duly certified by the BAC Secretariat;
2. Request for Submission of Price Quotation;
3. Duly certified copies of the documents (Office Orders, contracts, Organizational/Functional Charts, etc) which the BAC Secretariat used as bases for identifying and notifying the participants to the Pre-Procurement Conference, including duly certified copies of the notices issued with evidence of receipt by the participants.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC conducted the Pre-Procurement Conference prior to the posting or the issuance of the Invitation or Request for Submission of Price Quotation <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 20.1. Prior to the Advertisement or the issuance of the Invitation to Bid for each procurement undertaken through public bidding, the BAC, through its Secretariat shall call for a Pre-Procurement Conference. 	1. Secure from the BAC Secretariat a duly certified copy of the <i>Minutes of Pre-Procurement Conference</i> and compare the date the conference was held with the date indicated in the print-out of website pages where the <i>Invitation or Request for Submission of Price Quotation</i> was posted.	Did the BAC conduct the Pre-Procurement Conference prior to the posting or issuance of the Request for Submission of Price Quotation?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>2. To verify if the participants to the Pre-Procurement Conference included the BAC, the Secretariat, the unit or officials, including consultants hired by the procuring entity, who prepared the Bidding Documents and the draft Request for Submission of Price Quotation</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 20.1.... The pre-procurement conference shall be attended by the BAC, the Secretariat, the unit or officials, including consultants hired by the procuring entity, who prepared the Bidding Documents and the draft Invitation to Bid, for each procurement. 	<p>2. Secure from the BAC Secretariat duly certified copies of the documents (Office Orders, contracts, Organizational/Functional Charts, etc) which it used as bases for identifying and notifying the participants to the Pre-Procurement Conference, including duly certified copies of the notices issued with evidence of receipt by the participants.</p> <p>3. From the <i>Minutes of Pre-Procurement Conference</i> look for the names of the members of the BAC, the members of the Secretariat, the officials and/or consultants who prepared the Bidding Documents and the draft Request for Submission of Price Quotation.</p>	<p>Did the participants to the Pre-Procurement Conference include the:</p> <p>a. BAC?</p> <p>b. Secretariat?</p> <p>c. unit or officials who prepared the Bidding Documents and the draft Request for Submission of Price Quotation?</p> <p>d. consultants hired by the procuring entity, who prepared the Bidding Documents and the draft Request for Submission of Price Quotation?</p>			
<p>3. To verify if during the Pre-Procurement Conference the participants, led by the BAC, performed the following tasks and attained the related objectives:</p> <p>a. Discussed relevant information and <u>confirmed</u> the description of the scope of the contract, the ABC, and contract duration;</p> <p>b. Discussed relevant information and confirmed that the procurement is in accordance with the project procurement management</p>	<p>4. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the scope of the contract, the ABC, and contract duration, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the description of the scope of the contract, that there was no splitting, the ABC, and the contract duration.</u></p>	<p>Did the participants led by the BAC discuss and confirm the:</p> <p>a. Description of the scope of the contract?</p> <p>b. That there was no splitting?</p> <p>c. Revised ABC?</p> <p>d. Contract duration?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>plan (PPMP) and annual procurement plan (APP);</p> <p>c. Discussed relevant information and confirmed readiness of the procurement at hand on the following:</p> <p>c.1. the availability of appropriations and programmed budget for contract;</p> <p>c.2. completeness of the Bidding Documents and their adherence to relevant general procurement guidelines;</p> <p>c.3. completion of the detailed engineering according to the prescribed standards in the case of infrastructure projects;</p> <p>c.4. confirmation of the availability of ROW and the ownership of affected properties.</p> <p>d. Reviewed, modified and agreed on the criteria for eligibility screening, evaluation, and post-qualification;</p> <p>e. Reviewed and adopted the procurement schedule, including deadlines and timeframes, for the different activities;</p> <p>f. Reiterated and emphasized the importance of confidentiality and the applicable sanctions and penalties, as well as agreed on measures to ensure compliance with the foregoing;</p> <p>g. Confirmed that there was no splitting; and</p> <p>h. identified the justification for the change in</p>	<p>5. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the review of the PPMP and APP, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the procurement is in accordance with the PPMP and APP.</u></p>	<p>Did the participants led by the BAC discuss and confirm that the procurement is in accordance with the PPMP and APP?</p>			
	<p>6. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of information, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation</u> of the readiness of the procurement at hand as to:</p> <p>a. availability of appropriations and programmed budget for the contract,</p> <p>b. completeness of the Bidding Documents and their adherence to the Philippine Bidding Documents (PBDs)/ customized Bidding Documents,</p> <p>c. completion of the detailed engineering according to the prescribed standards;</p> <p>d. availability of ROW and the ownership of affected properties.</p>	<p>Did the participants led by the BAC discuss and confirm that the procurement at hand is ready as to:</p> <p>a. availability of appropriations and programmed budget for the contract?</p> <p>b. completeness of the Bidding Documents?</p> <p>c. adherence of the Bidding Documents with the PBDs/ customized Bidding Documents?</p> <p>d. completion of the detailed engineering according to the prescribed standards?</p> <p>e. availability of ROW and the ownership of affected properties?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>the mode of procurement from public bidding to Negotiated Procurement and agreed on the recommendations to the HOPE.</p> <p><i>Generic Procurement Manual for the Procurement of Infrastructure Projects (May 2006) published by the GPPB:</i></p> <ul style="list-style-type: none"> <i>Methodology: How is Negotiated Procurement conducted?</i> <p>...</p> <p><i>The procedures for the conduct of public bidding should be observed.</i></p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>20.1. ... During the conference, the participants, led by the BAC, shall:</i> <ul style="list-style-type: none"> <i>a. Confirm the description and scope of the contract, the ABC, and contract duration;</i> <i>b. Ensure that the procurement is in accordance with the project and annual procurement plans;</i> <i>c. Determine the readiness of the procurement at hand, including, among other aspects, the following:</i> <ul style="list-style-type: none"> <i>i) availability of appropriations and programmed budget for the contract;</i> <i>ii) completeness of the Bidding Documents and their adherence to relevant general procurement guidelines;</i> <i>iii) completion of the detailed engineering according to the prescribed standards in the case of infrastructure projects;</i> <i>iv) confirmation of the availability of ROW and the ownership of affected properties.</i> <i>d. Review, modify and agree on the criteria for eligibility screening, evaluation, and</i> 	<p>7. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the criteria for eligibility screening, price quotation evaluation, and post-qualification, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the criteria for eligibility screening, price quotation evaluation, and post-qualification.</u></p>	<p>Did the participants led by the BAC discuss and confirm the justifications for the change in the mode of procurement from public bidding to Negotiated Procurement and agreed on the recommendations to the HOPE?</p>			
	<p>8. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the procurement schedule, including deadlines and timeframes for the different activities, the no-contact rule, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the adoption of the procurement schedule including deadlines and timeframes for the different activities.</u></p>	<p>Did the participants led by the BAC discuss and confirm the criteria for:</p> <ul style="list-style-type: none"> a. Eligibility screening? b. Price Quotation evaluation? c. Post-qualification? 			
		<p>Did the participants led by the BAC discuss and confirm the adoption of the procurement schedule including deadlines and timeframes for the different activities?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>post-qualification;</i></p> <p>e. <i>Review and adopt the procurement schedule, including deadlines and timeframes, for the different activities; and</i></p> <p>f. <i>Reiterate and emphasize the importance of confidentiality and the applicable sanctions and penalties, as well as agree on measures to ensure compliance with the foregoing.</i></p> <ul style="list-style-type: none"> 7.2. <i>No procurement shall be undertaken unless it is in accordance with the approved APP of the procuring entity. The APP shall bear the approval of the Head of the Procuring Entity or second-ranking official designated by the Head of the Procuring Entity to act on his behalf, and must be consistent with its duly approved yearly budget.</i> 48.2. <i>In accordance with Section 10 of this IRR, as a general rule, the Procuring Entities shall adopt public bidding as the general mode of procurement and shall see to it that the procurement program allows sufficient lead time for such public bidding. Alternative methods shall be resorted to only in the highly exceptional cases provided for in this Rule.</i> 48.3. <i>The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE.</i> 54.1. <i>Splitting of Government Contracts is not allowed. Splitting of Government Contracts means</i> 	<p>9. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the reiteration and emphasis of the importance of confidentiality and the applicable sanctions and penalties, as well as the agreement on measures to ensure compliance.</p>	<p>Did the participants led by the BAC reiterate and emphasize the importance of confidentiality and the applicable sanctions and penalties, as well as the agreement on measures to ensure compliance?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>the division or breaking up of GOP contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the requirements of law and this IRR, specially the necessity of public bidding and the requirements for the alternative methods of procurement.</i></p> <p>GPPB Circular 01-2009 dated 20 January 2009:</p> <ul style="list-style-type: none"> ... 4.2. <i>To facilitate the immediate implementation of projects even pending approval of the GAA, the ABC shall be based on the budget levels under the National Expenditure Program (NEP) submitted to Congress.</i> 4.3. <i>For specifically appropriated projects, agencies can proceed with the procurement activities prior to issuance of the notice of award using as basis the NEP figures.</i> 4.4. <i>For lump-sum appropriations and Centrally Managed Items (CMIs) under the agency's budget, the head of the agency shall identify and thereafter notify the implementing units (IUs) of the amount allocated for the projects they are to implement. On the basis of said notification, the heads of the respective IUs, as procuring entities, can proceed with the procurement activities prior to issuance of the notice of award.</i> 4.5. <i>For Multi-Year Projects (MYPs), for which the initial funding – sourced from either the existing/current year's budget or the NEP – is not sufficient to cover the total cost of the project, it is required that a Multi-Year Obligational Authority (MYOA) must already have been issued in accord with DBM Circular Letter 2004-012 prior to commencement of any</i> 					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
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<p><i>procurement activity.</i></p> <p><i>Thus, the MYOA shall be a pre-requisite for procurement of a multi-year contract. All procurement activities should be within the total project cost and categories reflected in the MYOA issued by DBP for the said MYP.</i></p> <p>4.6. <i>As prescribed under Section 47, Chapter 8, Subtitle B, Title I, Book V of the Administrative Code of 1987, no contract involving the expenditure of public funds shall be entered into unless the proper accounting official of the procuring entity shall have certified as to the availability of funds and the allotment to which the expenditure or obligation may be properly charged.</i></p> <p>• Definition:</p> <p>3.1. <i>Allotment - document issued by the Department of Budget and Management (DBM) which authorizes an agency to incur obligations for a specified amount as contained in a legislated appropriation. The allotment issued may either be through the Agency Budget Matrix (ABM) which covers the comprehensive release of specifically appropriated items in the agency's budget or through the Special Allotment Release Order (SARO).</i></p> <p>3.2. <i>Annual Procurement Plan (APP) – the requisite document that the agency must prepare to reflect the entire procurement activity (i.e., goods, services, civil works to be procured) that it plans to undertake within the calendar year. This document contains the following information:</i></p> <p>3.2.1. <i>Name of the procurement program/project;</i></p> <p>3.2.2. <i>Project management</i></p>					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>office or end-user unit;</p> <p>3.2.3. General description of the procurement;</p> <p>3.2.4. Procurement method to be adopted;</p> <p>3.2.5. Time schedule for each procurement activity;</p> <p>3.2.6. Source of fund; and</p> <p>3.2.7. Approved Budget for the Contract.</p> <p>3.3. Approved Budget for the Contract (ABC) – refers to the following: <u>NGs including SUCs (referred to in Section 2.1)</u> 3.3.1. For specifically appropriated items as reflected in the annual budget of the national government agency, the amount corresponding to either the full cost of a single year or multi-year program/project/activity. For multi-year projects, for which a Multi-Year Obligational Authority has been issued, the ABC shall be the amount reflected in the Multi-Year Obligational Authority. <u>GOCCs and LGUs (referred to in Section 2.2)</u> 3.3.3. In the case of GOCCs, including government financial institutions as well as LGUs, the ABC represents the amount of fund transfers which they receive from a national government agency to implement a program/project/activity.</p> <p>3.5. Lump-Sum Appropriations and Centrally Management Items (CMIs) – those items in the budget of agencies for which the Implementing Units and the specific amounts allocated for each have not been identified in the National Expenditure Program (NEP) or the General Appropriations Act (GAA).</p> <p>3.8. Multi-Year Obligational Authority (MYOA) – a document issued by the DBM either for locally funded projects or foreign assisted projects implemented by</p>					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>agencies in order to authorize the latter to enter into multi-year contracts for the full project cost. A MYOA, which contains an annual breakdown of the full project cost, obligates agencies to include in their budget proposal for the ensuing years the amount programmed for the said year(s).</i></p> <p><i>3.9. National Expenditure Program (NEP) – the proposed national budget submitted by the President to Congress in accord with Section 22, Article VII of the Constitution. The NEP shall be the basis of the general appropriations bill, which upon its enactment, becomes the General Appropriations Act (GAA).</i></p>					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p> <p>c. etc.</p> <p>and develop appropriate audit recommendations</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p><u>NOTE:</u> Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
<p>2. To verify the causes of instances of non-compliance and develop appropriate</p>	<p>Analyze the instances of non-compliance to establish the cause(s) and</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
audit recommendations	<p>develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p><u>NOTE:</u> Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>				
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			



Negotiated Procurement of Infrastructure Projects After Two (2) Failed Biddings

IV. APPROVAL OF THE ALTERNATIVE METHOD

A. AUDIT OBJECTIVE:

To verify if the adoption of the Alternative Method: Negotiated Procurement (Two-Failed Biddings) was in accordance with the rules and regulations

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. copy of the approved *Minutes of Pre-Procurement Conference* duly certified by the BAC Secretariat;
2. BAC Resolution recommending negotiated procurement, duly approved by the HOPE;

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>1. To verify if through a Resolution the BAC presented two (2) failed biddings as the justification for the negotiated procurement and recommended the change in the mode of procurement to the HOPE for approval</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • 35.5. <i>Should there occur a second failure of bidding, the procuring entity may resort to negotiated procurement, as provided for in Section 53.1 of this IRR.</i> • 53.1. Two Failed Biddings. <i>Where there has been failure of public bidding for the second time as provided in Section 35 of the Act and this IRR.</i> • 48.3. <i>The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE</i> 	<p>1. From the BAC Resolution, look for information on the BAC's justification, that is, two failed biddings and the recommendation for the change in the mode of procurement to the HOPE for approval.</p>	<p>Did the BAC through a Resolution present two (2) failed biddings as the justification for the negotiated procurement and recommend change in the mode of procurement to the HOPE for approval?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To verify if the BAC: a. recommended the alternative mode of procurement: Negotiated Procurement to the HOPE, and b. the HOPE approved the alternative method of procurement <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and <u>recommend the change in the mode of procurement to be approved by the HOPE.</u> 	2. From the BAC Resolution recommending Negotiated Procurement as the method of procurement, look for the approval of the HOPE.	Did the BAC recommend the alternative mode of procurement: Negotiated Procurement to the HOPE? Did the HOPE approve Negotiated Procurement as the method of procurement?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing. 	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p><u>NOTE:</u> Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



V. SELECTION OF CONTRACTORS AND REQUEST FOR SUBMISSION OF PRICE QUOTATIONS

To verify if the adoption of the Alternative Method: Negotiated Procurement was in accordance with the rules and regulations

Documents needed for evaluation:

1. BAC Resolution recommending negotiated procurement, duly approved by the HOPE;
2. Minutes of the BAC's meetings on the selection and invitation of contractors;
3. List of selected contractors to be invited;
4. Copies of invitation letters.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>1. To verify if the BAC used the Procuring Entity's registry of contractors (bona fide contractors licensed with the CIAP whose eligibility documents are on file with the Procuring Entity concerned) or the Department of Public Works and Highways (DPWH) Contractors' Registry, and who have been classified under the type of contract/project where the subject contract falls as basis for selecting the contractors to be invited for the negotiations</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 53.1.2. The BAC shall invite and engage in negotiations with a sufficient number of contractors to ensure effective competition. 53.1.2.1. In the case of infrastructure projects, bona-fide contractors licensed with the CIAP whose eligibility documents are on file with the 	<p>1. From the Minutes of the BAC meetings, TWG evaluation reports supported with copies of the Procuring Entity's Registry of Contractors and/or the DPWH Contractors' Registry, look for information on the basis of identification of the contractors to be invited for the negotiations and the list of identified contractors based on the agreed-upon basis.</p>	<p>Did the BAC use the Procuring Entity's registry of contractors who have been classified under the type of contract/project where the subject contract falls, as one of the bases for selecting the contractors to be invited for the negotiations?</p> <p>Did the BAC use the DPWH Registry of contractors who have been classified under the type of contract/project where the subject contract falls, as one of the bases for selecting the contractors to be invited for the negotiations?</p>			

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>procuring entity concerned or the DPWH Contractors' Registry, as the case may be, and who have been classified under the type of contract/ project where the subject contract falls are eligible to be invited for negotiation. Other contractors not previously deemed eligible may also apply for eligibility.</i></p> <p><i>53.1.2.2. All Procuring Entities shall maintain a registry of contractors as basis for selecting the contractors for negotiations.</i></p>		Did the BAC arrive at a list of contractors to be invited as agreed during the meetings conducted for the purpose?			
<p>2. To verify if the BAC invited all contractors identified from the Registry (ies) and other bases adopted by the BAC for the purpose</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>53.1.2. The BAC shall invite and engage in <u>negotiations with a sufficient number of contractors to ensure effective competition.</u></i> <p><i>53.1.2.1. In the case of infrastructure projects, bona fide contractors licensed with the CIAP <u>whose eligibility documents are on file with the procuring entity concerned or the DPWH Contractors' Registry, as the case may be, and who have been classified under the type of contract/project where the subject contract falls are eligible to be invited for negotiation.</u> Other contractors not previously deemed eligible may also apply for eligibility.</i></p>	<p>2. Compare the names of the contractors to whom invitations have been sent by the BAC (with evidence of receipt) with the list of selected contractors.</p>	Did the BAC invite and engage in negotiations with a sufficient number of contractors?			
<p>3. To verify if the BAC posted the Request for Submission of Price Quotations continuously in the PhilGEPS website and the website of the procuring entity concerned, if available, for 7 calendar days starting on the date of posting</p> <p><i>Implementing Rules and Regulations</i></p>	<p>3. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting.</p> <p>4. On the first day of posting access the PhilGEPS website, the website of the procuring entity concerned, if available. Print the page where the notice was posted</p>	<p>Did the BAC post the <i>Request for Submission of Price Quotations</i> continuously in the:</p> <p>1. PhilGEPS website for 7 calendar days starting on the date of</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>(IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 54.2. For alternative methods of procurement, advertisement and posting as prescribed in Section 21.2.1 of this IRR may be dispensed with: <i>Provided, however, That the BAC, through its Secretariat, shall post the invitation or request for submission of price quotations for Shopping under Sections 52.1(b) and Negotiated Procurement under Sections 53.1 (two-failed biddings) and 53.9 (small value procurement) of this IRR in the PhilGEPS website, the website of the procuring entity concerned, if available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity for a period of seven (7) calendar days.</i> 	<p>(to form part of the audit evidences).</p> <p>5. Access the websites at random during the 7-day period to verify the postings.</p> <p>OR</p> <p>From the printouts of the web pages indicating the dates of printing, obtained from and duly certified by the BAC Secretariat as true and correct, compare these dates with the required dates of posting.</p>	<p>advertisement?</p> <p>2. website of the procuring entity concerned, if available, for 7 calendar days starting on the date of advertisement?</p>			
<p>4. To verify if the BAC posted the Request for Submission of Price Quotation continuously at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days, as certified by the head of the BAC Secretariat of the procuring entity</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 54.2. For alternative methods of procurement, advertisement and posting as prescribed in Section 21.2.1 of this IRR may be dispensed with: <i>Provided, however, That the BAC, through its Secretariat, shall post the invitation or request for submission of price quotations for Shopping under Sections 52.1(b) and Negotiated Procurement under Sections 53.1 (two-failed biddings) and 53.9 (small value procurement) of this IRR in the PhilGEPS website, the website of the procuring entity concerned, if</i> 	<p>6. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting.</p> <p>7. Conduct ocular inspection on the first day of posting.</p> <p>8. Repeat the ocular inspections (may be at random) during the 7-day period to verify the postings.</p> <p>9. Request for the certification of the head of the BAC Secretariat.</p>	<p>Did the BAC post the <i>Invitation to Bid</i>:</p> <p>1. continuously for seven (7) calendar days?</p> <p>2. at the conspicuous place reserved for the purpose in the premises of the procuring entity?</p> <p>3. as certified by the head of the BAC Secretariat of the procuring entity?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity for a period of seven (7) calendar days.</i>					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliance to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			

NOTES:

1. Based on the following requirement of the *Generic Procurement Manual for the Procurement of Infrastructure Projects* (May 2006) published by the GPPB:

- *Methodology: How is Negotiated Procurement conducted?*

...

The procedures for the conduct of public bidding should be observed.

for the rest of the procurement procedures up to the award of the contract, the *Audit Guide on the Procedures: Competitive/Public Bidding* are to be observed with particular attention given to compliance by the BAC of the following provisions of the Revised IRR of RA 9184 during bid evaluation up to award:

- *53.1.4. Following completion of the negotiations, the procuring entity shall request all suppliers, contractors, or consultants remaining in the proceedings to submit, on a specified date, a best and final offer with respect to all aspects of their proposals.*
- *53.1.5. The procuring entity shall select the successful offer on the basis of such best and final offers which should meet the procuring entity's minimum technical requirements and should not exceed the ABC.*

and to the following provision of the Revised IRR of RA 9184:

- *53.1.6. In all stages of the negotiations, observers shall be invited*

2. Other relevant criteria

Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:

- *53.1.3. Any requirements, guidelines, documents, clarifications, or other information relative to the negotiations that are communicated by the procuring entity to a supplier, contractor, or consultant shall be communicated on an equal basis to all other suppliers, contractors, or consultants engaging in negotiations with the procuring entity relative to the procurement.*
- *54.1. Splitting of Government Contracts is not allowed. Splitting of Government Contracts means the division or breaking up of GOP contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the requirements of law and this IRR, specially the necessity of public bidding and the requirements for the alternative methods of procurement.*



- *54.4. Except for Limited Source Bidding under Section 49 of this IRR, submission of bid securities may be dispensed with.*
- *54.5. Performance and warranty securities, as prescribed in Sections 39 and 62 of this IRR, shall be submitted for contracts acquired through the alternative methods of procurement, except for Shopping under Section 52 and Negotiated Procurement under Sections 53.2 emergency cases), 53.9 (small value procurement), 53.10 (lease of real property), and 53.13 (UN agencies).*



On the Procurement Procedures:

**NEGOTIATED PROCUREMENT
OF INFRASTRUCTURE PROJECTS**

EMERGENCY CASES



Procurement Procedures: NEGOTIATED PROCUREMENT OF INFRASTRUCTURE PROJECTS EMERGENCY CASES

Negotiated Procurement is a method of procurement of infrastructure projects whereby the procuring entity directly negotiates a contract with a technically, legally, and financially capable contractor in any of the following cases: (1) Two Failed Biddings, (2) Emergency Cases, (3) Take-Over of Contracts, (4) Adjacent or Contiguous, (5) Agency-to-Agency, (6) Small Value Procurement, (7) NGO Participation, (8) Community Participation.

Emergency Cases - In case of imminent danger to life or property during a state of calamity, or when time is of the essence arising from natural or man-made calamities or other causes where immediate action is necessary to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities.

I. APPROVAL OF THE ALTERNATIVE METHOD

A. AUDIT OBJECTIVE:

To verify if the adoption of the Alternative Method: Negotiated Procurement in Emergency Cases was in accordance with the rules and regulations

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. copy of the approved *Minutes of Pre-Procurement Conference* duly certified by the BAC Secretariat;
2. BAC Resolution recommending negotiated procurement, duly approved by the HOPE;

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC validated the existence of an emergency as follows: a. imminent danger to life or property during a state of calamity, or b. time is of the essence arising from natural or man-made calamities or other causes where immediate action is necessary to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on</i>	1. From the BAC Resolution, look for information on the BAC's validation of an emergency as follows: a. imminent danger to life or property during a state of calamity, or b. time is of the essence arising from natural or man-made calamities or other causes where immediate action is necessary to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities	Did the BAC validation of an emergency as follows: a. imminent danger to life or property during a state of calamity? or b. time is of the essence arising from natural or man-made calamities or other causes where immediate			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>September 2, 2009:</i></p> <ul style="list-style-type: none"> 53.2. <i>Emergency Cases. In case of imminent danger to life or property during a state of calamity, or when time is of the essence arising from natural or man-made calamities or other causes where immediate action is necessary to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities.</i> 		action is necessary to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities?			
<p>2. To verify if the BAC validated the justification for adoption of the alternative method of procurement: Negotiated Procurement and through a Resolution recommended said method to the HOPE for approval</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 48.1. <i>Subject to the <u>prior approval of the Head of the Procuring Entity</u>, and whenever justified by the conditions provided in this Act, the procuring entity may, in order to promote economy and efficiency, resort to any of the alternative methods of procurement provided in this Rule. In all instances, the procuring entity shall ensure that the most advantageous price for the Government is obtained.</i> ... 48.3. <i>The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE.</i> 	<p>2. From the BAC Resolution, look for information on the BAC's validation of the justification for adoption of the alternative method of procurement: Negotiated Procurement and recommended said method to the HOPE for approval.</p>	Did the BAC validate the justification for adoption of the alternative method of procurement: Negotiated Procurement and recommended said method to the HOPE for approval?			
<p>3. To verify if the HOPE approved the alternative method of procurement: Negotiated Procurement</p>	<p>3. From the BAC Resolution recommending the negotiated procurement as an alternative method,</p>	Did the HOPE approve <i>Negotiated Procurement</i> as the method of			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE.</i> 	look for the approval of the HOPE.	procurement?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p> <p>c. etc.</p> <p>and develop appropriate audit recommendations</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
<p>2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations</p>	<p>Analyze the instances of non-compliance to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .				
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			

NOTES:

1. Based on the following requirement of the *Generic Procurement Manual for the Procurement of Infrastructure Projects* (May 2006) published by the GPPB:

- *Methodology: How is Negotiated Procurement conducted?*

...

The procedures for the conduct of public bidding should be observed.

for the rest of the procurement procedures up to the award of the contract, the Audit Guide on the Procedures: Competitive/Public Bidding are to be observed.

2. Other relevant criteria

Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:

- *54.1. Splitting of Government Contracts is not allowed. Splitting of Government Contracts means the division or breaking up of GOP contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the requirements of law and this IRR, specially the necessity of public bidding and the requirements for the alternative methods of procurement.*
- *54.4. Except for Limited Source Bidding under Section 49 of this IRR, submission of bid securities may be dispensed with.*
- *54.5. Performance and warranty securities, as prescribed in Sections 39 and 62 of this IRR, shall be submitted for contracts acquired through the alternative methods of procurement, except for Shopping under Section 52 and Negotiated Procurement under Sections 53.2 emergency cases), 53.9 (small value procurement), 53.10 (lease of real property), and 53.13 (UN agencies).*



On the Procurement Procedures:

**NEGOTIATED PROCUREMENT
OF INFRASTRUCTURE PROJECTS**

TAKE-OVER OF CONTRACTS



Procurement Procedures: NEGOTIATED PROCUREMENT OF INFRASTRUCTURE PROJECTS TAKE-OVER OF CONTRACTS

Negotiated Procurement is a method of procurement of infrastructure projects whereby the procuring entity directly negotiates a contract with a technically, legally, and financially capable contractor in any of the following cases: (1) Two Failed Biddings, (2) Emergency Cases, (3) Take-Over of Contracts, (4) Adjacent or Contiguous, (5) Agency-to-Agency, (6) Small Value Procurement, (7) NGO Participation, (8) Community Participation.

Take-over of contracts, which have been rescinded or terminated for causes provided for in the contract and existing laws, where immediate action is necessary to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities.

I. PREPARATORY ACTIVITY: REGISTRY OF CONTRACTORS

A. AUDIT OBJECTIVE

To determine if the Procuring Entity developed and maintained a Registry of Contractors

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

- Documentation on the Registry of contractors maintained by the Procuring Entity

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the procuring entity maintained a registry of contractors as basis for selecting the contractors for negotiations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 53.1.2.2. All Procuring Entities shall maintain a registry of contractors as basis for selecting the contractors for negotiations. 	1. Obtain a copy of the registry of contractors maintained by the Procuring Entity.	Did the Procuring Entity <u>maintain</u> a registry of contractors as basis for selecting the contractors for negotiations?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>				
<p>2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations</p>	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
<p>3. To communicate the results of the audit with the auditee's Management</p> <ul style="list-style-type: none"> <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			



Negotiated Procurement of Infrastructure Projects TAKE-Over of Contracts

II. APPROVAL OF THE ALTERNATIVE METHOD

A. AUDIT OBJECTIVE:

To verify if the adoption of the Alternative Method: Negotiated Procurement (Take-Over) was in accordance with the rules and regulations

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. copy of the approved minutes of BAC meetings duly certified by the BAC Secretariat;
2. BAC Resolution recommending negotiated procurement, duly approved by the HOPE

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC validated: a. that the contract for the project has been terminated or rescinded; and b. there is a need for immediate action to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 53.3. Take-over of contracts, which have been rescinded or terminated for causes provided for in the contract and existing laws, where immediate action is necessary to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities. 	1. From the minutes of BAC meetings look for information on the BAC's validation: a. that the contract for the project has been terminated or rescinded; and b. there is a need for immediate action to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities.	Did the BAC validate: a. that the contract for the project has been terminated or rescinded? and b. there is a need for immediate action to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities?			
2. To verify if the BAC validated the justification for adoption of the alternative method of procurement: Negotiated Procurement (Take-Over of Contracts) and through a Resolution recommended said method to the HOPE for approval <i>Implementing Rules and Regulations</i>	2. From the BAC Resolution, look for information on the BAC's validation of the justification for adoption of the alternative method of procurement: Negotiated Procurement (Take-Over) and recommended said method to the HOPE for approval.	Did the BAC validate the justification for adoption of the alternative method of procurement: Negotiated Procurement (Take-Over) and recommend said method to the HOPE for approval?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>(IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 48.1. Subject to the <u>prior approval of the Head of the Procuring Entity</u>, and whenever justified by the conditions provided in this Act, the procuring entity may, in order to promote economy and efficiency, resort to any of the alternative methods of procurement provided in this Rule. In all instances, the procuring entity shall ensure that the most advantageous price for the Government is obtained. ... 48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE. 					
<p>3. To verify if the HOPE approved the alternative method of procurement: Negotiated Procurement (Take-Over)</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE. 53.3.3. Authority to negotiate contracts for projects under these exceptional cases shall be subject to prior approval by the Heads of the Procuring Entities concerned, within their respective limits of approving authority. 	<p>3. From the BAC Resolution recommending the negotiated procurement as an alternative method, look for the approval of the HOPE.</p>	<p>Did the HOPE approve <i>Negotiated Procurement</i> as the method of procurement?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
4. To communicate the results of the audit/ validation with management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Rules and Regulations on Settlement</i>	4. Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to management	Audit Observation Memorandum (AOM)			



Negotiated Procurement of Infrastructure Projects Take-Over of Contracts

III. NEGOTIATION

A. AUDIT OBJECTIVE:

To verify if the negotiation conducted were as required

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. BAC Resolution recommending negotiated procurement, duly approved by the HOPE;
2. Documentation preliminary to inviting the second LCB for negotiation, including the invitation;
3. Minutes of the BAC's meetings on the negotiations;
4. Minutes of the BAC's meetings on the selection of the BAC Observers;
5. Invitation letters for the BAC Observers, duly received by them;
6. Reports of the BAC Observers.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
NEGOTIATION WITH THE SECOND LCB FOR THE PROJECT					
1. To verify if the BAC negotiated the contract starting with the bidder with the second lowest calculated bid for the project under consideration at the bidder's original bid price <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none">• 53.3. ...• 53.3.1. <i>The contract may be negotiated starting with the second lowest calculated bidder for the project under consideration at the bidder's original bid price.</i>• 53.3.2. <i>If negotiation fails,...</i>• 53.3.3. <i>Authority to negotiate contracts for projects under these exceptional cases shall be subject to prior approval by the Heads of the Procuring Entities concerned, within their respective limits of approving authority.</i>	<p>1. From the Minutes of the BAC meetings, TWG evaluation reports with supporting documents duly reviewed by the BAC, look for information on the BAC's negotiations.</p> <p>NOTES: If negotiation prospered, proceed to Post-qualification then Award using the Audit Guide for Competitive/ Public Bidding for Infrastructure Projects.</p> <p>If negotiation failed, proceed to the next audit Sub-objective.</p>	Did the BAC negotiate the contract starting with the second lowest calculated bid at the bidder's original price?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
WHEN NEGOTIATION WITH THE SECOND LCB FOR THE PROJECT FAILED					
1. When the negotiation with the second LCB failed, to verify if the BAC negotiated the contract with the bidder with the third lowest calculated bid for the project under consideration at the bidder's original bid price <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none">53.3. ...53.3.1. ...53.3.2. <i>If negotiation fails, then negotiation shall be done with the third lowest calculated bidder at his original price. If the negotiation fails again, a short list of at least three (3) eligible contractors shall be invited to submit their bids, and negotiation shall be made starting with the lowest calculated bidder.</i>53.3.3. <i>Authority to negotiate contracts for projects under these exceptional cases shall be subject to prior approval by the Heads of the Procuring Entities concerned, within their respective limits of approving authority.</i>	1. From the Minutes of the BAC meetings, TWG evaluation reports with supporting documents duly reviewed by the BAC, look for information on the BAC's negotiations. NOTES: If negotiation prospered, proceed to Post-qualification then Award using the Audit Guide for <i>Competitive/ Public Bidding for Infrastructure Projects</i> . If negotiation failed, proceed to the next audit Sub-objective.	When the negotiation with the second LCB failed, did the BAC negotiate the contract with the third lowest calculated bid at the bidder's original price?			
WHEN NEGOTIATION WITH THE THIRD LCB FOR THE PROJECT FAILED					
1. To verify if the BAC used the Procuring Entity's registry of contractors (bona fide contractors licensed with the CIAP whose eligibility documents are on file with the Procuring Entity concerned) or the Department of Public Works and Highways (DPWH) Contractors' Registry, and who have been classified under the type of contract/project where the subject contract falls as basis for preparing the shortlist of contractors to be invited for	1. From the Minutes of the BAC meetings, TWG evaluation reports supported with copies of the Procuring Entity's Registry of Contractors and/or the DPWH Contractors' Registry, look for information on the basis of identification of the contractors to be invited for the negotiations and the shortlist of identified contractors.	Did the BAC use the Procuring Entity's registry of contractors who have been classified under the type of contract/project where the subject contract falls, as one of the bases for selecting the contractors to be invited for the negotiations?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
the negotiations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 53.3. ... 53.3.1. ... 53.3.2. <i>If negotiation fails, then negotiation shall be done with the third lowest calculated/ highest rated bidder at his original price. If the <u>negotiation fails again, a short list of at least three (3) eligible contractors shall be invited to submit their bids, and negotiation shall be made starting with the lowest calculated bidder.</u></i> 53.1.2.2. <i>All Procuring Entities shall maintain a registry of contractors as basis for selecting the contractors for negotiations.</i> 		<p>Did the BAC use the DPWH Registry of contractors who have been classified under the type of contract/project where the subject contract falls, as one of the bases for selecting the contractors to be invited for the negotiations?</p> <p>Did the BAC arrive at the shortlist of contractors to be invited using the criteria and procedures as agreed during the meetings conducted for the purpose?</p>			
2. To verify if the BAC invited at least three short listed contractors to submit their bids <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 53.3.2. <i>If negotiation fails, then negotiation shall be done with the third lowest calculated bidder at his original price. If the <u>negotiation fails again, a short list of at least three (3) eligible contractors shall be invited to submit their bids, and negotiation shall be made starting with the lowest calculated bidder.</u></i> 	2. Compare the names of the contractors to whom invitations have been sent by the BAC (with evidence of receipt) with the contractors in the shortlist.	Did the BAC invite at least three (3) short listed contractors to submit their bids?			
3. To verify if the BAC negotiated starting with the bidder with the lowest calculated bid (LCB) <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 53.3.2. <i>If negotiation fails, then</i> 	NOTE: Proceed to the Audit Guide on <i>Bid Evaluation</i> and onwards under <i>Competitive / Public Bidding for Infrastructure Projects.</i>	Did the BAC negotiate starting with the bidder with the lowest calculated bid?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>negotiation shall be done with the third lowest calculated/highest rated bidder at his original price. If the negotiation fails again, a short list of at least three (3) eligible contractors shall be invited to submit their bids, and negotiation shall be made starting with the lowest calculated/highest rated bidder.</i>	QUESTION: What will happen if after negotiation which prospered, the bidder was post-disqualified?				

NOTES:

1. Based on the following requirement of the *Generic Procurement Manual for the Procurement of Infrastructure Projects* (May 2006) published by the GPPB:

- *Methodology: How is Negotiated Procurement conducted?*

...

The procedures for the conduct of public bidding should be observed.

for the rest of the procurement procedures up to the award of the contract, the Audit Guide on the *Procedures: Competitive/Public Bidding* are to be observed.

2. Other relevant criteria

Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:

- *53.1.3. Any requirements, guidelines, documents, clarifications, or other information relative to the negotiations that are communicated by the procuring entity to a supplier, contractor, or consultant shall be communicated on an equal basis to all other suppliers, contractors, or consultants engaging in negotiations with the procuring entity relative to the procurement.*
- *53.1.6. In all stages of the negotiations, observers shall be invited.*
- *54.1. Splitting of Government Contracts is not allowed. Splitting of Government Contracts means the division or breaking up of GOP contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the requirements of law and this IRR, specially the necessity of public bidding and the requirements for the alternative methods of procurement.*
- *54.4. Except for Limited Source Bidding under Section 49 of this IRR, submission of bid securities may be dispensed with.*
- *54.5. Performance and warranty securities, as prescribed in Sections 39 and 62 of this IRR, shall be submitted for contracts acquired through the alternative methods of procurement, except for Shopping under Section 52 and Negotiated Procurement under Sections 53.2 (emergency cases), 53.9 (small value procurement), 53.10 (lease of real property), and 53.13 (UN agencies).*



On the Procurement Procedures:

**NEGOTIATED PROCUREMENT
OF INFRASTRUCTURE PROJECTS**

ADJACENT OR CONTIGUOUS



**Procurement Procedures:
NEGOTIATED PROCUREMENT OF INFRASTRUCTURE PROJECTS
ADJACENT OR CONTIGUOUS**

Negotiated Procurement is a method of procurement of infrastructure projects whereby the procuring entity directly negotiates a contract with a technically, legally, and financially capable contractor in any of the following cases: (1) Two Failed Biddings, (2) Emergency Cases, (3) Take-Over of Contracts, (4) Adjacent or Contiguous, (5) Agency-to-Agency, (6) Small Value Procurement, (7) NGO Participation, (8) Community Participation.

Adjacent or Contiguous - Where the subject contract is adjacent or contiguous to an on-going Infrastructure Project

I. APPROVAL OF THE ALTERNATIVE METHOD

A. AUDIT OBJECTIVE:

To verify if the adoption of the Alternative Method: Negotiated Procurement (Adjacent or Contiguous) was in accordance with rules and regulations

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

3. copy of the approved minutes of BAC meetings duly certified by the BAC Secretariat;
4. BAC Resolution recommending negotiated procurement, duly approved by the HOPE.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC validated that: a. the project is adjacent or contiguous to an on-going Infrastructure Project; b. that the original contract is the result of a Competitive Bidding; c. the subject contract to be negotiated has similar or related scopes of work; d. it is within the contracting capacity of the contractor; e. the contractor uses the same prices or lower unit prices as in the original contract less	1. From the minutes of BAC meetings look for information on the BAC's validation that: a. adjacent or contiguous to an on-going Infrastructure Project; b. that the original contract is the result of a Competitive Bidding; c. the subject contract to be negotiated has similar or related scopes of work; d. it is within the contracting capacity of the contractor; e. the contractor uses the	Did the BAC validate that: a. the project is adjacent or contiguous to an on-going Infrastructure Project? b. that the original contract is the result of a Competitive Bidding?			



Prepared by:
Technical Services Office
Special Services Sector
Commission on Audit
Republic of the Philippines

GUIDE IN THE AUDIT OF PROCUREMENT
First Update - December 2009

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
mobilization cost; f. the amount involved does not exceed the amount of the ongoing project; g. the contractor has no negative slippage/delay; h. the negotiations for the procurement are commenced before the expiry of the original contract. <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 53.4. <i>Adjacent or Contiguous. Where the subject contract is adjacent or contiguous to an on-going Infrastructure Project or Consulting Service where the consultants have unique experience and expertise to deliver the required service: Provided, however, That (a) the original contract is the result of a Competitive Bidding; (b) the subject contract to be negotiated has similar or related scopes of work; (c) it is within the contracting capacity of the contractor/consultant; (d) the contractor/consultant uses the same prices or lower unit prices as in the original contract less mobilization cost; (e) the amount involved does not exceed the amount of the ongoing project; and (f) the contractor/ consultant has no negative slippage/delay: Provided, further, That negotiations for the procurement are commenced before the expiry of the original contract.</i> 	same prices or lower unit prices as in the original contract less mobilization cost; f. the amount involved does not exceed the amount of the ongoing project; g. the contractor has no negative slippage/delay, h. the negotiations for the procurement are commenced before the expiry of the original contract.	c. the subject contract to be negotiated has similar or related scopes of work;? d. it is within the contracting capacity of the contractor? e. the contractor uses the same prices or lower unit prices as in the original contract less mobilization cost? f. the amount involved does not exceed the amount of the ongoing project? g. the contractor has no negative slippage/delay? h. the negotiations for the procurement are commenced before the expiry of the original contract?			
2. To verify if the BAC validated the justifications for adoption of the alternative method of procurement: Negotiated Procurement (Adjacent or Contiguous) and through a Resolution recommended said method to the HOPE for approval <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 48.1. <i>Subject to the prior approval of the Head of the Procuring Entity, and</i> 	2. From the BAC Resolution, look for information on the BAC's validation of the justification for adoption of the alternative method of procurement: Negotiated Procurement (Adjacent or Contiguous) and recommended said method to the HOPE for approval.	Did the BAC validate the justification for adoption of the alternative method of procurement: Negotiated Procurement (Adjacent or Contiguous) and recommend said method to the HOPE for approval?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>whenever justified by the conditions provided in this Act, the procuring entity may, in order to promote economy and efficiency, resort to any of the alternative methods of procurement provided in this Rule. In all instances, the procuring entity shall ensure that the most advantageous price for the Government is obtained.</i></p> <ul style="list-style-type: none"> • ... • 48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE. 					
<p>3. To verify if the HOPE approved the alternative method of procurement: Negotiated Procurement (Adjacent or Contiguous)</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • 48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE. 	<p>3. From the BAC Resolution recommending the negotiated procurement as an alternative method, look for the approval of the HOPE.</p>	<p>Did the HOPE approve <i>Negotiated Procurement</i> (Adjacent or Contiguous) as the method of procurement?</p>			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the</p>	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>				
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			



Negotiated Procurement of Infrastructure Projects Adjacent or Contiguous

II. NEGOTIATION

A. AUDIT OBJECTIVE:

To verify if the **negotiations** conducted were as required

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. BAC Resolution recommending negotiated procurement, duly approved by the HOPE;
2. Documentation preliminary to inviting the contractor with the on-going adjacent or contiguous project for negotiation, including the invitation;
3. copy of contract for the on-going adjacent or contiguous project;
3. Minutes of the BAC's meetings on the negotiations;
4. Minutes of the BAC's meetings on the selection of the BAC Observers;
5. Invitation letters for the BAC Observers, duly received by them;
6. Reports of the BAC Observers.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC negotiated the contract with the contractor of the on-going adjacent or contiguous project identified during the evaluation/deliberations and as approved by the HOPE <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 53.4. <i>Adjacent or Contiguous.</i> Where the subject contract is adjacent or contiguous to an on-going Infrastructure Project or Consulting Service where the consultants have unique experience and expertise to deliver the required service: Provided, however, That (a) the original contract is the result of a Competitive Bidding; (b) the subject contract to be negotiated has similar or related scopes of work; (c) it is within the contracting capacity of the contractor/consultant; (d) the contractor/consultant uses the same prices or lower unit prices as in the original contract less mobilization cost; (e) the amount involved does not exceed the amount of the 	<p>1. From the Minutes of the BAC meetings, TWG evaluation reports with supporting documents duly reviewed by the BAC, look for information on the BAC's negotiations.</p> <p>2. From the Minutes of the BAC meetings, TWG evaluation reports with supporting documents, duly reviewed by the BAC, and the contract for the on-going adjacent or contiguous project, check if the name of the contractor is the same.</p> <p>NOTES:</p> <p>If negotiations prospered, proceed to Award using the Audit Guide for Competitive/ Public Bidding for Infrastructure Projects.</p> <p>If negotiations failed,</p>	<p>Did the BAC negotiate the contract with the contractor of the on-going adjacent or contiguous project identified during the evaluation/deliberations and as approved by the HOPE?</p>			



Prepared by:
 Technical Services Office
 Special Services Sector
 Commission on Audit
 Republic of the Philippines

GUIDE IN THE AUDIT OF PROCUREMENT
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Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>ongoing project; and (f) the contractor/ consultant has no negative slippage/delay: Provided, further, That negotiations for the procurement are commenced before the expiry of the original contract.</i>	the project is to be subjected to competitive/public bidding. For the audit, adopt the <i>Audit Guide for Competitive/Public Bidding for Infrastructure Projects.</i>				
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			

NOTES:

1. Based on the following requirement of the *Generic Procurement Manual for the Procurement of Infrastructure Projects* (May 2006) published by the GPPB:

- *Methodology: How is Negotiated Procurement conducted?*

...
The procedures for the conduct of public bidding should be observed.

for the rest of the procurement procedures, the Audit Guide on the Procedures: Competitive/Public Bidding are to be observed.

2. Other relevant criteria

Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:

- *53.1.6. In all stages of the negotiations, observers shall be invited.*
- *54.1. Splitting of Government Contracts is not allowed. Splitting of Government Contracts means the division or breaking up of GOP contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the requirements of law and this IRR, specially the necessity of public bidding and the requirements for the alternative methods of procurement.*
- *54.4. Except for Limited Source Bidding under Section 49 of this IRR, submission of bid securities may be dispensed with.*
- *54.5. Performance and warranty securities, as prescribed in Sections 39 and 62 of this IRR, shall be submitted for contracts acquired through the alternative methods of procurement, except for Shopping under Section 52 and Negotiated Procurement under Sections 53.2 emergency cases), 53.9 (small value procurement), 53.10 (lease of real property), and 53.13 (UN agencies).*



Prepared by:
 Technical Services Office
 Special Services Sector
 Commission on Audit
 Republic of the Philippines

GUIDE IN THE AUDIT OF PROCUREMENT
 First Update - December 2009

On the Procurement Procedures:

**NEGOTIATED PROCUREMENT FOR
INFRASTRUCTURE PROJECTS**

AGENCY-TO-AGENCY



Prepared by:
*Technical Services Office
Special Services Sector
Commission on Audit
Republic of the Philippines*

GUIDE IN THE AUDIT OF PROCUREMENT
First Update - December 2009

Procurement Procedures:

NEGOTIATED PROCUREMENT FOR INFRASTRUCTURE PROJECTS AGENCY-TO-AGENCY

Negotiated Procurement is a method of procurement of infrastructure projects whereby the procuring entity directly negotiates a contract with a technically, legally, and financially capable contractor in any of the following cases: (1) Two Failed Biddings, (2) Emergency Cases, (3) Take-Over of Contracts, (4) Adjacent or Contiguous, (5) Agency-to-Agency, (6) Small Value Procurement, (7) NGO Participation, (8) Community Participation.

Procurement of infrastructure projects from another agency of the GOP.

For purposes of this Section 53.5 of the Revised IRR of RA 9184, the term agency excludes GOCCs incorporated under Batas Pambansa Blg. 68, otherwise known as the "Corporation Code of the Philippines". The GPPB shall issue guidelines to implement this provision

NOTE:

No *Audit Guide* has been developed for this alternative method of procurement since no Guidelines has as yet been issued by the GPPB.



On the Procurement Procedures:

**NEGOTIATED PROCUREMENT
OF INFRASTRUCTURE PROJECTS**

COMMUNITY PARTICIPATION



Procurement Procedures: NEGOTIATED PROCUREMENT OF INFRASTRUCTURE PROJECTS COMMUNITY PARTICIPATION

Negotiated Procurement is a method of procurement of infrastructure projects whereby the procuring entity directly negotiates a contract with a technically, legally, and financially capable contractor in any of the following cases: (1) Two Failed Biddings, (2) Emergency Cases, (3) Take-Over of Contracts, (4) Adjacent or Contiguous, (5) Agency-to-Agency, (6) Small Value Procurement, (7) NGO Participation, (8) Community Participation.

Community Participation - Where, in the interest of project sustainability or to achieve certain specific social objectives, it is desirable in selected project components to call for participation of local communities in the delivery of services, the procuring entity shall propose the procedures, specifications, and contract packaging which are subject to the approval of the GPPB.

A. AUDIT OBJECTIVE:

To verify if the adoption of the Alternative Method: Negotiated Procurement (Community Participation) was in accordance with the rules and regulations

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. copy of the approved minutes of BAC meetings duly certified by the BAC Secretariat;
2. BAC Resolution recommending negotiated procurement, duly approved by the HOPE;
3. documentation of the proposed procedures, specifications and contract packaging including letter of submission to GPPB and its approval;

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC: a. validated the justification for adoption of the alternative method of procurement: Negotiated Procurement – Community Participation, that is, in the interest of project sustainability or to achieve certain specific social objectives, b. validated that there is no “splitting”, and c. through a Resolution recommended said method to the HOPE for approval	1. From the BAC Resolution, look for information on the BAC’s validation of the justification for adoption of the alternative method of procurement: Negotiated Procurement, validation that there is no “splitting” and recommended said method of procurement to the HOPE for approval.	Did the BAC validate the justification for adoption of the alternative method of procurement: Negotiated Procurement?			
		Did the BAC validate that there is no “splitting”?			
		Did the BAC recommend the alternative method of procurement: Negotiated Procurement to the HOPE for approval?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • <i>53.12. Community Participation. Where, in the interest of project sustainability or to achieve certain specific social objectives, it is desirable in selected project components to call for participation of local communities in the delivery of services, the procuring entity shall propose the procedures, specifications, and contract packaging which are subject to the approval of the GPPB.</i> • <i>48.1. Subject to the <u>prior approval of the Head of the Procuring Entity</u>, and whenever justified by the conditions provided in this Act, the procuring entity may, in order to promote economy and efficiency, resort to any of the alternative methods of procurement provided in this Rule. In all instances, the procuring entity shall ensure that the most advantageous price for the Government is obtained.</i> • <i>48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE.</i> • <i>54.1. Splitting of Government Contracts is not allowed. Splitting of Government Contracts means the division or breaking up of GOP contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the requirements of law and this IRR, specially the necessity of public bidding and the requirements for the alternative methods of procurement.</i> 					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To verify if the HOPE approved the alternative method of procurement: Negotiated Procurement <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE. 	2. From the BAC Resolution recommending the negotiated procurement as an alternative method, look for the approval of the HOPE.	Did the HOPE approve <i>Negotiated Procurement</i> as the method of procurement?			
3. To verify if the procuring entity proposed the procedures, specifications and contract packaging to the GPPB for approval <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 53.12. Community Participation. Where, in the interest of project sustainability or to achieve certain specific social objectives, it is desirable in selected project components to call for participation of local communities in the delivery of services, the procuring entity shall propose the procedures, specifications, and contract packaging which are subject to the approval of the GPPB. 	3. From the documentation of the proposed procedures, specifications and contract packaging, look for the letter of the procuring entity submitting to GPPB for its approval.	Did the procuring entity submitted to the GPPB for approval the proposed the procedures, specifications and contract packaging?			
4. To verify if the GPPB approved the proposed procedures, specifications and contract packaging submitted by the procuring entity <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 53.12. Community Participation. 	4. From the documentation of the proposed procedures, specifications and contract packaging, look for the approval by the GPPB.	Were the proposed procedures, specifications and contract packaging approved by the GPPB?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>Where, in the interest of project sustainability or to achieve certain specific social objectives, it is desirable in selected project components to call for participation of local communities in the delivery of services, the procuring entity shall propose the procedures, specifications, and contract packaging which are subject to the approval of the GPPB.</i>					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliance to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .				
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			

Other relevant criteria:

Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:

- *54.4. Except for Limited Source Bidding under Section 49 of this IRR, submission of bid securities may be dispensed with.*
- *54.5. Performance and warranty securities, as prescribed in Sections 39 and 62 of this IRR, shall be submitted for contracts acquired through the alternative methods of procurement, except for Shopping under Section 52 and Negotiated Procurement under Sections 53.2 emergency cases), 53.9 (small value procurement), 53.10 (lease of real property), and 53.13 (UN agencies).*



On the Procurement Procedures:

**NEGOTIATED PROCUREMENT FOR
INFRASTRUCTURE PROJECTS**

SMALL-VALUE PROCUREMENT



Procurement Procedures: NEGOTIATED PROCUREMENT FOR INFRASTRUCTURE PROJECTS SMALL-VALUE PROCUREMENT

Negotiated Procurement is a method of procurement of infrastructure projects whereby the procuring entity directly negotiates a contract with a technically, legally, and financially capable contractor in any of the following cases: (1) Two Failed Biddings, (2) Emergency Cases, (3) Take-Over of Contracts, (4) Adjacent or Contiguous, (5) Agency-to-Agency, (6) Small Value Procurement, (7) NGO Participation, (8) Community Participation.

Small-Value Procurement - Where the amount of procurement does not exceed the thresholds prescribed in Annex "H" of the IRR, RA 984, the procuring entity shall draw up a list of at least three (3) contractors of known qualifications which will be invited to submit proposals.

The thresholds for this method of procurement are:

- a) For NGAs, GOCCs, GFIs, and SUCs, Five Hundred Thousand Pesos (P500,000).
- b) For LGUs, in accordance with the following schedule:

DOF Classification of LGUs	Maximum Amount (in Philippine Peso)		
	Province	City	Municipality
1st Class	500,000	500,000	100,000
2nd Class	500,000	500,000	100,000
3rd Class	500,000	400,000	100,000
4th Class	400,000	300,000	50,000
5th Class	300,000	200,000	50,000
6th Class	200,000	100,000	50,000

In the case of barangays, Fifty Thousand Pesos (P50,000).

I. APPROVAL OF THE ALTERNATIVE METHOD

A. AUDIT OBJECTIVE:

To verify if the adoption of the Alternative Method: Small-Value Procurement was in accordance with the rules and regulations

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. copy of the approved Annual Procurement Plan (APP);
2. evidences to support the conclusion that public bidding cannot be ultimately pursued;
3. analysis leading to the conclusion that the amounts involved are within the threshold provided in Annex "H" of the Revised IRR of RA 9184;
4. Minutes of BAC meetings on the deliberations made;
5. BAC Resolution recommending the alternative method of procurement: Small-Value Procurement, duly approved by the HOPE.



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC validated: a. that the original mode of procurement per APP was public bidding but cannot be ultimately pursued; and, b. the existence of the conditions to justify Small-Value Procurement and the amount involved did not exceed the thresholds in Annex "H" of the Revised IRR of RA 9184. <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 48.3. <i>The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the <u>original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE.</u></i> 53.9. Small Value Procurement. <i>Where the ... the amount involved does not exceed the thresholds prescribed in Annex "H" of this IRR.</i> <i>Guidelines for Shopping and Small Value Procurement covered by GPPB Resolution No. 09-2009, dated 23 November 2009:</i> <ul style="list-style-type: none"> 1. SCOPE AND PURPOSE ... a. ... b. <i>Small Value Procurement of goods, infrastructure projects, and consulting services under 53.9 of the IRR.</i> 	1. From the evaluation report with supporting documents and minutes of the BAC's meetings and relevant BAC Resolution(s), look for information on the BAC's validation that the original mode of procurement per APP was public bidding but cannot be ultimately pursued and of the existence of the conditions to justify Small-Value Procurement.	Did the BAC validate that the original mode of procurement per APP was public bidding but cannot be ultimately pursued?			
		Did the BAC validate: a. the existence of the conditions to justify Small-Value Procurement? OR b. the amount involved did not exceed the thresholds in Annex "H" of the Revised IRR of RA 9184?			
2. To verify if the BAC: a. recommended the alternative mode of procurement: Small-Value Procurement to the HOPE, and b. the HOPE approved the alternative method of procurement	2. From the BAC Resolution recommending Small-Value Procurement as the method of procurement, look for the approval of the HOPE.	Did the BAC recommend the alternative mode of procurement: Small-Value Procurement to the HOPE?			
		Did the HOPE			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 48.3. <i>The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE.</i> 		approve Small-Value Procurement as the method of procurement?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p> <p>c. etc.</p> <p>and develop appropriate audit recommendations</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
<p>2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations</p>	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .				
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			

NEGOTIATED PROCUREMENT FOR INFRASTRUCTURE PROJECTS SMALL-VALUE PROCUREMENT

II. PRICE QUOTATIONS AND ACCEPTANCE OF OFFER

A. AUDIT OBJECTIVE

To verify if the Procuring Entity conducted Small-Value Procurement as required by regulations

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. evidences that the contractors identified were bona fide;
2. copy of the requests for price quotations duly received by the contractors;
3. copy of the price quotations;
4. evidence of posting request for quotations (RFQ);
5. documentation of the analysis of the price quotations leading to the conclusion of what was to be accepted/ compliance with the specifications and other terms and conditions stated in the RFQ;
6. documentation of the recommendation to the authorized official of the Procuring Entity;
7. documentation of the acceptance of the offer.
8. Abstract of Quotations;
9. notice of award;
10. evidence of posting notice of award

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC validated that there was no "splitting"	1. From relevant minutes of BAC meetings look for information on the BAC's validation that there was no	Did the BAC validate that there was no "splitting"?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • <i>54.1. Splitting of Government Contracts is not allowed. Splitting of Government Contracts means the division or breaking up of GOP contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the requirements of law and this IRR, specially the necessity of public bidding and the requirements for the alternative methods of procurement.</i> 	<p>"splitting" and the documents that became their basis for such.</p>				
<p>2. To verify if the Procuring Entity obtained price quotations from at least 3 bona fide contractors</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • <i>53.9.1. The procuring entity shall draw up a list of at least three (3) contractors, of known qualifications which will be invited to submit proposals, ...</i> 	<p>1. From the documentation of the evaluation conducted by the procurement unit of the Procuring Entity, with supporting documents, look for information on whether price quotations were obtained from at least 3 bona fide contractors.</p>	<p>Did the procurement unit of the Procuring Entity obtain price quotations from at least 3 bona fide contractors?</p>			
<p>3. For procurement with an ABC of more than Php 50,000.00, to verify if the procuring entity posted the RFQs in:</p> <p>a. the PhilGEPS, b. the website of the procuring entity, if available c. any conspicuous place in the premises of the procuring entity for a period of 7 calendar days</p> <p><i>Guidelines for Shopping and Small Value Procurement covered by GPPB Resolution No. 09-2009, dated 23 November 2009:</i></p>	<p>2. Ahead of the procurement, request the procuring entity for advance information on the schedule of any posting.</p> <p>3. Access the PhilGEPS website, the website of the procuring entity concerned, if available and print the page where the notice was posted (to form part of the audit evidences).</p> <p>4. Conduct ocular inspection on the schedule of posting.</p>	<p>Did the procurement unit of the Procuring Entity post the RFQ in:</p> <p>a. the PhilGEPS for a period of 7 calendar days?</p> <p>b. the website of the procuring entity for a period of 7 calendar days?</p> <p>c. any conspicuous place in the premises of the procuring entity for a period of 7</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> 1. . . . 2. . . . 3. <i>Procedural Guidelines</i> ... d. <i>RFQs shall also be posted for a period of seven (7) calendar days in the Philippine Government Electronic Procurement System (PhilG-EPS) website, website of the procuring entity, if available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity. However, in the following instances, the posting requirement shall not be applicable:</i> <ul style="list-style-type: none"> i. ... ii. <i>RFQs with ABCs equal to Fifty Thousand Pesos (Php 50,000.00) and below.</i> 		calendar days?			
<p>4. To verify if the procuring entity prepared an Abstract of Quotations after the deadline for submission of price quotations and determined the lowest quotation</p> <p><i>Guidelines for Shopping and Small Value Procurement covered by GPPB Resolution No. 09-2009, dated 23 November 2009:</i></p> <ul style="list-style-type: none"> 1. . . . 2. . . . 3. <i>Procedural Guidelines</i> ... e. <i>After the deadline for submission of price quotations, an Abstract of Quotations shall be prepared setting forth the names of those who responded to the RFQ, their corresponding price quotations, and the lowest quotation submitted.</i> 	<p>5. Look for the Abstract of Quotations and check for the indication of the lowest quotation.</p> <p>6. Compare the date of the Abstract of Quotations with the deadline for submission of price quotations as indicated in the RFQs.</p>	<p>Did the procurement unit of the Procuring Entity prepare an Abstract of Quotations?</p> <p>Did the procurement unit of the Procuring Entity prepare an Abstract of Quotations after the deadline for submission of price quotations?</p> <p>Did the procurement unit of the Procuring Entity determine the lowest quotation?</p>			
<p>5. To verify if the procuring entity made the award of contract to the lowest quotation which complied with the specifications and other terms and conditions stated in the RFQ</p>	<p>7. Compare the name of contractor with the lowest quotation as indicated in the Abstract of Quotation with the name of contractor who was awarded the contract.</p> <p>8. From the documentation of the evaluation of price</p>	<p>Did the procuring entity award the contract to the lowest quotation which complied with the specifications and other terms and conditions stated in</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Guidelines for Shopping and Small Value Procurement covered by GPPB Resolution No. 09-2009, dated 23 November 2009:</i></p> <ul style="list-style-type: none"> 1. . . . 2. . . . 3. <i>Procedural Guidelines</i> ... <i>h. Award of contract shall be made to the lowest quotation for infrastructure projects which complies with the specifications and other terms and conditions stated in the RFQ.</i> 	<p>quotations conducted by the procuring entity, look for the verification on the compliance with the specifications and other terms and conditions stated in the RFQ.</p>	the RFQ?			
<p>6. For procurement with and ABC of more than Php 50,000.00, To verify if the procuring entity posted the award in:</p> <ul style="list-style-type: none"> a. the PhilGEPS, b. the website of the procuring entity, if available c. any conspicuous place in the premises of the procuring entity <p><i>Guidelines for Shopping and Small Value Procurement covered by GPPB Resolution No. 09-2009, dated 23 November 2009:</i></p> <ul style="list-style-type: none"> 1. . . . 2. . . . 3. <i>Procedural Guidelines</i> ... <i>i. For information purposes, all awards shall be posted in the PhilG-EPS website, website of the procuring entity, if available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity except for those with ABCs equal to Fifty Thousand Pesos (Php 50,000.00) and below.</i> 	<p>9. Ahead of the procurement, request the procuring entity for advance information on the schedule of any posting.</p> <p>10. Access the PhilGEPS website, the website of the procuring entity concerned, if available and print the page where the award was posted (to form part of the audit evidences).</p> <p>11. Conduct ocular inspection on the schedule of posting.</p>	<p>Did the procuring entity post the award in:</p> <ul style="list-style-type: none"> a. the PhilGEPS? b. the website of the procuring entity? c. any conspicuous place in the premises of the procuring entity? 			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <ul style="list-style-type: none"> a. validity of the procurement activities and outputs 	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>				
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			

Other criteria:

- *54.4. Except for Limited Source Bidding under Section 49 of this IRR, submission of bid securities may be dispensed with.*



On the Procurement Procedures:

**NEGOTIATED PROCUREMENT FOR
INFRASTRUCTURE PROJECTS**

**NON-GOVERNMENTAL
ORGANIZATION'S (NGO)
PARTICIPATION**



**Procurement Procedures:
NEGOTIATED PROCUREMENT FOR INFRASTRUCTURE PROJECTS
NGO PARTICIPATION**

Negotiated Procurement is a method of procurement of infrastructure projects whereby the procuring entity directly negotiates a contract with a technically, legally, and financially capable contractor in any of the following cases: (1) Two Failed Biddings, (2) Emergency Cases, (3) Take-Over of Contracts, (4) Adjacent or Contiguous, (5) Agency-to-Agency, (6) Small Value Procurement, (7) NGO Participation, (8) Community Participation.

NGO Participation – When an appropriation law or ordinance earmarks an amount to be specifically contracted out to Non-Governmental Organizations (NGOs), the procuring entity may enter into a Memorandum of Agreement with an NGO, subject to guidelines to be issued by the GPPB.

NOTE:

No Audit Guide has been developed for this method of procurement since no guidelines has yet been issued by the GPPB.



On the Procurement Procedures:

**COMPETITIVE / PUBLIC BIDDING
FOR THE PROCUREMENT OF
CONSULTING SERVICES**



Procurement Procedures: COMPETITIVE / PUBLIC BIDDING FOR THE PROCUREMENT OF CONSULTING SERVICES

I. PREPARATORY ACTIVITY: BIDDING DOCUMENTS

Bidding documents are documents issued by the Procuring Entity to provide prospective bidders all the necessary information that they need to prepare their bids.

A. AUDIT OBJECTIVE:

To verify if the Bidding Documents for the specific procurement **followed the standard forms and manuals** prescribed by the Government Procurement Policy Board (GPPB)

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. The procuring entity's Customized Bidding Documents for Consulting Services;
2. Bidding Documents for the specific procurement.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the Bidding Documents for the specific procurement include the <u>forms</u> and <u>information/contents</u> indicated in the <i>Philippine Bidding Documents for the Procurement of Consulting Services</i> issued by the GPPB: a. Approved Budget for the Contract b. Request for Expression of Interest, c. Eligibility Documents, d. Eligibility Data Sheet, e. Instructions to Bidders, f. Bid Data Sheet, g. General Conditions of Contract, h. Special Conditions of Contract, i. Technical Proposal – Standard Forms, j. Financial Proposal – Standard Forms, k. Terms of Reference (TOR), l. Appendices <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 17.1. The Bidding Documents shall be prepared by the procuring entity following the standard forms and	<p>1. If the procuring entity adopted customized Bidding Documents and the results of the earlier validation of this element showed that these are <u>compliant</u> with the <i>Philippine Bidding Documents for the Procurement of Consulting Services, 3rd Edition (October 2009)</i> issued by the GPPB, secure from the BAC Secretariat duly certified copies of the Bidding Documents for specific procurements and <u>compare</u> these with the customized Bidding Documents of the procuring entity.</p> <p>If the customized Bidding Documents are not compliant, compare the procurement-specific Bidding Documents with the <i>Philippine Bidding Documents for the Procurement of Consulting Services, 3rd Edition (October 2009)</i> issued by the GPPB using the audit matrix for the <i>Element – Customized Bidding</i></p>	<p>Are the Bidding Documents/ Information <u>complete</u>:</p> <p>a. Approved Budget for the Contract?</p> <p>b. Request for Expression of Interest?</p> <p>c. Eligibility Requirements?</p> <p>d. Instruction to Bidders, including - scope of bid?</p> <p>- documents comprising the bid?</p> <p>- criteria for eligibility?</p> <p>- bid evaluation/ methodology/ criteria?</p> <p>- post-</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>manuals prescribed by the GPPB.</i> • 17.1. ... The Bidding Documents shall include the following: a) Approved Budget for the Contract (ABC); b) Request for Expression of Interest; c) Eligibility Documents/ Requirements; d) Eligibility Data Sheet; e) Instructions to Bidders, including documents comprising the bid, criteria for eligibility, bid evaluation methodology (Quality-Based or Quality-Cost Based)/criteria, and post-qualification, as well as the date, time and place of the pre-bid conference (where applicable), submission of bids and opening of bids; f) Bid Data Sheet; g) Terms of Reference; h) Scope of Services; i) Form of Bid (Technical and Financial Proposal Forms); j) Completion Schedule; k) Form, Amount, and Validity Period of Bid Security; l) Form, Amount, and Validity of Performance Security; and m) Form of Contract and General and Special Conditions of Contract	<i>Documents for Consulting Services.</i>	qualification methodology? - date of the pre-bid conference, if applicable? - time of the pre-bid conference, if applicable? - Place of the pre-bid conference, if applicable? - Deadline for submission of bids? - Place of submission of bids? - Date of opening of bids? - Time of opening of bids? - Place of opening of bids? e. Terms of Reference? f. Form of Bid? g. Completion Schedule? h. Form, Amount, and Validity Period of Bid Security? i. Form, Amount, and Validity of Performance Security? j. Form of Contract, General and			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
		Special Conditions of Contract?			
		Are the Bidding Documents in the required <u>form</u> : a. Request for Expression of Interest? b. Instructions to Bidders? c. Bid Data Sheet? d. General Conditions of the Contract? e. Special Conditions of Contract? f. Terms of Reference? g. Bidding Forms? h. Appendices?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of</i> 	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>					
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p><u>NOTE:</u> Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



II. PREPARATORY ACTIVITY: PRE-PROCUREMENT CONFERENCE (For procurement of consulting service costing more than P1 million)

The pre-procurement conference is the forum where all officials involved in the procurement meet and discuss all aspects of a specific procurement activity, which includes the technical specifications, the Approved Budget for the Contract (ABC), the applicability and appropriateness of the recommended method of procurement and the related milestones, the bidding documents, and availability of the pertinent budget release for the project.

A. AUDIT OBJECTIVES:

1. To verify if the Pre-Procurement Conference was conducted **within the required time**;
2. To verify if the **participants** to the Conference are as required;
3. To verify if during the Conference the participants, led by the Bids and Awards Committee (BAC), **performed the required tasks** and **attained the objectives of the Conference**.

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. copy of the *Minutes of Pre-Procurement Conference* duly certified by the BAC Secretariat;
2. Request for Expression of Interest;
3. Duly certified copies of the documents (Office Orders, contracts, Organizational/Functional Charts, etc) which the BAC Secretariat used as bases for identifying and notifying the participants to the Pre-Procurement Conference, including duly certified copies of the notices issued with evidence of receipt by the participants.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the Pre-Procurement Conference was conducted prior to the advertisement or the issuance of the Request for Expression of Interest <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 20.1. Prior to the Advertisement or the issuance of the Request for Expression of Interest for each procurement undertaken through public bidding, the BAC, through its Secretariat shall call for a Pre-Procurement Conference.	1. Secure from the BAC Secretariat a duly certified copy of the <i>Minutes of Pre-Procurement Conference</i> and compare the date the conference was held with the date indicated in the Request for Expression of Interest (included in the Bidding Documents)	Was the Pre-Procurement Conference conducted prior to the issuance of the Request for Expression of Interest?			
2. To verify if the participants to the Pre-Procurement Conference included the BAC, the Secretariat, the unit or officials, including consultants	2. Secure from the BAC Secretariat duly certified copies of the documents (Office Orders, contracts, Organizational/Functional Charts, etc) which it used	Did the participants to the Conference include the: a. BAC?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
hired by the procuring entity, who prepared the Bidding Documents and the draft Request for Expression of Interest <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 20.1.... The pre-procurement conference shall be attended by the BAC, the Secretariat, the unit or officials, including consultants hired by the procuring entity, who prepared the Bidding Documents and the draft Request for Expression of Interest, for each procurement.	as bases for identifying and notifying the participants to the Pre-Procurement Conference, including duly certified copies of the notices issued with evidence of receipt by the participants 3. From the <i>Minutes of Pre-Procurement Conference</i> look for the names of the members of the BAC, the members of the Secretariat, the officials and/or consultants who prepared the Bidding Documents and the draft Request for Expression of Interest	b. Secretariat? c. unit or officials who prepared the Bidding Documents and the draft Request for Expression of Interest? d. consultants hired by the procuring entity, who prepared the Bidding Documents and the draft Request for Expression of Interest?			
3. To verify if during the Pre-Procurement Conference the participants, led by the BAC, performed the following tasks and attained the related objectives: a. Discussed relevant information and <u>confirmed</u> the description of the scope of the contract, the ABC, and contract duration; b. Discussed relevant information and confirmed that the procurement is in accordance with the project procurement management plan (PPMP) and annual procurement plan (APP); c. Discussed relevant information and confirmed the availability of appropriations and programmed budget for contract; d. Discussed relevant information and confirmed the completeness of the Bidding Documents and their adherence to relevant general procurement guidelines; e. Reviewed, modified and agreed on the criteria for	4. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the scope of the contract, the ABC, and contract duration, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the description of the scope of the contract, the ABC, and the contract duration</u>	Did the participants led by the BAC discuss and confirm the: a. Description of the scope of the contract? b. ABC? c. Contract duration?			
	5. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the review of the PPMP and APP, availability of appropriations and programmed budget for the contract, the deliberation thereon, and the conclusions reached	Did the participants led by the BAC discuss and confirm that the: a. procurement is in accordance with the PPMP and APP?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>eligibility screening, criteria for short listing, minimum score for short listing, number of short listed consultants, criteria for bid evaluation and post-qualification;</p> <p>f. Reviewed and adopted the procurement schedule, including deadlines and timeframes, for the different activities; and</p> <p>g. Reiterated and emphasized the importance of confidentiality and the applicable sanctions and penalties, as well as agreed on measures to ensure compliance with the foregoing.</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • 20.1. ... During the conference, the participants, led by the BAC, shall: <ul style="list-style-type: none"> a) Confirm the description and scope of the contract, the ABC, and contract duration; b) Ensure that the procurement is in accordance with the project and annual procurement plans; c) Determine the readiness of the procurement at hand, including, among other aspects, the following: <ul style="list-style-type: none"> i) availability of appropriations and programmed budget for contract; ii) completeness of the Bidding Documents and their adherence to relevant general procurement guidelines; iii) ... d) Review, modify and agree on the criteria for eligibility screening, evaluation, and post-qualification; e) Review and adopt the procurement schedule, including deadlines and timeframes, for the different activities; and f) Reiterate and emphasize the importance of confidentiality and the applicable sanctions and penalties, as well as agree on measures to ensure 	<p>as a result of the deliberation; and analyze if they led to the <u>confirmation of the procurement is in accordance with the PPMP and APP, and availability of appropriations and programmed budget for the contract.</u></p>	<p>b. appropriations and programmed budget for the contract are available?</p>			
	<p>6. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the Bidding Documents, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the completeness of the Bidding Documents and their adherence to the Philippine Bidding Documents (PBDs)/ customized Bidding Documents.</u></p>	<p>Did the participants led by the BAC discuss and confirm the following:</p> <p>a. completeness of the Bidding Documents?</p> <p>b. adherence to the Philippine Bidding Documents (PBDs)/ customized Bidding Documents?</p>			
	<p>7. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the criteria for eligibility screening, bid evaluation, and post-qualification, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the criteria for eligibility screening, criteria for short listing, minimum score for short listing, number of short listed consultants, criteria for bid evaluation and post-qualification.</u></p>	<p>Did the participants led by the BAC discuss and confirm the:</p> <p>a. Criteria for Eligibility screening?</p> <p>a. Criteria for short listing?</p> <p>b. Minimum score for short listing?</p> <p>c. Number of short listed consultants?</p> <p>d. Criteria for Bid evaluation?</p> <p>e. Criteria Post-qualification?</p>			



Audit Sub-objective • <i>Audit Criteria</i> <i>compliance with the foregoing.</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> 24.5.2. The BAC shall draw up the short list of consultants from those who have been determined as eligible in accordance with the provisions of this IRR. [AMENDED PER ANNEX "A" OF GPPB RESOLUTION NO. 06-2009 DATED 30 SEPTEMBER 2009]. <u>The number of short listed consultants, which shall be determined in the pre-procurement conference, shall consist of three (3) to seven (7) consultants, with five (5) as the preferable number. Should less than the required number apply for eligibility and short listing, pass the eligibility check, and/or pass the minimum score required in the short listing, the BAC shall consider the same.</u> 7.2. No procurement shall be undertaken unless it is in accordance with the approved APP of the procuring entity. The APP shall bear the approval of the Head of the Procuring Entity or second-ranking official designated by the Head of the Procuring Entity to act on his behalf, and must be consistent with its duly approved yearly budget. <p>GPPB Circular 01-2009 dated 20 January 2009:</p> <ul style="list-style-type: none"> ... 4.2. To facilitate the immediate implementation of projects even pending approval of the GAA, the ABC shall be based on the budget levels under the National Expenditure Program (NEP) submitted to Congress. 4.3. For specifically appropriated projects, agencies can proceed with the procurement activities prior to issuance of the notice of award using as basis the NEP figures. 4.4. For lump-sum appropriations and Centrally Managed Items (CMIs) under the agency's budget, the head of the agency shall identify and thereafter notify the implementing units (IUs) of the amount allocated for the projects they are to implement. On the basis of said notification, the heads of the respective IUs, as 					
	8. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the procurement schedule, including deadlines and timeframes for the different activities, the no-contact rule, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the adoption of the procurement schedule including deadlines and timeframes for the different activities and agreement on the no-contact rule.</u>	<p>Did the participants led by the BAC discuss and confirm the:</p> <p>a. adoption of the procurement schedule including deadlines and timeframes for the different activities?</p> <p>b. agreement on the no-contact rule?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>procuring entities, can proceed with the procurement activities prior to issuance of the notice of award.</i></p> <p>4.5. <i>For Multi-Year Projects (MYPs), for which the initial funding – sourced from either the existing/current year's budget or the NEP – is not sufficient to cover the total cost of the project, it is required that a Multi-Year Obligational Authority (MYOA) must already have been issued in accord with DBM Circular Letter 2004-012 prior to commencement of any procurement activity.</i></p> <p><i>Thus, the MYOA shall be a pre-requisite for procurement of a multi-year contract. All procurement activities should be within the total project cost and categories reflected in the MYOA issued by DBP for the said MYP.</i></p> <p>4.6. <i>As prescribed under Section 47, Chapter 8, Subtitle B, Title I, Book V of the Administrative Code of 1987, no contract involving the expenditure of public funds shall be entered into unless the proper accounting official of the procuring entity shall have certified as to the availability of funds and the allotment to which the expenditure or obligation may be properly charged.</i></p> <p>• Definition:</p> <p>3.1. <i>Allotment - document issued by the Department of Budget and Management (DBM) which authorizes an agency to incur obligations for a specified amount as contained in a legislated appropriation. The allotment issued may either be through the Agency Budget Matrix (ABM) which covers the comprehensive release of specifically appropriated items in the agency's budget or through the Special Allotment Release Order (SARO).</i></p> <p>3.2. <i>Annual Procurement Plan (APP) – the requisite document that the agency must prepare to reflect the entire</i></p>					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>procurement activity (i.e., goods, services, civil works to be procured) that it plans to undertake within the calendar year. This document contains the following information:</i></p> <p><i>3.2.1. Name of the procurement program/project;</i></p> <p><i>3.2.2. Project management office or end-user unit;</i></p> <p><i>3.2.3. General description of the procurement;</i></p> <p><i>3.2.4. Procurement method to be adopted;</i></p> <p><i>3.2.5. Time schedule for each procurement activity;</i></p> <p><i>3.2.6. Source of fund; and</i></p> <p><i>3.2.7. Approved Budget for the Contract.</i></p> <p><i>3.3. Approved Budget for the Contract (ABC) – refers to the following:</i></p> <p><i><u>NGs including SUCs (referred to in Section 2.1)</u></i></p> <p><i>3.3.1. For specifically appropriated items as reflected in the annual budget of the national government agency, the amount corresponding to either the full cost of a single year or multi-year program/project/ activity. For multi-year projects, for which a Multi-Year Obligational Authority has been issued, the ABC shall be the amount reflected in the Multi-Year Obligational Authority.</i></p> <p><i><u>GOCCs and LGUs (referred to in Section 2.2)</u></i></p> <p><i>3.3.3. In the case of GOCCs, including government financial institutions as well as LGUs, the ABC represents the amount of fund transfers which they receive from a national government agency to implement a program/project/activity.</i></p> <p><i>3.5. Lump-Sum Appropriations and Centrally Management Items (CMIs) – those items in the budget of agencies for which the Implementing Units and the specific amounts allocated for each have not been identified in the National Expenditure Program (NEP) or the General Appropriations Act (GAA).</i></p>					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>3.8. Multi-Year Obligational Authority (MYOA) – a document issued by the DBM either for locally funded projects or foreign assisted projects implemented by agencies in order to authorize the latter to enter into multi-year contracts for the full project cost. A MYOA, which contains an annual breakdown of the full project cost, obligates agencies to include in their budget proposal for the ensuring years the amount programmed for the said year(s).</i></p> <p><i>3.9. National Expenditure Program (NEP) – the proposed national budget submitted by the President to Congress in accord with Section 22, Article VII of the Constitution. The NEP shall be the basis of the general appropriations bill, which upon its enactment, becomes the General Appropriations Act (GAA).</i></p>					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p> <p>c. etc.</p> <p>and develop appropriate audit recommendations</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
<p>2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations</p>	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	<p>recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p><u>NOTE:</u> Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>				
<p>3. To communicate the results of the audit with the auditee's Management</p> <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			



III. ADVERTISING AND POSTING OF THE REQUEST FOR EXPRESSION OF INTEREST (For consulting service contracts costing more than P1 million or with duration of more than 4 months)

Advertising and posting are conducted to ensure transparency of the procurement process, widest possible dissemination to increase the number of prospective bidders, and intensify competition for the procurement activity or project

A. AUDIT OBJECTIVE:

To verify if the Request for Expression of Interest was advertised and posted in the media as required and within the specified time

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. Entire page of the newspaper where the *Request for Expression of Interest* was advertised;
2. Document used by the BAC Secretariat to verify from the publisher the extent of circulation of the newspaper and the first day of its publication;
3. Printout of the web page where the *Request for Expression of Interest* was posted in the PhilGEPS website, the website of the procuring entity concerned, if available, and website prescribed by the foreign government/ foreign or international financing institution, if applicable for the first day and at least the last day of posting;
4. Certification by the head of the BAC Secretariat of the procuring entity that the *Request for Expression of Interest* was posted at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC advertised the <i>Request for Expression of Interest</i> in a newspaper of general nationwide circulation which has been regularly published for at least 2 years before the date of issue of the advertisement <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 21.2.1. Except as otherwise provided in Sections 21.2.2 and 54.2 of this IRR and for the procurement of common-use goods and supplies, the Request for Expression of Interest shall be: a. Advertised at least once in a newspaper of general nationwide circulation which has been regularly published for at least 2 years before the date of issue of the advertisement; b. ...	1. Request the BAC Secretariat to provide a copy of the entire page of the newspaper where the <i>Request for Expression of Interest</i> was advertised, to be submitted to the Auditor on the day of advertisement. 2. From the verification document obtained by the BAC Secretariat from the publisher, check the extent of circulation of the newspaper and the first day of publication.	Did the BAC advertise the <i>Request for Expression of Interest</i> in a newspaper of general nationwide circulation which has been regularly published for at least 2 years before the date of issue of the advertisement?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>2. To verify if the BAC posted the <i>Request for Expression of Interest</i> continuously in the PhilGEPS website, the website of the procuring entity concerned, if available, and the website prescribed by the foreign government/foreign or international financing institution, if applicable, for 7 calendar days starting on the date of advertisement</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2 2009:</i></p> <ul style="list-style-type: none"> 21.2.1. Except as otherwise provided in Sections 21.2.2 and 54.2 of this IRR and for the procurement of common-use goods and supplies, the Request for Expression of Interest shall be: <ul style="list-style-type: none"> a... b. Posted continuously in the PhilGEPS website, the website of the procuring entity concerned, if available, and the website prescribed by the foreign government/foreign or international financing institution, if applicable, for 7 calendar days starting on the date of advertisement 	<p>3. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting.</p> <p>4. On the first day of posting access the PhilGEPS website, the website of the procuring entity concerned, if available, and website prescribed by the foreign government/ foreign or international financing institution, if applicable. Print the page where the notice was posted (to form part of the audit evidences).</p> <p>5. Access the websites at random during the 7-day period to verify the postings.</p>	<p>Did the BAC post the <i>Request for Expression of Interest</i> continuously in the:</p> <p>a. PhilGEPS website for 7 calendar days starting on the date of advertisement?</p> <p>b. website of the procuring entity concerned, if available, for 7 calendar days starting on the date of advertisement?</p> <p>c. website prescribed by the foreign government/ foreign or international financing institution, if applicable, for 7 calendar days starting on the date of advertisement?</p>			
<p>3. To verify if the BAC posted the <i>Request for Expression of Interest</i> continuously at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days, as certified by the head of the BAC Secretariat of the procuring entity</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 3, 2009:</i></p> <ul style="list-style-type: none"> 21.2.1. Except as otherwise provided in Sections 21.2.2 and 54.2 of this IRR and for the procurement of common-use 	<p>6. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting.</p> <p>7. Conduct ocular inspection on the first day of posting.</p> <p>8. Repeat the ocular inspections (may be at random) during the 7-day period to verify the postings.</p> <p>9. Request for the certification of the head of the BAC Secretariat.</p>	<p>Did the BAC post the <i>Request for Expression of Interest</i>:</p> <p>a. continuously for seven (7) calendar days,</p> <p>b. at the conspicuous place reserved for the purpose in the premises of the procuring entity,</p> <p>c. as certified by the head of the BAC Secretariat of the procuring entity?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>goods and supplies, the Request for Expression of Interest shall be:</i> <i>a....</i> <i>b. ...</i> <i>c. Posted at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days, as certified by the head of the BAC Secretariat of the procuring entity.</i>					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliance to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re-Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



IV. POSTING OF THE REQUEST FOR EXPRESSION OF INTEREST
(For consulting service contracts costing P1 million and below
or with duration of 4 months or less)

A. AUDIT OBJECTIVE:

To verify if the *Request for Expression of Interest* was posted in the media as required and within the specified time

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. Printout of the web pages where the *Request for Expression of Interest* was posted in the PhilGEPS website, the website of the procuring entity concerned, if available, and website prescribed by the foreign government/ foreign or international financing institution, if applicable for the first day and at least the last day of posting;
2. Certification by the head of the BAC Secretariat of the procuring entity that the *Request for Expression of Interest* was posted at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC post the <i>Request for Expression of Interest</i> continuously in the PhilGEPS website, the website of the procuring entity concerned, if available, and the website prescribed by the foreign government/foreign or international financing institution, if applicable, for 7 calendar days starting on the date of advertisement <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 21.2.2. Advertisement of the <i>Request for Expression of Interest</i> in a newspaper of general nationwide circulation provided in Section 21.2.1 (a) shall not be required for contracts to be bid with an approved budget of ... One Million Pesos (P1,000,000.00) and below or those whose duration is four (4) months or less for the procurement of consulting services. • 21.2.1. Except as otherwise provided in Sections 21.2.2 and 54.2 of this IRR and for the procurement of common-use goods and supplies, the <i>Request for Expression of Interest</i> shall be: 	1. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting. 2. On the first day of posting access the PhilGEPS website, the website of the procuring entity concerned, if available, and website prescribed by the foreign government/ foreign or international financing institution, if applicable. Print the page where the notice was posted (to form part of the audit evidences). 3. Access the websites at random during the 7-day period to verify the postings.	Did the BAC post the <i>Request for Expression of Interest</i> continuously in the: a. PhilGEPS website for 7 calendar days starting on the date of advertisement? b. website of the procuring entity concerned, if available, for 7 calendar days starting on the date of advertisement? c. website prescribed by the foreign government/ foreign or international financing institution, if applicable, for 7 calendar days starting on the date of advertisement?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>a...</i> <i>b. Posted continuously in the PhilGEPS website, the website of the procuring entity concerned, if available, and the website prescribed by the foreign government/foreign or international financing institution, if applicable, for 7 calendar days starting on the date of advertisement</i>					
2. To verify if the BAC posted the <i>Request for Expression of Interest</i> continuously at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days, as certified by the head of the BAC Secretariat of the procuring entity <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 21.2.1. Except as otherwise provided in Sections 21.2.2 and 54.2 of this IRR and for the procurement of common-use goods and supplies, the Request for Expression of Interest shall be: <i>a....</i> <i>b. ...</i> <i>c. Posted at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days, as certified by the head of the BAC Secretariat of the procuring entity.</i>	4. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting. 5. Conduct ocular inspection on the first day of posting. 6. Repeat the ocular inspections (may be at random) during the 7-day period to verify the postings. 7. Request for the certification of the head of the BAC Secretariat	Did the BAC post the <i>Request for Expression of Interest</i> : a. continuously for seven (7) calendar days, b. at the conspicuous place reserved for the purpose in the premises of the procuring entity, c. as certified by the head of the BAC Secretariat of the procuring entity?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc.	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<u>NOTE:</u> Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .				
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. <u>NOTE:</u> Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re-Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



V. ISSUANCE OF ELIGIBILITY DOCUMENTS TO CONSULTANTS

The list of eligibility requirements/ documents must be made available from the first day of advertising/ posting until the deadline for the eligibility check.

A. AUDIT OBJECTIVE:

To verify if the pertinent regulations on issuance of eligibility documents were followed

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. Request for Expression of Interest;
2. Entire page of the newspaper where the *Request for Expression of Interest* was advertised (for consulting service contracts costing more than P1 million or with duration of more than 4 months), for the first day of advertising;
3. Printout of the web pages where the Request for Expression of Interest was posted in the PhilGEPS website, the website of the procuring entity concerned, if available, and website prescribed by the foreign government/ foreign or international financing institution, if applicable, for the first day of posting;
4. Records of the BAC on issued eligibility requirements/ documents.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC observed the time required in making the eligibility documents available, that is, from the time the <i>Request for Expression</i> was first advertised up to the deadline for the eligibility check <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 17.3. ... a) ... b) For the procurement of consulting services, <u>eligibility documents shall be made available from the time the <i>Request for Expression of Interest</i> is first advertised/posted until the deadline for the eligibility check, ...</u>	1. Compare the "period of availability of the Eligibility Documents" indicated in the <i>Request for Expression of Interest</i> with the first day of its advertising/posting and the deadline for the eligibility check.	Did the BAC make the <u>eligibility documents</u> available from the time the <i>Request for Expression of Interest</i> was first advertised/ posted up to the deadline for the eligibility check?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations. Also determine if appropriate actions were	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>				
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re-Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			



VI. ELIGIBILITY CHECKING & SHORT LISTING OF CONSULTANTS

Eligibility Check is a procedure to determine if a prospective bidder is eligible to participate in the bidding at hand.

The process of short listing determines the most qualified consultants from those eligible to undertake the project.

A. AUDIT OBJECTIVES:

1. To verify if all consultants that submitted Eligibility Documents were included in the Eligibility Checking;
2. To verify if submission and opening of eligibility envelopes were made within the time as required;
3. To verify if the BAC performed the eligibility checking as required;
4. To verify if the BAC performed the short listing as required;
5. To verify if the BAC notified the prospective bidders concerned of the results of the eligibility checking and short listing as required.

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for the evaluation:

1. *Receiving Logbook* of the BAC Secretariat showing information on the consultants that submitted Eligibility Documents;
2. Minutes of Eligibility Checking;
3. Request for Expression of Interest;
4. *Checklist of Eligibility Requirements of Consulting Services* accomplished by the BAC;
5. *TWG report on short listing* as reviewed by the BAC;
6. *Rating Sheet for Short Listing* accomplished by the TWG/BAC;
7. Minutes of meeting(s) on short listing;
8. BAC Resolution on the Short Listing conducted, duly approved by the HOPE;
9. Minutes of the BAC meeting on the selection of the Observer from the "pool";
10. Reports of the BAC Observers.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
ELIGIBILITY CHECKING / SCREENING OF CONSULTANTS					
1. To verify if the BAC included <u>all</u> consultants that submitted Eligibility Documents in the Eligibility Checking <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none">• 3. The procurement of the GOP shall be governed by these principles: ... b) Competitiveness by	1. From the Minutes of Eligibility Checking, compare the list of consultants subjected to eligibility checking with those that submitted Eligibility Documents per the <i>Receiving Logbook</i> of the BAC Secretariat.	Did the BAC include all consultants that submitted Eligibility Documents in the Eligibility Checking?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>extending equal opportunity to enable private contracting parties who are eligible and qualified to participate in public bidding.</i>					
2. To verify if the eligibility envelopes were submitted on or before the deadline set in the <i>Request for Expression of Interest</i> <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 24.4.1. <i>The eligibility envelopes of prospective bidders for procurement of consulting services shall be submitted on or before the deadline specified in the Request for Expression of Interest...</i> 	2. From the <i>Receiving Logbook</i> , check the date and time of submission and compare with the deadline set in the <i>Request for Expression of Interest</i> .	Were the eligibility envelopes submitted on or before the deadline set in the <i>Request for Expression of Interest</i> ?			
3. To verify if the BAC opened the eligibility envelopes before the dates of the pre-bid conference and bid opening <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 24.4.1. <i>The eligibility envelopes of prospective bidders for procurement of consulting services shall be ... opened before the dates of the pre-bid conference and bid opening to determine eligibility of prospective bidders who shall then be allowed to acquire or purchase the relevant bidding documents from the procuring entity.</i> 	3. From the Minutes of Eligibility Checking, compare the date of opening of eligibility envelopes with the dates of the pre-bid conference and bid opening indicated in the Bidding Documents (<i>Request for Expression of Interest</i>).	Did the BAC open the eligibility envelopes: <ul style="list-style-type: none"> a. before the date of the pre-bid conference? b. before the date of the bid opening? 			
4. To verify if the BAC: <ul style="list-style-type: none"> a. opened the eligibility envelopes in public, and b. determined each prospective bidder's compliance with the documents required to be submitted for eligibility <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 30.1. ... For the purpose the BAC 	4. From the Minutes of Eligibility Checking, go over the list of those present if they included prospective bidders and BAC Observers.	Did the BAC open the eligibility envelopes in public?			
	5. Compare the list of documents required to be submitted for eligibility per Bidding Documents and those in the Checklist of required documents used during the eligibility checking.	Are the contents of the <i>Checklist of Eligibility Requirements of Consulting Services</i> those that are required for eligibility per			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>shall check the submitted documents of each bidder against a checklist of required documents to ascertain if they are all present using a non-discretionary "pass/fail" criterion as stated in the Instructions to Bidders. If the bidder submits the required the required documents, it shall be rated "passed" for that particular requirement.</i></p> <p>• 24.4.2. <i>Subject to the short listing of consultants as provided in this IRR, the determination of eligibility of consultants shall be based on the evaluation of the eligibility documents prescribed above in accordance with the procedures provided in Section 30.1 of this IRR.</i></p> <p>• 24.1. <i>The following documents shall be submitted, using the forms prescribed by the BAC in the Bidding Documents for purposes of determining eligibility and short listing of prospective bidders in accordance with Sections 24.4 and 24.5 of this IRR:</i></p> <p><i>a) Class "A" Documents–</i></p> <p><u><i>Legal Documents–</i></u></p> <p><i>i) Registration certificate from SEC for partnerships and corporations or Registration certificate from Department of Trade and Industry (DTI) for sole proprietorship or CDA for cooperatives, or any proof of such registration</i></p> <p><i>ii) Mayor's permit issued by the city or municipality where the principal place of business of the prospective bidder is located;</i></p> <p><u><i>Technical Documents–</i></u></p> <p><i>iii) Statement of the prospective bidder of all its ongoing and completed government and private contracts, including contracts awarded but not yet started, if any, whether similar or not similar in nature and complexity to the contract to be bid, within the</i></p>		Bidding Documents?			
	6. Validate the entries in the Checklist with the eligibility documents of the prospective bidders (for presence or absence).	Did the BAC determine each prospective bidder's compliance with the documents <u>required</u> to be submitted for eligibility?			
	7. From the Minutes of Eligibility checking if those consultants declared eligible were those that passed all the eligibility criteria.	Did the BAC declare as eligible only those consultants that passed all the eligibility criteria?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>relevant period as provided for in the Bidding Documents.</i></p> <p>iv) <i>Statement of the consultant specifying its nationality and confirming that those who will actually perform the service are registered professionals authorized by the appropriate regulatory body to practice those professions and allied professions, including their respective curriculum vitae. [AS AMENDED BY GPPB RESOLUTION NO. 11-2009 DATED 30 NOVEMBER 2009]</i></p> <p><u>Financial Documents-</u></p> <p>v) <i>The consultant's audited financial statements, showing, among others, the consultant's total and current assets and liabilities, stamped "received" by the BIR or its duly accredited and authorized institutions, for the preceding calendar year which should not be earlier than two (2) years from the date of bid submission.</i></p> <p>b) <i>Class "B" Documents-</i></p> <p>vi) <i>Valid Joint Venture Agreement (JVA), in case of a joint venture is already in existence. In the absence of a JVA, duly notarized statements from all the potential joint venture partners stating that they will enter into and abide by the provisions of the JVA in the instance that the bid is successful, shall be included in the bid.</i></p>					
<p>5. To verify if the BAC informed consultants subjected to eligibility screening of the results thereof</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 6.2. <i>Once issued by the GPPB, the use of the Generic Procurement Manuals (GPMs), Philippine Bidding Documents (PBDs), and other standard forms</i> 	<p>8. Based on the Minutes of Eligibility Screening and copies of Notices of Eligibility & Notices of Ineligibility, check if:</p> <ol style="list-style-type: none"> all the consultants subjected to Eligibility Screening were notified of the results, the Notices were signed by members of the BAC present, the reason for ineligibility was stated in the Notice, the Notices were duly received by the 	<p>Did the BAC issue Notices of Ineligibility and Notices of Eligibility:</p> <ol style="list-style-type: none"> to all the consultants subjected to Eligibility Screening? that were signed by members of the BAC present? 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>shall be mandatory upon all Procuring Entities. However, whenever necessary, to suit the particular needs of the procuring entity, modifications may be made, particularly for major and specialized procurement, subject to the approval of the GPPB.</i></p> <ul style="list-style-type: none"> • <i>Generic Procurement Manual for Consulting Services Vol. 4, June 2006 published by the GPPB:</i> <p><i>How is an eligibility check conducted?</i></p> <p>1. ...</p> <p>2. <i>The BAC shall declare prospective bidders as either "eligible" or "ineligible", based on the findings in Item 1 above, and inform them accordingly. The Eligibility envelopes shall likewise be marked as such, and these markings shall be countersigned by the BAC chairperson or his duly designated authority. The BAC shall prepare a pro-forma Notice of Eligibility and a Notice of Ineligibility which will be duly accomplished by the BAC Secretariat and signed by the BAC members present during the Eligibility Checking/Screening. In case a prospective bidder is declared ineligible, the Notice of Ineligibility shall state the reason for such ineligibility. The Notice will be received officially by the bidder's authorized representative.</i></p>	prospective bidders.	<p>c. that stated the reason(s) for ineligibility?</p> <p>d. were duly received by the prospective bidders or authorized representative?</p>			
SHORT LISTING OF CONSULTANTS					
<p>6. To verify if the BAC considered for short listing only those consultants who have been determined as eligible</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • <i>24.5.2. The BAC shall draw up the short list of consultants from those who have been determined as eligible in accordance with the provisions of this IRR.</i> <p><i>Per Sample Forms for the Procurement of Consulting Services</i></p>	<p>9. From the Minutes of Eligibility Checking, compare the list of eligible consultants with those considered for short listing per <i>Rating Sheet for Short Listing</i>.</p>	Did the BAC consider for short listing only those consultants who have been determined as eligible?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>published by the GPPB the required form is SF-CONS-30: Rating Sheet for Short Listing</i>					
<p>7. To verify if the BAC subjected to short listing only those whose contracts are <u>similar in nature and complexity to the contract to be bid</u> based on the <u>Request for Expression of Interest</u></p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 24.5.1. With respect to a particular contract for consulting services to be bid, the concerned procuring entity shall only consider for short listing those consultants whose contracts, as identified in the eligibility documents submitted for registration, are similar in nature and complexity to the contract to be bid, based on the <u>Request for Expression of Interest</u>. <p>(Note/Observation : The Request for Expression of Interest does not have a space for this information)</p> <ul style="list-style-type: none"> 24.1. ... a) Class "A" Documents– <u>Legal Documents</u>– i) ... ii) ... <u>Technical Documents</u>– iii) Statement of the prospective bidder of all its ongoing and completed government and private contracts, including contracts awarded but not yet started, if any, whether similar or not similar in nature and complexity to the contract to be bid, within the relevant period as provided for in the Bidding Documents. <p><i>Philippine Bidding Documents for Consulting Services 3rd Ed., October 2009, published by the GPPB:</i></p> <ul style="list-style-type: none"> "Similar contract" is as defined/ described in the <i>Eligibility Data Sheet</i>. 	<p>10. From the Bidding Documents identify the "definition" of "contract that is similar in nature and complexity".</p> <p>11. From the relevant report(s) of the Technical Working Group with supporting documents and duly reviewed by the BAC, Minutes of Meeting(s) of the BAC, look for information on the evaluation (comparison) of "similar" contracts of consultants subjected to short listing.</p>	<p>Did the BAC subject to short listing only those consultants whose contracts, as identified in the eligibility documents submitted for registration, are <u>similar in nature and complexity to the contract to be bid</u>, based on the Request for Expression of Interest?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>8. To verify if the BAC conducted the short listing based on the <u>criteria and rating system</u> for short listing of consultants as specified in the <i>Request for Expression of Interest</i> and other relevant Bidding Documents, which considered the following, among others (NOTE: The recommended percentages are as indicated in the Generic Procurement Manual of Procedures for the Procurement of Consulting Services, June 2006, published by the GPPB.):</p> <p>a. Applicable experience of the consultant and members in case of joint ventures, considering both the overall experiences of the firm or, in the case of new firms, the individual experiences of the principal and key staff, including the times when employed by other consultants – 50%;</p> <p>b. Qualification of personnel who may be assigned to the job vis-à-vis extent and complexity of the undertaking – 30%; and</p> <p>c. Current workload relative to capacity – 20%.</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <p>• 6.2. Once issued by the GPPB, the use of the Generic Procurement Manuals (GPMs), Philippine Bidding Documents (PBDs), and other standard forms shall be mandatory upon all Procuring Entities. However, whenever necessary, to suit the particular needs of the procuring entity, modifications may be made, particularly for major and specialized procurement, subject to the approval of the GPPB.</p>	<p>12. From the relevant report(s) of the Technical Working Group with supporting documents and duly reviewed by the BAC, and Minutes of Meeting(s) of the BAC, look for information on the evaluation conducted pertaining to short listing.</p> <p>13. Compare the criteria and rating system used with those specified in the <i>Request for Expression of Interest</i> and other relevant Bidding Documents.</p>	<p>Did the BAC use the criteria and rating system specified in the <i>Request for Expression of Interest</i> and other relevant Bidding Documents and these considered the following, among others:</p> <p>a. Applicable experience of the consultant and members in case of joint ventures, considering both the overall experiences of the firm or, in the case of new firms, the individual experiences of the principal and key staff, including the times when employed by other consultants = 50%;</p> <p>b. Qualification of personnel who may be assigned to the job vis-à-vis extent and complexity of the undertaking = 30%; and</p> <p>c. Current workload relative to capacity = 20%.</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>• 24.5.3. <i>The BAC shall specify in the Request for Expression of Interest the set of criteria and rating system for short listing of consultants to be used for the particular contract to be bid which shall consider the following, among others:</i> (NOTE: The recommended percentages are as indicated in the Generic Procurement Manual of Procedures for the Procurement of Consulting Services, June 2006, published by the GPPB.):</p> <p>a. <i>Applicable experience of the consultant and members in case of joint ventures, considering both the overall experiences of the firm or, in the case of new firms, the individual experiences of the principal and key staff, including the times when employed by other consultants – 50%;</i></p> <p>b. <i>Qualification of personnel who may be assigned to the job vis-à-vis extent and complexity of the undertaking – 30%; and</i></p> <p>c. <i>Current workload relative to capacity – 20%.</i></p>					
<p>9. To verify if the BAC: a. included in the short list only those consultants who passed the <u>minimum score</u> required in the short listing, and b. the <u>number</u> of short listed consultants was as determined in the pre-procurement conference, and consisted of 3 to 7 consultants with 5 as the preferable number; unless the number of those who applied and were short listed is less than the required</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p>	14. Compare the minimum score required for short listing agreed upon during the pre-procurement conference (from the Minutes of the Pre-Procurement Conference) with the one used by the BAC in the actual conduct of short listing (based on the Rating Sheet for Short Listing and the relevant Minutes of BAC Meetings).	Did the BAC adopt the minimum score for short listing agreed upon during the Pre-Procurement Conference?			
	15. Compare the ratings of the short listed consultants with the minimum score.	Did the BAC short list only those consultants that passed the minimum score for inclusion in the short list?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> 24.5.2. ... The number of short listed consultants which shall be determined in the pre-procurement conference shall consist of 3 to 7 consultants with 5 as the preferable number. 24.5.2. ... Should less than the required number apply for eligibility and short listing pass the eligibility check, or pass the <u>minimum score required</u> in the short listing, the BAC shall consider the same. 	16. Compare the number of short listed consultants with the number agreed upon during the Pre-Bid Conference.	Did the BAC adopt the number of short list agreed upon during the Pre-Procurement Conference (unless the number of consultants who submitted eligibility documents and were declared eligible and short listed is less)?			
10. To verify if the HOPE approved the short list of consultants based on the BAC's recommendation <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 24.5.4. The BAC shall recommend the short list of consultants to the Head of the Procuring Entity for consideration and approval. 	17. Check for the HOPE's approval of the BAC's Resolution declaring the short listed consultants and recommending the shortlist for approval.	Did the HOPE approve the short list of consultants recommended by the BAC?			
11. To verify if the BAC notified the short listed consultants of the results of the short listing process <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 6.2. Once issued by the GPPB, the use of the Generic Procurement Manuals (GPMs), Philippine Bidding Documents (PBDs), and other standard forms shall be mandatory upon all Procuring Entities. However, whenever necessary, to suit the particular needs of the procuring entity, modifications may be made, particularly for major and specialized procurement, subject to the approval of the GPPB. <i>Generic Procurement Manual of Procedures for the Procurement of Consulting Services, June 2006, published by the GPPB.):</i> <ul style="list-style-type: none"> If the Head of the Procuring Entity approves the recommendation, 	18. Compare the names of the short listed consultants as approved by the HOPE with those in the Notices issued by the BAC, and duly received by the consultants concerned.	Did the BAC notify the short listed consultants of the results of the short listing process?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>inform the short listed consultants about the results of the short listing process.</i>					
12. To verify if the procuring entity completed the process of eligibility check and short listing in 20 calendar days <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 24.5.4. ... The entire process of eligibility check and short listing shall not exceed twenty (20) calendar days. 	19. Compute the number of days from the opening of the eligibility envelopes to the approval by the HOPE of the BAC Resolution recommending the short list of consultants and compare with the 20-day period.	Did the procuring entity complete the process of eligibility check and short listing in 20 calendar days?			
13. To verify if the BAC invited Observers: a. representing the COA, the project-related professional organization accredited or duly recognized by the Professional Regulation Commission or the Supreme Court, and a non-government organization (NGO) from the procuring entity's Pool of Observers; b. that have: <ul style="list-style-type: none"> b.1. knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; b.2. no actual or potential conflict of interest in the contract to be bid; and b.3. conformed with other relevant criteria determined by the BAC; c. at least 3 calendar days prior to the pre-bid conference <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> Section 13. Observers 13.1. To enhance the transparency of the process, the BAC shall, in all stages of the procurement process, invite, in addition to the representative of the COA, at least two (2) observers, who shall not have the right to vote, to sit in its proceedings where: <ul style="list-style-type: none"> a) At least one (1) shall come from a 	20. From the Minutes of the BAC meeting on the selection of the Observer from the "pool", check for information on the BAC's evaluation in regard to: <ul style="list-style-type: none"> the selection of the organization from which the Observer will be invited; knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; no actual or potential conflict of interest in the contract to be bid; and conformed with other relevant criteria determined by the BAC. 	Did the BAC choose the Observers considering: <ul style="list-style-type: none"> a. One representing the COA? b. One representing the project-related professional organization accredited or duly recognized by the Professional Regulation Commission or the Supreme Court? c. One representing a non-government organization? d. With knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid? e. With no actual or potential conflict of interest in the contract to be bid? 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>duly recognized private group in a sector or discipline relevant to the procurement at hand, for example:</i></p> <p><i>i) ...</i></p> <p><i>ii) ...</i></p> <p><i>iii) For consulting services, a project-related professional organization accredited or duly recognized by the Professional Regulation Commission or the Supreme Court, such as, but not limited to:</i></p> <p><i>(1) PICE;</i></p> <p><i>(2) Philippine Institute of Certified Public Accountants (PICPA); and</i></p> <p><i>(3) Confederation of Filipino Consulting Organizations; and</i></p> <p><i>b) The other observer shall come from a non-government organization (NGO).</i></p> <p><i>13.2. The observers shall come from an organization duly registered with the Securities and Exchange Commission (SEC) or the Cooperative Development Authority (CDA), and should meet the following criteria:</i></p> <p><i>a) Knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</i></p> <p><i>b) Absence of actual or potential conflict of interest in the contract to be bid; and</i></p> <p><i>c) Any other relevant criteria that may be determined by the BAC.</i></p> <p>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</p>		f. Conformed with other relevant criteria determined by the BAC?			
	21. From certified copies of the invitations to the Observers with evidence of receipt, compare the date of receipt with the 3-day minimum requirement.	Did the BAC invite the Observers at least 3 days from the date of the pre-bid conference?			
<p>14. To verify if the Procuring Entity considered the comments/observations of the Observers</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>13.4. The observers shall have the following responsibilities:</i> <ul style="list-style-type: none"> <i>a) To prepare the report either jointly or separately indicating</i> 	22. Based on the BAC's Minutes on the Post Qualification and the report of the Observers check whether a deliberation was made on the comments /observations of the observers.	Did the Procuring Entity consider the comments/ observations of the Observers?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>their observations made on the procurement activities conducted by the BAC for submission to the Head of the Procuring Entity, copy furnished the BAC Chairman. The report shall <u>assess</u> the extent of the BAC's compliance with the provisions of this IRR and areas of improvement in the BAC's proceedings;</i></p> <p><i>b) To submit their report to the procuring entity and furnish a copy to the GPPB and Office of the Ombudsman/Resident Ombudsman. If no report is submitted by the observer, then it is understood that the bidding activity conducted by the BAC followed the correct procedure; and</i></p> <p><i>c) To immediately inhibit and notify in writing the procuring entity concerned of any actual or potential interest in the contract to be bid.</i></p> <ul style="list-style-type: none"> <i>13.5. Observers shall be allowed access to the following documents upon their request, subject to signing of a confidentiality agreement: (a) minutes of BAC meetings; (b) abstract of Bids; (c) post-qualification summary report; (d) APP and related PPMP; and (e) opened proposals.</i> 					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p> <p>c. etc.</p> <p>and develop appropriate audit recommendations</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p>	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> • <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 					
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re-Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			



VII. ISSUANCE OF BIDDING DOCUMENTS TO SHORT LISTED CONSULTANTS

The bidding documents must be made available from the determination of the short list until the deadline for the submission and receipt of bids.

A. AUDIT OBJECTIVE:

To determine whether the prescribed procedures and timelines in the issuance of bidding documents were followed

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. Request for Expression of Interest;
2. Printout of the web pages where the Request for Expression of Interest was posted in the PhilGEPS website, the website of the procuring entity concerned, if available, and website prescribed by the foreign government/ foreign or international financing institution, if applicable for the first day of posting;
3. Records of the BAC on issued bidding documents (with information on Official Receipt numbers) for the procurement at hand.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>1. To verify if the BAC observed the time required in making the Bidding Documents <u>available</u>, that is, from the time of the determination of the short list until the deadline for the submission and receipt of bids</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • 17.3. To provide prospective bidders ample time to examine the Bidding Documents and to prepare their respective bids, the concerned BAC shall make the Bidding Documents for the contract to be bid available for the following period: <ul style="list-style-type: none"> a) ... b) For the procurement of consulting services, ... the Bidding Documents, <u>from the determination of the short list until the deadline for the submission and receipt of bids.</u> • 17.5. ... Prospective bidders may download the Bidding Documents from any of the said websites; Provided that, bidders shall pay the fee for 	<p>1. Based on the <u>approved BAC Resolution</u> on the short listed consultants and the <u>Request for Expression of Interest</u>, establish the period (dates) from the short listing to the deadline for the submission and receipt of bids.</p> <p>Compare these dates with the dates of actual posting of the bidding documents at the PhilGEPS and the procuring entity's websites.</p>	<p>Did the BAC make the <u>bidding documents</u> available from the time of the determination of the short list until the deadline for the submission and receipt of bids?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>the Bidding Documents upon submission of their bids.</i>					
<p>2. To verify if the BAC posted the Bidding Documents at the website of the procuring entity and at the PhilGEPS website from the time that the Request for Expression of Interest was advertised up to the deadline for the submission and receipt of bids</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> Section 17.5 – The procuring entity shall also post the Bidding Documents at its website and at the PhilGEPS website from the time that the Request for Expression of Interest is advertised. Prospective Bidders may download the Bidding Documents from any of the said websites; Provided that, bidders shall pay the fee for the Bidding Documents upon submission of their Bids. 	<p>2. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting of Bidding Documents.</p> <p>3. On the first day of posting access the PhilGEPS website, the website of the procuring entity concerned, if available.</p> <p>Print the page where the notice was posted (to form part of the audit evidences).</p> <p>4. Access the websites at random from the first day of posting up to the deadline for the submission and receipt of bids to verify the postings.</p>	<p>Did the BAC post the Bidding Documents at the:</p> <p>e. PhilGEPS website starting on the first day of advertisement</p> <p>f. website of the procuring entity concerned, if available, starting on the first day of advertisement</p>			
<p>3. To verify if all bidders that secured Bidding Documents paid to the <u>authorized collecting officer</u> of the procuring entity</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 17.4. Bidders may be asked to pay for the Bidding documents to recover the cost of its preparation and development. The BAC shall issue the Bidding Documents upon payment of the corresponding cost thereof to the collecting/ disbursing officer of the procuring entity concerned. 17.5. ... Prospective bidders may download the Bidding Documents from any of the said websites; Provided that, bidders shall pay the fee for the Bidding Documents upon submission of their bids. 	<p>5. Compare the records of the BAC Secretariat on issued bidding documents (with information on Official Receipt numbers) for the subject consulting services with copies of Official Receipts (ORs) issued by authorized collecting officers for the sale of bidding documents.</p> <p>6. After submission of bids, for bidders that downloaded bidding documents, <u>compare</u> the <u>OR</u> numbers indicated in the records of the BAC Secretariat with copies of the ORs or <u>Report of Collection</u> of authorized collecting officers.</p>	<p>Did all the bidders who submitted bids pay the correct amount for the bidding documents to the <u>authorized collecting officer</u> of the procuring entity?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper		
		Audit Question	Yes	No
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT				
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p> <p>c. etc.</p> <p>and develop appropriate audit recommendations</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none">• <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers		
<p>2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations</p>	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers		
<p>3. To communicate the results of the audit with the auditee's Management</p> <ul style="list-style-type: none">• <i>COA Circular No. 2009-006 dated September 15, 2009 re-Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	<p>Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable		



VIII. PRE-BID CONFERENCE (For procurement of consulting services costing P1 million or more)

The pre-bid conference is the initial forum where the Procuring Entity's representatives and the prospective bidders discuss the different aspects of the procurement at hand.

A pre-bid conference must be held for contracts with ABCs of at least One Million Pesos (P 1 Million). For contracts with ABCs of less than P 1 million, pre-bid conferences may or may not be held at the discretion of the BAC. The BAC may also decide to hold a pre-bid conference upon the written request of a prospective bidder.

A. AUDIT OBJECTIVES:

1. To verify if the Pre-Bid Conference was conducted within the required time;
2. To verify if the attendees to the Conference are as required;
3. To verify if the participants, led by the BAC, performed the required tasks and attained the objectives of the Conference.

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. Minutes of Pre-Bid Conference approved by the BAC;
2. Request for Expression of Interest;
3. Copy of the Minutes of the BAC meeting on the selection of the Observer from the "pool";
4. Invitation Letters to observers and the documents (Office Orders, contracts, Organizational/Functional Charts, List of observers, etc) which it used as bases for identifying and notifying the participants to the Pre-Bid Conference, including duly certified copies of the letters / notices issued with evidence of receipt by the participants;
5. Reports of the BAC Observers.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the Pre-Bid Conference was conducted by the BAC at least twelve (12) calendar days before the deadline for the submission and receipt of bids or thirty (30) calendar days, if a longer period is necessary <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 22.2. The pre-bid conference shall be held at least twelve (12) calendar days before the deadline for the submission and receipt of bids. If the procuring entity determines that, by reason of the method, nature, or complexity of the contract to be bid or when	1. Secure from the BAC Secretariat a duly certified copy of the <i>Minutes of Pre-Bid Conference</i> and compare the date of the Conference with the deadline for the submission of and receipt of bids.	Did the BAC conduct the pre-bid conference at least twelve (12) calendar days before the deadline for the submission and receipt of bids?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>international participation will be more advantageous to the GOP, a longer period for the preparation of bids is necessary, the pre-bid conference shall be held at least thirty (30) calendar days before the deadline for the submission and receipt of bids.</i>					
2. To verify if during the Pre-Bid Conference the participants, led by the BAC, discussed relevant information and <u>confirmed the technical and financial components</u> of the contract to be bid. <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 22.3. <i>The pre-bid conference shall discuss, among other things, the eligibility requirements and the technical and financial components of the contract to be bid. Attendance of the bidders shall not be mandatory. However, at the option of the procuring entity, <u>only those who have purchased the Bidding Documents shall be allowed to participate in the pre-bid conference and raise or submit written queries or clarifications.</u> [AS AMENDED BY GPPB RESOLUTION NO. 06-2009 DATED 30 SEPT 2009]</i>	2. From the <i>Minutes of Pre-Bid Conference</i> look for information on the presentation of the technical and financial components of the contract to be bid, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the technical and financial components of the contract to be bid.</u>	Did the participants during the Pre-Bid Conference led by the BAC, discuss relevant information and <u>confirmed the technical and financial components</u> of the contract to be bid?			
3. To verify if the BAC Secretariat prepared the Minutes of the Conference and made it available to the participants not later than three (3) calendar days after the conference <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 22.4 <i>The minutes of the pre-bid conference shall be recorded and made available to all participants not later than three (3) calendar days after the pre-bid conference.</i>	3. Count the number of days from the date of the pre-bid conference and the date of approval of the Minutes of Pre-Bid Conference and compare with the 3-day maximum period.	Did the BAC Secretariat prepare the Minutes of Pre-Bid Conference and made it available to the participants not later than three (3) calendar days after the Pre-Bid Conference?			
4. To verify if the BAC invited Observers: a. representing the COA, the	4. From the Minutes of the BAC meeting on the selection of the Observer from the "pool", check for	Did the BAC choose the Observers considering:			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>project-related professional organization accredited or duly recognized by the Professional Regulation Commission or the Supreme Court, and a non-government organization (NGO) from the procuring entity's Pool of Observers;</p> <p>b. that have:</p> <p style="padding-left: 20px;">b.1. knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</p> <p style="padding-left: 20px;">b.2. no actual or potential conflict of interest in the contract to be bid; and</p> <p style="padding-left: 20px;">b.3. conformed with other relevant criteria determined by the BAC;</p> <p>c. at least 3 calendar days prior to the pre-bid conference</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • Section 13. Observers <p><i>13.1. To enhance the transparency of the process, the BAC shall, in all stages of the procurement process, invite, in addition to the representative of the COA, at least two (2) observers, who shall not have the right to vote, to sit in its proceedings where:</i></p> <p><i>a) At least one (1) shall come from a duly recognized private group in a sector or discipline relevant to the procurement at hand, for example:</i></p> <p style="padding-left: 20px;"><i>i) ...</i></p> <p style="padding-left: 20px;"><i>ii) ...</i></p> <p style="padding-left: 20px;"><i>iii) For consulting services, a project-related professional organization accredited or duly recognized by the Professional Regulation Commission or the Supreme Court, such as, but not limited to:</i></p> <p style="padding-left: 40px;"><i>(1) PICE;</i></p> <p style="padding-left: 40px;"><i>(2) Philippine Institute of Certified Public Accountants (PICPA); and</i></p> <p style="padding-left: 40px;"><i>(3) Confederation of Filipino Consulting Organizations; and</i></p> <p><i>b) The other observer shall come from a non-government organization (NGO).</i></p>	<p>information on the BAC's evaluation in regard to:</p> <ul style="list-style-type: none"> • the selection of the organization from which the Observer will be invited; • knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; • no actual or potential conflict of interest in the contract to be bid; and • conformed with other relevant criteria determined by the BAC. 	<p>a. One representing the COA?</p> <p>b. One representing the project-related professional organization accredited or duly recognized by the Professional Regulation Commission or the Supreme Court?</p> <p>c. One representing a non-government organization?</p> <p>d. With knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid?</p> <p>e. With no actual or potential conflict of interest in the contract to be bid?</p> <p>f. Conformed with other relevant criteria determined by the BAC?</p>			
	<p>5. From certified copies of the invitations to the Observers with evidence of receipt, compare the date of receipt with the 3-day minimum requirement.</p>	<p>Did the BAC invite the Observers at least 3 days from the date of the pre-bid conference?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>13.2. The observers shall come from an organization duly registered with the Securities and Exchange Commission (SEC) or the Cooperative Development Authority (CDA), and should meet the following criteria:</p> <p>a) Knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</p> <p>b) Absence of actual or potential conflict of interest in the contract to be bid; and</p> <p>c) Any other relevant criteria that may be determined by the BAC.</p> <p>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</p>					
<p>5. To verify if the Procuring Entity considered the comments/observations of the Observers</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 13.4. The observers shall have the following responsibilities: <ul style="list-style-type: none"> a) To prepare the report either jointly or separately indicating their observations made on the procurement activities conducted by the BAC for submission to the Head of the Procuring Entity, copy furnished the BAC Chairman. The report shall <u>assess</u> the extent of the BAC's compliance with the provisions of this IRR and areas of improvement in the BAC's proceedings; b) To submit their report to the procuring entity and furnish a copy to the GPPB and Office of the Ombudsman/Resident Ombudsman. If no report is submitted by the observer, then it is understood that the bidding activity conducted by the BAC followed the correct procedure; and 	<p>6. Based on the BAC's Minutes on the pre-bid conference and the report of the Observers check whether a deliberation was made on the comments /observations of the observers.</p>	<p>Did the Procuring Entity consider the comments/ observations of the Observers?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>c) To immediately inhibit and notify in writing the procuring entity concerned of any actual or potential interest in the contract to be bid.</i></p> <p>• <i>13.5. Observers shall be allowed access to the following documents upon their request, subject to signing of a confidentiality agreement: (a) minutes of BAC meetings; (b) abstract of Bids; (c) post-qualification summary report; (d) APP and related PPMP; and (e) opened proposals.</i></p>					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p> <p>c. etc.</p> <p>and develop appropriate audit recommendations</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <p>• <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i></p>	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
<p>2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations</p>	<p>Analyze the instances of non-compliance to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	<u>NOTE:</u> Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .				
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



IX. SUPPLEMENTAL / BID BULLETINS FOR THE PROCUREMENT OF CONSULTING SERVICES

Supplemental/Bid Bulletins may be issued upon the procuring entity's initiative for purposes of clarifying or modifying any provision of the Bidding Documents at least seven (7) calendar days before the deadline for the submission and receipt of bids. Any modification to the Bidding Documents shall be identified as an amendment.

A. AUDIT OBJECTIVE:

To verify if Supplemental / Bid Bulletins were issued as required

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. Minutes of the Pre-Bid Conference approved by the BAC;
2. Copy of the Supplemental/Bid Bulletin;
3. Copies of Requests for Clarification submitted by bidders with evidence of receipt by the BAC Secretariat;
4. Printouts of PhilGEPS web page evidencing posting of the Supplemental/Bid Bulletin;
5. Printout of the procuring entity's web page evidencing posting of the Supplemental/Bid Bulletin.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC issued Supplemental/Bid Bulletins in regard to statements made at the pre-bid conference that could modify the terms of the Bidding Documents <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 22.4. ... Any statement made at the pre-bid conference shall not modify the terms of the Bidding Documents, unless such statement is specifically identified in writing as an amendment thereto and issued as a Supplemental/ Bid Bulletin. • 22.5.1. ...The BAC shall respond to the said request by issuing a Supplemental/Bid Bulletin, duly signed by the BAC Chairman, to be made available to all those who have properly secured the Bidding Documents, at least seven (7) calendar days before the deadline for the submission and receipt of bids. 	<ol style="list-style-type: none"> 1. Go over the Minutes of the Pre-Bid Conference and check for statements that could modify the terms of the Bidding Documents. 2. Obtain a copy of the related Supplemental / Bid Bulletin and check for the signature of the BAC Chairman. 3. From certified copies of the letters to bidders who purchased the Bidding Documents, look for evidences of their receipt of the Supplemental/Bid Bulletins. 	Did the BAC issue Supplemental/Bid Bulletins in regard to statements made at the pre-bid conference that could modify the terms of the Bidding Documents to all bidders that properly secured Bidding Documents?			
		Did the BAC Chairman sign the Supplemental / Bid Bulletin?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To verify if: a. requests for clarification(s) on any part of the Bidding Documents or for an interpretation were in writing and submitted to the BAC of the procuring entity at least ten (10) calendar days before the deadline set for the submission and receipt of bids; b. the Supplemental/ Bid Bulletin was duly signed by the BAC Chairman; c. the Supplemental/ Bid Bulletin was issued at least seven (7) calendar days before the deadline for the submission and receipt of bid. <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 22.5.1 Requests for clarification(s) on any part of the Bidding Documents or for an interpretation must be in writing and submitted to the BAC of the procuring entity at least ten (10) calendar days before the deadline set for the submission and receipt of bids. The BAC shall respond to the said request by issuing a Supplemental/Bid Bulletin, duly signed by the BAC Chairman, to be made available to all those who have properly secured the Bidding Documents, at least seven (7) calendar days before the deadline for the submission and receipt of bids.	3. Obtain copy/ies of <i>Requests for Clarification</i> and check (date of receipt stamped on the letters) whether these were submitted at least ten (10) calendar days before the deadline set for the submission and receipt of bids.	Were <i>Requests for Clarification</i> submitted at least ten (10) calendar days before the deadline set for the submission and receipt of bids?			
	4. Obtain duly certified copies of Supplemental/Bid Bulletins and check for the signature of the BAC Chairman.	Did the BAC Chairman sign the Supplemental / Bid Bulletin?			
	5. From the records of the BAC (copies of Supplemental/Bid Bulletins with evidence of the date of issuance) count the number of days from said issuance and the deadline for the submission and receipt of bids; compare with the 7-day requirement.	Did the BAC issue Supplemental/ Bid Bulletins at least seven (7) calendar days before the deadline for the submission and receipt of bid?			
3. To verify if: a. Supplemental/Bid Bulletins initiated by the procuring entity for purposes of clarifying or modifying any provision of the Bidding Documents were issued at	6. From the records of the BAC (copies of Supplemental/Bid Bulletins with evidence of the date of issuance) count the number of days from said issuance and the deadline for the submission and receipt of	Did the BAC issue Supplemental/ Bid Bulletins at least seven (7) calendar days before the deadline for the submission and receipt of bid?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
least seven (7) calendar days before the deadline for the submission and receipt of bids; b. Modifications to the Bidding Documents were identified as amendments; c. the Supplemental/ Bid Bulletin was duly signed by the BAC Chairman <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 22.5.1. ... issuing a Supplemental/Bid Bulletin, duly signed by the BAC Chairman... • 22.5.2 Supplemental/Bid Bulletins may be issued upon the procuring entity's initiative for purposes of clarifying or modifying any provision of the Bidding Documents at least seven (7) calendar days before the deadline for the submission and receipt of bids. Any modification to the Bidding Documents shall be identified as an amendment. 	bids; compare with the 7-day requirement.				
	7. Go through the contents of Supplemental/Bid Bulletins and check if amendments were identified as such.	Did the BAC identify modifications to the Bidding Documents as amendments?			
	8. Go through the Supplemental/Bid Bulletins and check for the signature of the BAC Chairman.	Did the BAC Chairman sign the Supplemental / Bid Bulletin?			
4. To verify if the BAC posted Supplemental/Bid Bulletins it issued on the PhilGEPS <u>and</u> the website of the procuring entity concerned, if available <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 22.5.3 Any Supplemental/ Bid Bulletin issued by the BAC shall also be posted on the PhilGEPS or ["OR" was changed to "AND" per Annex "A" of GPPB Resolution No. 06-2009 dated September 30, 2009] the website of the procuring entity concerned, if available. It shall be the responsibility of all those who have properly secured the Bidding Documents to inquire and secure Supplemental/Bid Bulletins that may be issued by the BAC. However, bidders who have submitted bids before the issuance of the Supplemental/Bid Bulletin must be informed and allowed to 	9. In advance of the posting, request the BAC Secretariat for print-outs (printed on the day of the posting) of <i>Supplemental/ Bid Bulletins</i> as posted on the PhilGEPS and at their website. 10. Obtain the printouts requested as evidence of the posting.	Did the BAC post <i>Supplemental/Bid Bulletins</i> : a. on the PhilGEPS? <u>and</u> b. the website of the procuring entity concerned?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>modify or withdraw their bids in accordance with Section 26.1 of the IRR.</i>					
5. To verify if the BAC informed and allowed to modify or withdraw their bids those bidders who have submitted bids before the issuance of the Supplemental/Bid Bulletin <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 22.5.3 ... However, bidders who have submitted bids before the issuance of the Supplemental/ Bid Bulletin must be informed and allowed to modify or withdraw their bids in accordance with Section 26.1 of the IRR. 	11. From the BAC records on submission of bids, identify the bidders who have submitted bids before the issuance of <i>Supplemental/Bid Bulletins</i> . 12. Go through copies of letters sent by the BAC to these bidders and check if they were informed and allowed to modify or withdraw their bids in accordance with Section 26.1 of the IRR.	Did the BAC <u>inform</u> and <u>allow to modify or withdraw</u> their bids in accordance with Section 26.1 of the IRR the bidders who have submitted bids before the issuance of <i>Supplemental/Bid Bulletins</i> ?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: <ol style="list-style-type: none"> validity of the procurement activities and outputs including the validity of the resulting contract; validity of any payment to be made on the basis of the contract; etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing. 	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



**X-A. SUBMISSION, RECEIPT, OPENING AND
EVALUATION OF BIDS FOR THE PROCUREMENT OF
CONSULTING SERVICES
(Using Quality-Based Evaluation Procedures)**

Bids shall be submitted simultaneously in two (2) separate sealed envelopes and received by the procuring entity on or before the deadline specified in the Request for Expression of Interest.

Opening of Bids shall be on the date, time and place specified in the Request for Expression of Interest.

Quality Based Evaluation Procedure considers only the Technical Proposals in the ranking of consultants based on the numerical ratings from the highest to the lowest. The purpose of bid evaluation is to determine the Highest Rated Bid.

A. AUDIT OBJECTIVES:

1. To verify if bids were submitted and received at the required date, time, and place;
2. To verify if the BAC opened the bids at the required date, time, place and adopted the prescribed procedures;
3. To verify if the BAC and the Procuring Entity as a whole performed the evaluation of bids according to the prescribed procedures and timelines.

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. *Request for Expression of Interest;*
2. Receiving logbook of the BAC Secretariat with information on the receipt of bids;
3. Copy of the Minutes of the BAC meeting on the selection of the Observer from the "pool";
4. *Minutes of the Bid Opening;*
5. Customized Bidding Documents for the Procurement of Consulting Services;
6. Bidding Documents for the specific procurement;
7. Checklists for Technical Envelope of Consulting Services accomplished by the BAC;
8. TWG report, as reviewed by the BAC, on the evaluation of technical proposals
9. Documentation of oral presentations made by consultants, if any;
10. Rating Sheets for technical proposals;
11. Ranking List approved by the HOPE;
12. Letters of invitation to consultant(s) for opening of financial proposals and negotiations;
13. TWG report , as reviewed by the BAC, on the evaluation of financial proposals
14. Minutes of deliberations/meeting on the negotiation and evaluation of financial proposals;
15. BAC Resolution declaring HRB HOPE;
16. Copy of reports of BAC Observers.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
SUBMISSION OF BIDS FOR CONSULTING SERVICES					
1. To verify if the BAC determined that all bidders submitted bids: a. through their duly authorized	1. From the Minutes of Bid Opening, look for information evidencing that the BAC compared the signatory of the letter submitting the bid with	Did the BAC determine that all bidders submitted bids through their duly authorized representatives?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
representatives, b. using the forms specified in the Bidding Documents, c. in two (2) separate sealed envelopes submitted simultaneously, d. with the first envelope containing the technical component and e. the second envelope containing the financial component of the bid <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 25.1. Bidders shall <u>submit</u> their bids through their duly authorized representative <u>using the forms specified in the Bidding Documents</u> in two (2) separate sealed bid envelopes, and which shall be submitted simultaneously. The first shall contain the technical component of the bid and the second shall contain the financial component of the bid. <i>Philippine Bidding Documents for Consulting Services, 3rd edition (October 2009) approved per GPPB Resolution No. 05-2009 dated September 30, 2009:</i> <ul style="list-style-type: none"> Section II. INSTRUCTIONS TO BIDDERS, ITB Clause 17. Sealing and Marking of Bids. <ul style="list-style-type: none"> 17.1. Unless otherwise indicated in the BDS, consultants shall enclose their original technical proposal described in ITB Clause 10, in one sealed envelope marked "ORIGINAL – TECHNICAL PROPOSAL", and the original of their financial proposal in another sealed envelope marked "ORIGINAL – FINANCIAL PROPOSAL", sealing them all in an outer envelope marked "ORIGINAL BID". 17.2. 17.5. If bids are not sealed and marked as required, the Procuring Entity will assume no responsibility for the misplacement or premature opening of the bid. 	the person named in the sworn statement as the duly authorized representative.				
	2. From the Minutes of Bid Opening, look for information where the BAC mentioned opening the outer sealed envelope of each bidder with two (2) sealed envelopes inside marked "ORIGINAL – TECHNICAL PROPOSAL" and "ORIGINAL – FINANCIAL PROPOSAL" and also mentioned already opened envelopes.	Did the BAC determine that all bidders submitted bids: a. in two (2) separate sealed envelopes submitted simultaneously? b. with the first envelope containing the technical component? and c. the second containing the financial component of the bid?			
	3. Go through the <i>Minutes of the Bid Opening</i> and look for information on the BAC's validation if each bidder adopted the forms specified in the Bidding Documents.	Did the BAC validate if the bidders submitted their bids using the forms specified in the Bidding Documents?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To verify if the BAC validated that in modifying a bid: a. it was done before the deadline for the submission and receipt of bids, b. the original bid was not retrieved but another bid equally sealed, properly identified, was submitted and linked to the original bid and marked as a "modification," thereof, and stamped "received" by the BAC <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 26.1. A bidder may modify its bid, provided that this is done before the deadline for the submission and receipt of bids. Where a bidder modifies its bid, it shall not be allowed to retrieve its original bid, but shall only be allowed to send another bid equally sealed, properly identified, linked to its original bid and marked as a "modification," thereof, and stamped "received" by the BAC. Bid modifications received after the applicable deadline shall not be considered and shall be returned to the bidder unopened. • 26.2. A bidder may, through a letter, withdraw its bid before the deadline for the receipt of bids. Withdrawal of bids after the applicable deadline shall be subject to appropriate sanctions as prescribed in this IRR. A bidder may also express its intention not to participate in the bidding through a letter which should reach and be stamped received by the BAC before the deadline for the receipt of bids. A bidder that withdraws its bid shall not be permitted to submit another bid, directly or indirectly, for the same contract. 	4. Go through the records of the BAC pertaining to the submission of bids of each bidder and check if the submission of modifications were done before the deadline for the submission and receipt.	Did the bidders concerned submit their bid modifications before the deadline for the submission and receipt? Was the original bid not retrieved?			
	5. Go through the <i>Minutes of the Bid Opening</i> and look for information on the BAC's activities validating if: a. modifications were marked as "modification" and stamped "received" by the BAC; and b. linked to the original bid (not withdrawn).	Did the BAC validate if the bidders concerned: a. did not retrieve the original bid? b. but merely submitted another bid equally sealed, properly identified, and linked to the original bid and marked as a "modification," thereof? AND c. stamped "received" by the BAC?			
RECEIPT OF BIDS FOR THE PROCUREMENT OF CONSULTING SERVICES					
1. To verify if the bids were received by the BAC on the:	1. Check the receiving logbook of the BAC on the date, time, and place of	Did the BAC receive bids on the date and time specified in the			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
a. date, b. time, and c. place specified in the <i>Request for Expression of Interest</i> <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 25.4. Bids shall be received by the BAC on the date, time, and place specified in the Invitation to Bid. 25.5. Bids, including the eligibility requirements under Section 23.1 of this IRR, submitted after the deadline shall not be accepted by the BAC. 	receipt of bids and compare these with those in the Invitation to Bid	<i>Request for Expression of Interest?</i>			
		Did the BAC receive bids at the place specified in the <i>Expression of Interest</i> ?			
		Did the BAC not accept bids submitted on or before the deadline for submission of bids not accepted?			
2. To verify if the BAC observed the maximum of 75 calendar days from the last day of posting of the <i>Request for Expression of Interest</i> up to the deadline for submission and receipt of bids <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 25.4. Bids shall be received by the BAC on the date, time, and place specified in the ...<i>Request for Expression of Interest</i>. The following periods from the last day of posting of the .../<i>Request for Expression of Interest</i> up to the submission and receipt of bids shall be observed: <ul style="list-style-type: none"> a)... b) ... c) For consulting services, a maximum period of seventy five (75) calendar days. 	2. Count the number of days from the last day of posting of the <i>Request for Expression of Interest</i> up to the deadline for submission and receipt of bids and compare with the 75-calendar-day maximum period.	Did the BAC observe the maximum of 75-calendar days from the last day of posting of the <i>Request for Expression of Interest</i> up to the deadline for submission and receipt of bids?			
OPENING & PRELIMINARY EXAMINATION OF BIDS FOR THE PROCUREMENT OF CONSULTING SERVICES					
1. To verify if the BAC observed quorum. <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 12.3 Quorum A majority of the total BAC 	1. From the Office Order creating the BAC, determine the number of BAC members and identify the Chairman or Vice-Chairman. 2. From the <i>Minutes of</i>	Was there a quorum?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>composition as designated by the Head of the Procuring Entity shall constitute a quorum for the transaction of business, provided that the presence of the Chairman or Vice-Chairman shall be required.</i>	<i>Opening of Bids</i> , check for the presence of the Chairman or Vice-Chairman and if majority of the BAC members or representatives/alternates attended the proceedings.				
2. To verify if the BAC opened the bids immediately after the deadline for the submission and receipt of bids and at the: a. date, b. time, and c. place specified in the Request for Expression of Interest <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 29. Bid Opening <i>The BAC shall open the bids immediately after the deadline for the submission and receipt of bids. [GPPB Resolution No. 13-2009, dated 16 December 2009]</i> <i>The time, date, and place of the opening of bids shall be specified in the Bidding Documents. The bidders or their duly authorized representatives may attend the opening of bids. The BAC shall adopt a procedure for ensuring the integrity, security, and confidentiality of all submitted bids. The minutes of the bid opening shall be made available to the public upon written request and payment of a specified fee to recover cost of materials.</i> 	3. Compare the date and time of the opening of bids indicated in the Minutes of the Opening of Bids with the deadline for submission and receipt of bids stated in the Bidding Documents.	Did the BAC open the bids immediately after the deadline for the submission and receipt of bids?			
	4. Compare the date, time and place of the opening of bids indicated in the Minutes of the Opening of Bids with those specified in the Request for Expression of Interest.	Did the BAC open the bids on the date specified in the Request for Expression of Interest?			
		Did the BAC open the bids on the time specified in the Request for Expression of Interest?			
		Did the BAC open the bids at the place specified in the Request for Expression of Interest?			
3. To verify if the BAC/BAC Secretariat read out and recorded during bid opening letters of withdrawal and returned to the bidder the envelope containing the corresponding withdrawn bid unopened, either to the bidder's representative if he is present or by registered mail	5. From the Minutes of Bid Opening, check for information on the BAC's reading out and recording of withdrawn bids during the bid opening; checking of the date of submission of the withdrawal letter; and returning the withdrawn bid unopened.	Did the BAC read out and record during bid opening letters of withdrawal of bids?			
	Also check for evidence of the return of the withdrawn bids from	If the withdrawal of bid was made before the deadline for submission and receipt of bids, return the bids unopened to representatives of the			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Philippine Bidding Documents for the Procurement of Consulting Services, 3rd edition (October 2009) approved per GPPB Resolution No. 05-2009 dated 30 September 2009:</i></p> <ul style="list-style-type: none"> 20. Modification and Withdrawal of Bids 20.1. ... 20.2. A Consultant may, through a letter of withdrawal, withdraw its bid, after it has been submitted, for valid and justifiable reason; provided that the letter of withdrawal is received by the Procuring Entity prior to the deadline prescribed for submission and receipt of bids. 20.3. Bids requested to be withdrawn in accordance with ITB Clause 20.1, shall be returned unopened to the Consultants. A Consultant may also express its intention not to participate in the bidding through a letter which should reach and be stamped by the BAC before the deadline for submission and receipt of bids. A Consultant that withdraws its bid shall not be permitted to submit another bid, directly or indirectly, for the same contract. 20.4. No bid may be modified after the deadline for submission of bids. No bid may be withdrawn in the interval between the deadline for submission of bids and the expiration of the period of bid validity specified by the Consultant on the Financial Bid Form. Withdrawal of a bid during this interval shall result in the forfeiture of the Consultant's bid security, pursuant to ITB Clause 15.5, and the imposition of administrative, civil, and criminal sanctions as prescribed by RA 9184 and its IRR. 	acknowledged registered mails.	bidders concerned present during the bid opening?			
		Did the BAC return withdrawn bids unopened by registered mail if the withdrawal of bid was made before the deadline for submission and receipt of bids?			
	6. From the Minutes of the Bid Opening, check for information on withdrawals of bids made after the deadline for submission and receipt of bids up to the expiration of the period of bid validity specified by the bidder in the financial bid form; and for information on forfeiture of bid security and imposition of sanctions on these bidders.	Did the BAC forfeit the bid security and recommend the imposition of sanctions on bidders who withdrew their bids during the interval between the deadline for submission of bids and the expiration of the period of bid validity specified by the Bidder on the Financial Bid Form?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
4. To verify if the BAC opened the <u>first bid envelopes</u> of the bidders in <u>public</u> <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 30.1. The BAC shall open the first bid envelopes of prospective bidders in <u>public</u> to determine each bidder's compliance with the documents required to be submitted for eligibility and for the technical requirements, as prescribed in this IRR. For this purpose, the BAC shall check the submitted documents of each bidder against a checklist of required documents to ascertain if they are all present, using a nondiscretionary "pass/fail" criterion, as stated in the <i>Instructions to Bidders</i>. If a bidder submits the required document, it shall be rated "passed" for that particular requirement. In this regard, bids that fail to include any requirement or are incomplete or patently insufficient shall be considered as "failed". Otherwise, the BAC shall rate the said first bid envelope as "passed" 	7. From the Attendance Record/Minutes of the Opening of Bids check if the participants included bidders and observers.	Did the BAC open the first bid envelopes of the bidders in public?			
5. To verify if the BAC opened <u>first</u> the technical envelopes and <u>ascertained compliance</u> of each bidder with the <u>documents required</u> to be submitted in the <u>first envelope</u> by checking the submitted documents of each bidder against a checklist of required documents to ascertain if they are all present, using a nondiscretionary "pass/fail" criterion, as stated in the <i>Instructions to Bidders</i> <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on</i>	8. From the Minutes of the Bid Opening, look for information evidencing that the BAC opened first each bidder's technical envelope.	Did the BAC open first the technical envelopes?			
	9. Compare the list of documents in the <i>Checklist</i> with the list of documents required to be submitted per the Bidding Documents.	Are the contents of the <i>Checklist for Technical Envelope of Consulting Services</i> accomplished by the BAC those that are required to be submitted in the technical envelope per Bidding Documents?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>September 2, 2009:</i></p> <ul style="list-style-type: none"> • 30.1. <i>The BAC shall open the first bid envelopes of prospective bidders in public to determine each bidder's compliance with the documents required to be submitted for eligibility and for the technical requirements, as prescribed in this IRR. For this purpose, the BAC shall check the submitted documents of each bidder against a checklist of required documents to ascertain if they are all present, using a nondiscretionary "pass/fail" criterion, as stated in the Instructions to Bidders. If a bidder submits the required document, it shall be rated "passed" for that particular requirement. In this regard, bids that fail to include any requirement or are incomplete or patently insufficient shall be considered as "failed". Otherwise, the BAC shall rate the said first bid envelope as "passed".</i> • 25.2. <i>The first envelope shall contain the following technical information/ documents, at the least:</i> <ul style="list-style-type: none"> <u>c. For the procurement of consulting services</u> <ul style="list-style-type: none"> i) <i>The bid security in the prescribed form, amount and validity period;</i> ii) <i>Organizational chart for the contract to be bid;</i> iii) <i>List of completed and on-going projects;</i> iv) <i>Approach, work plan, and schedule: Provided, however, That for architectural design, submission of architectural plans and designs shall not be required during the consultant's selection process;</i> v) <i>List of key personnel to be assigned to the contract to be bid, with their complete qualification and experience data; and</i> vi) <i>Sworn statement by the prospective bidder or its duly authorized representative in the form prescribed by the GPPB as to the following:</i> <ul style="list-style-type: none"> (1) <i>It is not "blacklisted" or barred from bidding by the</i> 	<p>10. Determine if the BAC's entries in the Checklist are complete.</p>	<p>Did the BAC ascertain the presence of the following documents in the technical envelope of each bidder:</p> <p>a. The bid security in the prescribed form, amount and validity period?</p> <p>b. Organizational chart for the contract to be bid?</p> <p>c. List of completed and on-going projects?</p> <p>d. Approach, work plan, and schedule?</p> <p>e. List of key personnel to be assigned to the contract to be bid, with their complete qualification and experience data?</p> <p>f. Sworn statement by the prospective bidder or its duly authorized representative in the form prescribed by the GPPB as to the following:</p> <p>f.1. It is not "blacklisted" or barred from bidding by the GOP or any of its agencies, offices, corporations, or LGUs, including foreign government/ foreign or international financing institution whose blacklisting rules have been recognized by the GPPB?</p> <p>f.2. Each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
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<p><i>GOP or any of its agencies, offices, corporations, or LGUs, including foreign government/foreign or international financing institution whose blacklisting rules have been recognized by the GPPB;</i></p> <p><i>(2) Each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and information provided therein are true and correct;</i></p> <p><i>(3) It is authorizing the Head of the Procuring Entity or his duly authorized representative/s to verify all the documents submitted;</i></p> <p><i>(4) The signatory is the duly authorized representative of the prospective bidder, and granted full power and authority to do, execute and perform any and all acts necessary and/or to represent the prospective bidder in the bidding, with the duly notarized Secretary's Certificate attesting to such fact, if the prospective bidder is a corporation, partnership, cooperative, or joint venture;</i></p> <p><i>(5) It complies with the disclosure provision under Section 47 of the Act in relation to other provisions of R.A. 3019;</i></p> <p><i>(6) It complies with the responsibilities of a prospective or eligible bidder provided in the PBDs; and</i></p> <p><i>(7) It complies with existing labor laws and standards, in the case of procurement of services.</i></p> <p>• <i>33.2.1 The BAC shall conduct a detailed evaluation of bids using either of the following evaluation procedures as specified in the Bidding Documents:</i></p> <p><i>a) Quality-Based Evaluation Procedure</i></p> <p><i>i) ...</i></p> <p><i>ii) After receipt of bids, the technical proposals shall first be opened and evaluated, in</i></p>		<p>the original, complete, and all statements and information provided therein are true and correct?</p> <p>f.3. It is authorizing the Head of the Procuring Entity or his duly authorized representative/s to verify all the documents submitted?</p> <p>f.4. The signatory is the duly authorized representative of the prospective bidder, and granted full power and authority to do, execute and perform any and all acts necessary and/or to represent the prospective bidder in the bidding, with the duly notarized Secretary's Certificate attesting to such fact, if the prospective bidder is a corporation, partnership, cooperative, or joint venture?</p> <p>f.5. It complies with the disclosure provision under Section 47 of the Act in relation to other provisions of R.A. 3019?</p> <p>f.6. It complies with the responsibilities of a prospective or eligible bidder provided in the PBDs?</p> <p>f.7. It complies with existing labor laws and standards?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>accordance with Section 33.2.2. of this IRR. The BAC shall rank the consultants in <u>descending order based on the numerical ratings of their technical proposals</u> and identify the <u>Highest Rated Bid</u>. Provided, however, that the <u>Highest Rated Bid shall pass the minimum score indicated in the Bidding Documents.</u></i></p> <p>• <i>Per SAMPLE FORMS FOR PROCUREMENT OF CONSULTING SERVICES published by the GPPB: SF-CONS-41 revised 9 May 04 (Checklist for Technical Envelope Requirements)</i></p>	<p>11. From the Minutes of the Bid Opening look for information indicating that the BAC declared as <u>"failed" in the first envelope</u> bids that failed to include any requirement or are incomplete or patently insufficient; otherwise, that the BAC rated the first bid envelope as "passed".</p>	<p>Did the BAC rate as "failed" in the first envelope bids that failed to include any requirement or are incomplete or patently insufficient?</p> <p>Did the BAC rate as "passed" the first envelope that passed all the requirements?</p>			
EVALUATION OF TECHNICAL PROPOSALS SUBMITTED BY SHORT LISTED CONSULTANTS					
<p>1. To verify if the BAC evaluated the technical proposals only of the bidders who were rated "passed"</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <p>• <i>30.1. The BAC shall open the first bid envelopes of prospective bidders in public to determine each bidder's compliance with the documents required to be submitted for eligibility and for the technical requirements, as prescribed in this IRR. For this purpose, the BAC shall check the submitted documents of each bidder against a checklist of required documents to ascertain if they are all present, using a nondiscretionary "pass/fail" criterion, as stated in the Instructions to Bidders. If a bidder submits the required document, it shall be rated "passed" for that particular requirement. In this regard, bids that fail to include any requirement or are incomplete or patently insufficient shall be considered as "failed". Otherwise, the BAC shall rate the said first bid envelope as "passed".</i></p> <p>• <i>Philippine Bidding Documents for the Procurement of Consulting Services, 3rd edition (October 2009) approved per GPPB Resolution No. 05-2009 dated</i></p>	<p>1. From the Minutes of the Bid Opening, the accomplished Checklist for the technical envelopes, the TWG report duly reviewed by the BAC compare the names of the consultants whose technical proposals were evaluated against those rated "passed" in the first (technical) envelope.</p>	<p>Did the BAC evaluate the technical proposals only of the bidders who were rated "passed"?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>September 30, 2009:</i></p> <p><i>Instructions to Bidders No. 24.</i></p> <p><i>Opening and Evaluation of Technical Proposals.</i></p> <p><i>24.4. Technical proposals shall not be considered for evaluation in any of the following cases:</i></p> <p><i>a. ...</i></p> <p><i>b. Failure to submit any of the technical requirements provided under this ITB and TOR,</i></p> <p><i>c. ...</i></p>					
<p>2. To verify if the BAC, through its Secretariat, put in writing requests for clarification of bids from the bidders concerned</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>33.1. From submission and receipt of bids until the approval by the Head of the Procuring Entity of the ranking of short listed bidders, those that have submitted their bids are prohibited from making any communication with any BAC member, including its staff and personnel, as well as its Secretariat and TWG, regarding matters connected to their bids. However, the BAC, through its Secretariat, may ask in writing the bidder for a clarification of its bid. All responses to requests for clarification shall be in writing.</i> 	<p>2. From the TWG reports duly reviewed by the BAC, look for information used in the bid evaluation which were requested from the bidders concerned. Look for the letter request for said information duly received by the bidder and the response of the bidder concerned.</p>	<p>Did the BAC, through its Secretariat, put in writing requests for clarification of bids from the bidders concerned?</p> <p>Were the clarifications made by the bidders concerned in writing?</p>			
<p>3. To verify if the BAC evaluated the technical proposals of consultants based on the criteria and numerical weights for bid evaluation as specified in the Bidding Documents</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>33.2.2 The technical proposals of consultants shall be evaluated based on the following criteria and using the corresponding numerical weights indicated in the bidding documents:</i> 	<p>3. From the relevant report(s) of the Technical Working Group (e.g. Rating Sheet for Technical Proposal with supporting information and detailed evaluation), duly reviewed by the BAC; and Minutes of Meeting(s) of the BAC, look for information on the evaluation conducted on the technical proposals.</p>	<p>Were the criteria and numerical weights used by the BAC those specified in the Bidding Documents:</p> <p>a. Quality of personnel to be assigned to the project?</p> <p>b. Experience and capability of the consultant?</p> <p>c. Plan of approach and methodology?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>a) <i>Quality of personnel to be assigned to the project which covers suitability of key staff to perform the duties of the particular assignments and general qualifications and competence including education and training of the key staff;</i></p> <p>b) <i>Experience and capability of the consultant which include records of previous engagement and quality of performance in similar and in other projects; relationship with previous and current clients; and, overall work commitments, geographical distribution of current/ impending projects and attention to be given by the consultant. The experience of the consultant to the project shall consider both the overall experiences of the firm and the individual experiences of the principal and key staff including the times when employed by other consultants; and</i></p> <p>c) <i>Plan of approach and methodology with emphasis on the clarity, feasibility, innovativeness and comprehensiveness of the plan approach, and the quality of interpretation of project problems, risks, and suggested solutions.</i></p>					
	4. Compare the criteria and numerical weights used by the TWG/BAC in their evaluation (per TWG reports and supporting documents) with those specified in the Bidding Documents.	Did the BAC use the criteria and numerical weights for each consultant?			
<p>4. For complex or unique undertakings, to verify if the BAC required bidders concerned to make an oral presentation within 15 calendar days after the deadline for submission of technical proposals</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 33.2.2. ... <i>For complex or unique undertakings, such as those involving new concepts/ technology or financial advisory services, participating short listed consultants may be required, at the option of the agency concerned, to make an oral presentation to be presented by each consultant, or its nominated</i> 	5. From the records of the oral presentation, count the number of days from said presentation to the deadline for submission of technical proposals and compare with the 15-day maximum.	For complex or unique undertakings, did the BAC require bidders concerned to make an oral presentation within 15 calendar days after the deadline for submission of technical proposals?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>Project Manager or head, in case of firms, within fifteen (15) calendar days after the deadline for submission of technical proposals.</i>					
5. To verify if the BAC excluded the highest and lowest scores for each consultant for each criterion in determining the average scores of the consultants, (except when the evaluation was conducted in a collegial manner) <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 33.2.3. In order to eliminate bias in evaluating the technical proposals, it is recommended that the highest and lowest scores for each consultant for each criterion shall not be considered in determining the average scores of the consultants, except when the evaluation is conducted in a collegial manner.	6. From the Rating Sheets and the Ranking List, perform re-computations to check if the average score for each consultant for each criterion was computed to exclude the highest and lowest scores for each consultant for each criterion.	To verify if the BAC excluded the highest and lowest scores for each consultant for each criterion in determining the average scores of the consultants, (except when the evaluation was conducted in a collegial manner)?			
6. To verify if the BAC identified the proposal with the highest score as the Highest Rated Bid (HRB) by ranking the consultants in descending order based on the numerical ratings, with consideration of the minimum score indicated in the bidding documents <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 33.2.1 The BAC shall conduct a detailed evaluation of bids using either of the following evaluation procedures as specified in the Bidding Documents: a) Quality-Based Evaluation Procedure i) ... ii) ... The BAC shall rank the consultants in descending order based on the numerical ratings of their technical proposals and identify the Highest Rated Bid: Provided, however, that the	7. Go over the names of consultant and their numerical ratings indicated in the Report on the ranking of consultants and compare with those indicated in the Rating Sheet for Technical Proposal. 8. Compare the numerical ratings of the consultants with the minimum score indicated in the bidding documents.	Did the BAC identify the Highest Rated Bid (HRB) by: a. ranking the consultants in descending order based on the numerical ratings and declaring the consultant with the highest score as the HRB? and b. with consideration of the minimum score indicated in the bidding documents?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Highest Rated Bid shall pass the minimum score indicated in the Bidding Documents.</i></p> <ul style="list-style-type: none"> 33.4. ... The proposal with the highest score shall be identified as the Highest Rated Bid. 					
<p>7. To verify if the BAC recommended the consultant with the HRB to the HOPE for approval</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 33.2.1 ... <ul style="list-style-type: none"> a) ... <ul style="list-style-type: none"> i) ... ii) ... iii) The Head of the Procuring Entity shall approve or disapprove the recommendations of the BAC within two (2) calendar days after receipt of the results of the evaluation from the BAC. 	<p>9. Based on the letter of the BAC and the BAC Resolution, determine if the HRB was recommended by the BAC to the HOPE for approval.</p>	<p>Did the BAC recommend the consultant with the HRB to the HOPE for approval?</p>			
<p>8. To verify if the Highest Rated Bid (HRB) recommended by the BAC was approved/disapproved by the Head of the Procuring Entity (HOPE) within two (2) calendar days after receipt of the results of evaluation</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 33.2.1 ... <ul style="list-style-type: none"> a) ... <ul style="list-style-type: none"> i) ... ii) ... iii) The Head of the Procuring Entity shall approve or disapprove the recommendations of the BAC within two (2) calendar days after receipt of the results of the evaluation from the BAC. 	<p>10. Count the number of days <u>from</u> the date of receipt by the HOPE of the letter of the BAC submitting the BAC recommendation <u>to</u> the date of approval by the HOPE of the BAC Resolution declaring and recommending the consultant with the HRB and compare with the 2-day maximum.</p>	<p>Was the HRB recommended by the BAC approved by the HOPE within two (2) calendar days after receipt of the results of evaluation?</p>			
<p>9. To verify if the BAC:</p> <p>a. furnished all participating short listed consultants of the results of evaluation (ranking and total scores only) after the approval by</p>	<p>11. Compare the names of the participating consultants (from the Minutes of the Opening of Bids) with those furnished by the BAC with the results of the bid</p>	<p>Did the BAC:</p> <p>a. furnished all participating short listed consultants of the results of evaluation (ranking and total scores only)</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>the HOPE of the ranking, and</p> <p>b. posted the ranking and total scores in the PhilGEPS and the Procuring Entity's websites for a period of not less than 7 calendar days</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 33.2.4. All participating short listed consultants shall be furnished the results (ranking and total scores only) of the evaluation after the approval by the Head of the Procuring Entity of the ranking. Said results shall also be posted in the PhilGEPS and the website of the procuring entity, whenever available, for a period of not less than seven (7) calendar days. 	<p>evaluation (based on the copies of the letters duly received by them).</p> <p>12. Using print-outs of the web page (PhilGEPS and the Procuring Entity's websites) with the posted results of evaluation, count the number of days from the first to the last day of said posting and compare with the 7-day requirement.</p>	<p>after the approval by the HOPE of the ranking?</p> <p>and</p> <p>b. posted the ranking and total scores in the PhilGEPS website for a period of not less than 7 calendar days?</p> <p>and</p> <p>c. posted the ranking and total scores in the Procuring Entity's website for a period of not less than 7 calendar days?</p>			
OPENING OF THE FINANCIAL PROPOSAL OF THE CONSULTANT WITH THE HIGHEST RATED BID (HRB) AND NEGOTIATIONS					
<p>1. To verify if the BAC, within three (3) calendar days after approval by the HOPE of the HRB:</p> <p>a. notified and invited the consultant with the Highest Rated Bid (HRB) for the opening of financial proposal for the purpose of conducting negotiations with the said consultant; and</p> <p>b. informed the consultant of the issues in the technical proposal for clarification during the negotiation</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 33.2.1. The BAC shall conduct a detailed evaluation of bids using either of the following evaluation procedures as specified in the Bidding Documents: <p>a) <i>Quality-Based Evaluation Procedure</i></p> <p>...</p>	<p>1. From the notice to the consultant with the HRB, look for information:</p> <ul style="list-style-type: none"> on the date of receipt of the notice by the consultant; and that the BAC: <ul style="list-style-type: none"> a. invited the consultant for the opening of the financial proposal for the purpose of conducting negotiations, b. informed the consultant of the issues in the technical proposal which the BAC may wish to clarify during the negotiation. 	<p>Did the BAC notify the consultant with the HRB within 3 calendar days after approval by the HOPE?</p> <p>Did the notice indicate that the BAC invited the consultant with the HRB for the opening of the financial proposal for the purpose of conducting negotiations?</p> <p>Did the notice indicate that the BAC informed the consultant of the issues in the technical proposal which the BAC may wish to clarify during the negotiation?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>iv) After approval by the Head of the Procuring Entity of the Highest Rated Bid, its financial proposal shall then be opened. The BAC shall, within three (3) calendar days, notify and invite the consultant with the Highest Rated Bid for the opening of financial proposal for the purpose of conducting negotiations with the said consultant. In the letter of notification, the BAC shall inform the consultant of the issues in the technical proposal the BAC may wish to clarify during negotiations.</i>					
2. To verify if the BAC's negotiation with the consultant with the HRB covered the following: a. Discussion and clarification of the Terms Of Reference (TOR) and Scope of Services; b. Discussion and finalization of the methodology and work program proposed by the consultant; c. Consideration of the appropriateness of qualifications and pertinent compensation, number of man-months and the personnel to be assigned to the job, taking note of over-qualified personnel, to be commensurate with the compensation of personnel with the appropriate qualifications, number of man-months and schedule of activities (manning schedule); d. Discussion on the services, facilities and data, if any, to be provided by procuring entity; e. Discussion on the financial proposal submitted by the consultant; and f. Provisions of the contract <i>Implementing Rules and Regulations</i>	2. From the Minutes of the negotiations, look for information on the discussion of: a. Discussion and clarification of the Terms Of Reference (TOR) and Scope of Services; b. Discussion and finalization of the methodology and work program proposed by the consultant; c. Consideration of the appropriateness of qualifications and pertinent compensation, number of man-months and the personnel to be assigned to the job, taking note of over-qualified personnel, to be commensurate with the compensation of personnel with the appropriate qualifications, number of man-months and schedule of activities (manning schedule); d. Discussion on the services, facilities and data, if any, to be provided by procuring entity; e. Discussion on the financial proposal submitted by the consultant; and f. Provisions of the contract	Did the BAC's negotiation with the consultant with the HRB cover: a. Discussion and clarification of the Terms Of Reference (TOR) and Scope of Services? b. Discussion and finalization of the methodology and work program proposed by the consultant? c. Consideration of the: c.1. appropriateness of qualifications and pertinent compensation? c.2. number of man-months and the personnel to be assigned to the job, taking note of over-qualified personnel, to be commensurate with the compensation of personnel with the appropriate qualifications? c.3. number of man-months and			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>(IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 33.2.5 <i>Negotiations shall cover the following:</i> <ul style="list-style-type: none"> a) <i>Discussion and clarification of the TOR and Scope of Services;</i> b) <i>Discussion and finalization of the methodology and work program proposed by the consultant;</i> c) <i>Consideration of appropriateness of qualifications and pertinent compensation, number of man-months and the personnel to be assigned to the job, taking note of over-qualified personnel, to be commensurate with the compensation of personnel with the appropriate qualifications, number of man-months and schedule of activities (manning schedule);</i> d) <i>Discussion on the services, facilities and data, if any, to be provided by procuring entity;</i> e) <i>Discussion on the financial proposal submitted by the consultant; and</i> f) <i>Provisions of the contract.</i> 		<p>schedule of activities (manning schedule)?</p> <p>d. Discussion on the services, facilities and data, if any, to be provided by procuring entity?</p> <p>e. Discussion on the financial proposal submitted by the consultant?</p> <p>f. Provisions of the contract?</p>			
<p>3. To verify if the BAC used the amount indicated in the financial envelope of the consultant with the HRB as the basis for negotiations, with the ABC as stated in the Bidding Documents as the ceiling</p> <ul style="list-style-type: none"> 33.2.1 ... a) ... i) ... v) <i>Negotiations shall be in accordance with Section 33.2.5 of this IRR, provided that the amount indicated in the financial envelope shall be made as basis for negotiations and the total contract amount shall not exceed the amount indicated in the envelope and the approved budget for the contract as stated in the Bidding Documents.</i> 33.2.6. <i>Total calculated bid prices, as evaluated and corrected for minor arithmetical corrections, such as computational errors, which exceed the ABC shall not be considered</i> 	3. From the Minutes of the negotiations, look for information on the discussion where the amount indicated in the financial envelope was used as basis for the negotiations and with the ABC as stated in the Bidding Documents as the ceiling.	Did the BAC use the amount indicated in the financial envelope of the consultant with the HRB as the basis for negotiations, with the ABC as stated in the Bidding Documents as the ceiling?			
	4. From the TWG report with supporting documents duly reviewed by the BAC and the Minutes of the negotiations, look for information on the results of calculation and correction of bid prices and the decision made when such evaluation resulted in the total calculated bid price exceeding the ABC.	Did the BAC disqualify the consultant with a calculated bid price exceeding the ABC?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<u>calendar days after the deadline for receipt of proposals.</u>					
IN CASE OF FAILURE OF THE NEGOTIATION WITH THE CONSULTANT WITH THE HIGHEST RATED BID (HRB)					
1. To verify if the BAC terminated negotiations with the consultant with the HRB when no agreement on all items discussed was possible <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 6.2. Once issued by the GPPB, the use of the Generic Procurement Manuals (GPMs), Philippine Bidding Documents (PBDs), and other standard forms shall be mandatory upon all Procuring Entities. However, whenever necessary, to suit the particular needs of the procuring entity, modifications may be made, particularly for major and specialized procurement, subject to the approval of the GPPB. <i>Generic Procurement Manual of Procedures for the Procurement of Consulting Services Volume 4 (June 2006) published by the GPPB:</i> <ul style="list-style-type: none"> Step 1... Step 8. Negotiate with the consultant with the Highest Rated Bid. <i>What happens if negotiations with the bidder with the HRB fail?</i> <i>If agreement on all items discussed during negotiations is not possible between the BAC and the first-in-rank consultant, the BAC would have to terminate negotiations and invite the next-rank consultant for negotiations. The procedure for negotiations, as described above, shall be repeated until negotiation with the consultant is successfully completed.</i>	1. From the minutes of the negotiation, look for information on the official termination of the negotiations as a result of non-agreement in all of the items discussed with the consultant with the HRB.	Did the BAC terminate negotiations with the consultant with the HRB when no agreement on all items discussed was possible?			
2. To verify if the BAC invited the next-rank consultant for negotiations and adopted the same conditions and procedures used with the HRB	NOTE: For each failure of negotiations with the next-rank bidder, the BAC is to repeat the	Did the BAC invite the next-rank consultant for negotiations and adopted the same conditions and procedures used with			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 6.2. Once issued by the GPPB, the use of the Generic Procurement Manuals (GPMs), Philippine Bidding Documents (PBDs), and other standard forms shall be mandatory upon all Procuring Entities. However, whenever necessary, to suit the particular needs of the procuring entity, modifications may be made, particularly for major and specialized procurement, subject to the approval of the GPPB. <p><i>Generic Procurement Manual of Procedures for the Procurement of Consulting Services Volume 4 (June 2006) published by the GPPB:</i></p> <ul style="list-style-type: none"> Step 1... Step 8. Negotiate with the consultant with the Highest Rated Bid. <p><i>What happens if negotiations with the bidder with the HRB fail?</i></p> <p><i>If agreement on all items discussed during negotiations is not possible between the BAC and the first-in-rank consultant, the BAC would have to terminate negotiations and invite the next-rank consultant for negotiations. The procedure for negotiations, as described above, shall be repeated until negotiation with the consultant is successfully completed.</i></p>	<p>process until the negotiation is completed.</p> <p>The related audit activities are likewise to be repeated.</p>	the HRB?			
INVOLVEMENT OF THE BAC OBSERVERS IN THE OPENING OF THE FINANCIAL PROPOSAL(S) AND NEGOTIATIONS WITH THE CONSULTANTS WITH THE HRB AND NEXT-IN-RANK					
<p>1. To verify if the BAC invited Observers:</p> <p>a. representing the COA, the project-related professional organization accredited or duly recognized by the Professional Regulation Commission or the Supreme Court, and a non-government organization (NGO) from the procuring entity's Pool of Observers;</p> <p>b. that have:</p>	<p>1. From the Minutes of the BAC meeting on the selection of the Observer from the "pool", check for information on the BAC's evaluation in regard to:</p> <ul style="list-style-type: none"> the selection of the organization from which the Observer will be invited; knowledge, experience or expertise in procurement or in the subject matter of the 	<p>Did the BAC choose the Observers considering:</p> <p>a. One representing the COA?</p> <p>b. One representing the project-related professional organization accredited or duly recognized by the</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>b.1. knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</p> <p>b.2. no actual or potential conflict of interest in the contract to be bid; and</p> <p>b.3. conformed with other relevant criteria determined by the BAC;</p> <p>c. at least 3 calendar days prior to the opening of financial proposal</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> Section 13. Observers <p>13.1. To enhance the transparency of the process, the BAC shall, in all stages of the procurement process, invite, in addition to the representative of the COA, at least two (2) observers, who shall not have the right to vote, to sit in its proceedings where:</p> <p>a) At least one (1) shall come from a duly recognized private group in a sector or discipline relevant to the procurement at hand, for example:</p> <p>i) ...</p> <p>ii) ...</p> <p>iii) For consulting services, a project-related professional organization accredited or duly recognized by the Professional Regulation Commission or the Supreme Court, such as, but not limited to:</p> <p>(1) PICE;</p> <p>(2) Philippine Institute of Certified Public Accountants (PICPA); and</p> <p>(3) Confederation of Filipino Consulting Organizations; and</p> <p>b) The other observer shall come from a non-government organization (NGO).</p> <p>13.2. The observers shall come from an organization duly registered with the Securities and Exchange Commission (SEC) or the</p> 	<p>contract to be bid;</p> <ul style="list-style-type: none"> no actual or potential conflict of interest in the contract to be bid; and conformed with other relevant criteria determined by the BAC. <p>2. From certified copies of the invitations to the Observers with evidence of receipt, compare the date of receipt with the 3-day minimum requiremen</p>	<p>Professional Regulation Commission or the Supreme Court?</p> <p>c. One representing a non-government organization?</p> <p>d. With knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid?</p> <p>e. With no actual or potential conflict of interest in the contract to be bid?</p> <p>f. Conformed with other relevant criteria determined by the BAC?</p>			
		Did the BAC invite the Observers at least 3 days from the date of the opening of the financial proposal and negotiations?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Cooperative Development Authority (CDA), and should meet the following criteria:</i></p> <p>a) <i>Knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</i></p> <p>b) <i>Absence of actual or potential conflict of interest in the contract to be bid; and</i></p> <p>c) <i>Any other relevant criteria that may be determined by the BAC.</i></p> <p>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</p>					
<p>2. To verify if the Procuring Entity considered the comments/observations of the Observers</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 13.4. <i>The observers shall have the following responsibilities:</i> <ul style="list-style-type: none"> a) <i>To prepare the report either jointly or separately indicating their observations made on the procurement activities conducted by the BAC for submission to the Head of the Procuring Entity, copy furnished the BAC Chairman. The report shall <u>assess</u> the extent of the BAC's compliance with the provisions of this IRR and areas of improvement in the BAC's proceedings;</i> b) <i>To submit their report to the +procuring entity and furnish a copy to the GPPB and Office of the Ombudsman/Resident Ombudsman. If no report is submitted by the observer, then it is understood that the bidding activity conducted by the BAC followed the correct procedure; and</i> c) <i>To immediately inhibit and notify in writing the procuring entity concerned of any actual or potential interest in the contract to be bid.</i> 	<p>3. Based on the BAC's Minutes on the Negotiations and the report of the Observers check whether a deliberation was made on the comments /observations of the observers.</p>	<p>Did the Procuring Entity consider the comments/ observations of the Observers?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> 13.5. Observers shall be allowed access to the following documents upon their request, subject to signing of a confidentiality agreement: (a) minutes of BAC meetings; (b) abstract of Bids; (c) post-qualification summary report; (d) APP and related PPMP; and (e) opened proposals. 					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing. 	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliance to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re-Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



**X-B. SUBMISSION, RECEIPT, OPENING AND
EVALUATION OF BIDS FOR THE PROCUREMENT OF
CONSULTING SERVICES
(Using Quality-Cost Based Evaluation Procedure)**

Bids shall be submitted simultaneously in two (2) separate sealed envelopes and received by the procuring entity on or before the deadline specified in the Request for Expression of Interest.

Opening of Bids shall be on the date, time and place specified in the Request for Expression of Interest. Quality Based Evaluation Procedure considers only the Technical Proposals in the ranking of consultants based on the numerical ratings from the highest to the lowest. The purpose of bid evaluation is to determine the Highest Rated Bid.

A. AUDIT OBJECTIVES:

1. To verify if bids were submitted and received at the required date, time, and place;
2. To verify if the BAC opened the bids at the required date, time, place and adopted the prescribed procedures;
3. To verify if the BAC and the Procuring Entity as a whole performed the evaluation of bids according to the prescribed procedures and timelines.

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. Copy of the Minutes of the BAC meeting on the selection of the Observer from the "pool";
2. Invitation letters for the Observers, duly received by them;
3. Reports of the BAC Observers;
4. *Request for Expression of Interest*;
5. Receiving logbook of the BAC Secretariat with information on the receipt of bids;
6. *Minutes of the Bid Opening*;
7. Customized Bidding Documents for the Procurement of Consulting Services;
8. Bidding Documents for the specific procurement;
9. Checklists for Technical Envelope of Consulting Services accomplished by the BAC;
10. TWG report, as reviewed by the BAC, on the evaluation of technical proposals;
11. Documentation of oral presentations made by consultants, if any;
12. Rating Sheets for technical proposals;
13. Minutes of meetings on the evaluation of the technical proposals;
14. BAC Resolution on the evaluation and results of the technical proposals, duly approved by the HOPE;
15. Letters of notification to consultants on the results of the evaluation (rejection);
16. Letters of notification to consultants on the results of the evaluation of their technical proposal and invitation for the opening of financial proposals, duly received by them;
17. Minutes of the meetings on the opening of the financial proposals;
18. Checklists for Financial Envelope of Consulting Services accomplished by the BAC;
19. Minutes of the meetings on the evaluation of the financial proposals;
20. TWG report, as reviewed by the BAC, on the evaluation of financial proposals;
21. BAC Resolution, duly approved by the HOPE, on the results of the evaluation of financial proposals;
22. TWG report with supporting documents, as reviewed by the BAC, on the evaluation of the combination of the technical and financial proposals and ranking;
23. Ranking List of consultants;
24. BAC Resolution declaring and recommending the HRB/SRB to the HOPE for approval;



25. Invitation letter for negotiation with the HRB/SRB duly received by the consultant concerned;
26. Minutes of meetings on the negotiations with the HRB/SRB;
27. TWG report with supporting documents, as reviewed by the BAC, on the evaluation of the information pertaining to negotiations;
28. BAC Resolution, duly approved by the HOPE, on the results of the negotiations with the HRB and recommending the conduct of post-qualification evaluation.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
SUBMISSION OF BIDS FOR CONSULTING SERVICES					
1. To verify if the BAC determined that all bidders submitted bids: a. through their duly authorized representatives, b. using the forms specified in the Bidding Documents, c. in two (2) separate sealed envelopes submitted simultaneously, c. with the first envelope containing the technical component and d. the second containing the financial component of the bid <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none">25.1. Bidders shall <u>submit</u> their bids through their duly authorized representative <u>using the forms specified in the Bidding Documents</u> in two (2) separate sealed bid envelopes, and which shall be submitted simultaneously. The first shall contain the technical component of the bid and the second shall contain the financial component of the bid.	<p>1. From the Minutes of Bid Opening, look for information evidencing that the BAC compared the signatory of the letter submitting the bid with the person named in the sworn statement as the duly authorized representative.</p> <p>2. From the Minutes of Bid Opening, look for information where the BAC mentioned opening the outer sealed envelope of each bidder with two (2) sealed envelopes inside marked "ORIGINAL – TECHNICAL PROPOSAL" and "ORIGINAL – FINANCIAL PROPOSAL" and also mentioned already opened envelopes.</p>	<p>Did the BAC determine that all bidders submitted bids:</p> <p>a. through their duly authorized representatives?</p> <p>b. in two (2) separate sealed envelopes submitted simultaneously?</p> <p>c. with the first envelope containing the technical component?</p> <p>and</p> <p>d. the second containing the financial component of the bid?</p>			
<i>Philippine Bidding Documents for Consulting Services, 3rd edition (October 2009) approved per GPPB Resolution No. 05-2009 dated September 30, 2009:</i> <ul style="list-style-type: none">Section II. INSTRUCTIONS TO BIDDERS, ITB Clause 17. Sealing and Marking of Bids. 17.1. Unless otherwise indicated in the BDS, consultants shall enclose their original technical proposal described in ITB Clause 10, in one sealed envelope marked "ORIGINAL – TECHNICAL PROPOSAL", and the original of their financial proposal in another sealed envelope marked "ORIGINAL – FINANCIAL PROPOSAL", sealing them all in an outer envelope marked "ORIGINAL	<p>3. Go through the <i>Minutes of the Bid Opening</i> and look for information on the BAC's validation if each bidder adopted the forms specified in the Bidding Documents.</p>	<p>Did the BAC validate if the bidders submitted their bids using the forms specified in the Bidding Documents?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>BID".</i> 17.2. 17.5. <i>If bids are not sealed and marked as required, the Procuring Entity will assume no responsibility for the misplacement or premature opening of the bid.</i></p>					
<p>2. To verify if in modifying a bid: a. it was done before the deadline for the submission and receipt of bids, b. the original bid was not retrieved but another bid equally sealed, properly identified, was submitted and linked to the original bid and marked as a "modification," thereof, and stamped "received" by the BAC</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 26.1. <i>A bidder may modify its bid, provided that this is done before the deadline for the submission and receipt of bids. Where a bidder modifies its bid, it shall not be allowed to retrieve its original bid, but shall only be allowed to send another bid equally sealed, properly identified, linked to its original bid and marked as a "modification," thereof, and stamped "received" by the BAC. Bid modifications received after the applicable deadline shall not be considered and shall be returned to the bidder unopened.</i> 26.2. <i>A bidder may, through a letter, withdraw its bid before the deadline for the receipt of bids. Withdrawal of bids after the applicable deadline shall be subject to appropriate sanctions as prescribed in this IRR. A bidder may also express its intention not to participate in the bidding through a letter which should reach and be stamped received by the BAC before the deadline for the receipt of bids. A bidder that withdraws its bid shall not be permitted to submit another bid, directly or indirectly, for the same contract.</i> 	<p>4. Go through the records of the BAC pertaining to the submission of bids of each bidder and check if the submission of modifications were done before the deadline for the submission and receipt.</p>	<p>Did the bidders concerned submit their bid modifications before the deadline for the submission and receipt?</p> <p>Was the original bid not retrieved?</p>			
	<p>5. Go through the <i>Minutes of the Bid Opening</i> and look for information on the BAC's activities validating if:</p> <ul style="list-style-type: none"> a. modifications were marked as "modification" and stamped "received" by the BAC; and b. linked to the original bid (not withdrawn). 	<p>Did the BAC validate if modification were properly identified and linked to the original marked as a "modification" and stamped "received" by the BAC?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
RECEIPT OF BIDS FOR THE PROCUREMENT OF CONSULTING SERVICES					
1. To verify if the bids were received by the BAC on the: a. date, b. time, and c. place specified in the Invitation to Bid <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 25.4. Bids shall be received by the BAC on the date, time, and place specified in the Invitation to Bid. • 25.5. Bids, ... submitted after the deadline shall not be accepted by the BAC.	1. Check the receiving logbook of the BAC on the date, time, and place of receipt of bids and compare these with those in the Invitation to Bid	Were the bids received by the BAC on the date and time specified in the Invitation to Bid? Were the bids received by the BAC at the place specified in the Invitation to Bid? Were bids submitted on or before the deadline for submission of bids not accepted?			
2. To verify if the BAC observed the maximum of 75 calendar days from the last day of posting of the Request for Expression of Interest up to the deadline for submission and receipt of bids <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 25.4. Bids shall be received by the BAC on the date, time, and place specified in the ...Request for Expression of Interest. The following periods from the last day of posting of the .../Request for Expression of Interest up to the submission and receipt of bids shall be observed: a)... b) ... c) For consulting services, a maximum period of seventy five (75) calendar days.	2. Count the number of days from the last day of posting of the <i>Request for Expression of Interest</i> up to the deadline for submission and receipt of bids and compare with the 75-calendar-day maximum period.	Did the BAC observe the maximum of 75-calendar days from the last day of posting of the <i>Request for Expression of Interest</i> up to the deadline for submission and receipt of bids?			
OPENING & PRELIMINARY EXAMINATION OF BIDS FOR THE PROCUREMENT OF CONSULTING SERVICES					
1. To verify if the BAC observed quorum. <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 12.3 Quorum A majority of the total BAC composition as designated by the Head of the Procuring Entity shall constitute a quorum for the transaction of business, provided that the	1. From the Office Order creating the BAC, determine the number of BAC members and identify the Chairman or Vice-Chairman. 2. From the <i>Minutes of Opening of Bids</i> , check for the presence	Was there a quorum?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>presence of the Chairman or Vice-Chairman shall be required.</i>	of the Chairman or Vice-Chairman and if majority of the BAC members or representatives/alternates attended the proceedings.				
2. To verify if the BAC opened the bids immediately after the deadline for the submission and receipt of bids and at the: a. date, b. time, and c. place specified in the Request for Expression of Interest <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 29. Bid Opening <i>The BAC shall open the bids immediately after the deadline for the submission and receipt of bids. [GPPB Resolution No. 13-2009, dated 16 December 2009] The time, date, and place of the opening of bids shall be specified in the Bidding Documents. The bidders or their duly authorized representatives may attend the opening of bids. The BAC shall adopt a procedure for ensuring the integrity, security, and confidentiality of all submitted bids. The minutes of the bid opening shall be made available to the public upon written request and payment of a specified fee to recover cost of materials.</i> 	3. Compare the date and time of the opening of bids indicated in the Minutes of the Opening of Bids with the deadline for submission and receipt of bids stated in the Bidding Documents. 4. Compare the date, time and place of the opening of bids indicated in the Minutes of the Opening of Bids with those specified in the Request for Expression of Interest.	Did the BAC open the bids immediately after the deadline for the submission and receipt of bids? Did the BAC open the bids on the date specified in the Request for Expression of Interest? Did the BAC open the bids on the time specified in the Request for Expression of Interest? Did the BAC open the bids at the place specified in the Request for Expression of Interest?			
3. To verify if the BAC opened <u>first</u> the technical envelopes and <u>ascertained compliance</u> of each bidder with the <u>documents required</u> to be submitted in the <u>first envelope</u> by checking the submitted documents of each bidder against a checklist of required documents to ascertain if they are all present, using a nondiscretionary "pass/fail" criterion, as stated in the <i>Instructions to Bidders</i> <i>Implementing Rules and Regulations (IRR)</i>	5. From the Minutes of the Bid Opening, look for information evidencing that the BAC opened first each bidder's technical envelope.	Did the BAC open first the technical envelopes?			
	6. Compare the Checklist for Technical Envelope of Consulting Services with the required form (<i>SF-CONS-41: Checklist for Technical Envelope Requirements</i>).	Is the <i>Checklist for Technical Envelope of Consulting Services</i> used by the BAC in accordance with the required form?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 30.1. <i>The BAC shall open the first bid envelopes of prospective bidders in public to determine each bidder's compliance with the documents required to be submitted for eligibility and for the technical requirements, as prescribed in this IRR. For this purpose, the BAC shall check the submitted documents of each bidder against a checklist of required documents to ascertain if they are all present, using a nondiscretionary "pass/fail" criterion, as stated in the Instructions to Bidders. If a bidder submits the required document, it shall be rated "passed" for that particular requirement. In this regard, bids that fail to include any requirement or are incomplete or patently insufficient shall be considered as "failed". Otherwise, the BAC shall rate the said first bid envelope as "passed".</i> 25.2. <i>The first envelope shall contain the following technical information/ documents, at the least:</i> <ul style="list-style-type: none"> <u>c. For the procurement of consulting services</u> <ul style="list-style-type: none"> i) <i>The bid security in the prescribed form, amount and validity period;</i> ii) <i>Organizational chart for the contract to be bid;</i> iii) <i>List of completed and on-going projects;</i> iv) <i>Approach, work plan, and schedule: Provided, however, That for architectural design, submission of architectural plans and designs shall not be required during the consultant's selection process;</i> v) <i>List of key personnel to be assigned to the contract to be bid, with their complete qualification and experience data; and</i> vi) <i>Sworn statement by the prospective bidder or its duly authorized representative in the form prescribed by the GPPB as to the following:</i> <ul style="list-style-type: none"> (1) <i>It is not "blacklisted" or barred from bidding by the GOP or any of its agencies, offices, corporations, or LGUs, including foreign government/foreign or international financing institution whose blacklisting rules have been recognized by the GPPB;</i> (2) <i>Each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of</i> 	7. Compare the list of documents in the <i>Checklist</i> with the list of documents required to be submitted per the Bidding Documents.	Are the contents of the <i>Checklist for Technical Envelope of Consulting Services</i> accomplished by the BAC those that are required to be submitted in the technical envelope per Bidding Documents?			
	8. Determine if the BAC's entries in the <i>Checklist</i> are complete.	<p>Did the BAC ascertain the presence of the following documents in the technical envelope of each bidder:</p> <ul style="list-style-type: none"> a. The bid security in the prescribed form, amount and validity period? b. Organizational chart for the contract to be bid? c. List of completed and on-going projects? d. Approach, work plan, and schedule? e. List of key personnel to be assigned to the contract to be bid, with their complete qualification and experience data? f. Sworn statement by the prospective bidder or its duly authorized representative in the form prescribed by the GPPB as to the following: <ul style="list-style-type: none"> f.1. It is not "blacklisted" or barred from bidding by the GOP or any of its agencies, offices, corporations, or LGUs, including foreign government/ foreign or international financing institution whose blacklisting rules have 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>the original, complete, and all statements and information provided therein are true and correct;</i></p> <p><i>(3) It is authorizing the Head of the Procuring Entity or his duly authorized representative/s to verify all the documents submitted;</i></p> <p><i>(4) The signatory is the duly authorized representative of the prospective bidder, and granted full power and authority to do, execute and perform any and all acts necessary and/or to represent the prospective bidder in the bidding, with the duly notarized Secretary's Certificate attesting to such fact, if the prospective bidder is a corporation, partnership, cooperative, or joint venture;</i></p> <p><i>(5) It complies with the disclosure provision under Section 47 of the Act in relation to other provisions of R.A. 3019;</i></p> <p><i>(6) It complies with the responsibilities of a prospective or eligible bidder provided in the PBDs; and</i></p> <p><i>(7) It complies with existing labor laws and standards, in the case of procurement of services.</i></p> <ul style="list-style-type: none"> • 33.2.1 The BAC shall conduct a detailed evaluation of bids using either of the following evaluation procedures as specified in the Bidding Documents: <ul style="list-style-type: none"> a) Quality-Based Evaluation Procedure <ul style="list-style-type: none"> i) ... ii) After receipt of bids, the technical proposals shall first be opened and evaluated, in accordance with Section 33.2.2. of this IRR. The BAC shall rank the consultants in <u>descending order based on the numerical ratings of their technical proposals</u> and identify the <u>Highest Rated Bid</u>: <u>Provided, however, that the Highest Rated Bid shall pass the minimum score indicated in the Bidding Documents.</u> • Per SAMPLE FORMS FOR PROCUREMENT OF CONSULTING SERVICES published by the GPPB: SF-CONS-41 revised 9 May 04 (Checklist for Technical Envelope Requirements) 		<p>been recognized by the GPPB?</p> <p>f.2. Each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and information provided therein are true and correct?</p> <p>f.3. It is authorizing the Head of the Procuring Entity or his duly authorized representative/s to verify all the documents submitted?</p> <p>f.4. The signatory is the duly authorized representative of the prospective bidder, and granted full power and authority to do, execute and perform any and all acts necessary and/or to represent the prospective bidder in the bidding, with the duly notarized Secretary's Certificate attesting to such fact, if the prospective bidder is a corporation, partnership, cooperative, or joint venture?</p> <p>f.5. It complies with the disclosure provision under Section 47 of the Act in relation to other provisions of R.A. 3019?</p> <p>f.6. It complies with the responsibilities of a prospective or eligible bidder provided in the PBDs?</p> <p>f.7. It complies with existing labor laws and standards?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	9. From the Minutes of the Bid Opening look for information indicating that the BAC declared as <u>"failed" in the first envelope</u> bids that failed to include any requirement or are incomplete or patently insufficient; otherwise, that the BAC rated the first bid envelope as "passed".	Did the BAC rate as "failed" in the first envelope bids that failed to include any requirement or are incomplete or patently insufficient? Did the BAC rate as <u>"passed" in the first envelope</u> bids that passed all the requirements in the technical envelope?			
EVALUATION OF TECHNICAL PROPOSALS SUBMITTED BY SHORT LISTED CONSULTANTS					
1. To verify if the BAC evaluated the technical proposals <u>only</u> of the bidders who were rated "passed" in the preliminary examination of bids <ul style="list-style-type: none"> <i>Philippine Bidding Documents for the Procurement of Consulting Services, 3rd edition (October 2009) approved per GPPB Resolution No. 05-2009 dated September 30, 2009:</i> <i>Instructions to Bidders No. 24. Opening and Evaluation of Technical Proposals.</i> <i>24.4. Technical proposals shall not be considered for evaluation in any of the following cases:</i> <ul style="list-style-type: none"> <i>a. ...</i> <i>b. Failure to submit any of the technical requirements provided under this ITB and TOR,</i> <i>c. ...</i> 	1. From the Minutes of the Bid Opening, the accomplished Checklist for the technical envelopes, the TWG report duly reviewed by the BAC compare the names of the consultants whose technical proposals were evaluated against those rated "passed" in the first (technical) envelope.	Did the BAC evaluate the technical proposals only of the bidders who were rated "passed" in the preliminary examination of bids?			
2. To verify if the BAC, through its Secretariat, put in writing requests for clarification of bids from the bidders concerned <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>33.1. From submission and receipt of bids <u>until the approval by the Head of the Procuring Entity of the ranking of short listed bidders</u>, those that have submitted their bids are <u>prohibited</u> from making any <u>communication with any BAC member, including its staff and personnel, as well as its Secretariat and TWG</u>, regarding matters connected to their bids. However, <u>the BAC, through its Secretariat, may ask in writing the bidder</u></i> 	2. From the TWG reports duly reviewed by the BAC, look for information used in the bid evaluation which were requested from the bidders concerned. Look for the letter request for said information duly received by the bidder and the response of the bidder concerned.	Did the BAC, through its Secretariat, put in writing requests for clarification of bids from the bidders concerned? Were the clarifications made by the bidders concerned in writing?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>for a clarification of its bid. All responses to requests for clarification shall be in writing.</i>					
3. To verify if the BAC evaluated <u>first</u> the technical proposals <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 33.2. The purpose of bid evaluation is to determine the Highest Rated Bid using the following steps: <ul style="list-style-type: none"> 33.2.1. The BAC shall conduct a detailed evaluation of bids using either of the following evaluation procedures as specified in the Bidding Documents: <ul style="list-style-type: none"> a) Quality-Based Evaluation Procedure <ul style="list-style-type: none"> i) ... b) Quality-Cost Based Evaluation Procedure <ul style="list-style-type: none"> i) The technical proposal together with the financial proposal shall be considered in the evaluation of consultants. The <u>technical proposals shall be evaluated first</u> using the criteria in Section 33.2.2 of this IRR. 	3. From the TWG report and supporting documents, duly reviewed by the BAC, look for information on the evaluation of the technical proposal ahead of the opening of the financial proposal.	Did the BAC evaluate <u>first</u> the technical proposals of short listed consultants?			
4. To verify if the BAC evaluated the technical proposals of consultants based on the <u>criteria and numerical weights</u> for bid evaluation as specified in the Bidding Documents <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 33.2.2 The technical proposals of consultants shall be evaluated based on the following criteria and using the corresponding numerical weights indicated in the bidding documents: <ul style="list-style-type: none"> a) Quality of personnel to be assigned to the project which covers suitability of key staff to perform the duties of the particular assignments and general qualifications and competence including education and training of the key staff; b) Experience and capability of the consultant which include records of previous engagement and quality of performance in similar and in other projects; relationship with previous and current clients; and, overall work 	4. From the relevant report(s) of the Technical Working Group (e.g. Rating Sheet for Technical Proposal with supporting information and detailed evaluation), duly reviewed by the BAC; and Minutes of Meeting(s) of the BAC, look for information on the evaluation conducted on the technical proposals. 5. Compare the criteria and numerical weights used by the TWG/BAC in their evaluation for each consultant (per TWG reports and supporting documents) with those specified in the Bidding Documents.	Were the criteria and numerical weights used by the BAC those specified in the Bidding Documents: <ul style="list-style-type: none"> a. Quality of personnel to be assigned to the project? b. Experience and capability of the consultant? c. Plan of approach and methodology? 			
		Did the BAC use the criteria and numerical weights for each consultant?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
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<p><i>commitments, geographical distribution of current/ impending projects and attention to be given by the consultant. The experience of the consultant to the project shall consider both the overall experiences of the firm and the individual experiences of the principal and key staff including the times when employed by other consultants; and</i></p> <p><i>c) Plan of approach and methodology with emphasis on the clarity, feasibility, innovativeness and comprehensiveness of the plan approach, and the quality of interpretation of project problems, risks, and suggested solutions.</i></p>					
<p>5. For complex or unique undertakings, to verify if the BAC required bidders concerned to make an oral presentation within 15 calendar days after the deadline for submission of technical proposals</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 33.2.2. ... <i>For complex or unique undertakings, such as those involving new concepts/ technology or financial advisory services, participating short listed consultants may be required, at the option of the agency concerned, to make an oral presentation to be presented by each consultant, or its nominated Project Manager or head, in case of firms, within fifteen (15) calendar days after the deadline for submission of technical proposals.</i> 	<p>6. From the records of the oral presentation, count the number of days from said presentation to the deadline for submission of technical proposals and compare with the 15-day maximum.</p>	<p>For complex or unique undertakings, did the BAC require bidders concerned to make an oral presentation within 15 calendar days after the deadline for submission of technical proposals?</p>			
<p>6. To verify if the BAC excluded the highest and lowest scores for each consultant for each criterion in determining the average scores of the consultants, (except when the evaluation was conducted in a collegial manner)</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 33.2.3. <i>In order to eliminate bias in evaluating the technical proposals, it is recommended that the highest and lowest scores for each consultant for each criterion shall not be considered in determining the average scores of the consultants, except when the evaluation</i> 	<p>7. From the TWG evaluation report with supporting documents, duly reviewed by the BAC, perform re-computations to check if the average score for each consultant for each criterion was computed to exclude the highest and lowest scores for each consultant for each criterion.</p>	<p>Did the BAC exclude the highest and lowest scores for each consultant for each criterion in determining the average scores of the consultants, (except when the evaluation was conducted in a collegial manner)?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>is conducted in a collegial manner.</i>					
7. To verify if the HOPE approved or disapproved the recommendation of the BAC within two (2) calendar days after receipt of the results of the evaluation from the BAC <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 33.2. The purpose of bid evaluation is to determine the Highest Rated Bid using the following steps: <ul style="list-style-type: none"> 33.2.1. The BAC shall conduct a detailed evaluation of bids using either of the following evaluation procedures as specified in the Bidding Documents: <ul style="list-style-type: none"> a) Quality-Based Evaluation Procedure <ul style="list-style-type: none"> i) ... b) Quality-Cost Based Evaluation Procedure <ul style="list-style-type: none"> i) The technical proposal together with the financial proposal shall be considered in the evaluation of consultants. The <u>technical proposals shall be evaluated first using the criteria in Section 33.2.2 of this IRR.</u> The financial proposals of the consultants who meet the minimum technical score shall then be opened. ii) ... iii) The Head of the Procuring Entity shall <u>approve or disapprove the recommendations of the BAC within two (2) calendar days after receipt of the results of the evaluation from the BAC.</u> 	8. From the copy of the BAC Resolution on the technical bid evaluation approved by the HOPE, count the number of days from receipt to approval of the BAC's recommendation.	Did the HOPE approve or disapprove the recommendation of the BAC within two (2) calendar days after receipt of the results of the evaluation from the BAC?			
8. To verify if the Procuring Entity: <ol style="list-style-type: none"> notified those Consultants whose Bids did not meet the minimum qualifying mark or were considered non-responsive to the Bidding Documents and TOR, indicating that their Financial Proposals shall be returned unopened after completing the selection; simultaneously notified the Consultants that have secured the minimum qualifying mark, indicating the date and time set for opening the Financial 	9. From copies of the notification letters, with evidence of receipt (registered letter, facsimile, or electronic mail), compare the names of the consultants rated "passed" with those in the letters. Compare the dates of the receipt of the letters. Also look for the statements that the	Did the Procuring Entity: <ol style="list-style-type: none"> notify those Consultants whose Bids did not meet the minimum qualifying mark or were considered non-responsive to the Bidding Documents and TOR, indicating that their Financial Proposals shall be returned unopened after completing the 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
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Proposals <i>Philippine Bidding Documents for the Procurement of Consulting Services 3rd Edition (October 2009) approved through GPPB Resolution No. 05-2009 dated 30 September 2009:</i> <ul style="list-style-type: none"> Part II, Section III. Bid Data Sheet ITB Clause 25.2. ...If the Fund Source is GOP <i>For Quality Cost Based Evaluation (QCBE): After the evaluation of <u>quality</u> is completed, the Procuring Entity shall notify those Consultants whose Bids did <u>not meet the minimum qualifying mark</u> or were <u>considered non-responsive</u> to the Bidding Documents and TOR, indicating that their Financial Proposals shall be <u>returned unopened</u> after completing the selection process. The Procuring Entity shall <u>simultaneously notify the Consultants that have secured the minimum qualifying mark, indicating the date and time set for opening the Financial Proposals</u>. The opening date shall <u>not be sooner than two weeks after the notification date</u> unless otherwise specified in ITB Clause 25.1. The notification may be sent by registered letter, facsimile, or electronic mail.</i>	bid did not meet the minimum qualifying mark or were considered non-responsive to the Bidding Documents and TOR, and that their Financial Proposals shall be returned unopened after completing the selection; or that they have obtained the minimum qualifying mark with the date and time set for opening the Financial Proposals.	selection? b. simultaneously notify the Consultants that have secured the minimum qualifying mark, indicating the date and time set for opening the Financial Proposals?			
	10. Count the number of days from the notification to the opening date of the Financial Proposals indicated in the letters and compare with the 2-week minimum requirement.	Was the opening date of Financial Proposals indicated in the letter not sooner than 2 weeks after the date of notification?			
OPENING AND EVALUATION OF FINANCIAL PROPOSALS OF CONSULTANTS WHO MET THE MINIMUM TECHNICAL SCORE					
1. To verify if the BAC opened the Financial Proposals <u>in public</u> in the presence of the Consultants' representatives who chose to attend <i>Philippine Bidding Documents for the Procurement of Consulting Services 3rd Edition (October 2009) approved through GPPB Resolution No. 05-2009 dated 30 September 2009:</i> <ul style="list-style-type: none"> Part II, Section III. Bid Data Sheet ITB Clause 25.2. ...If the Fund Source is GOP <i>For Quality Cost Based Evaluation (QCBE): ...</i> <i>... The Financial Proposals shall be opened publicly in the presence of the Consultant's representatives who choose to attend. The name of the Consultant, the quality scores, and the proposed prices shall be read aloud and recorded when the Financial Proposals are opened. The Procuring Entity shall prepare minutes of the public opening.</i>	1. From the Minutes of the opening of the Financial Proposals look for information on the public opening of the Proposals.	Did the BAC open the Financial Proposals in public in the presence of the Consultants' representatives who chose to attend?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To verify if the BAC a. read aloud and recorded the name of the Consultant, the quality scores, and the proposed prices when the Financial Proposals were opened and b. prepared Minutes of the public opening of the Financial Proposals <i>Philippine Bidding Documents for the Procurement of Consulting Services 3rd Edition (October 2009) approved through GPPB Resolution No. 05-2009 dated 30 September 2009:</i> <ul style="list-style-type: none"> Part II, Section III. Bid Data Sheet ITB Clause 25.2. ...If the Fund Source is GOP For Quality Cost Based Evaluation (QCBE): ... The Financial Proposals shall be opened publicly in the presence of the Consultant's representatives who choose to attend. <u>The name of the Consultant, the quality scores, and the proposed prices shall be read aloud and recorded when the Financial Proposals are opened.</u> The Procuring Entity shall prepare <u>minutes of the public opening.</u> 	2. From the Minutes of the opening of the Financial Proposals, look for information on reading out loud of the name of the Consultant, the quality scores, and the proposed prices	Did the BAC: a. read aloud and record the name of the Consultant, the quality scores, and the proposed prices when the Financial Proposals were opened? and b. prepare Minutes of the public opening of the Financial Proposals?			
3. To verify if the BAC opened only the financial proposals of the consultants who met the minimum technical score <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 33.2. The purpose of bid evaluation is to determine the Highest Rated Bid using the following steps: 33.2.1. The BAC shall conduct a detailed evaluation of bids using either of the following evaluation procedures as specified in the Bidding Documents: a) Quality-Based Evaluation Procedure i) ... b) Quality-Cost Based Evaluation Procedure i) The technical proposal together with the financial proposal shall be considered in the evaluation of consultants. <u>The technical proposals</u> 	3. From the TWG report and supporting documents, duly reviewed by the BAC, look for information on the opening of the financial proposals of consultants who met the minimum technical score and compare with the names of those whose technical proposals met the minimum technical score.	Did the BAC open only the financial proposals of the consultants who met the minimum technical score?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>shall be evaluated first using the criteria in Section 33.2.2 of this IRR. The financial proposals of the consultants who meet the minimum technical score shall then be opened.</i>					
4. To verify if the BAC evaluated the financial proposals considering: a. Financial Proposals are complete: a.1. all the documents mentioned in ITB Clause 11 were present: <ul style="list-style-type: none"> • FPF 1. Financial Proposal Submission Form should form the covering letter of the Financial Proposal. • Form FPF 2. Summary of Costs, • FPF 3. Breakdown of Price per Activity, • FPF 4. Breakdown of Remuneration per Activity, • FPF 5. Reimbursables per Activity, and • FPF 6. Miscellaneous Expenses. Relate to the cost of consulting services under two distinct categories, namely: (a) Remuneration; and (b) Reimbursable Expenditures. a.2. all items of the Technical Proposals that are required to be priced are so priced, otherwise rejected the Proposal, b. computational errors were corrected, c. prices in various currencies were converted to the Philippine peso at the rate indicated in ITB Clause 13, d. include the cost of all taxes, duties, fees, levies, and other charges imposed under the applicable laws, e. special tax privileges are granted to a particular class or nationality of Consultants by virtue of the GOP's international commitments, the amount of such tax privileges shall be included in the Financial Proposal for purposes of comparative evaluation of bids,	4. From the TWG report duly reviewed by the BAC, look for information on the evaluation of financial proposals as to: a. completeness of documents b. computational errors were corrected, c. prices in various currencies were converted to the Philippine peso at the rate indicated in ITB Clause 13, d. include the cost of all taxes, duties, fees, levies, and other charges imposed under the applicable laws, e. special tax privileges are granted to a particular class or nationality of Consultants by virtue of the GOP's international commitments, the amount of such tax privileges shall be included in the Financial Proposal for purposes of comparative evaluation of bids, f. Financial Proposal did not exceed the ABC, g. lowest Financial Proposal (Fm) shall be given a Financial Score (Sf) of 100 points,	Did the BAC evaluate the financial proposals considering: a. Financial Proposals are complete: a.1. all the documents mentioned in ITB Clause 11 were present: a.1.1 FPF 1. Financial Proposal Submission Form should form the covering letter of the Financial Proposal? a.1.2 FPF 2. Summary of Costs? a.1.3 FPF 3. Breakdown of Price per Activity? a.1.4 FPF 4. Breakdown of Remuneration per Activity? a.1.5 FPF 5. Reimbursables per Activity? a.1.6 FPF 6. Miscellaneous Expenses. Related to the cost of consulting services under two distinct categories, namely: (a) Remuneration; and (b) Reimbursable Expenditures? a.2. all items of the Technical Proposals that are required to be priced are so priced, otherwise rejected the Proposal?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
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<p>f. Financial Proposal did not exceed the ABC,</p> <p>g. lowest Financial Proposal (Fm) shall be given a Financial Score (Sf) of 100 points,</p> <p>h. The Sf of other Financial Proposals were computed based on the formula indicated below:</p> <p style="text-align: center;">Sf = 100 x FI/F</p> <p><i>Philippine Bidding Documents for the Procurement of Consulting Services 3rd Edition (October 2009) approved through GPPB Resolution No. 05-2009 dated 30 September 2009:</i></p> <ul style="list-style-type: none"> <i>Part II, Section III. Bid Data Sheet</i> <i>ITB Clause 25.2. ...If the Fund Source is GOP</i> <i>For Quality Cost Based Evaluation (QCBE)</i> <p>...</p> <p><i>The BAC shall determine whether the Financial Proposals are complete, i.e., all the documents mentioned in ITB Clause 11 are present and all items of the corresponding Technical Proposals that are required to be priced are so priced. If not the Procuring Entity shall reject the Proposal. The BAC shall <u>correct</u> any <u>computational errors</u> and <u>convert prices into various currencies to the Philippine peso at the rate indicated in ITB Clause 13.</u> The Financial Proposal shall not exceed the ABC and shall be deemed to <u>include the cost of all taxes, duties, fees, levies, and other charges imposed under the applicable laws.</u> The evaluation shall include all such taxes, duties, fees, levies, and other charges imposed under the applicable laws; where <u>special tax privileges are granted to a particular class or nationality of Consultants by virtue of the GOP's international commitments, the amount of such tax privileges shall be included in the Financial Proposal for purposes of comparative evaluation of bids.</u></i></p> <p><i>The lowest Financial Proposal (Fm) shall be given a Financial Score (Sf) of 100 points. The Sf of other Financial Proposals shall be computed based on the formula indicated below:</i></p> <p style="text-align: center;"><i>Sf = 100 x FI/F</i></p> <p><i>Where:</i> <i>Sf is the financial score of the Financial Proposal under consideration,</i></p>	<p>h. The Sf of other Financial Proposals were computed based on the formula: Sf = 100 x FI/F.</p>	<p>b. computational errors were corrected?</p> <p>c. prices in various currencies were converted to the Philippine peso at the rate indicated in ITB Clause 13?</p> <p>d. include the cost of all taxes, duties, fees, levies, and other charges imposed under the applicable laws?</p> <p>e. special tax privileges are granted to a particular class or nationality of Consultants by virtue of the GOP's international commitments, the amount of such tax privileges shall be included in the Financial Proposal for purposes of comparative evaluation of bids?</p> <p>f. Financial Proposal did not exceed the ABC?</p> <p>g. Lowest Financial Proposal (Fm) shall be given a Financial Score (Sf) of 100 points?</p> <p>h. The Sf of other Financial Proposals were computed based on the formula: Sf = 100 x FI/F ?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Fl is the price of the Fm, F is the price of the Financial Proposal under consideration</i></p> <ul style="list-style-type: none"> ITB Clause 11 ITB Clause 11.2 <i>The Financial Proposal requires completion of six (6) forms, particularly, FPF 1, FPF 2, FPF 3, FPF 4, FPF 5, FPF 6. FPF 1. Financial Proposal Submission Form should form the covering letter of the Financial Proposal. Form FPF 2. Summary of Costs, FPF 3. Breakdown of Price per Activity, FPF 4. Breakdown of Remuneration per Activity, FPF 5. Reimbursables per Activity, and FPF 6. Miscellaneous Expenses. Relate to the cost of consulting services under two distinct categories, namely: (a) Remuneration; and (b) Reimbursable Expenditures.</i> 					
<p>5. To verify if the BAC rejected for reasons of:</p> <p>a. incomplete Proposals (there were items of the Technical Proposals that were required to be priced but not so priced);</p> <p>b. incomplete documents;</p> <p>c. Financial Proposals exceeded the ABC</p> <p><i>Philippine Bidding Documents for the Procurement of Consulting Services 3rd Edition (October 2009) approved through GPPB Resolution No. 05-2009 dated 30 September 2009:</i></p> <ul style="list-style-type: none"> Part II, Section III. Bid Data Sheet ITB Clause 25.2. ...If the Fund Source is GOP <i>The BAC shall determine whether the Financial Proposals are complete, i.e., all the documents mentioned in ITB Clause 11 are present and all items of the corresponding Technical Proposals that are required to be priced are so priced. If not the Procuring Entity shall reject the Proposal. The Financial Proposal shall not exceed the ABC</i> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <p><i>33.2.6. Total calculated bid prices, as evaluated and corrected for minor arithmetical corrections, such as</i></p>	<p>5. From the TWG report and supporting documents, duly reviewed by the BAC, look for information on the evaluation of the financial proposals and the results indicating thereof the consultants with incomplete proposals/documents and whose bid price exceeded ABC.</p>	Did the BAC reject incomplete Proposals (there were items of the Technical Proposals that were required to be priced but not so priced)?			
		Did the BAC reject proposals with incomplete documents?			
		Did the BAC <u>not</u> consider Financial Proposals that exceeded the ABC?			



Audit Sub-objective • <i>Audit Criteria</i> <i>computational errors, which exceed the ABC shall not be considered</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>6. To verify if the BAC:</p> <p>a. determined the Total Score of each consultant according to their combined Technical and Financial Scores using the assigned weights as indicated in the Bidding Document;</p> <p>b. ranked the consultants in descending order according to their Total Score;</p> <p>c. identified Rank 1 as the consultant with the Highest Rated Bid (HRB); and</p> <p>d. recommended the HRB to the HOPE for approval</p> <p><i>Philippine Bidding Documents for the Procurement of Consulting Services 3rd Edition (October 2009) approved through GPPB Resolution No. 05-2009 dated 30 September 2009:</i></p> <ul style="list-style-type: none"> <i>Part II, Section III. Bid Data Sheet</i> <i>ITB Clause 25.2. ...If the Fund Source is GOP</i> <p><i>The lowest Financial Proposal (Fm) shall be given a Financial Score (Sf) of 100 points. The Sf of other Financial Proposals shall be computed based on the formula indicated below:</i></p> $Sf = 100 \times FI/F$ <p><i>Where:</i> <i>Sf is the financial score of the Financial Proposal under consideration,</i> <i>FI is the price of the Fm,</i> <i>F is the price of the Financial Proposal under consideration</i></p> <p>Using the formula $S = St \times T\% + Sf \times p\%$, the Bids shall then be ranked according to their combined St and SF using the weight (T = the weight given to the Technical Proposal; F = the weight given to the Financial Proposal; T + F = 1) indicated below:</p> <p>T - [Normally between 0.6 and 0.85]; and</p> <p>P - [Normally between 0.15 and 0.4];</p>	<p>6. From the TWG report and supporting documents (Score Sheets and computations, Ranking List), duly reviewed by the BAC; Minutes of BAC deliberations; and BAC Resolution declaring and recommending to the HOPE for approval, letter submitting the results of the bid evaluation to the HOPE, look for information on the determination of the Total Score of each consultant, ranking of the consultants in descending order, declaring and recommending the HRB for approval.</p>	<p>Did the BAC:</p> <p>a. determine the Total Score of each consultant according to their combined Technical and Financial Scores using the assigned weights as indicated in the Bidding Document?</p> <p>b. rank the consultants in descending order according to their Total Score?</p> <p>c. identify Rank 1 as the consultant with the Highest Rated Bid (HRB)?</p> <p>d. recommend the HRB to the HOPE for approval?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>provided that the total weights given to the Technical and Financial Proposals shall add up to 1.0.</i></p> <p>NOTE: Something is wrong with the formula! Perhaps F should be P?</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 33.2. The purpose of bid evaluation is to determine the Highest Rated Bid using the following steps: <p>33.2.1. The BAC shall conduct a detailed evaluation of bids using either of the following evaluation procedures as specified in the Bidding Documents:</p> <p>a) ...</p> <p>b) Quality-Cost Based Evaluation Procedure</p> <p>i) The technical proposal together with the financial proposal shall be considered in the evaluation of consultants. <u>The technical proposals shall be evaluated first using the criteria in Section 33.2.2 of this IRR.</u> The financial proposals of the consultants who meet the minimum technical score shall then be opened.</p> <p>ii) The financial and technical proposals shall be given corresponding weights with the financial proposal given a minimum weight of fifteen percent (15%) up to a maximum of forty percent (40%). The weight of the technical criteria shall be adjusted accordingly such that their total weight in percent together with the weight given to the financial proposal shall add to one hundred percent (100%).</p> <p>The exact weights shall be approved by the Head of the Procuring Entity upon the recommendation of the BAC and indicated in the Bidding Documents. The BAC shall rank the consultants in descending order based on the combined numerical ratings of their technical and financial proposals and identify the <u>Highest Rated Bid.</u></p> <p>iii) The Head of the Procuring Entity shall <u>approve or disapprove the recommendations of the BAC within two (2) calendar days after receipt of the results of the evaluation from the BAC.</u></p>					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
iv) After approval by the Head of the Procuring Entity of the Highest Rated Bid, the BAC shall, within three (3) calendar days, notify and invite the consultant with the Highest Rated Bid for negotiation in accordance with Section 33.2.5 of this IRR, except for item (e) thereof.					
7. To verify if the Highest Rated Bid (HRB) recommended by the BAC was approved/disapproved by the Head of the Procuring Entity (HOPE) within two (2) calendar days after receipt of the results of evaluation <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 33.2. The purpose of bid evaluation is to determine the Highest Rated Bid using the following steps: <ul style="list-style-type: none"> 33.2.1. The BAC shall conduct a detailed evaluation of bids using either of the following evaluation procedures as specified in the Bidding Documents: <ul style="list-style-type: none"> a) ... b) Quality-Cost Based Evaluation Procedure iii) The Head of the Procuring Entity shall <u>approve or disapprove the recommendations of the BAC within two (2) calendar days after receipt of the results of the evaluation from the BAC.</u> iv) After approval by the Head of the Procuring Entity of the Highest Rated Bid, the BAC shall, within three (3) calendar days, notify and invite the consultant with the Highest Rated Bid for negotiation in accordance with Section 33.2.5 of this IRR, except for item (e) thereof. 	7. From the copy of the BAC's letter for the HOPE count the number of days from receipt to the date of approval of the BAC Resolution and compare with the 2-day maximum.	Did the HOPE approve the HRB recommended by the BAC within two (2) calendar days after receipt of the results of evaluation?			
8. To verify if the BAC: <ul style="list-style-type: none"> a. furnished all participating short listed consultants of the results of evaluation (ranking and total scores only) after the approval by the HOPE of the ranking, and b. posted the ranking and total scores in the PhilGEPS and the Procuring Entity's websites for a 	8. Compare the names of the participating consultants (from the Minutes of the Opening of Bids) with those furnished by the BAC with the results of the bid evaluation (based on the copies of the letters duly	Did the BAC: <ul style="list-style-type: none"> a. furnish all participating short listed consultants of the results of evaluation (ranking and total scores only) after the approval by the HOPE of the ranking? 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>period of not less than 7 calendar days</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 33.2.4. All participating short listed consultants shall be furnished the results (ranking and total scores only) of the evaluation after the approval by the Head of the Procuring Entity of the ranking. Said results shall also be posted in the PhilGEPS and the website of the procuring entity, whenever available, for a period of not less than seven (7) calendar days. 	<p>received by them).</p> <p>9. Using print-outs of the web page (PhilGEPS and the Procuring Entity's websites) with the posted results of evaluation, count the number of days from the first to the last day of said posting and compare with the 7-day requirement.</p>	<p>and</p> <p>b. post the ranking and total scores in the PhilGEPS website for a period of not less than 7 calendar days?</p> <p>and</p> <p>c. post the ranking and total scores in the Procuring Entity's website for a period of not less than 7 calendar days?</p>			
<p>9. To verify if the BAC, within three (3) calendar days after approval by the HOPE of the HRB notified and invited the consultant with the Highest Rated Bid (HRB) for the purpose of conducting negotiations with the said consultant</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 33.2. The purpose of bid evaluation is to determine the Highest Rated Bid using the following steps: <ul style="list-style-type: none"> 33.2.1. The BAC shall conduct a detailed evaluation of bids using either of the following evaluation procedures as specified in the Bidding Documents: <ul style="list-style-type: none"> a) ... b) Quality-Cost Based Evaluation Procedure iii) ... iv) After approval by the Head of the Procuring Entity of the Highest Rated Bid, the BAC shall, <u>within three (3) calendar days, notify and invite the consultant with the Highest Rated Bid for negotiation</u> in accordance with Section 33.2.5 of this IRR, except for item (e) thereof. 	<p>10. From the notice to the consultant with the HRB, look for information:</p> <ul style="list-style-type: none"> on the date of receipt of the notice by the consultant; and that the BAC invited the consultant for the purpose of conducting negotiations. 	<p>Did the BAC, within three (3) calendar days after approval by the HOPE of the HRB notify and invite the consultant with the Highest Rated Bid (HRB) for the purpose of conducting negotiations with the said consultant?</p>			
<p>10. To verify if the BAC's negotiation with the consultant with the HRB covered the following:</p> <p>a. Discussion and clarification of the Terms Of Reference (TOR)</p>	<p>11. From the Minutes of the negotiations, look for information on the discussion of:</p> <p>a. Discussion and clarification of the</p>	<p>Did the BAC's negotiations with the consultant with the HRB cover the following:</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
and Scope of Services; b. Discussion and finalization of the methodology and work program proposed by the consultant; c. Consideration of the appropriateness of qualifications and pertinent compensation, number of man-months and the personnel to be assigned to the job, taking note of over-qualified personnel, to be commensurate with the compensation of personnel with the appropriate qualifications, number of man-months and schedule of activities (manning schedule); d. Discussion on the services, facilities and data, if any, to be provided by procuring entity; and e. Provisions of the contract <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 33.2.5 Negotiations shall cover the following: a) Discussion and clarification of the TOR and Scope of Services; b) Discussion and finalization of the methodology and work program proposed by the consultant; c) Consideration of appropriateness of qualifications and pertinent compensation, number of man-months and the personnel to be assigned to the job, taking note of over-qualified personnel, to be commensurate with the compensation of personnel with the appropriate qualifications, number of man-months and schedule of activities (manning schedule); d) Discussion on the services, facilities and data, if any, to be provided by procuring entity; e) ...; and f) Provisions of the contract.	Terms Of Reference (TOR) and Scope of Services; b. Discussion and finalization of the methodology and work program proposed by the consultant; c. Consideration of the appropriateness of qualifications and pertinent compensation, number of man-months and the personnel to be assigned to the job, taking note of over-qualified personnel, to be commensurate with the compensation of personnel with the appropriate qualifications, number of man-months and schedule of activities (manning schedule); d. Discussion on the services, facilities and data, if any, to be provided by procuring entity; e. Discussion on the financial proposal submitted by the consultant; and f. Provisions of the contract	a. Discussion and clarification of the Terms Of Reference (TOR) and Scope of Services? b. Discussion and finalization of the methodology and work program proposed by the consultant? c. Consideration of the appropriateness of qualifications and pertinent compensation, number of man-months and the personnel to be assigned to the job, taking note of over-qualified personnel, to be commensurate with the compensation of personnel with the appropriate qualifications, number of man-months and schedule of activities (manning schedule)? d. Discussion on the services, facilities and data, if any, to be provided by procuring entity? and e. Provisions of the contract?			
11. To verify if the BAC completed negotiations with any one consultant within 10 calendar days	12. From the minutes of the negotiations with individual consultants, count the number of days from	Did the BAC complete negotiations with any one consultant within 10 calendar days?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 33.2.5. <i>Negotiations ...</i> <ul style="list-style-type: none"> a) ... f) ... <p><i>Except for meritorious reasons, negotiations with anyone consultant shall be completed within ten (10) calendar days.</i></p>	the start to the end of the negotiations and compare with the 10-day period.				
<p>12. To verify if the BAC submitted their Resolution on the results of the negotiation and their recommendations to the HOPE for approval and if the HOPE approved the said results and recommendations</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 33.2.1. ... <ul style="list-style-type: none"> a) ... i) iii) <i>The Head of the Procuring Entity shall approve or disapprove the recommendations of the BAC ...</i> 	13. From the BAC Resolution check for the approval of the HOPE.	<p>Did the BAC submit their Resolution on the results of the negotiation and their recommendations to the HOPE for approval?</p> <p>Did the HOPE approve the said results and recommendations?</p>			
<p>13. To verify if the BAC completed the entire evaluation process including submission of the results thereof to the HOPE for approval within twenty one (21) calendar days after the deadline for receipt of proposals</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 33.4. <i>The <u>entire evaluation process</u>, including submission of the results thereof to the Head of the Procuring Entity for approval, <u>shall be completed in not more than twenty one (21) calendar days after the deadline for receipt of proposals.</u></i> 	14. Count the number of days from the deadline for receipt of proposals to the date of submission of the results of bid evaluation to the HOPE and compare with the 21-day period.	Did the BAC complete the entire evaluation process including submission of the results thereof to the HOPE for approval within twenty one (21) calendar days after the deadline for receipt of proposals?			
IN CASE OF FAILURE OF THE NEGOTIATION WITH THE CONSULTANT WITH THE HIGHEST RATED BID (HRB)					
1. To verify if the BAC terminated negotiations with the consultant with the HRB when no agreement on all items discussed was possible	1. From the minutes of the negotiation, look for information on the official termination of the negotiations as a result of non-	Did the BAC terminate negotiations with the consultant with the HRB when no agreement on all items discussed was possible?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 6.2. <i>Once issued by the GPPB, the use of the Generic Procurement Manuals (GPMs), Philippine Bidding Documents (PBDs), and other standard forms shall be mandatory upon all Procuring Entities. However, whenever necessary, to suit the particular needs of the procuring entity, modifications may be made, particularly for major and specialized procurement, subject to the approval of the GPPB.</i> <p><i>Generic Procurement Manual of Procedures for the Procurement of Consulting Services Volume 4 (June 2006) published by the GPPB:</i></p> <ul style="list-style-type: none"> Step 1... Step 8. <i>Negotiate with the consultant with the Highest Rated Bid.</i> <p><i>What happens if negotiations with the bidder with the HRB fail?</i></p> <p><i>If agreement on all items discussed during negotiations is not possible between the BAC and the first-in-rank consultant, the BAC would have to terminate negotiations and invite the next-rank consultant for negotiations. The procedure for negotiations, as described above, shall be repeated until negotiation with the consultant is successfully completed.</i></p>	<p>agreement in all of the items discussed with the consultant with the HRB.</p>				
<p>2. To verify if the BAC invited the next-rank consultant for negotiations and adopted the same conditions and procedures used with the HRB</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 6.2. <i>Once issued by the GPPB, the use of the Generic Procurement Manuals (GPMs), Philippine Bidding Documents (PBDs), and other standard forms shall be mandatory upon all Procuring Entities. However, whenever necessary, to suit the particular needs of the procuring entity, modifications may be made, particularly for major and specialized procurement, subject to the approval of the GPPB.</i> 	<p><u>NOTE:</u> For each failure of negotiations with the next-rank bidder, the BAC is to repeat the process until the negotiation is completed.</p> <p>The related audit activities are likewise to be repeated.</p>	<p>Did the BAC invite the next-rank consultant for negotiations and adopted the same conditions and procedures used with the HRB?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Generic Procurement Manual of Procedures for the Procurement of Consulting Services Volume 4 (June 2006) published by the GPPB:</i></p> <ul style="list-style-type: none"> Step 1... Step 8. Negotiate with the consultant with the Highest Rated Bid. <p><i>What happens if negotiations with the bidder with the HRB fail? If agreement on all items discussed during negotiations is not possible between the BAC and the first-in-rank consultant, the BAC would have to terminate negotiations and invite the next-rank consultant for negotiations. The procedure for negotiations, as described above, shall be repeated until negotiation with the consultant is successfully completed.</i></p>					
INVOLVEMENT OF THE BAC OBSERVERS IN THE OPENING OF THE FINANCIAL PROPOSAL(S) AND NEGOTIATIONS WITH THE CONSULTANTS WITH THE HRB AND NEXT-IN-RANK					
<p>1. To verify if the BAC invited Observers:</p> <p>a. representing the COA, the project-related professional organization accredited or duly recognized by the Professional Regulation Commission or the Supreme Court, and a non-government organization (NGO) from the procuring entity's Pool of Observers;</p> <p>b. that have:</p> <p>b.1. knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</p> <p>b.2. no actual or potential conflict of interest in the contract to be bid; and</p> <p>b.3. conformed with other relevant criteria determined by the BAC;</p> <p>c. at least 3 calendar days prior to the opening of the financial proposal</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> Section 13. Observers 13.1. To enhance the transparency of the process, the BAC shall, in all stages of 	<p>1. From the Minutes of the BAC meeting on the selection of the Observer from the "pool", check for information on the BAC's evaluation in regard to:</p> <ul style="list-style-type: none"> the selection of the organization from which the Observer will be invited; knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; no actual or potential conflict of interest in the contract to be bid; and conformed with other relevant criteria determined by the BAC. 	<p>Did the BAC choose the Observers considering:</p> <p>g. One representing the COA?</p> <p>h. One representing the project-related professional organization accredited or duly recognized by the Professional Regulation Commission or the Supreme Court?</p> <p>i. One representing a non-government organization?</p> <p>j. With knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid?</p> <p>k. With no actual or potential conflict of interest in the contract to be bid?</p> <p>l. Conformed with other relevant</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>the procurement process, invite, in addition to the representative of the COA, at least two (2) observers, who shall not have the right to vote, to sit in its proceedings where:</i></p> <p><i>a) At least one (1) shall come from a duly recognized private group in a sector or discipline relevant to the procurement at hand, for example:</i></p> <p><i>i) ...</i></p> <p><i>ii) ...</i></p> <p><i>iii) For consulting services, a project-related professional organization accredited or duly recognized by the Professional Regulation Commission or the Supreme Court, such as, but not limited to:</i></p> <p><i>(1) PICE;</i></p> <p><i>(2) Philippine Institute of Certified Public Accountants (PICPA); and</i></p> <p><i>(3) Confederation of Filipino Consulting Organizations; and</i></p> <p><i>b) The other observer shall come from a non-government organization (NGO).</i></p> <p><i>13.2. The observers shall come from an organization duly registered with the Securities and Exchange Commission (SEC) or the Cooperative Development Authority (CDA), and should meet the following criteria:</i></p> <p><i>a) Knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</i></p> <p><i>b) Absence of actual or potential conflict of interest in the contract to be bid; and</i></p> <p><i>c) Any other relevant criteria that may be determined by the BAC.</i></p> <p><i>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i></p>	<p>2. From certified copies of the invitations to the Observers with evidence of receipt, compare the date of receipt with the 3-day minimum requirement.</p>	<p>criteria determined by the BAC?</p> <p>Did the BAC invite the Observers at least 3 days from the date of the opening of the financial proposal and negotiations?</p>			
<p>2. To verify if the Procuring Entity considered the comments/observations of the Observers</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>13.4. The observers shall have the following responsibilities:</i> <ul style="list-style-type: none"> <i>a) To prepare the report either jointly or separately indicating their observations</i> 	<p>3. Based on the BAC's Minutes on the Negotiations and the report of the Observers check whether a deliberation was made on the comments /observations of the observers.</p>	<p>Did the Procuring Entity consider the comments/ observations of the Observers?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>made on the procurement activities conducted by the BAC for submission to the Head of the Procuring Entity, copy furnished the BAC Chairman. The report shall <u>assess</u> the extent of the BAC's compliance with the provisions of this IRR and areas of improvement in the BAC's proceedings;</i></p> <p><i>b) To submit their report to the procuring entity and furnish a copy to the GPPB and Office of the Ombudsman/Resident Ombudsman. If no report is submitted by the observer, then it is understood that the bidding activity conducted by the BAC followed the correct procedure; and</i></p> <p><i>c) To immediately inhibit and notify in writing the procuring entity concerned of any actual or potential interest in the contract to be bid.</i></p> <ul style="list-style-type: none"> <i>13.5. Observers shall be allowed access to the following documents upon their request, subject to signing of a confidentiality agreement: (a) minutes of BAC meetings; (b) abstract of Bids; (c) post-qualification summary report; (d) APP and related PPMP; and (e) opened proposals.</i> 					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p> <p>c. etc.</p> <p>and develop appropriate audit recommendations</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .				
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



XII. POST-QUALIFICATION FOR THE PROCUREMENT OF CONSULTING SERVICES

The Highest Rated Bid (HRB) or Single Rated Bid (SRB), if lone, shall undergo post-qualification in order to determine whether the bidder concerned complies with and is responsive to all the requirements and conditions as specified in the Bidding Documents.

A. AUDIT OBJECTIVES:

1. To verify if the BAC performed the post-qualification according the prescribed procedures
2. To verify if the BAC performed the prescribed procedures for post-qualification within the required time

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. BAC Resolution, duly approved by the BAC, on the results of the negotiations with the HRB with recommendations for approval by the HOPE;
2. Copy of the BAC Secretariat's Receiving logbook indicating information on receipt of the: a) Tax clearance, b) Latest income and business tax returns, c) Certificate of PhilGEPS Registration; and d) Other appropriate licenses and permits required by law and stated in the Bidding Documents, submitted by the bidder with the HRB/SRB;
3. Copy each of the documents submitted by the bidder with the HRB/SRB for eligibility screening, documents comprising the Technical Proposal, documents comprising the Financial Proposal, documents submitted for post-qualification;
4. TWG report on the post-qualification conducted, including supporting documents as reviewed by the BAC; evidencing:
5. validation of the authenticity of the documents submitted and information thereon;
6. validation of compliance with the legal, technical, and financial requirements of the Bidding Documents;
7. conduct of analysis and concluding on the post-qualification or disqualification of the bidder, as the case may be;
8. BAC Resolutions on post-qualification/post-disqualification, declaration of HRRB/SRRB, and recommendation to the HOPE;
9. TWG report(s) on the evaluation of the post-disqualified bidder(s)' request for reconsideration, as reviewed by the BAC;
10. Minutes of the post-qualification activities;
11. Copy of the document approved by the HOPE extending the period for the post-qualification process, if applicable;
12. Minutes of the BAC meeting on the selection of the Observer from the "pool";
13. Copies of invitation letters for the BAC Observers, duly received by them;
14. Reports of the BAC Observers.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC conducted post-qualification of the Highest Rated Bid (HRB) <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on</i>	1. Match the HRB as indicated in the Notice from the BAC with the HRB as indicated in the report on post-qualification.	Did the BAC conduct post-qualification of the Highest Rated Bid (HRB)?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>September 2, 2009:</i></p> <ul style="list-style-type: none"> 34.1 The Highest Rated Bid shall undergo post-qualification in order to determine whether the bidder concerned complies with and is responsive to all the requirements and conditions as specified in the Bidding Documents. 					
<p>2. To verify if the BAC required the bidder whose bid was declared as HRB /SRB to submit the following documents within 3 calendar days from the bidder's receipt of the notice:</p> <p>a) Tax clearance;</p> <p>b) Latest income and business tax returns;</p> <p>c) Certificate of PhilGEPS Registration; and</p> <p>d) Other appropriate licenses and permits required by law and stated in the Bidding Documents</p> <p>and whether the bidder submitted the documents as required</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 34.2. Within three (3) calendar days from receipt by the bidder of the notice from the BAC that the bidder has the Lowest Calculated Bid or Highest Rated Bid, the bidder shall submit the following documentary requirements to the BAC: <p>a) Tax clearance;</p> <p>b) Latest income and business tax returns;</p> <p>c) Certificate of PhilGEPS Registration; and</p> <p>d) Other appropriate licenses and permits required by law and stated in the Bidding Documents.</p>	<p>2. From the records of the BAC, check the date when the bidder with the HRB submitted the: a) Tax clearance, b) Latest income and business tax returns, c) Certificate of PhilGEPS Registration; and d) Other appropriate licenses and permits required by law and stated in the Bidding Documents and compare this with the date of receipt of the notice that the bidder has the HRB.</p>	<p>Did the BAC require the bidder whose bid was declared by the BAC as HRB /SRB to submit the following documents within 3 calendar days from its receipt of the notice:</p> <p>a) Tax clearance?</p> <p>b) Latest income and business tax returns?</p> <p>c) Certificate of PhilGEPS Registration?</p> <p>and</p> <p>d) Other appropriate licenses and permits required by law and stated in the Bidding Documents?</p>			
		<p>Did the bidder with the HRB submit within 3 calendar days from receipt of the notice as HRB:</p> <p>a. Tax Clearance?</p> <p>b. Latest income and business tax returns?</p> <p>c. Certificate of PhilGEPS Registration?</p> <p>d. Other appropriate licenses and permits required by law and stated in the Bidding Documents?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
3. To verify if the BAC: 3.1. determined the veracity of the documents submitted and 3.2. forfeited the bid security and disqualified the bidder for award for reason that; a. the bidder failed to submit the required documents on time, and/or b. there was a finding against the veracity of the documents/ information <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 34.2. Within three (3) calendar days from receipt by the bidder of the notice from the BAC that the bidder has the Lowest Calculated Bid or Highest Rated Bid, the bidder shall submit the following documentary requirements to the BAC: <ul style="list-style-type: none"> a) Tax clearance; b) Latest income and business tax returns; c) Certificate of PhilGEPS Registration; and d) Other appropriate licenses and permits required by law and stated in the Bidding Documents. <i>Failure to submit the above requirements <u>on time</u> or a <u>finding against the veracity</u> of such shall be ground for the forfeiture of the bid security and disqualify the bidder for award.</i>	3. If based on the validation conducted in 2. above, the submissions were found to be incomplete and/or not on time, obtain a copy of the BAC Resolution disqualifying the bidder and forfeiting its bid security.	Did the BAC forfeit the bid security and disqualify the bidder for award because of failure to submit the required documents on time?			
	4. Obtain from the BAC Secretariat documents evidencing the BAC's validation of the veracity of the documents submitted and the information thereon and check the results of such validation. If the BAC had a finding against the veracity of the documents/ information thereon, obtain a copy of the BAC Resolution disqualifying the bidder and forfeiting its bid security.	Did the BAC forfeit the bid security and disqualify the bidder for award because of a finding against the veracity of the documents/ information?			
4. To verify if the BAC verified, validated, and ascertained that the bidder with the HRB/SRB was: a. a duly licensed Filipino citizen/sole proprietor, or b. a Partnerships duly organized under the laws of the Philippines and of which at sixty percent (60%) of the interest belongs to citizens of the Philippines,	5. From the TWG report, as reviewed by the BAC, and the <i>Minutes</i> of BAC meetings, look for information evidencing validation of the authenticity of the: a. DTI Registration Certificate, duly supported with: <ul style="list-style-type: none"> the DTI-certified copy of the <i>Registration Certificate</i> and DTI certificate that the sole proprietor is a Filipino citizen (based on 	Did the BAC validate the authenticity of the Registration documents submitted by the bidder?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>or</p> <p>c. a Corporation duly organized under the <u>laws of the Philippines</u>, and of which <u>at least sixty percent (60%)</u> of the outstanding capital stock belongs to citizens of the Philippines, or</p> <p>d. <u>Cooperatives</u> duly organized under the laws of the Philippines, and of which <u>at least sixty percent (60%)</u> belongs to citizens of the Philippines, or</p> <p>e. Joint Venture - <u>that Filipino ownership or interest of the joint venture concerned shall be at least sixty percent (60%)</u></p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 34.3. The post-qualification shall verify, validate, and ascertain all statements made and documents submitted by the bidder with the Highest Rated Bid, using non-discretionary criteria, as stated in the Bidding Documents. These criteria shall consider, but shall not be limited to, the following: <ul style="list-style-type: none"> a) <u>Legal Requirements</u>. To verify, validate, and ascertain licenses, certificates, permits, and agreements submitted by the bidder, and the fact that it is not included in any "blacklist" as provided in Section 25.2 of this IRR. For this purpose, the GPPB shall maintain a consolidated file of all "blacklisted" suppliers, contractors, and consultants. b) <u>Technical Requirements</u>. To determine compliance of goods, infrastructure projects, or 	<p>the application for registration filed by the bidder with the DTI), if the bidder is a sole proprietorship;</p> <p>b. <u>SEC registration</u> and of the <u>60% Filipino ownership</u>, duly supported with:</p> <ul style="list-style-type: none"> the SEC-certified copy of the Registration Certificate, if the bidder is a partnership; <p>c. <u>SEC registration</u> and of the <u>60% Filipino ownership</u>, duly supported with:</p> <ul style="list-style-type: none"> SEC-certified copy of the Registration Certificate and SEC-certified copy of the Articles of Incorporation if the bidder is a corporation. <p>d. <u>CDA registration</u> and of the <u>60% Filipino ownership</u>, duly supported with:</p> <ul style="list-style-type: none"> CDA-certified copy of the Registration Certificate and CDA certificate that at least sixty percent (60%) belongs to citizens of the Philippines if the bidder is a cooperative <p>e. Joint Venture individual partner's:</p> <ul style="list-style-type: none"> <u>DTI, SEC, or CDA registrations</u> and of the <u>60% Filipino ownership</u> duly supported with the DTI-, SEC-, or CDA-certified Certificate, as the case may be and DTI-, SEC-, or CDA-certified documents evidencing ownership. 				



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>consulting services offered with the requirements specified in the Bidding Documents, including, where applicable:</i></p> <p><i>i) Verification and validation of the bidder's stated competence and experience, and the competence and experience of the bidder's key personnel to be assigned to the project, for the procurement of infrastructure projects and consulting services;</i></p> <p><i>ii) Verification of availability and commitment, and/or inspection and testing for the required capacities and operating conditions, of equipment units to be owned/leased/under purchase by the bidder for use in the contract under bidding, as well as checking the performance of the bidder in its ongoing government and private contracts (if any of these on-going contracts shows a reported negative slippage of at least fifteen percent (15%), ...;</i></p> <p><i>iii) ...</i></p> <p><i>iv) Ascertainment of the sufficiency of the bid security as to type, amount, form and wording, and validity period;</i></p> <p><i>c) <u>Financial Requirements.</u> To verify, validate and ascertain the bid price proposal of the bidder and, whenever applicable, the required CLC in the amount specified and over the period stipulated in the Bidding Documents, or the bidder's NFCC to ensure that the bidder can sustain the operating cash flow of the transaction.</i></p> <p>• <i>24.3.1. The following persons/entities shall be allowed to participate in the bidding for consulting services:</i></p> <p><i>a) Duly licensed Filipino citizens/sole proprietorships;</i></p> <p><i>b) Partnerships duly organized under the laws of the Philippines and of which at least sixty percent (60%) of the interest belongs to citizens of the Philippines;</i></p> <p><i>c) Corporations duly organized</i></p>	<p>6. From the TWG report, as reviewed by the BAC, and the <i>Minutes</i> of BAC meetings, look for information evidencing validation of Filipino ownership of the bidder's firm.</p>	Did the BAC validate Filipino ownership?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>under the laws of the Philippines and of which at least sixty percent (60%) of the outstanding capital stock belongs to citizens of the Philippines;</i></p> <p><i>d) Cooperatives duly organized under the laws of the Philippines, and of which at least sixty percent (60%) belongs to citizens of the Philippines; or</i></p> <p><i>e) Persons/entities forming themselves into a joint venture, i.e., a group of two (2) or more persons/entities that intend to be jointly and severally responsible or liable for a particular contract: Provided, however, That Filipino ownership or interest thereof shall be at least sixty percent (60%). For this purpose, Filipino ownership or interest shall be based on the contributions of each of the members of the joint venture as specified in their JVA.</i></p> <p>• <i>24.3.2. When the types and fields of consulting services in which the foregoing persons/entities wish to engage involve the practice of professions regulated by law, those who will actually perform the services shall be Filipino citizens and registered professionals authorized by the appropriate regulatory body to practice those professions and allied professions.</i></p> <p>• <i>24.3.3. In order to manifest trust and confidence in and promote the development of Filipino consultancy, foreign consultants may be hired in the event Filipino consultants do not have the sufficient expertise and capability to render the services required under the project, as determined by the Head of the Procuring Entity. Foreign consultants may be eligible to participate in the procurement of consulting services, subject to the following qualifications:</i></p> <p><i>a) must be registered with the SEC and/or any agency authorized by the laws of the Philippines; and</i></p>					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
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<i>b) when the types and fields of consulting services in which the foreign consultant wishes to engage involve the practice of regulated professions, the foreign consultant must be authorized by the appropriate GOP professional regulatory body to engage in the practice of those professions and allied professions: Provided, however, That the limits of such authority shall be strictly observed.</i>					
5. To verify if the BAC verified, validated, and ascertained that the when the types and fields of consulting services involve the practice of professions regulated by law, those who will actually perform the services shall be Filipino citizens and registered professional authorized by the appropriate regulatory body to practice those professions and allied profession <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 24.3.2. When the types and fields of consulting services in which the foregoing persons/entities wish to engage involve the practice of professions regulated by law, those who will actually perform the services shall be Filipino citizens and registered professional authorized by the appropriate regulatory body to practice those professions and allied professions. 	7. From the TWG report, as reviewed by the BAC, and the <i>Minutes</i> of BAC meetings, look for information evidencing validation of the authenticity of the: <ul style="list-style-type: none"> a. Document attesting to the Filipino citizenship of the persons who will actually perform the services, b. Authorization document issued by the appropriate GOP professional regulatory body to engage in the practice of those professions and allied professions 	Did the BAC verify, validate, and ascertain that the when the types and fields of consulting services involve the practice of professions regulated by law, those who will actually perform the services shall be Filipino citizens and registered professional authorized by the appropriate regulatory body to practice those professions and allied profession?			
6. To verify if the BAC verified, validated, and ascertained that the Foreign consultant with the HRB/SRB was: <ul style="list-style-type: none"> a. registered with the SEC and/or any agency authorized by the laws of 	8. From the TWG report with supporting documents and duly reviewed by the BAC, and the <i>Minutes</i> of BAC meetings, look for information evidencing validation of the authenticity of the: <ul style="list-style-type: none"> a. SEC registration of the 	Did the BAC verify, validate, and ascertain the authenticity of the following documents submitted by the Foreign consultant with the HRB/SRB was: <ul style="list-style-type: none"> a. SEC registration of 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
the Philippines; and b. when the types and fields of consulting services in which the foreign consultant wishes to engage involve the practice of regulated professions, the foreign consultant was authorized by the appropriate GOP professional regulatory body to engage in the practice of those professions and allied professions observing the limits of such authority <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 24.3.3. In order to manifest trust and confidence in and promote the development of Filipino consultancy, foreign consultants may be hired in the event Filipino consultants do not have the sufficient expertise and capability to render the services required under the project, as determined by the Head of the Procuring Entity. Foreign consultants may be eligible to participate in the procurement of consulting services, subject to the following qualifications: <ul style="list-style-type: none"> a) must be registered with the SEC and/or any agency authorized by the laws of the Philippines; and b) when the types and fields of consulting services in which the foreign consultant wishes to engage involve the practice of regulated professions, the foreign consultant must be authorized by the appropriate GOP professional regulatory body to engage in the practice of those professions and allied professions: Provided, however, That the limits of such authority shall be strictly observed. 	foreign consultant, b. Authorization document issued by the appropriate GOP professional regulatory body to engage in the practice of those professions and allied professions and stating the limits of such authority.	the foreign consultant? b. Authorization document issued by the appropriate GOP professional regulatory body to engage in the practice of those professions and allied professions and stating the limits of such authority.			
	9. From the TWG report with supporting documents and duly reviewed by the BAC, and the <i>Minutes</i> of BAC meetings, look for information evidencing validation of the: <ul style="list-style-type: none"> registration with the SEC and/or any agency authorized by the laws of the Philippines, authorization by the appropriate GOP professional regulatory body to engage in the practice of those professions and allied professions observing the limits of such authority, when the types and fields of consulting services in which the foreign consultant wishes to engage involve the practice of regulated professions. 	Did the BAC verify, validate, and ascertain that the Foreign consultant with the HRB/SRB was: <ul style="list-style-type: none"> a. registered with the SEC and/or any agency authorized by the laws of the Philippines? and b. when the types and fields of consulting services in which the foreign consultant wishes to engage involve the practice of regulated professions foreign consultant was authorized by the appropriate GOP professional regulatory body to engage in the practice of those professions and allied professions observing the limits of such authority? 			
7. To verify if the BAC verified, validated, and ascertained that the Mayor's	10. From the TWG report, as reviewed by the BAC, and the <i>Minutes</i> of BAC meetings,	Did the BAC verify, validate, and ascertain that the Mayor's Permit			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>Permit submitted by the bidder with the HRB/SRB was issued by the city or municipality where the principal place of business of the prospective bidder is located</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 34.3. The post-qualification shall verify, validate, and ascertain all statements made and documents submitted by the bidder with the Lowest Calculated Bid/Highest Rated Bid, using non-discretionary criteria, as stated in the Bidding Documents. These criteria shall consider, but shall not be limited to, the following: <ul style="list-style-type: none"> a) Legal Requirements. To verify, validate, and ascertain licenses, certificates, permits, and agreements submitted by the bidder, and the fact that it is not included in any "blacklist" as provided in Section 25.2 of this IRR. For this purpose, the GPPB shall maintain a consolidated file of all "blacklisted" suppliers, contractors, and consultants. <p>...</p> <ul style="list-style-type: none"> 23.1. For purposes of determining the eligibility of bidders using the criteria stated in Section 23.5 of this IRR, only the following documents shall be required by the BAC, using the forms prescribed in the Bidding Documents,: <ul style="list-style-type: none"> a) Class "A" Documents <u>Legal Documents</u> <ul style="list-style-type: none"> i) --- ii) Mayor's permit issued by the city or municipality where the principal place of business of the prospective bidder is located. 	<p>look for information evidencing validation of <u>authenticity</u> of the Mayor's Permit and whether it was <u>issued by the city or municipality where the principal place of the business of the bidder is located</u>, duly supported with:</p> <ul style="list-style-type: none"> The LGU-certified copy of the Mayor's permit, and DTI-, SEC-, or CDA-certified Registration Certificate showing the bidder's principal place of business 	<p>submitted by the bidder is authentic?</p> <p>Did the BAC verify, validate, and ascertain that the Mayor's Permit submitted by the bidder was issued by the city or municipality where the <u>principal place of business</u> of the bidder is located?</p>			
<p>8. To verify if the BAC verified, validated, and ascertained that the bidder is not included in any "blacklist"</p>	<p>11. From the TWG report with supporting documents, duly reviewed by the BAC, and the <i>Minutes</i> of BAC meetings, look for information evidencing</p>	<p>Did the BAC verify, validate, and ascertain that the bidder is not included in any "blacklist"?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • <i>34.3. The post-qualification shall verify, validate, and ascertain all statements made and documents submitted by the bidder with the Highest Rated Bid, using non-discretionary criteria, as stated in the Bidding Documents. These criteria shall consider, but shall not be limited to, the following:</i> <ul style="list-style-type: none"> a) <i>Legal Requirements. To verify, validate, and ascertain licenses, certificates, permits, and agreements submitted by the bidder, and the fact that it is not included in any "blacklist" as provided in Section 25.2 of this IRR. For this purpose, the GPPB shall maintain a consolidated file of all "blacklisted" suppliers, contractors, and consultants</i> • <i>25.2. The first envelope shall contain the following technical information/documents, at the least:</i> <ul style="list-style-type: none"> ... <ul style="list-style-type: none"> c) <u><i>For the procurement of consulting services</i></u> <ul style="list-style-type: none"> vi) <i>Sworn statement by the prospective bidder or its duly authorized representative in the form prescribed by the GPPB as to the following:</i> <ul style="list-style-type: none"> (1) <i>It is not "blacklisted" or barred from bidding by the GOP or any of its agencies, offices, corporations, or LGUs, foreign government/foreign or international financing institution whose blacklisting rules have been recognized by the GPPB;</i> (2) <i>Each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and information provided therein are true and correct;</i> (3) <i>It is authorizing the Head of the Procuring Entity or his duly authorized representative/s to verify all the documents submitted;</i> (4) <i>The signatory is the duly</i> 	<p>validation by the BAC that the bidder is not included in any "blacklist" .</p>				



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
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<p><i>authorized and designated representative of the prospective bidder, and granted full power and authority to do, execute and perform any and all acts necessary and/or to represent the prospective bidder in the bidding, with the duly notarized Secretary's Certificate attesting to such fact, if the prospective bidder is a corporation, partnership or joint venture;</i></p> <p><i>(5) It complies with the disclosure provision under Section 47 of the Act in relation to other provisions of R.A. 3019;</i></p> <p><i>(6) It complies with the responsibilities of a prospective or eligible bidder provided in the PBDs; and</i></p> <p><i>(7) It complies with existing labor laws and standards.</i></p>					
<p>9. To verify if the BAC validated the bidder's compliance with the "no relationship" provision embodied in Section 47 of the Revised IRR of RA No. 9184, i.e., that the bidder is not related by consanguinity or affinity up to the 3rd civil degree to the:</p> <p>a. HOPE,</p> <p>b. members of the BAC,</p> <p>c. members of the TWG,</p> <p>d. members of the BAC Secretariat,</p> <p>e. head of the Project Management Office (PMO),</p> <p>f. head of the end-user unit,</p> <p>g. project consultants</p> <p>• <i>Section 47. Disclosure of Relations</i> <i>All bids shall be accompanied by a sworn affidavit of the bidder that it is not related to the Head of the Procuring Entity, members of the BAC, the TWG, and the BAC Secretariat, the head of the PMO or the end-user unit, and the project consultants, by consanguinity or affinity up to the third civil degree. Failure to comply with the</i></p>	<p>12. From the TWG report with supporting documents, duly reviewed by the BAC, the Minutes of BAC meetings/deliberations and BAC Resolution, check for information showing the BAC's validation that:</p> <p>a. the individual bidder in an individual or a sole proprietorship, is not related to the persons mentioned in Sec. 47, Amended IRR of RA 9184;</p> <p>b. all the officers and members of the bidder partnership are not related to the persons mentioned in Sec. 47, Amended IRR of RA 9184;</p> <p>c. all the officers, directors, and controlling stockholders of the bidder corporation are not related to the persons mentioned in Sec. 47, Amended IRR of RA 9184.</p>	<p>Did the BAC validate the relationship of the bidder with the:</p> <p>a. HOPE?</p> <p>b. members of the BAC?</p> <p>c. members of the TWG?</p> <p>d. members of the BAC Secretariat?</p> <p>e. head of the Project Management Office (PMO)?</p> <p>f. head of the end-user unit?</p> <p>g. project consultants?</p>			
	<p>13. From the TWG report, as reviewed by the BAC, the Minutes of BAC meetings/deliberations and BAC Resolution, check for information showing the</p>	<p>Did the BAC automatically disqualify the bidder found to be related within the 3rd civil degree of consanguinity or affinity</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
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<p><i>aforementioned provision shall be a ground for the automatic disqualification of the bid in consonance with Section 30 of this IRR. For this reason, relation to the aforementioned persons within the third civil degree of consanguinity or affinity shall automatically disqualify the bidder from participating in the procurement of contracts of the procuring entity. On the part of the bidder, this provision shall apply to the following persons:</i></p> <p><i>a) If the bidder is an individual or a sole proprietorship, to the bidder himself;</i></p> <p><i>b) If the bidder is a partnership, to all its officers and members;</i></p> <p><i>c) If the bidder is a corporation, to all its officers, directors, and controlling stockholders; and</i></p> <p><i>d) If the bidder is a joint venture, the provisions of items (a), (b), or (c) of this Section shall correspondingly apply to each of the members of the said joint venture, as may be appropriate</i></p>	<p>BAC's decision/action in case of violation with the "no relationship" provision.</p>	<p>with the persons listed in Section 47 of the Revised IRR of RA 9184?</p>			
<p>10. To verify if the BAC validated the bidder's stated competence and experience</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>34.3. The post-qualification shall verify, validate, and ascertain all statements made and documents submitted by the bidder with the Lowest Calculated Bid/Highest Rated Bid, using non-discretionary criteria, as stated in the Bidding Documents. These criteria shall consider, but shall not be limited to, the following:</i> <p>...</p> <p><i>b) Technical Requirements. To determine compliance of the goods, infrastructure projects, or consulting services offered with the requirements specified in the Bidding Documents, including, where applicable:</i></p> <p><i>i) Verification and validation of the bidder's stated competence</i></p>	<p>14. From the TWG report with supporting documents, duly reviewed by the BAC, and the <i>Minutes</i> of BAC meetings, check for information showing the BAC's validation of the From the TWG report, as reviewed by the BAC, and the <i>Minutes</i> of BAC meetings, check for information showing the BAC's validation of the stated competence and experience of the consulting firm/consultant himself compared to the competence and experience required as stated in the Bidding Documents</p>	<p>Did the BAC validate the bidder's stated competence and experience against the requirements stated in the Bidding Documents?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
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<i>and experience, and the competence and experience of the bidder's key personnel to be assigned to the project, for the procurement of infrastructure projects and consulting services;</i>					
11. To verify if the BAC validated the stated competence and experience of the bidder's <u>key personnel to be assigned to the project</u> <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 34.3. The post-qualification shall verify, validate, and ascertain all statements made and documents submitted by the bidder with the Lowest Calculated Bid/Highest Rated Bid, using non-discretionary criteria, as stated in the Bidding Documents. These criteria shall consider, but shall not be limited to, the following: ... b) Technical Requirements. To determine compliance of the goods, infrastructure projects, or consulting services offered with the requirements specified in the Bidding Documents, including, where applicable: <ul style="list-style-type: none"> i) Verification and validation of the bidder's stated competence and experience, and the competence and experience of the bidder's key personnel to be assigned to the project, for the procurement of infrastructure projects and consulting services. 	15. From the TWG report with supporting documents, duly reviewed by the BAC, and the <i>Minutes</i> of BAC meetings, check for information showing the BAC's validation of the competence and experience of the bidder's key personnel to be assigned to the project.	Did the BAC validate the stated competence and experience of the bidder's <u>key personnel to be assigned to the project</u> ?			
12. To verify if the BAC verified, validated, and ascertained authenticity of the bid security and its <u>sufficiency</u> as to: <ol style="list-style-type: none"> type, amount, form and wording, and validity period. 	16. From the TWG report, as reviewed by the BAC, the Minutes of BAC meetings/deliberations and BAC Resolution, check for information showing the BAC's validation of the authenticity of the bid security and its sufficiency as to type, amount, form and	Did the BAC ascertain the sufficiency of the bid security as to: <ol style="list-style-type: none"> type? amount? form and wording? 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 34.3. <i>The post-qualification shall verify, validate, and ascertain all statements made and documents submitted by the bidder with the Lowest Calculated Bid, using non-discretionary criteria, as stated in the Bidding Documents. These criteria shall consider, but shall not be limited to, the following:</i> <ul style="list-style-type: none"> b. <i>Legal Requirements...</i> <u>b) <i>Technical Requirements.</i></u> <ul style="list-style-type: none"> i)... ii)... iii)... iv) <i>Ascertainment of the sufficiency of the bid security as to type, amount, form and wording, and validity period.</i> 	wording, and validity period.	d. validity period?			
<p>13. To verify if the BAC verified, validated, and ascertained if the Net Financial Contracting Capacity (NFCC) is at least equal to the ABC or the Credit Line Certificate (CLC) in favor of the prospective bidder if awarded the contract is at least 10% of the ABC</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 34.3. <i>The post-qualification shall verify, validate, and ascertain all statements made and documents submitted by the bidder with the Lowest Calculated Bid, using non-discretionary criteria, as stated in the Bidding Documents. These criteria shall consider, but shall not be limited to, the following:</i> <ul style="list-style-type: none"> a) <i>Legal Requirements</i> b) <i>Technical Requirements ...</i> c) <i>Financial Requirements</i> <i>To verify, validate and ascertain the bid price proposal of the bidder and, whenever applicable, the required CLC in the amount specified and over the period stipulated in the</i> 	<p>17. From the TWG report, as reviewed by the BAC, the Minutes of BAC meetings/deliberations and BAC Resolution, check for information showing the BAC's:</p> <ul style="list-style-type: none"> a. validation of the authenticity of the CLC or the financial statements used as basis for computing the NFCC, b. validation of the accuracy of the computation for NFCC, c. validation of the Statement of the prospective bidder of all its ongoing and completed government and private contracts, including contracts awarded but not yet started, and d. comparison with the requirements. 	<p>Did the BAC verify, validate, and ascertain that the:</p> <ul style="list-style-type: none"> a. NFCC is at least equal to the ABC? or b. CLC is at least 10% of the ABC? 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Bidding Documents, or the bidder's NFCC to ensure that the bidder can sustain the operating cash flow of the transaction.</i></p> <ul style="list-style-type: none"> 23.5.1.4. <i>If the prospective bidder submits a computation of its NFCC, the NFCC must be at least equal to the ABC to be bid, calculated as follows:</i> <p><i>NFCC = [(Current assets minus current liabilities) (K)] minus the value of all outstanding or uncompleted portions of the projects under ongoing contracts, including awarded contracts yet to be started coinciding with the contract to be bid.</i></p> <p><i>Where:</i></p> <p><i>K = 10 for a contract duration of one year or less, 15 for a contract duration of more than one year up to two years, and 20 for a contract duration of more than two years.</i></p> <p><i><u>If the prospective bidder submits a CLC, the CLC must be at least equal to ten percent (10%) of the ABC to be bid. If the CLC is issued by a foreign Universal or Commercial Bank, it shall be confirmed or authenticated by a Universal or Commercial Bank. For biddings conducted by LGUs, the prospective bidder may also submit CLC from other banks certified by the BSP as authorized to issue such financial instrument.</u></i></p> <ul style="list-style-type: none"> 23.1. ... <p><i>Technical Documents</i></p> <p><i>iii) Statement of the prospective bidder of all its ongoing and completed government and private contracts, including contracts awarded but not yet started, if any, whether similar or not similar in nature and complexity to the contract to be bid, within the relevant period as provided in the Bidding Documents. The statement shall include all information required in the PBDs prescribed by the GPPB.</i></p>					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
14. To verify if the BAC declared the post-qualified HRB/SRB as the Highest Rated Responsive Bid (HRRB/SRRB) <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 34.4. If the BAC determines that the bidder with the Highest Rated Bid passes all the criteria for post-qualification, it shall declare the said bid as the Highest Rated Responsive Bid, and recommend to the Head of the Procuring Entity the award of contract to the said bidder at its submitted bid price or its calculated bid price, whichever is lower, or in the case of quality-based evaluation procedure, submitted bid price or its negotiated price, whichever is lower.	18. From the post qualification report of the TWG, as reviewed by the BAC, check if the HRB/SRB passed all the criteria for post qualification. 19. Match the name of the HRRB/SRRB as approved by the HOPE with the name of bidder as indicated in the BAC resolution recommending HRRB/SRRB	Did the HRB/SRB pass post-qualification? Did the BAC declare the HRB/SRB as the Highest rated Responsive Bid/ Single Rated Responsive Bid (HRRB/SRRB)? If Yes, proceed to: AWARD OF CONTRACT. If No, proceed to the Sub-Objectives in case of post-disqualification of the bidder with the HRB/SRB.			
IN CASE OF POST-DISQUALIFICATION OF THE BIDDER WITH THE HIGHEST RATED BID (HRB) -FOR THE PROCUREMENT OF CONSULTING SERVICES					
1. To verify if the BAC, in case of post-disqualification of the HRB/SRB immediately notified the HRB/SRB in writing of the post-disqualification with the grounds for it. <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 34.5. If, however, the BAC determines that the bidder with the Highest Rated Bid fails the criteria for post-qualification, it shall immediately notify the said bidder in writing of its post-disqualification and grounds for it.	1. From the records of the BAC Secretariat, check for information on the date of receipt by the post-disqualified bidder of the notice and for the grounds for disqualification indicated thereon. NOTE: If the motion for reconsideration of the SRB is denied, proceed to the audit matrix on Failure of Bidding.	Did the BAC <u>immediately</u> notify the HRB/SRB of the post-disqualification? Did the BAC indicate in the notice the <u>grounds</u> for post-disqualification?			
2. To verify if the BAC <u>conducted</u> and <u>completed</u> the post-qualification of the second rank bidder using the <u>same post-qualification process</u> adopted for the HRB	2. Look for the TWG report on the post-qualification of the second rank bidder as reviewed by the BAC.	Did the BAC conduct and complete the post-qualification of the second rank bidder?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 34.6. ... the BAC shall initiate and complete the same post-qualification process on the bidder with the second Highest Rated Bid. 	3. Repeat the audit activities on the sub-objectives for the post-qualification for the second rank bidder.				
	4. Analyze the post-qualification reports of the TWG, as reviewed by the BAC, for the HRB and the second rank bidder to check whether the TWG adopted the same process of verifying, validating and ascertaining all statements made and documents submitted by the HRB and the second rank bidder.	Did the BAC adopt the same process of verifying, validating and ascertaining all statements made and documents submitted by the HRB and the second rank bidder?			
	<p>5. From the post qualification report of the TWG, as reviewed by the BAC, check if the second rank bidder passed the post qualification.</p> <p>NOTE: For each post-disqualification of the next-rank bidder, the BAC is to repeat the post-qualification process until the HRRB is declared for award.</p> <p>The related audit activities are likewise to be repeated.</p>	<p>Did the second rank bidder pass the post-qualification?</p> <p>If NO, go back to the sub-objectives for the post-qualification process.</p> <p>If Yes, proceed to Sub-objective when the motion for reconsideration of the post-disqualified HRB is denied</p>			
<p>3. To verify if the BAC declared the HRB as the HRRB after its request for reconsideration was granted and it was declared post-qualified</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 3, 2009:</i></p>	<p>6. From the Minutes of the BAC meeting, analyze if the BAC declared the HRB as the HRRB after its request for reconsideration has been granted and it was declared post-qualified.</p> <p>7. Match the name of the HRRB as approved by the HOPE with the name of bidder as indicated in the BAC Resolution recommending the HRRB.</p>	Did the BAC declare the HRB as the HRRB after its request for reconsideration was granted and it was declared post-qualified?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> ○ 34.4. <i>If the BAC determines that the bidder with the Highest Rated Bid passes all the criteria for post-qualification, it shall declare the said bid as the Highest Rated Responsive Bid, and recommend to the Head of the Procuring Entity the award of contract to the said bidder at its submitted bid price or its calculated bid price, whichever is lower, or in the case of quality-based evaluation procedure, submitted bid price or its negotiated price, whichever is lower.</i> • 34.6. <i>Immediately after the BAC has notified the first bidder of its post-disqualification, and notwithstanding any pending request for reconsideration thereof, the BAC shall initiate and complete the same post-qualification process on the bidder with the second Highest Rated Bid. If the second bidder passes the post-qualification, and provided that the request for reconsideration of the first bidder has been denied, the second bidder shall be post-qualified as the bidder with the Highest Rated Responsive Bid.</i> 					
WHEN THE MOTION FOR RECONSIDERATION OF THE POST-DISQUALIFIED HRB IS DENIED					
1. To verify if the BAC declared the post-qualified <i>second-rank</i> bidder as the HRRB after a request for reconsideration of the HRB (first-rank) <u>has been denied</u> <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 34.6. ... <i>If the second bidder passes the post-qualification, and provided that the request for reconsideration of the first bidder has been denied, the second bidder shall be post-qualified as the bidder with the Highest Rated Responsive Bid.</i> 	1. From the Minutes of the BAC meeting, analyze if the BAC declared the post-qualified <i>second-rank</i> bidder as the HRRB after a request for reconsideration of the HRB (first-rank) has been denied. 2. Match the name of the HRRB as approved by the HOPE with the name of bidder as indicated in the BAC Resolution recommending the HRRB.	Did the BAC declare the post-qualified <i>second-rank</i> bidder as the HRRB after a request for reconsideration of the HRB (first-rank) has been denied?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To verify if the BAC completed the post-qualification process in not more than seven (7) calendar days <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 34.8. The post-qualification process shall be completed in not more than seven (7) calendar days from the determination of the Highest Rated Bid. In exceptional cases, the post-qualification period may be extended by the Head of the Procuring Entity, but in no case shall the aggregate period exceed thirty (30) calendar days. 	3. Look for the date the post-qualification was started by the BAC and the date the HRRB was declared and determine the number of days between said dates.	Did the BAC complete the post-qualification process in not more than seven (7) calendar days? If BAC completed post-qualification in more than seven (7) calendar days, was the extension approved by the HOPE?			
INVOLVEMENT OF BAC OBSERVERS THROUGHOUT THE POST-QUALIFICATION PROCESS INCLUDING THE ACTION ON MOTION(S) FOR RECONSIDERATION					
1. To verify if the BAC invited Observers: <ol style="list-style-type: none"> representing the COA, the duly recognized private group in a sector or discipline relevant to the procurement at hand, and a non-government organization (NGO) from the procuring entity's Pool of Observers; that have: <ol style="list-style-type: none"> knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; no actual or potential conflict of interest in the contract to be bid; and conformed with other relevant criteria determined by the BAC; at least 3 calendar days prior to the Post-qualification <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 13. Observers 13.1. To enhance the transparency of the process, the BAC shall, in all stages of the procurement process, invite, in addition to the 	1. From the Minutes of the BAC meeting on the selection of the Observer from the "pool", check for information on the BAC's evaluation in regard to: <ul style="list-style-type: none"> the selection of the organization from which the Observer will be invited; knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; no actual or potential conflict of interest in the contract to be bid; and conformed with other relevant criteria determined by the BAC. 	Did the BAC choose the Observers considering: <ol style="list-style-type: none"> one representing the COA? One representing the duly recognized private group in a sector or discipline relevant to the procurement at hand? One representing a non-government organization? With knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid? With no actual or potential conflict of interest in the 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>representative of the COA, at least two (2) observers, who shall not have the right to vote, to sit in its proceedings where:</i></p> <p><i>a) At least one (1) shall come from a duly recognized private group in a sector or discipline relevant to the procurement at hand, for example:</i></p> <p><i>i) ...</i></p> <p><i>ii) ...</i></p> <p><i>iii) For consulting services, a project-related professional organization accredited or duly recognized by the Professional Regulation Commission or the Supreme Court, such as, but not limited to:</i></p> <p><i>(1) PICE;</i></p> <p><i>(2) Philippine Institute of Certified Public Accountants (PICPA); and</i></p> <p><i>(3) Confederation of Filipino Consulting Organizations; and</i></p> <p><i>b) The other observer shall come from a non-government organization (NGO).</i></p> <p><i>13.2. The observers shall come from an organization duly registered with the Securities and Exchange Commission (SEC) or the Cooperative Development Authority (CDA), and should meet the following criteria:</i></p> <p><i>a) Knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</i></p> <p><i>b) Absence of actual or potential conflict of interest in the contract to be bid; and</i></p> <p><i>c) Any other relevant criteria that may be determined by the BAC.</i></p> <p>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</p>		<p>contract to be bid?</p> <p>f. Conformed with other relevant criteria determined by the BAC?</p>			
	<p>2. From certified copies of the invitations to the Observers with evidence of receipt, compare the date of receipt with the 3-day minimum requirement.</p>	<p>Did the BAC invite the observers at least 3 days from the date of the post-qualification?</p>			
<p>2. To verify if the Procuring Entity considered the comments/observations of the Observers</p>	<p>3. Based on the BAC's Minutes on the Post Qualification and the report of the Observers check whether a deliberation was</p>	<p>Did the Procuring Entity consider the comments/ observations of the Observers?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 13.4. <i>The observers shall have the following responsibilities:</i> <ul style="list-style-type: none"> a) <i>To prepare the report either jointly or separately indicating their observations made on the procurement activities conducted by the BAC for submission to the Head of the Procuring Entity, copy furnished the BAC Chairman. The report shall <u>assess</u> the extent of the BAC's compliance with the provisions of this IRR and areas of improvement in the BAC's proceedings;</i> b) <i>To submit their report to the procuring entity and furnish a copy to the GPPB and Office of the Ombudsman/Resident Ombudsman. If no report is submitted by the observer, then it is understood that the bidding activity conducted by the BAC followed the correct procedure; and</i> c) <i>To immediately inhibit and notify in writing the procuring entity concerned of any actual or potential interest in the contract to be bid.</i> 13.5. <i>Observers shall be allowed access to the following documents upon their request, subject to signing of a confidentiality agreement: (a) minutes of BAC meetings; (b) abstract of Bids; (c) post-qualification summary report; (d) APP and related PPMP; and (e) opened proposals.</i> 	<p>made on the comments /observations of the observers.</p>				
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to</p>	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>be made on the basis of the contract;</p> <p>c. etc.</p> <p>and develop appropriate audit recommendations</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>				
<p>2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations</p>	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
<p>3. To communicate the results of the audit with the auditee's Management</p> <ul style="list-style-type: none"> <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			



XII. AWARD OF CONTRACT FOR THE PROCUREMENT OF CONSULTING SERVICES

A. AUDIT OBJECTIVES:

1. To verify if the conditions/requirements and procedures for the award of contract were adhered to by the procuring entity;
2. To verify if the award was made within the prescribed period;
3. To verify if the conditions/requirements, procedures and timelines for entering into and approval of the contract were adhered to by the procuring entity.

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for the evaluation:

1. Minutes of the BAC meetings on post-qualification;
2. BAC Resolution declaring the HRRB/SRRB and recommending award, approved by the HOPE, with the following supporting documents:
 - a. Abstract of Bids,
 - b. Duly approved program of work and Cost Estimates,
 - c. Document issued by appropriate entity authorizing the procuring entity to incur obligations for a specified amount,
 - d. Other pertinent documents required by existing laws, rules and/or the procuring entity concerned.
3. Notice of Award signed by the HOPE, with date of release to and receipt by the winning bidder;
4. Copy of the bid security of the winning bidder stamped received by the BAC Secretariat;
5. Copy of the portions of the receiving records of the BAC, with information on the date of submission of the Joint Venture Agreement (JVA), if the winning bidder is a Joint Venture; and the date of posting of the performance security;
6. Copy of the performance security posted by the winning bidder;
7. Copy of the complete set of contract documents duly signed and approved by higher authorities;
8. Copy of the policy and schedule of approving authorities;
9. Evidences of postings at the PhilGEPS and the procuring entity's websites;
10. Evidences of postings at the conspicuous place at the premises of the procuring entity;
11. Copy of the Minutes of the BAC meeting on the selection of the Observer from the "pool";
12. Copy of reports of the BAC Observers;
13. Copy of the document with the HOPE's disapproval of the award and the justifications thereto, duly received by the BAC;
14. In case of disapproval of the BAC's recommendation for award, copy of the document with the HOPE's instructions on the steps to be adopted by the BAC.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC recommended the bidder with the Highest Rated Responsive Bid (HRRB) or	1. Compare the HRRB/ SRRB determined by the BAC indicated in the Minutes of BAC meeting on post-	Did the BAC recommend to the HOPE the award of contract to the bidder			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
Single Rated Responsive Bid (SRRB), if lone, to the HOPE for award of contract <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 37.1.1. The BAC shall recommend to the Head of the Procuring Entity the award of contract to the bidder with the Highest Rated Responsive Bid or the Single Rated Responsive Bid after the post qualification process has been completed. 	qualification with the HRRB/ SRRB recommended for award in the BAC Resolution	with the HRRB/SRRB?			
2. To verify if the BAC recommended to the HOPE the award of the contract to the bidder with the HRRB/SRRB at its: a. submitted bid price or its calculated bid price, whichever is lower, or b. in the case of quality-based evaluation procedure, submitted bid price or its negotiated price, whichever is lower. <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 34.4. If the BAC determines that the bidder with the Highest Rated Bid passes all the criteria for post-qualification, it shall declare the said bid as the Highest Rated Responsive Bid, and recommend to the Head of the Procuring Entity the award of contract to the said bidder at <u>its submitted bid price or its calculated bid price, whichever is lower, or in the case of quality-based evaluation procedure, submitted bid price or its negotiated price, whichever is lower.</u> <i>Philippine Bidding Documents (PBDs) for the Procurement of Consulting Services, 3rd Edition, (October 2009) approved by the GPPB per GPPB Resolution No. 06-2009 dated</i>	2. From the TWG evaluation report with supporting documents and duly reviewed by the BAC, and BAC Resolution declaring the HRRB/SRRB and recommending award, look for information on the contract amount recommended by the BAC for award. Then compare the recommended contract price with the submitted bid price and calculated bid price OR the negotiated price, in case of quality based evaluation.	Did the BAC recommend award of the contract to the bidder with the HRRB/SRRB at its: a. submitted bid price or its calculated bid price, whichever is lower? or b. in the case of quality-based evaluation procedure, submitted bid price or its negotiated price, whichever is lower?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>September 30, 2009:</i></p> <ul style="list-style-type: none"> 27.4. If the BAC determines that the Consultant with the HRB passes all the criteria for post-qualification, it shall declare the said bid as the consultant with the Highest Rated and Responsive Bid (HRRB), and recommend to the Head of the Procuring Entity the award of contract to the said Consultant at its submitted price or its calculated bid price, whichever is lower, subject to ITB Clause 29.3. 					
<p>3. To verify if the BAC submitted the following documents to the HOPE with the recommendation for award:</p> <ul style="list-style-type: none"> a. Resolution of the BAC recommending award; b. Abstract of Bids; c. Duly approved program of work and Cost Estimates; d. Document issued by appropriate entity authorizing the procuring entity to incur obligations for a specified amount; and e. Other pertinent documents required by existing laws, rules and/or the procuring entity concerned <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 37.1.1. The BAC shall recommend to the Head of the Procuring Entity the award of contract to the bidder with the Highest Rated Responsive Bid or the Single Rated Responsive Bid after the post qualification process has been completed. <p><i>To facilitate the approval of the award, the BAC shall submit the following supporting documents to the Head of the Procuring Entity:</i></p> <ul style="list-style-type: none"> a) Resolution of the BAC 	<p>3. From the BAC Chairman's letter for the HOPE submitting the results and the documents pertaining to the recommendation, duly received by the Office of the HOPE, look for information on the documents submitted.</p>	<p>Did the BAC submit the following documents to the HOPE with the recommendation for award:</p> <ul style="list-style-type: none"> a. Resolution of the BAC recommending award? b. Abstract of Bids? c. Duly approved program of work and Cost Estimates? d. Document issued by appropriate entity authorizing the procuring entity to incur obligations for a specified amount? e. Other pertinent documents required by existing laws, rules and/or the procuring entity concerned? 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>recommending award;</i> <i>b) Abstract of Bids;</i> <i>c) Duly approved program of work or delivery schedule, and Cost Estimates;</i> <i>d) Document issued by appropriate entity authorizing the procuring entity to incur obligations for a specified amount; and</i> <i>e) Other pertinent documents required by existing laws, rules and/ or the procuring entity concerned.</i>					
4. To verify if the HOPE, or his/her duly authorized official, approved the HRRB/SRRB recommended by the BAC for award within 7 calendar days from the date of receipt of the recommendation from the BAC (15 calendar days for GOCCs/GFIs) <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 37.1.2. <i>Within a period not exceeding seven (7) calendar days from the date of receipt of the recommendation of the BAC, the Head of the Procuring Entity shall approve or disapprove the said recommendation. ... In the case of GOCCs and GFIs, the period provided herein shall be fifteen (15) calendar days.</i>	4. Determine the number of days from the date of receipt by the HOPE of the recommendation for award to the date of approval and compare with the 7-day or 15-day period.	Did the HOPE approve the BAC recommendation for award within the 7-calendar-day period (or 15-calendar-day period for GOCCs/ GFIs)?			
5. In case of approval, to verify if the Notice of Award was issued to the winning bidder <u>immediately</u> and <u>within the validity period of the bid security</u> <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 37.1.3. <i>In case of approval, the Head of the Procuring Entity shall immediately issue the Notice of Award to the bidder with the Highest Rated Responsive Bid. In the event the Head of the</i>	5. Compare the name of the bidder appearing in the Notice of Award with the winning bidder per approved BAC Resolution. 6. Compare the date of release of the Notice of Award with the date of approval of the BAC Resolution recommending the award.	Was the Notice of Award issued to the winning bidder as recommended by the BAC and approved by the HOPE? Was the Notice of Award as recommended by the BAC and approved by the HOPE <u>immediately</u> issued to the winning bidder?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Procuring Entity shall disapprove such recommendation, such disapproval shall be based only on valid, reasonable, and justifiable grounds to be expressed in writing, a copy furnished the BAC.</i></p> <p>• <i>Annex "C"</i> <i>PERIOD OF ACTION ON PROCUREMENT ACTIVITIES</i> <i>Stage 10</i></p> <p>• <i>37.1.5. Contract award shall be made within the bid validity period provided in Section 28 of this IRR.</i></p>	<p>6. Compare the date of the release of the Notice of Award with the expiry date of the bid validity period.</p>	<p>Was the Notice of Award as recommended by the BAC and approved by the HOPE issued to the winning bidder within the bid validity period of the bid security?</p>			
<p>6. To verify if the BAC notified all the losing bidders within the 7 or 15 calendar day period (same period provided for the HOPE to approve/ disapprove the BAC's Resolution)</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <p>• <i>37.1.2. Within a period not exceeding seven (7) calendar days from the date of receipt of the recommendation of the BAC, the Head of the Procuring Entity shall approve or disapprove the said recommendation. ... In the case of GOCCs and GFIs, the period provided herein shall be fifteen (15) calendar days. <u>Within the same period provided herein the BAC shall notify all losing bidders of its decision.</u></i></p>	<p>7. From the notices to the losing bidders, look for the date of its receipt and compare with the 7-day or 15-day requirement.</p> <p>8. Also compare the names of the losing bidders notified with those appearing in the Abstract of Bids as Read.</p>	<p>Did the BAC notify <u>all</u> the losing bidders <u>within the 7 or 15 calendar day period</u> (same period provided for the HOPE to approve/ disapprove the BAC's Resolution)?</p>			
<p>7. To verify if the BAC posted the Notice of Award within 3 days from its issuance at the:</p> <p>a. PhilGEPS website, b. website of the procuring entity, and c. any conspicuous place in the premises of the procuring entity.</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <p>• <i>37.1.6. The BAC, through the Secretariat, shall post, within</i></p>	<p>9. Access the PhilGEPS website and the website of the procuring entity, and conduct inspection of the area where the Notice of Award is to be posted on the 3rd day from the issuance of the Notice of Award to the winning bidder.</p>	<p>Did the BAC post the Notice of Award within 3 days from its issuance at the:</p> <p>a. PhilGEPS website?</p> <p>b. website of the procuring entity? And</p> <p>c. any conspicuous place in the premises of the procuring entity?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>three (3) calendar days from its issuance, the Notice of Award in the PhilGEPS, the website of the procuring entity, if any, and any conspicuous place in the premises of the procuring entity.</i>					
7. To verify if the procuring entity observed the following conditions for the execution of the contract: a) Submission of valid joint venture agreement, if applicable, within 10 days from receipt of the Notice of Award by the winning Joint Venture bidder, b) Posting of performance security within ten (10) calendar days from receipt by the winning bidder of the Notice of Award & prior to the signing of the contract in the required amount, currency, form, issuing entity, and valid until the issuance by the procuring entity of the final certificate of acceptance, c) Signing of the contract within the same ten (10) day period provided that all the documentary requirements are complied with, d) Approval by higher authority, if required, within 15 days from receipt (25 days for GOCCs) <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 37.1.4. <i>Notwithstanding the issuance of the Notice of Award, award of contract shall be subject to the following conditions:</i> a) <i>Submission of the following documents within the prescribed period:</i> i) <i>Valid JVA, if applicable,</i>	10. From the receiving records of the BAC, compare the date of submission of the Joint Venture Agreement (JVA) with the required 10 days from receipt of the Notice of Award.	Did the bidder submit the JVA within ten (10) calendar days from receipt of the notice of award?			
	11. From the receiving records of the BAC, compare the date of posting of the performance security with the required 10 days from receipt of the Notice of Award; also compare with the date of the signing of the contract.	Was the performance security posted within ten (10) calendar days from receipt by the winning bidder of the Notice of Award & prior to the signing of the contract?			
	12. Compare the amount, currency, form, issuing entity, and validity period of the performance security posted by the winning bidder with the requirements of Sec 39.2 of the Revised IRR of RA 9184.	Was the performance security posted in the: a. right amount? b. right currency? c. right form? d. right issuing entity? e. right validity period?			
	13. Compare the date of signing of the contract with the required 10-day period from receipt of the Notice of Award.	Was the contract signed within 10 calendar days from receipt of the Notice of Award by the winning bidder?			
	14. Compare the signatory (approval) in the contract with the authorized signatory as required by relevant regulations/policies and as shown by a copy of a valid appointment or office order.	If further approval by higher authority is required, was the contract approved by appropriate approving authority or his/her duly authorized representative?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper							
		Audit Question	Yes	No	Particulars of the Answer				
<p><i>within ten (10) calendar days from receipt by the bidder of the notice from the BAC that the bidder has the Lowest Calculated Responsive Bid, as the case may be; or</i></p> <p><i>ii) In case of infrastructure projects, valid PCAB license and registration for the type and cost of the contract to be bid for foreign bidders, within 30 calendar days from receipt by the bidder of the notice from the BAC that the bidder has the LCRB, when the treaty or international or executive agreement expressly allows submission of the PCAB license and registration for the type and cost of the contract to be (sic) as a pre-condition to the notice of award.</i></p> <p><i>h) Posting of performance security in accordance with Section 39 of this IRR;</i></p> <p><i>i) Signing of the contract as provided in Section 37.2 of this IRR;</i></p> <p><i>j) Approval by higher authority, if required, as provided in Section 37.3 of this IRR.</i></p> <p>• <i>39. Performance Security</i></p> <p><i>39.1. To guarantee the faithful performance by the winning bidder of its obligations under the contract in accordance with the Bidding Documents, it shall post a performance security prior to the signing of the contract.</i></p> <p><i>39.2. The performance security shall be in an amount equal to a percentage of the total contract price in accordance with the following schedule:</i></p> <p>[AS AMENDED UNDER GPPB RESOLUTION NO. 06-2009 DATED 30 SEPTEMBER 2009]</p> <table><tr><td><i>Form of Performance Security</i></td><td><i>Amount of Performance Security (Equal to Percentage of the Total Contract Price)</i></td></tr><tr><td><i>a) Cash, cashier's/ manager's check</i></td><td></td></tr></table>	<i>Form of Performance Security</i>	<i>Amount of Performance Security (Equal to Percentage of the Total Contract Price)</i>	<i>a) Cash, cashier's/ manager's check</i>		15. Compare the date of approval of the contract by higher authority with the 15-day-period from receipt (25 days for GOCCs).	Was the contract approved by higher authority within 15 calendar days? (25 calendar days for GOCCs)?			
<i>Form of Performance Security</i>	<i>Amount of Performance Security (Equal to Percentage of the Total Contract Price)</i>								
<i>a) Cash, cashier's/ manager's check</i>									



Audit Sub-objective		Audit Activities	Suggested Audit Working Paper			
• <i>Audit Criteria</i>			Audit Question	Yes	No	Particulars of the Answer
<i>issued by a Universal or Commercial Bank</i>	<i>Two percent (2%)</i>					
<i>b) Bank draft/ guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank; Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.</i>						
<i>c) Surety bond callable upon demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security.</i>	<i>Five percent (5%)</i>					
<i>d) Any combination of the foregoing.</i>	<i>Proportionate to share of form with respect to total amount of security</i>					
<ul style="list-style-type: none">37.2. Contract Signing37.2.1. The winning bidder shall post the required Performance Security and enter into contract with the procuring entity within ten (10) calendar days from receipt by the winning bidder of the Notice of Award.37.2.2. The procuring entity shall enter into contract with the winning bidder within the same ten (10) day period provided that all the documentary requirements are complied with.37.3. Contract Approval by Higher AuthorityWhen further approval of higher authority is required, the approving authority for the contract or his duly authorized representative shall be given maximum of fifteen (15) calendar days from receipt thereof to approve or disapprove it. However, for infrastructure projects with an ABC of Fifty						



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Million Pesos (P50,000,000) and below, the maximum period is five (5) calendar days. In the case of GOCCs, the concerned board or its duly authorized representative shall be given a maximum of twenty-five (25) calendar days from receipt thereof to approve or disapprove it.</i></p>					
<p>8. To verify if the contract is complete</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • 37.2.3. The following documents shall form part of the contract: <ul style="list-style-type: none"> a) Contract Agreement; b) Bidding Documents; c) Winning bidder's bid, including the Eligibility requirements, Technical and Financial Proposals, and all other documents/statements submitted; d) Performance Security; e) Credit line in accordance with the provisions of this IRR, if applicable; f) Notice of Award of Contract; and g) Other contract documents that may be required by existing laws and/or the procuring entity concerned in the Bidding Documents, ... 	<p>16. Obtain from the BAC Secretariat or the Project Management Office or the Office responsible for project implementation/ contract execution for a copy of the complete set of documents comprising the contract and compare with the requirements.</p>	<p>Are the contract documents complete, consisting of the following:</p> <p>a) Contract Agreement;</p> <p>b) Bidding Documents;</p> <p>c) Winning bidder's bid, including the Eligibility requirements, Technical and Financial Proposals, and all other documents/statements submitted;</p> <p>d) Performance Security;</p> <p>e) Credit line in accordance with the provisions of this IRR, if applicable;</p> <p>f) Notice of Award of Contract; and</p> <p>g) Other contract documents that may be required by existing laws and/or the procuring entity concerned in the Bidding Documents?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
INVOLVEMENT OF THE BAC OBSERVERS					
1. To verify if the BAC invited Observers: a. representing the COA, the duly recognized private group in a sector or discipline relevant to the procurement at hand, and a non-government organization (NGO) from the procuring entity's Pool of Observers; b. that have: b.1. knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; b.2. no actual or potential conflict of interest in the contract to be bid; and b.3. conformed with other relevant criteria determined by the BAC; c. at least 3 calendar days prior to the start of the activity <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • <i>Section 13. Observers</i> <i>13.1. To enhance the transparency of the process, the BAC shall, in all stages of the procurement process, invite, in addition to the representative of the COA, at least two (2) observers, who shall not have the right to vote, to sit in its proceedings where:</i> <i>a) At least one (1) shall come from a duly recognized private group in a sector or discipline relevant to the procurement at hand, for example:</i> <i>i) ...</i> <i>ii) ...</i> <i>iii) For consulting services, a project-related professional organization accredited or duly recognized by the Professional Regulation Commission or the</i>	1. From the Minutes of the BAC meeting on the selection of the Observer from the "pool", check for information on the BAC's evaluation in regard to: <ul style="list-style-type: none">the selection of the organization from which the Observer will be invited;knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;no actual or potential conflict of interest in the contract to be bid; andconformed with other relevant criteria determined by the BAC.	Did the BAC choose the Observers considering: 1. one representing the COA? 2. One representing the duly recognized private group in a sector or discipline relevant to the procurement at hand? 3. One representing a non-government organization? 4. With knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid? 5. With no actual or potential conflict of interest in the contract to be bid? 6. Conformed with other relevant criteria determined by the BAC?			
	2. From certified copies of the invitations to the Observers with evidence of receipt, compare the date of receipt with the 3-day minimum requirement.	Did the BAC invite the observers at least 3 days prior to the date of the meetings?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Supreme Court, such as, but not limited to:</i> <i>(1) PICE;</i> <i>(2) Philippine Institute of Certified Public Accountants (PICPA); and</i> <i>(3) Confederation of Filipino Consulting Organizations; and</i> <i>b) The other observer shall come from a non-government organization (NGO).</i></p> <p><i>13.2. The observers shall come from an organization duly registered with the Securities and Exchange Commission (SEC) or the Cooperative Development Authority (CDA), and should meet the following criteria:</i> <i>a) Knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</i> <i>b) Absence of actual or potential conflict of interest in the contract to be bid; and</i> <i>c) Any other relevant criteria that may be determined by the BAC.</i></p> <p>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</p>					
<p>2. To verify if the Procuring Entity considered the comments/observations of the Observers</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 13.4. The observers shall have the following responsibilities: a) To prepare the report either jointly or separately indicating their observations made on the procurement activities conducted by the BAC for submission to the Head of the Procuring Entity, copy furnished the BAC Chairman. The report shall <u>assess</u> the extent of the BAC's</p>	<p>3. Based on the BAC's Minutes on the Post Qualification, the meetings on the award of contract, and the report of the Observers check whether a deliberation was made on the comments /observations of the observers.</p>	<p>Did the Procuring Entity consider the comments/ observations of the Observers?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>compliance with the provisions of this IRR and areas of improvement in the BAC's proceedings;</i></p> <p><i>b) To submit their report to the procuring entity and furnish a copy to the GPPB and Office of the Ombudsman/Resident Ombudsman. If no report is submitted by the observer, then it is understood that the bidding activity conducted by the BAC followed the correct procedure; and</i></p> <p><i>c) To immediately inhibit and notify in writing the procuring entity concerned of any actual or potential interest in the contract to be bid.</i></p> <p>• <i>13.5. Observers shall be allowed access to the following documents upon their request, subject to signing of a confidentiality agreement: (a) minutes of BAC meetings; (b) abstract of Bids; (c) post-qualification summary report; (d) APP and related PPMP; and (e) opened proposals.</i></p>					
IN CASE OF DISAPPROVAL BY THE HOPE OF THE BAC'S RECOMMENDATION FOR AWARD – FOR THE PROCUREMENT OF CONSULTING SERVICES					
<p>1. In case of disapproval by the HOPE, verify if the:</p> <p>a. grounds for such were expressed in writing and a copy furnished to the BAC, and</p> <p>b. written instructions on the subsequent steps to be adopted were given to the BAC</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <p>• <i>37.1.3. ... In the event the Head of the Procuring Entity shall disapprove such recommendation, such disapproval shall be based only on valid, reasonable, and justifiable grounds to be expressed in writing, a copy furnished the BAC.</i></p>	<p>1. If the HOPE disapproved the recommendation for award, look for the document indicating the grounds for such with evidence of receipt of a copy thereof by the BAC.</p> <p>2. Also look for the document indicating the instructions given by the HOPE on the subsequent steps to be adopted by the BAC.</p>	<p>In case of disapproval by the HOPE of the BAC's recommendation, did the HOPE express the grounds for such and furnished a copy to the BAC?</p> <p>In case of disapproval by the HOPE of the BAC's recommendation, did the HOPE give instructions to the BAC on the subsequent actions to be adopted?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Generic Procurement Procedures for the Procurement of Consulting Services Volume 4, June 2006, published by the GPPB:</i></p> <ul style="list-style-type: none"> How is a contract awarded? <p>...</p> <p>5. ... In case of disapproval of the recommendation of award the HOPE shall state the reasons for disapproval and instruct the BAC on the subsequent actions to be adopted.</p>					
IN CASE OF FAILURE, REFUSAL, OR INABILITY BY THE WINNING BIDDER TO SUBMIT DOCUMENTS AND ENTER INTO CONTRACT - FOR THE PROCUREMENT OF CONSULTING SERVICES					
<p>1. To verify if the BAC:</p> <p>a. disqualified,</p> <p>b. forfeited the bid security of and</p> <p>c. recommended the imposition of sanctions to</p> <p>the winning bidder who, through his fault, failed, refused or was unable:</p> <p>a. to submit the documents required under Section 37.1 of the Revised IRR of RA 9184,</p> <p>or</p> <p>b. to make good its bid by entering into a contract with the procuring entity,</p> <p>or</p> <p>c. post the required Performance Security within the period stipulated in the Revised IRR of RA 9184 or in the Bidding Documents</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on</i></p>	<p>1. From the records of the BAC:</p> <ul style="list-style-type: none"> documenting the fact-finding to establish if the winning bidder was responsible for his failure, refusal, or inability to: (a) to submit the documents required under Section 37.1 of the Revised IRR of RA 9184, or (b) to make good its bid by entering into a contract with the procuring entity, or (c) post the required Performance Security within the period stipulated in the Revised IRR of RA 9184 or in the Bidding Documents; documenting the deliberations/evaluation conducted and the decisions arrived at; documenting the recommendations made to the HOPE, <p>look for information on the:</p> <ul style="list-style-type: none"> disqualification of the said bidder, 	<p>Did the BAC <u>disqualify</u> the winning bidder who, through his fault, failed, refused or was unable to:</p> <p>a. submit the documents required under Section 37.1 of the Revised IRR of RA 9184?</p> <p>or</p> <p>b. to make good its bid by entering into a contract with the procuring entity?</p> <p>or</p> <p>c. post the required Performance Security within the period stipulated in the Revised IRR of RA 9184 or in the Bidding Documents?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>September 2, 2009:</i></p> <p><i>1. 40.1. If the bidder with the Lowest Calculated Responsive Bid/Highest Rated Responsive Bid or the bidder with the Single Calculated/Rated Responsive Bid, fails, refuses or is unable to submit the documents required under Section 37.1 of this IRR or to make good its bid by entering into a contract with the procuring entity or post the required Performance Security within the period stipulated in this IRR or in the Bidding Documents, the <u>bid security shall be forfeited</u> and the <u>appropriate sanctions</u> provided in this IRR and existing laws shall be imposed, <u>except where such failure, refusal or inability is through no fault of the said bidder.</u></i></p>	<ul style="list-style-type: none"> • forfeiture of the bid security and • recommendation of the imposition of sanctions to the winning bidder. 	<p>Did the BAC forfeit the bid security of the winning bidder who, through his fault, failed, refused or was unable to:</p> <p>a. submit the documents required under Section 37.1 of the Revised IRR of RA 9184?</p> <p>or</p> <p>b. to make good its bid by entering into a contract with the procuring entity?</p> <p>or</p> <p>c. post the required Performance Security within the period stipulated in the Revised IRR of RA 9184 or in the Bidding Documents?</p> <p>Did the BAC recommend the imposition of sanctions to the winning bidder who, through his fault, failed, refused or was unable to:</p> <p>a. submit the documents required under Section 37.1 of the Revised IRR of RA 9184?</p> <p>or</p> <p>b. to make good its bid by entering into a contract with the procuring entity?</p> <p>or</p> <p>c. post the required Performance Security within the period stipulated in the Revised IRR of RA 9184 or in the Bidding Documents?</p>			
----- Prepared by:	-----	-----	-----	-----	-----



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>2. To verify if the BAC, after disqualifying the winning bidder who, due to his fault, refused, failed, or was unable to enter into contract, post the required performance security, or submit other required documents within the time stipulated, initiated and completed the post-qualification process on the bidder with the second Highest Rated Bid</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 40.2. In the case of the failure, refusal or inability of the bidder with the Lowest Calculated Responsive Bid/Highest Rated Responsive Bid to submit the documents required under Section 37.1 of this IRR or to enter into contract and post the required Performance Security, as provided in this Section, the BAC shall disqualify the said bidder, and shall <u>initiate and complete the post-qualification process on the bidder with the second Lowest Calculated Bid/Highest Rated Bid</u>: Provided, however, That in the case of consulting services, the second Highest Rated Bid has successfully undergone the negotiation stage in accordance with Section 33.2.5 of this IRR. This procedure shall be repeated until the Lowest Calculated Responsive Bid/Highest Rated Responsive Bid is determined for award. However, <u>if no bidder passes post-qualification</u>, the BAC shall declare the <u>bidding a failure</u> and <u>conduct a re-bidding</u> with re-advertisement. Should there occur another failure of bidding after the conduct of the contract's re-bidding, the procuring entity concerned may enter into a negotiated procurement. 	<p>2. From the records of the BAC, look for information on the <u>disqualification</u> of the winning bidder who, due to his fault, refused, failed, or was unable to enter into contract, post the required performance security, or submit other required documents within the time stipulated.</p> <p>Look also for information on the conduct of post-qualification on the bidder with the second Lowest Calculated Bid.</p> <p>NOTE:</p> <p>For the audit on the Post-Qualification for the Procurement of Consulting Services conducted by the BAC, perform the audit activities pertaining to these procurement activities in another part of this Guide.</p>	<p>Did the BAC, after disqualifying the winning bidder who, due to his fault, refused, failed, or was unable to enter into contract, post the required performance security, or submit other required documents within the time stipulated, initiate and complete the post-qualification process on the bidder with the second Lowest Calculated Bid?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>3. To verify if the BAC, after disqualifying the winning bidder with the <i>Single Rated Responsive Bid (SRRB)</i> who, due to his fault, refused, failed, or was unable to enter into contract, post the required performance security, or submit other required documents within the time stipulated, declared the bidding a failure and conducted a re-bidding with re-advertisement and/or posting, as provided for in Sections 21 and 25 of the Revised IRR of RA 9184</p> <p>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</p> <ul style="list-style-type: none"> 40.3. In the case of failure, refusal or inability of the bidder with the <u>Single Calculated/Rated Responsive Bid</u> to submit the documents required under Section 37.1 of this IRR or to enter into contract and post the required Performance Security, as provided in this Section, the BAC shall disqualify the said bidder, and shall declare the bidding a failure and conduct a re-bidding with re-advertisement and/or posting, as provided for in Sections 21 and 25 of this IRR. Should there occur another failure of bidding after the conduct of the contract's re-bidding, the procuring entity concerned may enter into a negotiated procurement. 	<p>3. From the records of the BAC, look for information on the <u>disqualification</u> of the winning bidder with the SCRB who, due to his fault, refused, failed, or was unable to enter into contract, post the required performance security, or submit other required documents within the time stipulated.</p> <p>Look also for information on the declaration of the bidding a failure and the conduct of a re-bidding with re-advertisement.</p> <p>NOTE: For the audit on the Failure of Bidding for the Procurement of Consulting Services and on the Competitive/ Public Bidding for the Procurement of Consulting Services, perform the audit activities pertaining to these procurement activities in other parts of this Guide.</p>	<p>Did the BAC, after disqualifying the winning bidder with the SRRB who, due to his fault, refused, failed, or was unable to enter into contract, post the required performance security, or submit other required documents within the time stipulated,</p> <p>a. declare the bidding a failure?</p> <p>and</p> <p>b. conduct a re-bidding with re-advertisement and/or posting?</p>			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of</p>	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>the contract; c. etc. and develop appropriate audit recommendations</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p><u>NOTE:</u></p> <p>Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>				
<p>2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations</p>	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p><u>NOTE:</u></p> <p>Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
<p>3. To communicate the results of the audit with the auditee's Management</p> <ul style="list-style-type: none"> <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			



XIII. FAILURE OF BIDDING DECLARED BY THE BIDS AND AWARDS COMMITTEE (BAC) FOR THE PROCUREMENT OF CONSULTING SERVICES

A. AUDIT OBJECTIVE:

To verify if the conditions/requirements, procedures for the declaration of failure of bidding were adhered to by the procuring entity

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for the evaluation:

1. Documentary evidences that no bids were received;
2. Documentary evidences that all prospective bidders were declared ineligible;
3. Documentary evidences that all bids failed to comply with all the bid requirements;
4. Documentary evidences that all bids failed post-qualification;
5. Documentary evidences that the bidder with the Highest Rated Responsive Bid refused, without justifiable cause, to accept the award of contract, and no award was made in accordance with Section 40 of the RA 9184 and Revised IRR;
6. Minutes of the BAC meetings on post-qualification;
7. BAC Resolution declaring the bidding a failure;
8. Minutes of the BAC meetings with information on the review and evaluation conducted on the: (a) terms, (b) conditions, (c) specifications, and (d) cost estimates and the recommendations/decisions made – possible revisions/adjustments;
9. Approved revised Bidding Documents;
10. Revised Approved Budget for the Contract (ABC);
11. Records of the re-bidding;
12. Copy of the Minutes of the BAC meeting on the selection of the Observer from the “pool”;
13. Copy of reports of the BAC Observers.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC declared a failure of bidding for reason that: a) No bids were received; or b) All prospective bidders were declared ineligible; or c) All bids failed to comply with all the bid requirements, or d) all bids failed post-qualification, or e) the bidder with the Highest Rated Responsive Bid refused, without justifiable cause, to accept the award of contract, and no award was made in accordance with <u>Section 40</u> of the RA 9184 and Revised IRR	1. From the <i>Minutes</i> of BAC meetings and other records, look for information that: a) No bids were received; b) All prospective bidders were declared ineligible; c) all bids failed to comply with all the bid requirements, d) all bids failed post-qualification, d) the bidder with the Lowest Calculated Responsive Bid refused, without justifiable cause, to accept the award of contract, and no award was made in accordance with <u>Section 40</u> of the RA 9184 and Revised IRR.	Did the BAC declare a failure of bidding for reason that: a) No bids were received? b) All prospective bidders were declared ineligible? Or c) All bids failed to comply with all the bid requirements? Or d) all bids failed post-qualification? Or			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 35.1. The BAC shall declare the bidding a failure when: <ul style="list-style-type: none"> a) No bids are received; b) All prospective bidders are declared ineligible; c) All bids fail to comply with all the bid requirements or fail post-qualification, or, in the case of consulting services, there is no successful negotiation; or d) The bidder with the Lowest Calculated Responsive Bid/Highest Rated Responsive Bid refuses, without justifiable cause, to accept the award of contract, and no award is made in accordance with Section 40 of the Act and this IRR. 		e) the bidder with the Lowest Calculated Responsive Bid refused, without justifiable cause, to accept the award of contract, and no award was made in accordance with <u>Section 40</u> of the RA 9184 and Revised IRR?			
<p>2. To verify if the BAC determined the reason for the failed bidding by conducting a mandatory review and evaluation of the :</p> <p>a. terms, b. conditions, c. specifications, d. cost estimates in the Bidding Documents</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 35.2. In order to determine the reason for the failed bidding, the BAC shall conduct a mandatory review and evaluation of the terms, conditions, and specifications in the Bidding Documents, including its cost estimates. 	<p>2. From the minutes of the BAC meetings held for the purpose, look for information on the review and evaluation conducted on the: (a) terms, (b) conditions, (c) specifications, and (d) cost estimates and the recommendations/decisions made – possible revisions/adjustments.</p>	<p>Did the BAC determine the reason for the failed bidding by conducting a mandatory review and evaluation of the:</p> <p>a. terms in the Bidding Documents?</p> <p>b. conditions in the Bidding Documents?</p> <p>c. specifications in the Bidding Documents?</p> <p>d. cost estimates?</p>			
<p>3. To verify if the BAC and the concerned units/officials of the procuring entity, revised the following as a result of the review and evaluation conducted:</p> <p>a. terms, b. conditions, c. specifications,</p>	<p>3. From the minutes of the BAC meetings held for the purpose and other records of the procuring entity, look for information on the revisions/adjustments made on the (a) terms, (b) conditions, (c) specifications, (d) ABC and approvals made thereon.</p>	<p>Did the BAC and the concerned units/officials of the procuring entity, <u>revised</u> the following as a result of the review and evaluation conducted:</p> <p>a. terms in the Bidding Documents?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
d. Approved Budget for the Contract (ABC); had them approved; and conducted a re-bidding with re-advertisement and/or posting <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 35.2. In order to determine the reason for the failed bidding, the BAC shall conduct a mandatory review and evaluation of the terms, conditions, and specifications in the Bidding Documents, including its cost estimates. 35.3. Based on its findings, the BAC shall revise the terms, conditions, and specifications, and if necessary, adjust the ABC, subject to the required approvals, and conduct a re-bidding with re-advertisement and/or posting, as provided for in Section 21.2 of this IRR 35.4. All bidders who have initially responded to the Invitation to Bid/Request for Expression of Interest and have been declared eligible or short listed in the previous biddings shall be allowed to submit new bids. The BAC shall observe the same process and set the new periods according to the same rules followed during the previous bidding(s). 35.5. Should there occur a second failure of bidding, the procuring entity may resort to negotiated procurement, as provided for in Section 53.1 of this IRR. 		b. conditions in the Bidding Documents? c. specifications in the Bidding Documents? d. cost estimates?			
	4. From the records of the BAC look for information on the re-bidding conducted. NOTE: For the audit on the re-bidding conducted perform the audit using the portion of this Guide on Competitive/Public Bidding for the Procurement of Consulting Services.	Did the BAC conduct a re-bidding?			
4. To verify if the BAC invited Observers: a. representing the COA, the duly recognized private group in a sector or discipline relevant to the procurement at hand, and a non-government organization (NGO) from the procuring entity's Pool of Observers;	5. From the Minutes of the BAC meeting on the selection of the Observer from the "pool", check for information on the BAC's evaluation in regard to: <ul style="list-style-type: none"> the selection of the organization from which the Observer will be invited; knowledge, experience or 	Did the BAC choose the Observers considering: <ol style="list-style-type: none"> one representing the COA? One representing the specific relevant the duly recognized private group in a sector or discipline 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>b. that have: b.1. knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid; b.2. no actual or potential conflict of interest in the contract to be bid; and b.3. conformed with other relevant criteria determined by the BAC; c. at least 3 calendar days prior to the start of the activity</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> Section 13. Observers <p>13.1. <i>To enhance the transparency of the process, the BAC shall, in all stages of the procurement process, invite, in addition to the representative of the COA, at least two (2) observers, who shall not have the right to vote, to sit in its proceedings where:</i></p> <p><i>a) At least one (1) shall come from a duly recognized private group in a sector or discipline relevant to the procurement at hand, for example:</i></p> <p><i>i) ...</i> <i>ii) ...</i> <i>iii) For consulting services, a project-related professional organization accredited or duly recognized by the Professional Regulation Commission or the Supreme Court, such as, but not limited to:</i></p> <p><i>(1) PICE;</i> <i>(2) Philippine Institute of Certified Public Accountants (PICPA); and</i> <i>(3) Confederation of Filipino Consulting Organizations; and</i></p> <p><i>b) The other observer shall come from a non-government organization (NGO).</i></p> <p>13.2. <i>The observers shall come from an organization duly registered with the Securities and Exchange Commission (SEC) or the Cooperative Development Authority (CDA), and should meet the following criteria:</i></p>	<p>expertise in procurement or in the subject matter of the contract to be bid;</p> <ul style="list-style-type: none"> no actual or potential conflict of interest in the contract to be bid; and conformed with other relevant criteria determined by the BAC. 	<p>relevant to the procurement at hand?</p> <p>3. One representing a non-government organization?</p> <p>4. With knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid?</p> <p>5. With no actual or potential conflict of interest in the contract to be bid?</p> <p>6. Conformed with other relevant criteria determined by the BAC?</p>			
	<p>6. From certified copies of the invitations to the Observers with evidence of receipt, compare the date of receipt with the 3-day minimum requirement.</p>	<p>Did the BAC invite the observers at least 3 days from the date of the bid evaluation?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>a) Knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;</p> <p>b) Absence of actual or potential conflict of interest in the contract to be bid; and</p> <p>c) Any other relevant criteria that may be determined by the BAC.</p> <p>13.3. Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</p>					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p> <p>c. etc.</p> <p>and develop appropriate audit recommendations</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p><u>NOTE:</u></p> <p>Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
<p>2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations</p>	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	<p>compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>				
<p>3. To communicate the results of the audit with the auditee's Management</p> <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			



XIV. FAILURE OF BIDDING DECLARED BY THE HOPE FOR THE PROCUREMENT OF CONSULTING SERVICES

A. AUDIT OBJECTIVE:

To verify if the conditions/requirements for the declaration of failure of bidding were adhered to by the procuring entity

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for the evaluation:

1. Documents on the declaration of failure of bidding by the HOPE with supporting documents on the existence of the grounds used to justify the said declaration that:
2. there was prima facie evidence of collusion between appropriate public officers or employees of the procuring entity, or
3. there was prima facie evidence of collusion between appropriate public officers or employees of the procuring entity, or
4. there was prima facie evidence of collusion between or among the bidders themselves,
5. there was prima facie evidence of collusion between a bidder and a third party, or
6. there was prima facie evidence of any act which restricted, suppressed or nullified competition, or
7. the BAC was found to have failed in following the prescribed bidding procedures, or
8. the award of the contract will not redound to the benefit of the GOP, for justifiable and reasonable grounds such as the physical and economic conditions have significantly changed so as to render the project no longer economically, financially, or technically feasible, as determined by the Head of the Procuring Entity, or
9. the award of the contract will not redound to the benefit of the GOP, for justifiable and reasonable grounds such as the project is no longer necessary as determined by the Head of the Procuring Entity, or
10. the award of the contract will not redound to the benefit of the GOP, for justifiable and reasonable grounds such as the source of funds for the project has been withheld or reduced through no fault of the procuring entity.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the HOPE declared a failure of bidding for reason that: a. no funds available; b. there is prima facie evidence of collusion between: b.1. appropriate public officers or employees of the procuring entity, or b.2. between the BAC and any of the bidders, or b.3. among the bidders themselves, or b.4. a bidder and a third party,	1. From the documents on the declaration of failure of bidding by the HOPE, look for information on the reason for such declaration.	Did the HOPE declare a failure of bidding for reason that: a. no funds available? Or b. there was prima facie evidence of collusion between appropriate public officers or employees of the procuring entity? Or			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>including any act which restricts, suppresses or nullifies or tends to restrict, suppress or nullify competition;</p> <p>or</p> <p>c. the BAC is found to have failed in following the prescribed bidding procedures;</p> <p>or</p> <p>d. the award of the contract will not redound to the benefit of the GOP, for justifiable and reasonable grounds such as: (i) if the physical and economic conditions have significantly changed so as to render the project no longer economically, financially, or technically feasible, as determined by the Head of the Procuring Entity; (ii) if the project is no longer necessary as determined by the Head of the Procuring Entity; and (iii) if the source of funds for the project has been withheld or reduced through no fault of the procuring entity.</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> Section 41. The Head of the Procuring Entity reserves the right to reject any and all bids, <u>declare a failure of bidding</u>, or not award the contract in the following situations: <ul style="list-style-type: none"> a) If there is prima facie evidence of collusion between appropriate public officers or employees of the procuring entity, or between the BAC and any of the bidders, or if the collusion is between or among the bidders themselves, or between a bidder and a third party, including any act which restricts, suppresses or nullifies or 		<p>c. there was prima facie evidence of collusion between the BAC and any of the bidders?</p> <p>or</p> <p>d. there was prima facie evidence of collusion between or among the bidders themselves?</p> <p>Or</p> <p>e. there was prima facie evidence of collusion between a bidder and a third party?</p> <p>Or</p> <p>f. there was prima facie evidence of any act which restricted, suppressed or nullified competition?</p> <p>or</p> <p>g. the BAC was found to have failed in following the prescribed bidding procedures?</p> <p>or</p> <p>h. the award of the contract will not redound to the benefit of the GOP, for justifiable and reasonable grounds such as the physical and economic conditions have significantly changed so as to render the project no longer economically, financially, or technically feasible,</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>tends to restrict, suppress or nullify competition;</i> <i>b) If the BAC is found to have failed in following the prescribed bidding procedures; or</i> <i>c) For any justifiable and reasonable ground where the award of the contract will not redound to the benefit of the GOP, as follows: (i) if the physical and economic conditions have significantly changed so as to render the project no longer economically, financially, or technically feasible, as determined by the Head of the Procuring Entity; (ii) if the project is no longer necessary as determined by the Head of the Procuring Entity; and (iii) if the source of funds for the project has been withheld or reduced through no fault of the procuring entity.</i>		as determined by the Head of the Procuring Entity? Or i. the award of the contract will not redound to the benefit of the GOP, for justifiable and reasonable grounds such as the project is no longer necessary as determined by the Head of the Procuring Entity? Or j. the award of the contract will not redound to the benefit of the GOP, for justifiable and reasonable grounds such as the source of funds for the project has been withheld or reduced through no fault of the procuring entity?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • <i>Observers shall be invited at least three (3) calendar days before the</i> 	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>					
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			



ALTERNATIVE METHODS OF PROCUREMENT FOR CONSULTING SERVICES



On the Procurement Procedures:

**LIMITED SOURCE BIDDING
FOR CONSULTING SERVICES**



Procurement Procedures: LIMITED SOURCE BIDDING FOR CONSULTING SERVICES

Limited Source Bidding, otherwise known as *selective bidding*, is a method of procurement of consulting services that involves direct invitation to bid by the procuring entity from the list of pre-selected consultants with known experience and proven capability on the requirements of the particular contract.

I. APPROVAL OF THE ALTERNATIVE METHOD

A. AUDIT OBJECTIVE:

To verify if the adoption of the Alternative Method: Limited Source Bidding was in accordance with the rules and regulations

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. copy of the approved Annual Procurement Plan (APP);
2. evidences to support the conclusion that public bidding cannot be ultimately pursued;
3. list of consultants who can undertake the highly specialized type of consulting service;
4. Minutes of BAC meetings on the deliberations made;
5. BAC Resolution recommending the alternative method of procurement: Limited Source Bidding, duly approved by the HOPE.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC validated: a. that the original mode of procurement per APP was public bidding but cannot be ultimately pursued; and, b. the existence of the conditions to justify Limited Source Bidding: b.1. Procurement of highly specialized type of consulting services where only a few consultants are known to be available, such that resorting to the public bidding method will not likely result in any additional consultants participating in the bidding; or	1. From the evaluation report with supporting documents and minutes of the BAC's meetings and relevant BAC Resolution(s), look for information on the BAC's validation that the original mode of procurement per APP was public bidding but cannot be ultimately pursued and of the existence of the conditions to justify Limited Source Bidding.	Did the BAC validate that the original mode of procurement per APP was public bidding but cannot be ultimately pursued?			
		Did the BAC validate the existence of the condition that only a few consultants are known to be available to justify Limited Source Bidding?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 48.2. In accordance with Section 10 of this IRR, as a general rule, the Procuring Entities shall adopt public bidding as the general mode of procurement and shall see to it that the procurement program allows sufficient lead time for such public bidding. Alternative methods shall be resorted to only in the highly exceptional cases provided for in this Rule. 48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE. 49.1. Limited Source Bidding, otherwise known as selective bidding, is a method of <u>procurement of consulting services</u> that involves direct invitation to bid by the procuring entity from the list of pre-selected consultants with known experience and proven capability of the requirements of the particular contract. This alternative method of procurement may be employed under the following condition: <ul style="list-style-type: none"> a) Procurement of highly specialized types of consulting services only a few consultants are known to be available, such that resorting to the public bidding method will not likely result in any additional consultants participating in the bidding; 					
<p>2. To verify if the BAC: a. recommended the alternative mode of procurement: Limited Source Bidding to the HOPE, and b. the HOPE approved the</p>	<p>3. From the BAC Resolution recommending Limited Source Bidding as the method of procurement, look for the approval of the HOPE.</p>	<p>Did the BAC recommend the alternative mode of procurement: Limited Source Bidding to the HOPE?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
alternative method of procurement <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 48.1. Subject to the <u>prior approval of the Head of the Procuring Entity</u>, and whenever justified by the conditions provided in this Act, the procuring entity may, in order to promote economy and efficiency, resort to any of the alternative methods of procurement provided in this Rule. In all instances, the procuring entity shall ensure that the most advantageous price for the Government is obtained. 48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and <u>recommend the change in the mode of procurement to be approved by the HOPE</u>. 		Did the HOPE approve Limited Source Bidding as the method of procurement?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: <ul style="list-style-type: none"> a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> Observers shall be invited at least three (3) calendar days before the 	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>					
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



Limited Source Bidding for Consulting Services

II. BIDDING DOCUMENTS

NOTE:

Since the requirement of regulations is for the Procuring Entity to prepare the Bidding Documents including the *Request for Expression of Interest* (indicating therein the method of procurement to be used) and the technical specifications, in accordance with the procedures laid down in the IRR, the Generic Procurement Manual and the Philippine Bidding Documents (PBDs), the audit pertaining to Bidding Documents shall be as indicated in the *Audit Guide for Bidding Documents in Competitive/Public Bidding for Consulting Services*.

Audit Criteria:

- 49.4. The BAC of the concerned procuring entity shall directly invite all the consultants appearing in the pre-selected list. All other procedures for competitive bidding shall be undertaken, except for the advertisement Request for Expression of Interest under Section 21.2.1 of the Revised IRR of RA 9184.

III. PRE-PROCUREMENT CONFERENCE

NOTE:

Since the requirement of regulations is for the Procuring Entity to conduct Pre-Procurement Conference in accordance with the procedures laid down in the IRR, the Generic Procurement Manual and the Philippine Bidding Documents (PBDs), the audit pertaining to Pre-Procurement Conference shall be as indicated in the *Audit Guide for Pre-Procurement Conference in Competitive/Public Bidding for Consulting Services*.

Audit Criteria:

- 49.4. The BAC of the concerned procuring entity shall directly invite all the consultants appearing in the pre-selected list. All other procedures for competitive bidding shall be undertaken, except for the advertisement of Request for Expression of Interest under Section 21.2.1 of the Revised IRR of RA 9184.

IV. POSTING OF THE REQUEST FOR EXPRESSION OF INTEREST

NOTE:

Since the requirement of regulations is for the Procuring Entity to post the Request for Expression of Interest in accordance with the procedures laid down in the IRR, the Generic Procurement Manual and the Philippine Bidding Documents (PBDs), the audit pertaining to posting of the Request for Expression of Interest shall be as indicated in the *Audit Guide for posting of the Request for Expression of Interest in Competitive/Public Bidding for Consulting Services*.

Audit Criteria:

- 49.4. The BAC of the concerned procuring entity shall directly invite all the consultants appearing in the pre-selected list. All other procedures for competitive bidding shall be undertaken, except for the advertisement of Request for Expression of Interest under Section 21.2.1 of the Revised IRR of RA 9184.



Limited Source Bidding for Consulting Services

V. PRE-SELECTION AND INVITATION OF CONSULTANTS

A. AUDIT OBJECTIVES

1. To verify if the BAC conducted the pre-selection of consultants as required by regulations;
2. To verify if the BAC invited pre-selected consultants as required by regulations.

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. List maintained by the relevant government authority that has expertise in the type of consulting service;
2. BAC evaluation report with supporting documents on the pre-selection of consultants;
3. List of Pre-Selected Consultants;
4. Printout of the web pages where the Request for Expression of Interest was posted in the PhilGEPS website, the website of the procuring entity concerned, if available, and website prescribed by the foreign government/ foreign or international financing institution, if applicable for the first day and at least the last day of posting;
5. Certification by the head of the BAC Secretariat of the procuring entity that the Request for Expression of Interest was posted at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days;
6. Request for Expression of Interest duly received by the consultants;

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC: a. used the list maintained by the relevant government authority, b. took into account experience and past performance on similar contracts, c. took into account capabilities with respect to personnel, d. took into account capabilities with respect to equipment e. took into account capabilities with respect to financial position in the pre-selection of consultants <i>Implementing Rules and Regulations</i>	1. From the BAC evaluation report with supporting documents (including a copy of the list used by the BAC in pre-selecting consultants) on the pre-selection of consultants, the minutes of BAC meetings conducted for the purpose, look for information on the use of the list and consideration of capabilities and experience in the pre-selection process.	Did the BAC in the pre-selection of consultant: a. use the list maintained by the relevant government authority? b. took into account experience and past performance on similar contracts? c. took into account capabilities with respect to personnel?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>(IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 49.2. <i>The pre-selected consultants shall be those appearing in a list maintained by the relevant government authority that has expertise in the type of procurement concerned. The list of pre-selected consultants shall be updated periodically. A copy of the list shall be submitted to, and maintained updated with, the GPPB.</i> 49.3. <i>The <u>pre-selection</u> shall be based upon the <u>capability</u> and <u>resources</u> of the bidders to perform the contract taking into account their <u>experience and past performance on similar contracts</u>, <u>capabilities with respect to personnel, equipment or manufacturing facilities</u>, and <u>financial position</u>. Pre-selection shall be done in accordance with the procedures provided in the GPMs.</i> 		<p>d. took into account capabilities with respect to equipment?</p> <p>e. took into account capabilities with respect to financial position?</p>			
<p>2. To verify if the BAC sent invitations to bid to <u>all</u> the pre-selected consultants</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 49.4. <i>The BAC of the concerned procuring entity shall directly invite <u>all the consultants appearing in the pre-selected list</u>.</i> 6.2. <i>Once issued by the GPPB, the use of the Generic Procurement Manuals (GPMs), Philippine Bidding Documents (PBDs), and other standard forms shall be mandatory upon all Procuring Entities. However, whenever necessary, to suit the particular needs of the procuring entity, modifications may be made, particularly for major and specialized procurement, subject to the approval of the GPPB.</i> <p><i>Manual of Procedures for the Procurement of Consulting Services, Volume 4</i></p> <p><i>How is limited source bidding conducted?</i></p> <ul style="list-style-type: none"> <i>The following steps are undertaken in procuring through the</i> 	<p>2. Compare the names of consultants per copies of Request for Expression of Interest duly received by them with the consultants in the list of pre-selected consultants.</p>	<p>Did the BAC send Request for Expression of Interest to <u>all</u> the pre-selected consultants?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>limited source bidding method:</i> ... 7. The BAC Secretariat sends the Request for Expression of Interest to the pre-selected consultants. The Request for Expression of Interest is sent to ALL consultants in the list.					
3. To verify if the BAC Secretariat post the Request for Expression of Interest in: a. The PhilGEPS, b. the website of the procuring entity, c. electronic procurement service provider, if any, for a period of 7 calendar days prior to the opening of the bids <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 6.2. Once issued by the GPPB, the use of the Generic Procurement Manuals (GPMs), Philippine Bidding Documents (PBDs), and other standard forms shall be mandatory upon all Procuring Entities. However, whenever necessary, to suit the particular needs of the procuring entity, modifications may be made, particularly for major and specialized procurement, subject to the approval of the GPPB. <i>Manual of Procedures for the Procurement of Consulting Services, Volume 4</i> <i>How is limited source bidding conducted?</i> • The following steps are undertaken in procuring through the limited source bidding method: ... 6. The BAC, through the Secretariat, posts for information purposes the Request for Expression of Interest in a. The PhilGEPS; b. the website of the procuring entity and its electronic procurement service provider, if any, and c. any conspicuous place in the premises of the procuring	3. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting. 4. On the first day of posting access the PhilGEPS website, the website of the procuring entity concerned, if available, and website prescribed by the foreign government/ foreign or international financing institution, if applicable. Print the page where the notice was posted (to form part of the audit evidences). 5. Access the websites at random during the 7-day period to verify the postings.	Did the BAC post the Request for Expression of Interest continuously in the: 1. PhilGEPS website for 7 calendar days starting on the date of advertisement? 2. website of the procuring entity concerned, if available, for 7 calendar days starting on the date of advertisement? 3. website prescribed by the foreign government/ foreign or international financing institution, if applicable, for 7 calendar days starting on the date of advertisement?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>entity; for a period of 7 calendar days prior to the opening of the bids.</i>					
<p>4. To verify if the BAC Secretariat post the Request for Expression of Interest in any conspicuous place in the premises of the procuring entity for a period of 7 calendar days prior to the opening of the bids</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 6.2. Once issued by the GPPB, the use of the Generic Procurement Manuals (GPMs), Philippine Bidding Documents (PBDs), and other standard forms shall be mandatory upon all Procuring Entities. However, whenever necessary, to suit the particular needs of the procuring entity, modifications may be made, particularly for major and specialized procurement, subject to the approval of the GPPB. <p><i>Manual of Procedures for the Procurement of Consulting Services, Volume 4</i></p> <p><i>How is limited source bidding conducted?</i></p> <ul style="list-style-type: none"> The following steps are undertaken in procuring through the limited source bidding method: <p>...</p> <p>6. The BAC, through the Secretariat, posts for information purposes the Request for Expression of Interest in a. The PhilGEPS; b. the website of the procuring entity and its electronic procurement service provider, if any, and c. any conspicuous place in the premises of the procuring entity; for a period of 7 calendar days prior to the opening of the bids.</p>	<p>6. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting.</p> <p>7. Conduct ocular inspection on the first day of posting.</p> <p>8. Repeat the ocular inspections (may be at random) during the 7-day period to verify the postings.</p> <p>9. Request for the certification of the head of the BAC Secretariat</p>	Did the BAC post the Request for Expression of Interest continuously at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days, as certified by the head of the BAC Secretariat of the procuring entity?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the:	Analyze the instances of non-compliance to establish the effects and develop	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>				
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			

NOTE:



Since the requirement of regulations is for the Procuring Entity to undertake all other procedures for competitive bidding shall be undertaken, except for the advertisement of Request for Expression of Interest, the audit pertaining to other phases/activities in Limited Source Bidding shall be as indicated in the Audit Guide for Competitive/Public Bidding for Consulting Services.

Audit Criteria:

- *49.4. The BAC of the concerned procuring entity shall directly invite all the consultants appearing in the pre-selected list. All other procedures for competitive bidding shall be undertaken, except for the advertisement of Request for Expression of Interest under Section 21.2.1 of the Revised IRR of RA 9184.*
- *54.1. Splitting of Government Contracts is not allowed. Splitting of Government Contracts means the division or breaking up of GOP contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the requirements of law and this IRR, specially the necessity of public bidding and the requirements for the alternative methods of procurement.*
- *54.4. Except for Limited Source Bidding under Section 49 of this IRR, submission of bid securities may be dispensed with.*
- *54.5. Performance and warranty securities, as prescribed in Sections 39 and 62 of this IRR, shall be submitted for contracts acquired through the alternative methods of procurement, except for Shopping under Section 52 and Negotiated Procurement under Sections 53.2 (emergency cases), 53.9 (small value procurement), 53.10 (lease of real property), and 53.13 (UN agencies).*



On the Procurement Procedures:

**NEGOTIATED PROCUREMENT
OF CONSULTING SERVICES**

AFTER TWO (2) FAILED BIDDINGS



**Procurement Procedures:
NEGOTIATED PROCUREMENT OF CONSULTING SERVICES
AFTER TWO (2) FAILED BIDDINGS**

Negotiated Procurement is a method of procurement for consulting services whereby the procuring entity directly negotiates a contract with a technically, legally, and financially capable consultant in any of the following cases: (1) Two Failed Biddings, (2) Emergency Cases, (3) Take-Over of Contracts, (4) Adjacent or Contiguous, (5) Agency-to-Agency, (6) Highly-Technical Consultants, (7) Small Value Procurement.

Two Failed Biddings – Where there has been failure of public bidding for the second time.

I. PREPARATORY ACTIVITY: REGISTRY OF CONSULTANTS

The Registry of Consultants is to be maintained and constantly updated by the Procuring Entity.

A. AUDIT OBJECTIVE

To determine if the Procuring Entity developed and maintained a Registry of Consultants

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

- Documentation of the System for the Registry of Consultants maintained by the Procuring Entity

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the procuring entity <u>maintained</u> a registry of Consultants as basis for selecting the Consultants for negotiations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 53.1.2.2. All Procuring Entities shall maintain a registry of Consultants as basis for selecting the Consultants for negotiations. 	1. Obtain a copy of the registry of Consultants maintained by the Procuring Entity.	Did the Procuring Entity <u>maintain</u> a registry of Consultants as basis for selecting the Consultants for negotiations?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .				
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliance to establish the cause(s) and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	Prepare the appropriate audit/validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



Negotiated Procurement of Consulting Services After Two (2) Failed Biddings

II. BIDDING DOCUMENTS

Bidding documents are documents issued by the Procuring Entity to provide prospective bidders all the necessary information that they need to prepare their bids.

A. AUDIT OBJECTIVE:

To verify if after the Procuring Entity's conduct of mandatory review due to two (2) failed biddings, the Bidding Documents for the specific procurement **followed the standard forms and manuals** prescribed by the Government Procurement Policy Board (GPPB)

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Document needed for evaluation:

1. The procuring entity's Customized Bidding Documents for Consulting Services;
2. Bidding Documents for the specific procurement.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the procuring entity conducted a mandatory review of the terms, conditions, specifications, and cost estimates on the basis of which the BAC revised and agreed on the: a. minimum technical specifications, b. adjusted the ABC <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 53.1.1. After conduct of the <u>mandatory review</u> of the <u>terms, conditions, specifications, and cost estimates, as prescribed in Section 35 of this IRR, the BAC shall revise and agree on the minimum technical specifications, and if necessary, adjust the ABC, subject to the required approvals. However the ABC cannot be increased by more than twenty percent (20%) of the ABC for the last failed bidding. </u> 	1. From the documentation of the earlier two (2) biddings conducted, look for information on the BAC's declaration that there have been two (2) failed biddings.	Did the BAC declare two (2) failed biddings?			
	2. From the TWG evaluation report with supporting documents and duly reviewed by the BAC, minutes of the meetings of the BAC, and BAC Resolutions, look for evidences of the conduct of the mandatory review of the terms, conditions, specifications and cost estimates by concerned Offices of the Procuring Entity.	Did the Procuring Entity conduct a mandatory review of the terms, conditions, specifications, and cost estimates after two failed biddings?			
	3. From the minutes of the BAC's meetings and BAC Resolutions, look for information on the deliberation, revision and agreement on the minimum technical specifications and	Did the BAC revise and agree on the: a. minimum technical specifications? b. Revised ABC?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
		adjusted ABC; and recommendation to the HOPE for approval.			
		4. From the minutes of the BAC's meetings and BAC Resolutions, look for information on the BAC's evaluation to ensure that the adjustment in the ABC was at a maximum of 20% of the ABC for the second failed bidding.			

ON THE BIDDING DOCUMENTS

<p>1. To verify if the Bidding Documents for the specific procurement include the <u>information</u> and are according to the <u>forms</u> indicated in the <i>Customized Bidding Documents approved by the GPPB or the Philippine Bidding Documents for the Procurement of Consulting Services, 3rd Edition (October 2009)</i> issued by the GPPB and <i>Section 17 of the Implementing Rules and Regulations of RA 9184 as amended on September 2, 2009</i>:</p> <p>c. Approved Budget for the Contract;</p> <p>b. Request for Submission of Price Quotation;</p> <p>c. Eligibility Requirements;</p> <p>d. Instruction to Bidders, including scope of bid, documents comprising the price quotation, criteria for eligibility, price quotation</p>	<p>1. If the procuring entity adopted customized Bidding Documents and the results of the earlier validation of this element showed that these are <u>compliant</u> with the <i>Philippine Bidding Documents for the Procurement of Goods</i> and <i>Section 17.1 of the Implementing Rules and Regulations of RA 9184</i>, secure from the BAC Secretariat duly certified copies of the <u>Bidding Documents for the specific procurement</u> and <u>compare</u> these with the <u>customized Bidding Documents</u> of the procuring entity.</p> <p>If the customized Bidding Documents are <u>not compliant</u>, compare the procurement-specific Bidding Documents with the <i>Philippine Bidding Documents for the Procurement of Consulting Services</i> issued by the GPPB.</p>	<p>Are the Bidding Documents/ Information <u>complete</u>:</p> <p>a. Approved Budget for the Contract?</p> <p>b. Request for Submission of Price Quotation?</p> <p>c. Eligibility Requirements?</p> <p>d. Instruction to Bidders, including</p> <ul style="list-style-type: none"> - scope of bid? - documents comprising the bid? - criteria for eligibility? - bid evaluation methodology/ criteria? - post-qualification methodology? - date of the pre-bid conference, if applicable? - time of the pre-bid 			
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Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
evaluation methodology/criteria in accordance with the Act, and post-qualification, as well as the date, time and place of the pre-bid conference (where applicable), submission of price quotations and opening of price quotations; d.1. including: Following completion of the negotiations, the BAC shall request all suppliers remaining in the proceedings to submit on a specified date, a best and final offer with respect to all aspects of the proposals, and d.2. selection of the successful offer on the basis of such best and final offers meeting the minimum technical requirements and not exceeding the ABC; e. Scope of work, where applicable; f. Form of Price Quotation; h. Completion Schedule; i. Form, Amount, and Validity of Performance Security and Warranty; 1. Form of Contract and General and Special Conditions of Contract; <i>Implementing Rules and Regulations (IRR) of RA 9184, as</i>		conference? - Place of the pre-bid conference? - Deadline for submission of price quotations? - Place of submission of price quotations? - Date of opening of price quotations? - Time of opening of price quotations? - Place of opening of price quotations? - following completion of the negotiations, requesting all suppliers remaining in the proceedings to submit on a specified date, a best and final offer with respect to all aspects of the proposals ? - selection of the successful offer on the basis of such best and final offers meeting the minimum technical requirements and not exceeding the ABC? e. Scope of work? f. Form Price Quotation? g. Completion Schedule? h. Form of Contract and General and Special Conditions of Contract?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 17.1. <i>The Bidding Documents shall be prepared by the procuring entity following the standard forms and manuals prescribed by the GPPB.</i> <ul style="list-style-type: none"> a. <i>Approved Budget for the Contract;</i> b. <i>Request for Submission of Price Quotation;</i> c. <i>Eligibility Requirements;</i> d. <i>Instruction to Bidders, including scope of bid, documents comprising the bid, criteria for eligibility, bid evaluation methodology/criteria in accordance with the Act, and post-qualification, as well as the date, time and place of the pre-bid conference (where applicable), submission of bids and opening of bids;</i> e. <i>Scope of work, where applicable;</i> f. <i>Plans/Drawings and Technical Specifications;</i> g. <i>Form of Bid, Price Form, and List of Goods;</i> h. <i>Completion Schedule;</i> i. <i>Form, Amount, and Validity Period of Bid Security;</i> <p>[REVISED BY the Revised IRR of RA 9184, item 54.4. <i>Except for Limited Source Bidding under Section 49 of this IRR, submission of bid securities may be dispensed with.</i>]</p> <ul style="list-style-type: none"> j. <i>Form, Amount, and Validity of Performance Security and Warranty;</i> <p>[Also per Revised IRR of RA 9184, Section 54.5. <i>Performance and warranty securities, as prescribed in Sections 39 and 62 of this IRR, shall be submitted for contracts acquired through the alternative methods of procurement, except for Shopping under Section 52 and Negotiated Procurement under Sections 53.2 (emergency cases), 53.9 (small value procurement), 53.10 (lease of real property),</i></p>		<p>Are the Bidding Documents in the required <u>form</u>:</p> <ul style="list-style-type: none"> a. Invitation to Bid? b. Instructions to Bidders? c. Bid Data Sheet? d. General Conditions of the Contract? e. Special Conditions of Contract? f. Schedule of Requirements? g. Technical Specifications? h. Bidding Forms? 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper		
		Audit Question	Yes	No
<p><i>and 53.13 (UN agencies).]</i> <i>and</i> <i>k. Form of Contract and General and Special Conditions of Contract.</i></p> <ul style="list-style-type: none"><i>53.1.4. Following completion of the negotiations, the procuring entity shall request all suppliers, contractors, or consultants remaining in the proceedings to submit, on a specified date, a best and final offer with respect to all aspects of their proposals.</i><i>53.1.5. The procuring entity shall select the successful offer on the basis of such best and final offers which should meet the procuring entity's minimum technical requirements and should not exceed the ABC.</i> <p>GPPB Resolution No. 05-2009 dated 30 September 2009:</p> <ul style="list-style-type: none"><i>... all branches, agencies, departments, bureaus, offices and instrumentalities of the Government, including government-owned and/or controlled corporations, government financial institutions, state universities and college, and local government units, are hereby mandated to use the Philippine Bidding Documents Third Edition for all of their procurement activities.</i>				
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT				
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p> <p>c. etc.</p> <p>and develop appropriate</p>	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p>	Appropriate Audit Working Papers		



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .				
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re-Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



Negotiated Procurement of Consulting Services After Two Failed Biddings

III. PRE-PROCUREMENT CONFERENCE

The pre-procurement conference is the forum where all officials involved in the procurement meet and discuss all aspects of a specific procurement activity, which includes the technical specifications, the Approved Budget for the Contract (ABC), the applicability and appropriateness of the recommended method of procurement and the related milestones, the bidding documents, and availability of the pertinent budget release for the project.

A. AUDIT OBJECTIVES:

1. To verify if the Pre-Procurement Conference was conducted **within the required time**;
2. To verify if the **participants** to the Pre-Procurement Conference were as required;
3. To verify if during the Pre-Procurement Conference the participants, led by the Bids and Awards Committee (BAC), performed the required tasks and attained the objectives of the Conference.

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. copy of the approved *Minutes of Pre-Procurement Conference* duly certified by the BAC Secretariat;
2. Request for Submission of Price Quotation;
3. Duly certified copies of the documents (Office Orders, contracts, Organizational/Functional Charts, etc) which the BAC Secretariat used as bases for identifying and notifying the participants to the Pre-Procurement Conference, including duly certified copies of the notices issued with evidence of receipt by the participants.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC conducted the Pre-Procurement Conference prior to the posting or the issuance of the Invitation or Request for Submission of Price Quotation <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 20.1. Prior to the Advertisement or the issuance of the Invitation to Bid for each procurement undertaken through public bidding, the BAC, through its Secretariat shall call for a Pre-Procurement Conference. • 6.2. Once issued by the GPPB, the use of the Generic Procurement Manuals 	1. Secure from the BAC Secretariat a duly certified copy of the <i>Minutes of Pre-Procurement Conference</i> and compare the date the conference was held with the date indicated in the print-out of website pages where the <i>Invitation or Request for Submission of Price Quotation</i> was posted.	Did the BAC conduct the Pre-Procurement Conference prior to the posting or issuance of the <i>Request for Submission of Price Quotation</i> ?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>(GPMs), Philippine Bidding Documents (PBDs), and other standard forms shall be mandatory upon all Procuring Entities. However, whenever necessary, to suit the particular needs of the procuring entity, modifications may be made, particularly for major and specialized procurement, subject to the approval of the GPPB.</i></p> <p>Manual of Procedures for the Procurement of Consulting Services, Vol 4 (June 2006) published by the GPPB:</p> <ul style="list-style-type: none"> How is Negotiated Procurement Conducted? <p>1. It is highly advisable for the BAC to conduct a pre-procurement conference to confirm the existence of the condition required by law for negotiated procurement.</p> <p>...</p>					
<p>2. To verify if the participants to the Pre-Procurement Conference included the BAC, the Secretariat, the unit or officials, including consultants hired by the procuring entity, who prepared the Bidding Documents and the draft Request for Submission of Price Quotation</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 20.1.... The pre-procurement conference shall be attended by the BAC, the Secretariat, the unit or officials, including consultants hired by the procuring entity, who prepared the Bidding Documents and the draft Request for Submission of Price Quotation, for each procurement. 	<p>2. Secure from the BAC Secretariat duly certified copies of the documents (Office Orders, contracts, Organizational/Functional Charts, etc) which it used as bases for identifying and notifying the participants to the Pre-Procurement Conference, including duly certified copies of the notices issued with evidence of receipt by the participants.</p> <p>3. From the <i>Minutes of Pre-Procurement Conference</i> look for the names of the members of the BAC, the members of the Secretariat, the officials and/or consultants who prepared the Bidding Documents and the draft <i>Request for Submission of Price Quotation</i>.</p>	<p>Did the participants to the Pre-Procurement Conference include the:</p> <p>a. BAC?</p> <p>b. Secretariat?</p> <p>c. unit or officials who prepared the Bidding Documents and the draft <i>Request for Submission of Price Quotation</i>?</p> <p>d. consultants hired by the procuring entity, who prepared the Bidding Documents and the draft <i>Request for Submission of Price Quotation</i>?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
3. To verify if during the Pre-Procurement Conference the participants, led by the BAC, performed the following tasks and attained the related objectives: a. Discussed relevant information and <u>confirmed</u> the description of the scope of the contract, the ABC, and contract duration; b. Discussed relevant information and confirmed that the procurement is in accordance with the project procurement management plan (PPMP) and annual procurement plan (APP); c. Discussed relevant information and confirmed readiness of the procurement at hand on the following: c.1. the availability of appropriations and programmed budget for contract; c.2. completeness of the Bidding Documents and their adherence to relevant general procurement guidelines; d. Reviewed, modified and agreed on the criteria for eligibility screening, evaluation, and post-qualification; e. Reviewed and adopted the procurement schedule, including deadlines and timeframes, for the different activities; f. Reiterated and emphasized the importance of confidentiality and the applicable sanctions and penalties, as well as agreed on measures to ensure compliance with the foregoing; g. Confirmed that there was no splitting; and	4. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the scope of the contract, the ABC, and contract duration, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the description of the scope of the contract, that there was no splitting, the ABC, and the contract duration.</u>	Did the participants led by the BAC discuss and confirm the: a. Description of the scope of the contract? b. That there was no splitting? c. ABC? d. Contract duration?			
	5. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the review of the PPMP and APP, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the procurement is in accordance with the PPMP and APP.</u>	Did the participants led by the BAC discuss and confirm that the procurement is in accordance with the PPMP and APP?			
	6. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of information, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation</u> of the readiness of the procurement at hand as to: a. availability of appropriations and programmed budget for the contract,	Did the participants led by the BAC discuss and confirm that the procurement at hand is ready as to: a. availability of appropriations and programmed budget for the contract? b. completeness of the Bidding Documents?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>h. identified the justification for the change in the mode of procurement from public bidding to Negotiated Procurement and agreed on the recommendations to the HOPE.</p> <p><i>Manual of Procedures for the Procurement of Consulting Services Vol 4 published by the GPPB:</i></p> <ul style="list-style-type: none"> • <i>Methodology: How is Negotiated Procurement undertaken?</i> ... • 7. ...The procedures for the conduct of public bidding should be observed. <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • 20.1. ... During the conference, the participants, led by the BAC, shall: <ul style="list-style-type: none"> a) Confirm the description and scope of the contract, the ABC, and contract duration; b) Ensure that the procurement is in accordance with the project and annual procurement plans; c) Determine the readiness of the procurement at hand, including, among other aspects, the following: <ul style="list-style-type: none"> i) availability of appropriations and programmed budget for the contract; ii) completeness of the Bidding Documents and their adherence to relevant general procurement guidelines; iii) ... iv) ... d) Review, modify and agree on the criteria for eligibility screening, evaluation, and post-qualification; e) Review and adopt the procurement schedule, including deadlines and timeframes, for the different activities; and f) Reiterate and emphasize the importance of confidentiality and the applicable sanctions and penalties, as well as agree on measures to ensure compliance with the foregoing. 	b. completeness of the Bidding Documents and their adherence to the Philippine Bidding Documents (PBDs)/ customized Bidding Documents.	c. adherence of the Bidding Documents with the PBDs/ customized Bidding Documents?			
		Did the participants led by the BAC discuss and confirm the justifications for the change in the mode of procurement from public bidding to Negotiated Procurement and agreed on the recommendations to the HOPE?			
	7. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the criteria for eligibility screening, bid evaluation, and post-qualification, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the criteria for eligibility screening, bid evaluation, and post-qualification.</u>	Did the participants led by the BAC discuss and confirm the criteria for: <ul style="list-style-type: none"> a. Eligibility screening? b. Bid evaluation? c. Post-qualification? 			
	8. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the presentation of the procurement schedule, including deadlines and timeframes for the different activities, the no-contact rule, the deliberation thereon, and the conclusions reached as a result of the deliberation; and analyze if they led to the <u>confirmation of the</u>	Did the participants led by the BAC discuss and confirm the adoption of the procurement schedule including deadlines and timeframes for the different activities?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> 7.2. No procurement shall be undertaken unless it is in accordance with the approved APP of the procuring entity. The APP shall bear the approval of the Head of the Procuring Entity or second-ranking official designated by the Head of the Procuring Entity to act on his behalf, and must be consistent with its duly approved yearly budget. 48.2. In accordance with Section 10 of this IRR, as a general rule, the Procuring Entities shall adopt public bidding as the general mode of procurement and shall see to it that the procurement program allows sufficient lead time for such public bidding. Alternative methods shall be resorted to only in the highly exceptional cases provided for in this Rule. 48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE. 54.1. Splitting of Government Contracts is not allowed. Splitting of Government Contracts means the division or breaking up of GOP contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the requirements of law and this IRR, specially the necessity of public bidding and the requirements for the alternative methods of procurement. <p>GPPB Circular 01-2009 dated 20 January 2009:</p> <ul style="list-style-type: none"> ... 4.2. To facilitate the immediate implementation of projects even pending approval of the GAA, the 	<p><u>adoption of the procurement schedule including deadlines and timeframes for the different activities.</u></p>				



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>ABC shall be based on the budget levels under the National Expenditure Program (NEP) submitted to Congress.</i></p> <p>4.3. <i>For specifically appropriated projects, agencies can proceed with the procurement activities prior to issuance of the notice of award using as basis the NEP figures.</i></p> <p>4.4. <i>For lump-sum appropriations and Centrally Managed Items (CMIs) under the agency's budget, the head of the agency shall identify and thereafter notify the implementing units (IUs) of the amount allocated for the projects they are to implement. On the basis of said notification, the heads of the respective IUs, as procuring entities, can proceed with the procurement activities prior to issuance of the notice of award.</i></p> <p>4.5. <i>For Multi-Year Projects (MYPs), for which the initial funding – sourced from either the existing/current year's budget or the NEP – is not sufficient to cover the total cost of the project, it is required that a Multi-Year Obligational Authority (MYOA) must already have been issued in accord with DBM Circular Letter 2004-012 prior to commencement of any procurement activity.</i></p> <p><i>Thus, the MYOA shall be a pre-requisite for procurement of a multi-year contract. All procurement activities should be within the total project cost and categories reflected in the MYOA issued by DBP for the said MYP.</i></p> <p>4.6. <i>As prescribed under Section 47, Chapter 8, Subtitle B, Title I, Book V of the Administrative Code of 1987, no contract involving the expenditure of public funds shall be entered into unless the proper accounting official of the procuring entity shall have certified as to the availability of funds and the allotment to which the expenditure or obligation may be properly charged.</i></p> <p>• Definition:</p>					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>3.1. Allotment - document issued by the Department of Budget and Management (DBM) which authorizes an agency to incur obligations for a specified amount as contained in a legislated appropriation. The allotment issued may either be through the Agency Budget Matrix (ABM) which covers the comprehensive release of specifically appropriated items in the agency's budget or through the Special Allotment Release Order (SARO).</p> <p>3.2. Annual Procurement Plan (APP) – the requisite document that the agency must prepare to reflect the entire procurement activity (i.e., goods, services, civil works to be procured) that it plans to undertake within the calendar year. This document contains the following information:</p> <p>3.2.1. Name of the procurement program/project;</p> <p>3.2.2. Project management office or end-user unit;</p> <p>3.2.3. General description of the procurement;</p> <p>3.2.4. Procurement method to be adopted;</p> <p>3.2.5. Time schedule for each procurement activity;</p> <p>3.2.6. Source of fund; and</p> <p>3.2.7. Approved Budget for the Contract.</p> <p>3.3. Approved Budget for the Contract (ABC) – refers to the following: <u>NGs including SUCs (referred to in Section 2.1)</u></p> <p>3.3.1. For specifically appropriated items as reflected in the annual budget of the national government agency, the amount corresponding to either the full cost of a single year or multi-year program/project/ activity. For multi-year projects, for which a Multi-Year Obligational Authority has been issued, the ABC shall be the amount reflected in the Multi-Year Obligational Authority. <u>GOCCs and LGUs (referred to in Section 2.2)</u></p>					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>3.3.3. In the case of GOCCs, including government financial institutions as well as LGUs, the ABC represents the amount of fund transfers which they receive from a national government agency to implement a program/project/activity.</p> <p>3.5. Lump-Sum Appropriations and Centrally Management Items (CMIs) – those item in the budget of agencies for which the Implementing Units and the specific amounts allocated for each have not been identified in the National Expenditure Program (NEP) or the General Appropriations Act (GAA).</p> <p>3.8. Multi-Year Obligational Authority (MYOA) – a document issued by the DBM either for locally funded projects or foreign assisted projects implemented by agencies in order to authorize the latter to enter into multi-year contracts for the full project cost. A MYOA, which contains an annual breakdown of the full project cost, obligates agencies to include in their budget proposal for the ensuring years the amount programmed for the said year(s).</p> <p>3.9. National Expenditure Program (NEP) – the proposed national budget submitted by the President to Congress in accord with Section 22, Article VII of the Constitution. The NEP shall be the basis of the general appropriations bill, which upon its enactment, becomes the General Appropriations Act (GAA).</p>					
	9. From the <i>Minutes of Pre-Procurement Conference</i> look for information on the reiteration and emphasis of the importance of confidentiality and the applicable sanctions and penalties, as well as the agreement on measures to ensure compliance.	Did the participants led by the BAC reiterate and emphasize the importance of confidentiality and the applicable sanctions and penalties, as well as the agreement on measures to ensure compliance?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the:	Analyze the instances of non-compliance to establish the effects and develop appropriate audit	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>				
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			



Negotiated Procurement of Consulting Services After Two Failed Biddings

IV. APPROVAL OF THE ALTERNATIVE METHOD

A. AUDIT OBJECTIVE:

To verify if the adoption of the Alternative Method: Negotiated Procurement (Two-Failed Biddings) was in accordance with the rules and regulations

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. copy of the approved *Minutes of Pre-Procurement Conference* duly certified by the BAC Secretariat;
2. BAC Resolution recommending negotiated procurement, duly approved by the HOPE.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>1. To verify if through a Resolution the BAC presented two (2) failed biddings as the justification for the negotiated procurement recommended to the HOPE for approval</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> • 35.5. <i>Should there occur a second failure of bidding, the procuring entity may resort to negotiated procurement, as provided for in Section 53.1 of this IRR.</i> • 53.1. Two Failed Biddings. <i>Where there has been failure of public bidding for the second time as provided in Section 35 of the Act and this IRR.</i> • 53.1.1. <i>After conduct of the mandatory review of the terms, conditions, specifications, and cost estimates, as prescribed in Section 35 of this IRR, the BAC <u>shall revise and agree on the minimum technical specifications, and if necessary, adjust the ABC, subject to the required approvals.</u> However the ABC <u>cannot be increased by more than twenty percent (20%) of the ABC for the last failed bidding.</u></i> • 48.3. <i>The method of procurement to</i> 	<p>1. From the BAC Resolution, look for information on the BAC's justification and recommendation for the change in the mode of procurement to the HOPE for approval.</p>	<p>Did the BAC through a Resolution presented two (2) failed biddings as the justification for the negotiated procurement recommended to the HOPE for approval?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>(IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	of this <i>Audit Guide</i> .				
<p>2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations</p>	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
<p>3. To communicate the results of the audit with the auditee's Management</p> <ul style="list-style-type: none"> <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



V. SELECTION OF CONSULTANTS AND REQUEST FOR SUBMISSION OF PRICE QUOTATIONS

To verify if the adoption of the Alternative Method: Negotiated Procurement (Two-Failed Biddings) was in accordance with the rules and regulations

Documents needed for evaluation:

1. BAC Resolution recommending negotiated procurement, duly approved by the HOPE;
2. Minutes of the BAC's meetings on the selection and invitation of consultants;
3. List of selected consultants to be invited;
4. Copies of invitation letters.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC used the Procuring Entity's registry of Consultants as basis for selecting the consultants to be invited for the negotiations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 53.1.2. The BAC shall invite and engage in negotiations with a sufficient number of consultants to ensure effective competition. 53.1.2.1. ... 53.1.2.2. All Procuring Entities shall maintain a registry of consultants as basis for selecting the consultants for negotiations. 	1. From the Minutes of the BAC meetings, TWG evaluation reports supported with copies of the Procuring Entity's Registry of consultants, look for information on the basis of identification of the consultants to be invited for the negotiations and the list of identified consultants based on the agreed-upon basis.	<p>Did the BAC use the Procuring Entity's registry of consultants who have been classified under the type of contract/project where the subject contract falls, as one of the bases for selecting the consultants to be invited for the negotiations?</p> <p>Did the BAC arrive at a list of consultants to be invited as agreed during the meetings conducted for the purpose?</p>			
2. To verify if the BAC invited all consultants identified from the Registry (ies) and other bases adopted by the BAC for the purpose <i>Implementing Rules and Regulations</i>	2. Compare the names of the consultants to whom invitations have been sent by the BAC (with evidence of receipt) with the list of selected consultants.	Did the BAC invite and engage in negotiations with a sufficient number of consultants?			

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>(IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 53.1.2. The BAC shall invite and engage in <u>negotiations with a sufficient number of consultants to ensure effective competition.</u> 53.1.2.1. ... 53.1.2.2. All Procuring Entities shall maintain a registry of consultants as basis for selecting the consultants for negotiations. 					
<p>3. To verify if the BAC posted the Request for Submission of Price Quotations continuously in the PhilGEPS website and the website of the procuring entity concerned, if available, for 7 calendar days starting on the date of posting</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 54.2. For alternative methods of procurement, advertisement and posting as prescribed in Section 21.2.1 of this IRR may be dispensed with: <i>Provided, however, That the BAC, through its Secretariat, shall post the invitation or request for submission of price quotations for Shopping under Sections 52.1(b) and Negotiated Procurement under Sections 53.1 (two-failed biddings) and 53.9 (small value procurement) of this IRR in the PhilGEPS website, the website of the procuring entity concerned, if available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity for a period of seven (7) calendar days.</i> 	<p>3. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting.</p> <p>4. On the first day of posting access the PhilGEPS website, the website of the procuring entity concerned, if available. Print the page where the notice was posted (to form part of the audit evidences).</p> <p>5. Access the websites at random during the 7-day period to verify the postings.</p> <p>OR</p> <p>From the printouts of the web pages indicating the dates of printing, obtained from and duly certified by the BAC Secretariat as true and correct, compare these dates with the required dates of posting.</p>	<p>Did the BAC post the <i>Request for Submission of Price Quotations</i> continuously in the:</p> <p>1. PhilGEPS website for 7 calendar days starting on the date of advertisement?</p> <p>2. website of the procuring entity concerned, if available, for 7 calendar days starting on the date of advertisement?</p>			
<p>4. To verify if the BAC posted the Request for Submission of Price Quotation continuously at any conspicuous place reserved for the purpose in the premises of the procuring entity for 7 calendar days, as certified by the head of the</p>	<p>6. Ahead of any procurement, request the BAC Secretariat for advance information on the first day of any posting.</p> <p>7. Conduct ocular</p>	<p>Did the BAC post the <i>Invitation to Bid</i>:</p> <p>1. continuously for seven (7) calendar days?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
BAC Secretariat of the procuring entity <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 54.2. For alternative methods of procurement, advertisement and posting as prescribed in Section 21.2.1 of this IRR may be dispensed with: Provided, however, That the BAC, through its Secretariat, shall post the invitation or request for submission of price quotations for Shopping under Sections 52.1(b) and Negotiated Procurement under Sections 53.1 (two-failed biddings) and 53.9 (small value procurement) of this IRR in the <u>PhilGEPS website</u>, the <u>website of the procuring entity concerned</u>, if available, and at any <u>conspicuous place</u> reserved for this purpose in the premises of the procuring entity for a <u>period of seven (7) calendar days</u>. 	inspection on the first day of posting. 8. Repeat the ocular inspections (may be at random) during the 7-day period to verify the postings. 9. Request for the certification of the head of the BAC Secretariat.	2. at the conspicuous place reserved for the purpose in the premises of the procuring entity? 3. as certified by the head of the BAC Secretariat of the procuring entity?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: <ol style="list-style-type: none"> validity of the procurement activities and outputs including the validity of the resulting contract; validity of any payment to be made on the basis of the contract; etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing. 	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			

NOTES:

1. Based on the following requirement of the *Manual of Procedures for the Procurement of Consulting Services Vol 4* published by the GPPB:

- *How is Negotiated Procurement undertaken?*

...

7. ...*The procedures for the conduct of public bidding should be observed.*

for the rest of the procurement procedures up to the award of the contract, the *Audit Guide on the Procedures: Competitive/Public Bidding* are to be observed with particular attention given to compliance by the BAC of the following provisions of the Revised IRR of RA 9184 during bid evaluation up to award:

- 53.1.4. *Following completion of the negotiations, the procuring entity shall request all suppliers, contractors, or consultants remaining in the proceedings to submit, on a specified date, a best and final offer with respect to all aspects of their proposals.*
- 53.1.5. *The procuring entity shall select the successful offer on the basis of such best and final offers which should meet the procuring entity's minimum technical requirements and should not exceed the ABC.*

and to the following provision of the Revised IRR of RA 9184:

- 53.1.6. *In all stages of the negotiations, observers shall be invited*



2. Other relevant criteria

Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:

- *53.1.3. Any requirements, guidelines, documents, clarifications, or other information relative to the negotiations that are communicated by the procuring entity to a supplier, contractor, or consultant shall be communicated on an equal basis to all other suppliers, contractors, or consultants engaging in negotiations with the procuring entity relative to the procurement.*
- *54.1. Splitting of Government Contracts is not allowed. Splitting of Government Contracts means the division or breaking up of GOP contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the requirements of law and this IRR, specially the necessity of public bidding and the requirements for the alternative methods of procurement.*
- *54.4. Except for Limited Source Bidding under Section 49 of this IRR, submission of bid securities may be dispensed with.*
- *54.5. Performance and warranty securities, as prescribed in Sections 39 and 62 of this IRR, shall be submitted for contracts acquired through the alternative methods of procurement, except for Shopping under Section 52 and Negotiated Procurement under Sections 53.2 (emergency cases), 53.9 (small value procurement), 53.10 (lease of real property), and 53.13 (UN agencies).*



On the Procurement Procedures:

**NEGOTIATED PROCUREMENT
OF CONSULTING SERVICES**

EMERGENCY CASES



**Procurement Procedures:
NEGOTIATED PROCUREMENT OF CONSULTING SERVICES
EMERGENCY CASES**

Negotiated Procurement is a method of procurement for consulting services whereby the procuring entity directly negotiates a contract with a technically, legally, and financially capable consultant in any of the following cases: (1) Two Failed Biddings, (2) Emergency Cases, (3) Take-Over of Contracts, (4) Adjacent or Contiguous, (5) Agency-to-Agency, (6) Highly-Technical Consultants, (7) Small Value Procurement.

Emergency Cases - In case of imminent danger to life or property during a state of calamity, or when time is of the essence arising from natural or man-made calamities or other causes where immediate action is necessary to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities.

I. APPROVAL OF THE ALTERNATIVE METHOD

A. AUDIT OBJECTIVE:

To verify if the adoption of the Alternative Method: Negotiated Procurement in Emergency Cases was in accordance with the rules and regulations

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. copy of the approved *Minutes of Pre-Procurement Conference* duly certified by the BAC Secretariat;
2. BAC Resolution recommending negotiated procurement, duly approved by the HOPE;

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC validated the existence of an emergency as follows: a. imminent danger to life or property during a state of calamity, or b. time is of the essence arising from natural or man-made calamities or other causes where immediate action is necessary to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i>	1. From the BAC Resolution, look for information on the BAC's validation of an emergency as follows: a. imminent danger to life or property during a state of calamity, or b. time is of the essence arising from natural or man-made calamities or other causes where immediate action is necessary to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities	Did the BAC validation of an emergency as follows: a. imminent danger to life or property during a state of calamity? or b. time is of the essence arising from natural or man-made calamities or other causes where immediate action is necessary to prevent damage to			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> 53.2. Emergency Cases - In case of imminent danger to life or property during a state of calamity, or when time is of the essence arising from natural or man-made calamities or other causes where immediate action is necessary to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities. 		or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities?			
<p>2. To verify if the BAC validated the justification for adoption of the alternative method of procurement: Negotiated Procurement and through a Resolution recommended said method to the HOPE for approval</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 48.1. Subject to the <u>prior approval of the Head of the Procuring Entity</u>, and whenever justified by the conditions provided in this Act, the procuring entity may, in order to promote economy and efficiency, resort to any of the alternative methods of procurement provided in this Rule. In all instances, the procuring entity shall ensure that the most advantageous price for the Government is obtained. ... 48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE. 	<p>2. From the BAC Resolution, look for information on the BAC's validation of the justification for adoption of the alternative method of procurement: Negotiated Procurement and recommended said method to the HOPE for approval.</p>	Did the BAC validate the justification for adoption of the alternative method of procurement: Negotiated Procurement and recommended said method to the HOPE for approval?			
<p>3. To verify if the HOPE approved the alternative method of procurement: Negotiated Procurement</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p>	<p>3. From the BAC Resolution recommending the negotiated procurement as an alternative method, look for the approval of the HOPE.</p>	Did the HOPE approve <i>Negotiated Procurement</i> as the method of procurement?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<ul style="list-style-type: none"> 48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE. 					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing. 	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliance to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	PENALTIES portion of this <i>Audit Guide</i> .				
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			

NOTES:

1. Based on the following requirement of the *Manual of Procedures for the Procurement of Consulting Services Vol. 4 (June 2006)* published by the GPPB:

- *How is Negotiated Procurement conducted?*
...
7. ...*The procedures for the conduct of public bidding should be observed.*

for the rest of the procurement procedures up to the award of the contract, the Audit Guide on the Procedures: Competitive/Public Bidding are to be observed.

2. Other relevant criteria

Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:

- *54.1. Splitting of Government Contracts is not allowed. Splitting of Government Contracts means the division or breaking up of GOP contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the requirements of law and this IRR, specially the necessity of public bidding and the requirements for the alternative methods of procurement.*
- *54.4. Except for Limited Source Bidding under Section 49 of this IRR, submission of bid securities may be dispensed with.*
- *54.5. Performance and warranty securities, as prescribed in Sections 39 and 62 of this IRR, shall be submitted for contracts acquired through the alternative methods of procurement, except for Shopping under Section 52 and Negotiated Procurement under Sections 53.2 (emergency cases), 53.9 (small value procurement), 53.10 (lease of real property), and 53.13 (UN agencies).*



On the Procurement Procedures:

**NEGOTIATED PROCUREMENT
OF CONSULTING SERVICES**

TAKE-OVER OF CONTRACTS



Procurement Procedures: NEGOTIATED PROCUREMENT OF CONSULTING SERVICES TAKE-OVER OF CONTRACTS

Negotiated Procurement is a method of procurement for consulting services whereby the procuring entity directly negotiates a contract with a technically, legally, and financially capable consultant in any of the following cases: (1) Two Failed Biddings, (2) Emergency Cases, (3) Take-Over of Contracts, (4) Adjacent or Contiguous, (5) Agency-to-Agency, (6) Highly-Technical Consultants, (7) Small Value Procurement.

Take-over of contracts, which have been rescinded or terminated for causes provided for in the contract and existing laws, where immediate action is necessary to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities.

I. PREPARATORY ACTIVITY: REGISTRY OF CONSULTANTS

The Registry of Consultants is to be maintained updated by the Procuring Entity.

A. AUDIT OBJECTIVE

To determine if the Procuring Entity developed and maintained a Registry of Consultants

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

- Documentation on the System of the Registry of Consultants maintained by the Procuring Entity

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the procuring entity <u>maintained</u> a registry of Consultants as basis for selecting the contractors for negotiations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 53.1.2.2. All Procuring Entities shall maintain a registry of Consultants as basis for selecting the contractors for negotiations. 	1. Obtain a copy of the registry of Consultants maintained by the Procuring Entity.	Did the Procuring Entity <u>maintain</u> a registry of Consultants as basis for selecting the Consultants for negotiations?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the:	Analyze the instances of non-compliance to establish the effects and develop appropriate audit	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>				
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			



Negotiated Procurement of Consulting Services Take-Over of Contracts

II. APPROVAL OF THE ALTERNATIVE METHOD

A. AUDIT OBJECTIVE:

To verify if the adoption of the Alternative Method: Negotiated Procurement (Take-Over) was in accordance with the rules and regulations

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. copy of the approved minutes of BAC meetings duly certified by the BAC Secretariat;
2. BAC Resolution recommending negotiated procurement, duly approved by the HOPE

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC validated: a. that the contract for the project has been terminated or rescinded; and b. there is a need for immediate action to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 53.3. Take-over of contracts, which have been rescinded or terminated for causes provided for in the contract and existing laws, where immediate action is necessary to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities. 	1. From the minutes of BAC meetings look for information on the BAC's validation: a. that the contract for the project has been terminated or rescinded; and b. there is a need for immediate action to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities.	Did the BAC validate: a. that the contract for the project has been terminated or rescinded? And b. there is a need for immediate action to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities?			
2. To verify if the BAC validated the justification for adoption of the alternative method of procurement: Negotiated Procurement (Take-Over) and through a Resolution recommended said method to the HOPE for approval <i>Implementing Rules and Regulations</i>	2. From the BAC Resolution, look for information on the BAC's validation of the justification for adoption of the alternative method of procurement: Negotiated Procurement (Take-Over) and recommended said method to the HOPE for approval.	Did the BAC validate the justification for adoption of the alternative method of procurement: Negotiated Procurement (Take-Over) and recommend said method to the HOPE for approval?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>(IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 48.1. Subject to the <u>prior approval of the Head of the Procuring Entity</u>, and whenever justified by the conditions provided in this Act, the procuring entity may, in order to promote economy and efficiency, resort to any of the alternative methods of procurement provided in this Rule. In all instances, the procuring entity shall ensure that the most advantageous price for the Government is obtained. ... 48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE. 					
<p>3. To verify if the HOPE approved the alternative method of procurement: Negotiated Procurement (Take-Over)</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE. 53.3.3. Authority to negotiate contracts for projects under these exceptional cases shall be subject to prior approval by the Heads of the Procuring Entities concerned, within their respective limits of approving authority. 	<p>3. From the BAC Resolution recommending the negotiated procurement as an alternative method, look for the approval of the HOPE.</p>	<p>Did the HOPE approve <i>Negotiated Procurement</i> as the method of procurement?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"><i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"><i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



Negotiated Procurement of Consulting Services Take-Over of Contracts

III. NEGOTIATION

A. AUDIT OBJECTIVE:

To verify if the negotiation conducted were as required

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. BAC Resolution recommending negotiated procurement, duly approved by the HOPE;
2. Documentation preliminary to inviting the second HRB for negotiation, including the invitation;
3. Minutes of the BAC's meetings on the negotiations;
4. Minutes of the BAC's meetings on the selection of the BAC Observers;
5. Invitation letters for the BAC Observers, duly received by them;
6. Reports of the BAC Observers.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
NEGOTIATION WITH THE SECOND HRB FOR THE PROJECT					
1. To verify if the BAC negotiated the contract starting with the bidder with the second highest rated bid for the project under consideration at the bidder's original bid price <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • 53.3. ... • 53.3.1. <i>The contract may be negotiated starting with the second highest rated bidder for the project under consideration at the bidder's original bid price.</i> • 53.3.2. ... • 53.3.3. <i>Authority to negotiate contracts for projects under these exceptional cases shall be subject to prior approval by the Heads of the Procuring Entities concerned, within their respective limits of approving authority.</i>	<p>1. From the Minutes of the BAC meetings, TWG evaluation reports with supporting documents duly reviewed by the BAC, look for information on the BAC's negotiations.</p> <p><u>NOTES:</u></p> <p>If negotiation prospered, proceed to Post-qualification then Award using the Audit Guide for Competitive/ Public Bidding for Consulting Services.</p> <p>If negotiation failed, proceed to the next audit Sub-objective.</p>	Did the BAC negotiate the contract starting with the second highest rated bid at the bidder's original price?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
WHEN NEGOTIATION WITH THE SECOND HRB FOR THE PROJECT FAILED					
1. When the negotiation with the second HRB failed, to verify if the BAC negotiated the contract with the bidder with the third highest rated bid for the project under consideration at the bidder's original bid price <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none">53.3. ...53.3.1. The contract may be negotiated starting with the second highest rated bidder for the project under consideration at the bidder's original bid price.53.3.2. If negotiation fails, then negotiation shall be done with <u>the third highest rated bidder at his original price.</u>53.3.3. Authority to negotiate contracts for projects under these exceptional cases shall be subject to prior approval by the Heads of the Procuring Entities concerned, within their respective limits of approving authority.	1. From the Minutes of the BAC meetings, TWG evaluation reports with supporting documents duly reviewed by the BAC, look for information on the BAC's negotiations. NOTES: If negotiation prospered, proceed to Post-qualification then Award using the Audit Guide for Competitive/ Public Bidding for Consulting Services. If negotiation failed, proceed to the next audit Sub-objective.	When the negotiation with the second HRB failed, did the BAC negotiate the contract with the third highest rated bid at the bidder's original price?			
WHEN NEGOTIATION WITH THE THIRD HRB FOR THE PROJECT FAILED					
1. To verify if the BAC used the Procuring Entity's registry of consultants under the type of contract/project where the subject contract falls as basis for preparing the shortlist of consultants to be invited for the negotiations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none">53.3. ...53.3.1. ...53.3.2. If negotiation fails, then negotiation shall be done with the third highest rated bidder at	1. From the Minutes of the BAC meetings, TWG evaluation reports supported with copies of the Procuring Entity's Registry of Consultants, look for information on the basis of identification of the consultants to be invited for the negotiations and the shortlist of identified consultants.	Did the BAC use the Procuring Entity's registry of consultants who have been classified under the type of contract/project where the subject contract falls, as one of the bases for selecting the consultants to be invited for the negotiations?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>his original price. If the <u>negotiation fails again, a short list of at least three (3) eligible contractors shall be invited to submit their bids, and negotiation shall be made starting with the highest rated bidder.</u></i></p> <ul style="list-style-type: none"> 53.1.2.2. All Procuring Entities shall maintain a registry of contractors as basis for selecting the consultants for negotiations. 		Did the BAC arrive at the shortlist of consultants to be invited using the criteria and procedures as agreed during the meetings conducted for the purpose?			
<p>2. To verify if the BAC invited the shortlisted consultants to submit their bids</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 53.3.2. If negotiation fails, then negotiation shall be done with the third lowest calculated/ highest rated bidder at his original price. If the <u>negotiation fails again, a short list of at least three (3) eligible contractors shall be invited to submit their bids, and negotiation shall be made starting with the highest rated bidder.</u> 	2. Compare the names of the consultants to whom invitations have been sent by the BAC (with evidence of receipt) with the consultants in the shortlist.	Did the BAC invite the shortlisted consultants to submit their bids?			
<p>3. To verify if the BAC negotiated starting with the bidder with the highest rated bid (HRB)</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 53.3.2. If negotiation fails, then negotiation shall be done with the third lowest calculated/ highest rated bidder at his original price. If the negotiation fails again, a short list of at least three (3) eligible contractors shall be invited to submit their bids, and <u>negotiation shall be made starting with the highest rated bidder.</u> 	<p>NOTE: Proceed to the Audit Guide on <i>Bid Evaluation and onwards under Competitive/Public Bidding for Consulting Services.</i></p> <p>QUESTION: What will happen if after negotiation which prospered, the bidder was post-disqualified?</p>	Did the BAC negotiate starting with the bidder with the highest rated bid?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the:	Analyze the instances of non-compliance to establish the effects and develop appropriate audit	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>				
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			



NOTES:

1. Based on the following requirement of the *Manual of Procedures for the Procurement of Consulting Services Vol. 4* (June 2006) published by the GPPB:

- *How is Negotiated Procurement conducted?*

...

7. *The procedures for the conduct of public bidding should be observed.*

for the rest of the procurement procedures up to the award of the contract, the Audit Guide on the *Procedures: Competitive/Public Bidding* are to be observed.

2. Other relevant criteria

Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:

- *53.1.3. Any requirements, guidelines, documents, clarifications, or other information relative to the negotiations that are communicated by the procuring entity to a supplier, contractor, or consultant shall be communicated on an equal basis to all other suppliers, contractors, or consultants engaging in negotiations with the procuring entity relative to the procurement.*
- *53.1.6. In all stages of the negotiations, observers shall be invited.*
- *54.1. Splitting of Government Contracts is not allowed. Splitting of Government Contracts means the division or breaking up of GOP contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the requirements of law and this IRR, specially the necessity of public bidding and the requirements for the alternative methods of procurement.*
- *54.4. Except for Limited Source Bidding under Section 49 of this IRR, submission of bid securities may be dispensed with.*
- *54.5. Performance and warranty securities, as prescribed in Sections 39 and 62 of this IRR, shall be submitted for contracts acquired through the alternative methods of procurement, except for Shopping under Section 52 and Negotiated Procurement under Sections 53.2 emergency cases), 53.9 (small value procurement), 53.10 (lease of real property), and 53.13 (UN agencies).*



On the Procurement Procedures:

**NEGOTIATED PROCUREMENT
OF CONSULTING SERVICES**

ADJACENT OR CONTIGUOUS



Procurement Procedures: NEGOTIATED PROCUREMENT OF CONSULTING SERVICES ADJACENT OR CONTIGUOUS

Negotiated Procurement is a method of procurement for consulting services whereby the procuring entity directly negotiates a contract with a technically, legally, and financially capable consultant in any of the following cases: (1) Two Failed Biddings, (2) Emergency Cases, (3) Take-Over of Contracts, (4) Adjacent or Contiguous, (5) Agency-to-Agency, (6) Highly-Technical Consultants, (7) Small Value Procurement.

Adjacent or Contiguous - Where the subject contract is adjacent or contiguous to an on-going Consulting Service where the consultants have unique experience and expertise to deliver the required service.

I. APPROVAL OF THE ALTERNATIVE METHOD

A. AUDIT OBJECTIVE:

To verify if the adoption of the Alternative Method: Negotiated Procurement (Adjacent or Contiguous) was in accordance with rules and regulations

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. copy of the approved minutes of BAC meetings duly certified by the BAC Secretariat;
2. BAC Resolution recommending negotiated procurement, duly approved by the HOPE.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC validated that: a. the project is adjacent or contiguous to an on-going Consulting Service; b. that the original contract is the result of a Competitive Bidding; c. the subject contract to be negotiated has similar or related scopes of work; d. it is within the contracting capacity of the consultant; e. the consultant uses the same prices or lower prices as in the original contract; f. the amount involved does not exceed the amount of the ongoing project;	1. From the minutes of BAC meetings look for information on the BAC's validation that: a. adjacent or contiguous to an on-going project; b. that the original contract is the result of a Competitive Bidding; c. the subject contract to be negotiated has similar or related scopes of work; d. it is within the contracting capacity of the consultant;	Did the BAC validate that: a. the project is adjacent or contiguous to an on-going Consulting Service? b. that the original contract is the result of a Competitive Bidding? c. the subject contract to be negotiated has similar or related scopes of work;?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>g. the consultant has no negative slippage/delay; h. the negotiations for the procurement are commenced before the expiry of the original contract.</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 53.4. <i>Adjacent or Contiguous. Where the subject contract is adjacent or contiguous to an on-going Infrastructure Project or Consulting Service where the consultants have unique experience and expertise to deliver the required service: Provided, however, That (a) the original contract is the result of a Competitive Bidding; (b) the subject contract to be negotiated has similar or related scopes of work; (c) it is within the contracting capacity of the consultant; (d) the consultant uses the same prices or lower unit prices as in the original contract less mobilization cost; (e) the amount involved does not exceed the amount of the ongoing project; and (f) the consultant has no negative slippage/delay: Provided, further, That negotiations for the procurement are commenced before the expiry of the original contract.</i> 	<p>e. the consultant uses the same prices or lower unit prices as in the original contract less mobilization cost;</p> <p>f. the amount involved does not exceed the amount of the ongoing project;</p> <p>g. the consultant has no negative slippage/delay,</p> <p>h. the negotiations for the procurement are commenced before the expiry of the original contract.</p>	<p>d. it is within the contracting capacity of the consultant?</p> <p>e. the consultant uses the same prices or lower prices as in the original contract?</p> <p>f. the amount involved does not exceed the amount of the ongoing project?</p> <p>g. the consultant has no negative slippage/delay?</p> <p>h. the negotiations for the procurement are commenced before the expiry of the original contract?</p>			
<p>2. To verify if the BAC:</p> <p>a. validated the justifications for adoption of the alternative method of procurement: Negotiated Procurement (Adjacent or Contiguous) and b. through a Resolution recommended said method to the HOPE for approval</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 48.1. <i>Subject to the prior approval of the Head of the Procuring Entity, and whenever justified by the conditions provided in this Act, the procuring entity may, in order to promote economy and efficiency, resort to any</i> 	<p>2. From the BAC Resolution, look for information on the BAC's validation of the justification for adoption of the alternative method of procurement: Negotiated Procurement (Adjacent or Contiguous) and recommended said method to the HOPE for approval.</p>	<p>Did the BAC:</p> <p>a. validate the justification for adoption of the alternative method of procurement: Negotiated Procurement (Adjacent or Contiguous)?</p> <p>AND</p> <p>b. recommend said method to the HOPE for approval?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>of the alternative methods of procurement provided in this Rule. In all instances, the procuring entity shall ensure that the most advantageous price for the Government is obtained.</i></p> <ul style="list-style-type: none"> ... 48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE. 					
<p>3. To verify if the HOPE approved the alternative method of procurement: Negotiated Procurement (Adjacent or Contiguous)</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 48.3. The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE. 53.3.3. Authority to negotiate contracts for projects under these exceptional cases shall be subject to prior approval by the Heads of the Procuring Entities concerned, within their respective limits of approving authority. 	<p>3. From the BAC Resolution recommending the negotiated procurement as an alternative method, look for the approval of the HOPE.</p>	<p>Did the HOPE approve <i>Negotiated Procurement</i> (Adjacent or Contiguous) as the method of procurement?</p>			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the</p>	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>				
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	<p>Analyze the instances of non-compliance to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	<p>Prepare the appropriate audit/validation document reflecting the results of the audit/validation and transmit to Management</p>	Audit Observation Memorandum (AOM), if applicable			



Negotiated Procurement of Consulting Services
Adjacent or Contiguous
II. NEGOTIATION

A. AUDIT OBJECTIVE:

To verify if the negotiations conducted were as required

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. BAC Resolution recommending negotiated procurement, duly approved by the HOPE;
2. Documentation preliminary to inviting the consultant with the on-going adjacent or contiguous project for negotiation, including the invitation;
3. Minutes of the BAC's meetings on the negotiations;
4. Minutes of the BAC's meetings on the selection of the BAC Observers;
5. Invitation letters for the BAC Observers, duly received by them;
6. Reports of the BAC Observers.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC negotiated the contract with the consultant of the on-going adjacent or contiguous project identified during the evaluation/deliberations and as approved by the HOPE <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 53.4. <i>Adjacent or Contiguous.</i> Where the subject contract is adjacent or contiguous to an on-going Infrastructure Project or Consulting Service where the consultants have unique experience and expertise to deliver the required service: Provided, however, That (a) the original contract is the result of a Competitive Bidding; (b) the subject contract to be negotiated has similar or related scopes of work; (c) it is within the contracting capacity of the consultant; (d) the consultant uses the same prices or lower unit prices as in the original contract less mobilization cost; (e) the amount involved does not exceed the amount of the ongoing project; and (f) the consultant has no negative slippage/delay: Provided, further, That negotiations for the procurement are commenced before the expiry of the original contract. 	1. From the Minutes of the BAC meetings, TWG evaluation reports with supporting documents duly reviewed by the BAC, look for information on the BAC's negotiations. NOTES: If negotiations prospered, proceed to Award using the Audit Guide for Competitive/ Public Bidding for Consulting Services. If negotiations failed, the project is to be subjected to competitive/public bidding. For the audit, adopt the Audit Guide for the Procurement of Consulting Services by Competitive/Public Bidding.	Did the BAC negotiate the contract with the consultant of the on-going adjacent or contiguous project identified during the evaluation/deliberations and as approved by the HOPE?			



NOTES:

1. Based on the following requirement of the *Manual of Procedures for the Procurement of Consulting Services Vol. 4* (June 2006) published by the GPPB:

- *How is Negotiated Procurement conducted?*

7. ...The procedures for the conduct of public bidding should be observed.

for the rest of the procurement procedures, the Audit Guide on the *Procedures: Competitive/Public Bidding* are to be observed.

2. Other relevant criteria

Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:

- *53.1.6. In all stages of the negotiations, observers shall be invited.*
- *54.1. Splitting of Government Contracts is not allowed. Splitting of Government Contracts means the division or breaking up of GOP contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the requirements of law and this IRR, specially the necessity of public bidding and the requirements for the alternative methods of procurement.*
- *54.4. Except for Limited Source Bidding under Section 49 of this IRR, submission of bid securities may be dispensed with.*
- *54.5. Performance and warranty securities, as prescribed in Sections 39 and 62 of this IRR, shall be submitted for contracts acquired through the alternative methods of procurement, except for Shopping under Section 52 and Negotiated Procurement under Sections 53.2 emergency cases), 53.9 (small value procurement), 53.10 (lease of real property), and 53.13 (UN agencies).*



On the Procurement Procedures:

**NEGOTIATED PROCUREMENT
OF CONSULTING SERVICES**

AGENCY-TO-AGENCY



**Procurement Procedures:
NEGOTIATED PROCUREMENT OF CONSULTING SERVICES
AGENCY-TO-AGENCY**

Negotiated Procurement is a method of procurement for consulting services whereby the procuring entity directly negotiates a contract with a technically, legally, and financially capable consultant in any of the following cases: (1) Two Failed Biddings, (2) Emergency Cases, (3) Take-Over of Contracts, (4) Adjacent or Contiguous, (5) Agency-to-Agency, (6) Highly-Technical Consultants, (7) Small Value Procurement.

Agency-to-Agency - Procurement of consulting services from another agency of the GOP.

For purposes of this Section 53.5 of the Revised IRR of RA 9184, the term agency excludes GOCCs incorporated under Batas Pambansa Blg. 68, otherwise known as the "Corporation Code of the Philippines". The GPPB shall issue guidelines to implement this provision

NOTE: No Audit Guide has been developed for this method of procurement since this involves Government-to-Government transactions and in the absence of GPPB Guidelines.



On the Procurement Procedures:

**NEGOTIATED PROCUREMENT
OF CONSULTING SERVICES**

HIGHLY TECHNICAL CONSULTANTS



**Procurement Procedures:
NEGOTIATED PROCUREMENT OF CONSULTING SERVICES
HIGHLY TECHNICAL CONSULTANTS**

Negotiated Procurement is a method of procurement for consulting services whereby the procuring entity directly negotiates a contract with a technically, legally, and financially capable consultant in any of the following cases: (1) Two Failed Biddings, (2) Emergency Cases, (3) Take-Over of Contracts, (4) Adjacent or Contiguous, (5) Agency-to-Agency, (6) Highly-Technical Consultants, (7) Small Value Procurement.

Highly Technical Consultants - Individual consultants hired to do work that is (i) highly technical or proprietary; or (ii) primarily confidential or policy determining, where trust and confidence are the primary consideration for the hiring of the consultant: Provided, however, That the term of the individual consultants shall, at the most, be on a six month basis, renewable at the option of the appointing Head of the Procuring Entity, but in no case shall exceed the term of the latter. [AS AMENDED UNDER GPPB RESOLUTION NO. 06-2009 DATED 30 SEPTEMBER 2009]

A. AUDIT OBJECTIVE:

To verify if the adoption of the Alternative Method: Negotiated Procurement (Highly Technical Consultants) was in accordance with rules and regulations

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. Justification for hiring of the highly technical consultant
2. Appointment/job order/contract of the highly technical consultant hired by the Procuring Entity
3. Appointment of the Head of the Procuring Entity

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the Procuring Entity validated that the work of individual consultant is: a. highly technical or b. proprietary or c. primarily confidential or d. policy determining <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 53.7. <i>Highly Technical Consultants. In the case of individual consultants hired to do work that is (i) highly technical or proprietary; or (ii) primarily confidential or policy determining,</i> 	1. From the documents justifying the hiring of highly technical consultant, look for information on the that the work is: a. highly technical or b. proprietary or c. primarily confidential or d. policy determining.	Did the Procuring Entity validate if the work is: a. highly technical? or b. proprietary? or c. primarily confidential? or d. policy determining			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>where trust and confidence are the primary consideration for the hiring of the consultant: Provided, however, That the term of the individual consultants shall, at the most, be on a six month basis, renewable at the option of the appointing Head of the Procuring Entity, but in no case shall exceed the term of the latter.</i>					
2. To verify if the Head of the Procuring Entity hired the individual consultants for a term of at most six months, renewable at the option of the appointing Head of the Procuring Entity, and shall not exceed the term of the Head of the Procuring Entity <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 53.7. <i>Highly Technical Consultants. In the case of individual consultants hired to do work that is (i) highly technical or proprietary; or (ii) primarily confidential or policy determining, where trust and confidence are the primary consideration for the hiring of the consultant: Provided, however, That the term of the individual consultants shall, at the most, be on a six month basis, renewable at the option of the appointing Head of the Procuring Entity, but in no case shall exceed the term of the latter.</i> 	<p>2. From the appointment/job order/contract (including renewals, if any) of the individual consultant look if the term does not exceed six (6) months.</p> <p>3. Compare the last day of the term of the consultant with the last day of the term of the Head of the Procuring Entity.</p>	<p>Did the Head of the Procuring Entity hire the individual consultants for a term of at most six months?</p> <p>Did the term of the consultant within the term of the Head of the Procuring Entity?</p>			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p>	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<u>NOTE:</u> Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .				
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. <u>NOTE:</u> Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management <ul style="list-style-type: none"> • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i> 	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



On the Procurement Procedures:

**NEGOTIATED PROCUREMENT
OF CONSULTING SERVICES**

SMALL-VALUE PROCUREMENT



**Procurement Procedures:
NEGOTIATED PROCUREMENT OF CONSULTING SERVICES
SMALL-VALUE PROCUREMENT**

Negotiated Procurement is a method of procurement for consulting services whereby the procuring entity directly negotiates a contract with a technically, legally, and financially capable consultant in any of the following cases: (1) Two Failed Biddings, (2) Emergency Cases, (3) Take-Over of Contracts, (4) Adjacent or Contiguous, (5) Agency-to-Agency, (6) Highly-Technical Consultants, (7) Small Value Procurement.

Small-Value Procurement - Where the amount of procurement does not exceed the thresholds prescribed in Annex "H" of the IRR, RA 984, the procuring entity shall draw up a list of at least three (3) consultants of known qualifications which will be invited to submit proposals.

The thresholds for this method of procurement are:

- a) For NGAs, GOCCs, GFIs, and SUCs, Five Hundred Thousand Pesos (P500,000).
- b) For LGUs, in accordance with the following schedule:

DOF Classification of LGUs	Maximum Amount (in Philippine Peso)		
	Province	City	Municipality
1st Class	500,000	500,000	100,000
2nd Class	500,000	500,000	100,000
3rd Class	500,000	400,000	100,000
4th Class	400,000	300,000	50,000
5th Class	300,000	200,000	50,000
6th Class	200,000	100,000	50,000

In the case of barangays, Fifty Thousand Pesos (P50,000).

I. APPROVAL OF THE ALTERNATIVE METHOD

A. AUDIT OBJECTIVE:

To verify if the adoption of the Alternative Method: Small-Value Procurement was in accordance with the rules and regulations

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

- 1. copy of the approved Annual Procurement Plan (APP);
- 2. evidences to support the conclusion that public bidding cannot be ultimately pursued;
- 3. analysis leading to the conclusion that the amounts involved are within the threshold provided in Annex "H" of the Revised IRR of RA 9184;
- 4. Minutes of BAC meetings on the deliberations made;
- 5. BAC Resolution recommending the alternative method of procurement: Small-Value Procurement, duly approved by the HOPE.



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the BAC validated: a. that the original mode of procurement per APP was public bidding but cannot be ultimately pursued; and, b. the existence of the conditions to justify Small-Value Procurement and the amount involved did not exceed the thresholds in Annex "H" of the Revised IRR of RA 9184. <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 48.3. <i>The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the <u>original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE.</u></i> 53.9. Small Value Procurement. <i>Where the procurement does ... the amount involved does not exceed the thresholds prescribed in Annex "H" of this IRR.</i> <i>Guidelines for Shopping and Small Value Procurement covered by GPPB Resolution No. 09-2009, dated 23 November 2009:</i> <ul style="list-style-type: none"> 1. SCOPE AND PURPOSE ... a. ... b. <i>Small Value Procurement of goods, infrastructure projects, and consulting services under 53.9 of the IRR.</i> 	1. From the evaluation report with supporting documents and minutes of the BAC's meetings and relevant BAC Resolution(s), look for information on the BAC's validation that the original mode of procurement per APP was public bidding but cannot be ultimately pursued and of the existence of the conditions to justify Small-Value Procurement.	Did the BAC validate that the original mode of procurement per APP was public bidding but cannot be ultimately pursued?			
		Did the BAC validate the existence of the conditions to justify Small-Value Procurement? Or b. the amount involved did not exceed the thresholds in Annex "H" of the Revised IRR of RA 9184?			
2. To verify if the BAC: a. recommended the alternative mode of procurement: Small Value Procurement to the HOPE, and	2. From the BAC Resolution recommending Small-Value Procurement as the method of procurement, look for the approval of the HOPE.	Did the BAC recommend the alternative mode of procurement: Small-Value Procurement to the HOPE?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
b. the HOPE approved the alternative method of procurement <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> 48.3. <i>The method of procurement to be used shall be as indicated in the Approved Procurement Plan (APP). If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a Resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE.</i> 		Did the HOPE approve Small-Value Procurement as the method of procurement?			
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations. Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance. NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliance to establish the cause(s) and develop appropriate audit recommendations. Also determine if	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	appropriate actions were taken by the auditee in regard to instances of non-compliance. <u>NOTE:</u> Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i> .				
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			



NEGOTIATED PROCUREMENT OF CONSULTING SERVICES SMALL-VALUE PROCUREMENT

II. PRICE QUOTATIONS AND ACCEPTANCE OF OFFER

A. AUDIT OBJECTIVE

To verify if the Procuring Entity conducted Small-Value Procurement as required by regulations

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. evidences that the consultants identified were bona fide;
2. copy of the requests for price quotations duly received by the consultants;
3. copy of the price quotations;
4. evidence of posting request for quotations (RFQ);
5. documentation of the analysis of the price quotations and the negotiation, leading to the conclusion of what was to be accepted/ compliance with the specifications and other terms and conditions stated in the RFQ;
6. documentation of the recommendation to the authorized official of the Procuring Entity;
7. documentation of the acceptance of the offer.
8. Abstract of Quotations;
9. notice of award;
10. evidence of posting notice of award

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the Procuring Entity obtained price quotations from at least 3 bona fide consultants <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> <ul style="list-style-type: none"> • 53.9.1. The procuring entity shall draw up a list of at least three (3) consultants, of known qualifications which will be invited to submit proposals, ... 	1. From the documentation of the evaluation conducted by the procurement unit of the Procuring Entity, with supporting documents, look for information on whether price quotations were obtained from at least 3 bona fide consultants.	Did the procurement unit of the Procuring Entity obtain price quotations from at least 3 bona fide consultants?			
2. For procurement with an ABC of more than Php 50,000.00, To verify if the procuring entity posted the RFQs in: <ol style="list-style-type: none"> a. the PhilGEPS, b. the website of the procuring entity, if available 	2. Ahead of the procurement, request the procuring entity for advance information on the schedule of any posting. 3. Access the PhilGEPS website, the website of the procuring entity concerned, if available and print the page where the notice was posted	Did the procurement unit of the Procuring Entity post the RFQ in: a. the PhilGEPS for a period of 7 calendar days?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>c. any conspicuous place in the premises of the procuring entity for a period of 7 calendar days</p> <p><i>Guidelines for Shopping and Small Value Procurement covered by GPPB Resolution No. 09-2009, dated 23 November 2009:</i></p> <ul style="list-style-type: none"> • 1. . . . 2. . . . 3. <i>Procedural Guidelines</i> ... d. <i>RFQs shall also be posted for a period of seven (7) calendar days in the Philippine Government Electronic Procurement System (PhilG-EPS) website, website of the procuring entity, if available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity. However, in the following instances, the posting requirement shall not be applicable:</i> <ul style="list-style-type: none"> i. ... ii. <i>RFQs with ABCs equal to Fifty Thousand Pesos (Php 50,000.00) and below.</i> 	<p>(to form part of the audit evidences).</p> <p>4. Conduct ocular inspection on the schedule of posting.</p>	<p>b. the website of the procuring entity for a period of 7 calendar days?</p> <p>c. any conspicuous place in the premises of the procuring entity for a period of 7 calendar days?</p>			
<p>3. To verify if the procuring entity prepared an Abstract of Quotations after the deadline for submission of price quotations and determined the highest rated offer</p> <p><i>Guidelines for Shopping and Small Value Procurement covered by GPPB Resolution No. 09-2009, dated 23 November 2009:</i></p> <ul style="list-style-type: none"> • 1. . . . 2. . . . 3. <i>Procedural Guidelines</i> ... e. <i>After the deadline for submission of price quotations, an Abstract of Quotations shall be prepared setting forth the names of those who responded</i> 	<p>5. Look for the Abstract of Quotations and check for the indication of the highest rated offer.</p> <p>6. Compare the date of the Abstract of Quotations with the deadline for submission of price quotations as indicated in the RFQs.</p>	<p>Did the procurement unit of the Procuring Entity prepare an Abstract of Quotations?</p> <p>Did the procurement unit of the Procuring Entity prepare an Abstract of Quotations after the deadline for submission of price quotations?</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>to the RFQ, their corresponding price quotations, and the highest rated offer submitted.</i>		Did the procurement unit of the Procuring Entity determine the highest rated offer?			
4. To verify if the procuring entity made the award of contract to the consultant with the highest rated offer which complied with the specifications and other terms and conditions stated in the RFQ <i>Guidelines for Shopping and Small Value Procurement covered by GPPB Resolution No. 09-2009, dated 23 November 2009:</i> <ul style="list-style-type: none"> • 1. . . . 2. . . . 3. <i>Procedural Guidelines</i> ... h. <i>Award of contract shall be made, after successful negotiations, to the highest rated offer which complies with the specifications and other terms and conditions stated in the RFQ.</i> 	<p>7. Compare the name of consultant with the <i>highest rated offer</i> as indicated in the Abstract of Quotation with the name of consultant who was awarded the contract.</p> <p>8. From the documentation of the evaluation of price quotations and negotiations conducted by the procuring entity, look for the verification on the compliance with the specifications and other terms and conditions stated in the RFQ.</p>	Did the procuring entity award the contract to the consultant with the <i>highest rated offer</i> which complied with the specifications and other terms and conditions stated in the RFQ?			
5. For procurement with an ABC of more than Php 50,000.00, To verify if the procuring entity posted the award in: <ul style="list-style-type: none"> a. the PhilGEPS, b. the website of the procuring entity, if available c. any conspicuous place in the premises of the procuring entity <i>Guidelines for Shopping and Small Value Procurement covered by GPPB Resolution No. 09-2009, dated 23 November 2009:</i> <ul style="list-style-type: none"> • 1. . . . 2. . . . 3. <i>Procedural Guidelines</i> 	<p>9. Ahead of the procurement, request the procuring entity for advance information on the schedule of any posting.</p> <p>10. Access the PhilGEPS website, the website of the procuring entity concerned, if available and print the page where the award was posted (to form part of the audit evidences).</p> <p>11. Conduct ocular inspection on the schedule of posting.</p>	<p>Did the procuring entity post the award in:</p> <ul style="list-style-type: none"> a. the PhilGEPS? b. the website of the procuring entity? c. any conspicuous place in the premises of the procuring entity? 			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>...</p> <p><i>i. For information purposes, all awards shall be posted in the PhilG-EPS website, website of the procuring entity, if available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity except for those with ABCs equal to Fifty Thousand Pesos (Php 50,000.00) and below.</i></p>					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
<p>1. To verify the effects of instances of non-compliance on the:</p> <p>a. validity of the procurement activities and outputs including the validity of the resulting contract;</p> <p>b. validity of any payment to be made on the basis of the contract;</p> <p>c. etc.</p> <p>and develop appropriate audit recommendations</p> <p><i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i> 	<p>Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND PENALTIES portion of this <i>Audit Guide</i>.</p>	Appropriate Audit Working Papers			
<p>2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations</p>	<p>Analyze the instances of non-compliance to establish the cause(s) and develop appropriate audit recommendations.</p> <p>Also determine if appropriate actions were taken by the auditee in regard to instances of non-compliance.</p> <p>NOTE: Also refer to the OFFENSES AND</p>	Appropriate Audit Working Papers			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
	PENALTIES portion of this <i>Audit Guide</i> .				
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			

Other criteria:

- *54.1. Splitting of Government Contracts is not allowed. Splitting of Government Contracts means the division or breaking up of GOP contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the requirements of law and this IRR, specially the necessity of public bidding and the requirements for the alternative methods of procurement.*
- *54.4. Except for Limited Source Bidding under Section 49 of this IRR, submission of bid securities may be dispensed with.*
- *54.5. Performance and warranty securities, as prescribed in Sections 39 and 62 of this IRR, shall be submitted for contracts acquired through the alternative methods of procurement, except for Shopping under Section 52 and Negotiated Procurement under Sections 53.2 emergency cases), 53.9 (small value procurement), 53.10 (lease of real property), and 53.13 (UN agencies).*



ON OFFENSES AND SANCTIONS / PENALTIES



Prepared by:
*Technical Services Office
Special Services Sector
Commission on Audit
Republic of the Philippines*

GUIDE IN THE AUDIT OF PROCUREMENT
First Update - December 2009

ON OFFENSES AND SANCTIONS/PENALTIES

A. AUDIT OBJECTIVES

1. To verify if the Head of the Procuring Entity initiated the conduct of investigation and recommended the imposition of sanctions/ penalties to both the public officials and private individuals who did not comply with the provisions of the procurement law
2. To verify if the Head of the Procuring Entity exercised his power judiciously

B. SUB-OBJECTIVES, CRITERIA, VALIDATION PROCEDURES & SUGGESTED WORKING PAPER

Documents needed for evaluation:

1. Audit Observation Memoranda;
2. certified copy of project monitoring reports prepared by the BAC as approved and submitted by the HOPE to the GPPB;
3. reports / comments of observers.

Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
1. To verify if the Head of the Procuring Entity (HOPE) initiated the conduct of investigation and recommended the imposition of sanctions/ penalties to <u>erring public officials</u> who committed any of the following: a. Opening any sealed bid or divulging their contents, prior to the appointed time for the public opening of Bids or other documents. b. Delaying, without justifiable cause, the b.1 screening for eligibility, b.2 opening of bids, b.3 evaluation b.4 post qualification of bids, b.5 and awarding of contracts c. Unduly influencing or exerting undue pressure on	1. Consolidate the offenses committed by officials of the Procuring Entity mentioned in: <ul style="list-style-type: none"> ▪ Audit Observation Memoranda, ▪ reports/comments of observers, ▪ certified copies of project monitoring reports prepared by the BAC as approved and submitted by the HOPE to the GPPB, ▪ relevant reports of the BAC, and ▪ monitoring reports of the TSO, GPPB. 2. Identify the sanctions for the offenses. 3. Obtain copies of documents showing the actions taken by the Procuring Entity in regard to the offenses and imposition of sanctions/penalties.	Appropriate Audit Working Papers showing the Consolidated List of Offenses and possible sanctions/penalties, with information on the actions taken by the Procuring Entity			
		Did the HOPE initiate the conduct of investigation?			
		Did the HOPE recommend the imposition of penalty (ies)?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>c.1 any member of the BAC or</p> <p>c.2 any officer or employee of the procuring entity</p> <p>to take a particular action which favors, or tends to favor a particular bidder.</p> <p>d. Splitting of contracts</p> <p><i>Implementing Rules and Regulations (IRR) of to RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> <i>65.1 Without prejudice to the provisions of R.A. 3019 and other penal laws, public officers who commit any of the following acts shall suffer the penalty of imprisonment of not less than six (6) years and one (1) day, but not more than fifteen (15) years:</i> <ul style="list-style-type: none"> <i>a) Opening any sealed bid including but not limited to Bids that may have been submitted through the electronic system and any and all documents required to be sealed or divulging their contents, prior to the appointed time for the public opening of Bids or other documents.</i> <i>b) Delaying, without justifiable cause, the screening for eligibility, opening of bids, evaluation and post evaluation of bids, and awarding of contracts beyond the prescribed periods of action provided for in this IRR.</i> <i>c) Unduly influencing or exerting undue pressure on any member of the BAC or any officer or employee of the procuring entity to take a particular action which favors, or tends to favor a particular bidder.</i> <i>d) Splitting of contracts which exceed procedural purchase limits to avoid competitive bidding or to circumvent the limits of approving or procurement authority.</i> 					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
2. To Verify if the HOPE conducted investigation and recommended the imposition of sanctions/ penalties to <u>private individuals and any public officer conspiring with them</u>, for any of the following violations: a. submission of falsified eligibility documents, b. submission of bids that contained false information, c. participating in public bidding using the name of another, d. allowing another to use one's name to participate in a public bidding, e. withdrawing a bid, after he had been adjudged as the LCB/HRB, f. refusing to accept an award and to enter into contract , after he had been adjudged as the LCRB/HRRB, g. refusal or failure to post the required performance security, h. termination of the contract, i. refusal to clarify or validate in writing its bid during post qualification within a period of seven calendar days from receipt of the request for clarification, j. withdrawing from bidding habitually, k. submitting late Bids or patently insufficient bid for at	<p>2. Consolidate the offenses committed by private individuals with any official of the Procuring Entity mentioned in:</p> <ul style="list-style-type: none"> ▪ Audit Observation Memoranda, ▪ reports/comments of observers, ▪ certified copies of project monitoring reports prepared by the BAC as approved and submitted by the HOPE to the GPPB, ▪ relevant reports of the BAC, and ▪ monitoring reports of the TSO, GPPB. <p>2. Identify the sanctions for the offenses.</p> <p>3. Obtain copies of documents showing the actions taken by the Procuring Entity in regard to the offenses and imposition of sanctions/penalties.</p>	Appropriate Audit Working Papers showing the Consolidated List of Offenses and possible sanctions/penalties, with information on the actions taken by the Procuring Entity			
		Did the HOPE initiate the conduct of investigation?			
		Did the HOPE recommend the imposition of penalty (ies)?			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p>least three (3) times within a year.</p> <p>I. attempt by a bidder to unduly influence the outcome of the bidding in his favor.</p> <p><i>Implementing Rules and Regulations (IRR) of to RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 65.3. Private individuals who commit any of the following acts, and any public officer conspiring with them, shall upon conviction, suffer the penalty of imprisonment of not less than six (6) years and one (1) day but not more than fifteen (15) years: <ul style="list-style-type: none"> a) Submitting eligibility requirements of whatever kind and nature that contain false information or falsified documents calculated to influence the outcome of the eligibility screening process or conceal such information in the eligibility requirements when the information will lead to a declaration of ineligibility from participating in public bidding. b) Submitting Bidding Documents of whatever kind and nature that contain false information or falsified documents or conceal such information in the Bidding Documents, in order to influence the outcome of the public bidding. c) Participating in a public bidding using the name of another or allowing another to use one's name for the purpose of participating in a public bidding. d) Withdrawing a bid, after it shall have qualified as the Lowest Calculated Bid/Highest Rated Bid, or refusing to accept an award, without just cause or for the purpose of forcing the procuring entity to award the contract to another bidder. This shall include the non-submission within the prescribed time, or delaying the 					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>submission of requirements such as, but not limited to, performance security, preparatory to the final award of the contract.</i></p> <ul style="list-style-type: none"> 69.1. ... the Head of the Procuring Entity, subject to the authority delegated to the BAC, if any, shall impose on bidders or prospective bidders, the administrative penalty of suspension for one (1) year for the first offense, and suspension of two (2) years for the second offense from participating in the public bidding process, as well as disqualification from further participating in the public bidding being undertaken by the procuring entity concerned, where applicable, for the following violations: <ul style="list-style-type: none"> a) Submission of eligibility requirements containing false information or falsified documents. b) Submission of Bids that contain false information or falsified documents, or the concealment of such information in the Bids in order to influence the outcome of eligibility screening, or any other stage of the public bidding. c) Allowing the use of one's name, or using the name of another for purposes of public bidding. d) Withdrawal of a bid, or refusal to accept an award, or enter into contract with the Government without justifiable cause, after he had been adjudged as having submitted the Lowest Calculated Responsive Bid or Highest Rated Responsive Bid. e) Refusal or failure to post the required performance security within the prescribed time. f) Termination of the contract due to the default of the bidder. g) Refusal to clarify or validate in writing its bid during post-qualification within a period of seven (7) calendar days from 					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>receipt of the request for clarification.</i></p> <p><i>h) Any documented attempt by a bidder to unduly influence the outcome of the bidding in his favor.</i></p> <p><i>i) All other acts that tend to defeat the purpose of the competitive bidding, such as habitually withdrawing from bidding, submitting late Bids or patently insufficient bid, for at least three (3) times within a year, except for valid reasons.</i></p>					
<p>3. To verify if the HOPE exercised his power judiciously in the performance of the following:</p> <p>a. rejecting any and all bids</p> <p>b. declaring failure of bidding</p> <p>c. not awarding the contract</p> <p>d. disapproving the results of bid evaluation/ HRB</p> <p>e. disapproving the short list of consultants</p> <p><i>Implementing Rules and Regulations (IRR) of to RA 9184, as amended on September 2, 2009:</i></p> <ul style="list-style-type: none"> 65.1. e) Abuse by the Head of the Procuring Entity of his power to reject any and all bids as mentioned under Section 41 of the Act and this IRR, with manifest preference to any bidder who is closely related to him in accordance with Section 47 of the Act and this IRR. 41. Reservation Clause <p><i>The Head of the Procuring Entity reserves the right to reject any and all bids, declare a failure of bidding, or not award</i></p>	<p>3. Based on the Audit Observation Memorandum and reports/ comments of observers, if any, on</p> <p>a. declaring failure of bidding</p> <p>b. not awarding the contract</p> <p>c. disapproving the results of bid evaluation/ HRB</p> <p>d. disapproving the short list of consultants</p> <p>and documentation on the rejection of any and all bids, validate the grounds or reasons by the HOPE .</p>	<p>Was the ground or reason of the HOPE for any of the following actions valid:</p> <p>a. declaration of failure of bidding?</p> <p>b. non-award of the contract?</p> <p>c. disapproval of the results of bid evaluation/ HRB?</p> <p>d. disapproval of the short listed consultants?</p> <p>e. rejection of any and all bids?</p> <p>NOTE: For “NO” answers, the Auditor may conduct further audit and enhance this <i>Audit Guide</i> by incorporating the identified additional audit</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>the contract in the following situations:</i></p> <p><i>a) If there is prima facie evidence of collusion between appropriate public officers or employees of the procuring entity, or between the BAC and any of the bidders, or if the collusion is between or among the bidders themselves, or between a bidder and a third party, including any act which restricts, suppresses or nullifies or tends to restrict, suppress or nullify competition;</i></p> <p><i>b) If the BAC is found to have failed in following the prescribed bidding procedures; or</i></p> <p><i>c) For any justifiable and reasonable ground where the award of the contract will not redound to the benefit of the GOP, as follows: (i) if the physical and economic conditions have significantly changed so as to render the project no longer economically, financially, or technically feasible, as determined by the Head of the Procuring Entity; (ii) if the project is no longer necessary as determined by the Head of the Procuring Entity; and (iii) if the source of funds for the project has been withheld or reduced through no fault of the procuring entity.</i></p> <p>• <i>47. Disclosure of Relations</i></p> <p><i>All bids shall be accompanied by a sworn affidavit of the bidder that it is not related to the Head of the Procuring Entity, members of the BAC, the TWG, and the BAC Secretariat, the head of the PMO or the end-user unit, and the project consultants, by consanguinity or affinity up to the third civil degree. Failure to comply with the aforementioned provision shall be a ground for the automatic disqualification of the bid in consonance with Section 30 of this IRR. For this reason, relation to the aforementioned</i></p>		<p>objectives and criteria. Otherwise, he/she may recommend a fraud or performance audit to the proper COA Office.</p>			



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<p><i>persons within the third civil degree of consanguinity or affinity shall automatically disqualify the bidder from participating in the procurement of contracts of the procuring entity. On the part of the bidder, this provision shall apply to the following persons:</i></p> <p><i>a) If the bidder is an individual or a sole proprietorship, to the bidder himself;</i></p> <p><i>b) If the bidder is a partnership, to all its officers and members;</i></p> <p><i>c) If the bidder is a corporation, to all its officers, directors, and controlling stockholders;</i></p> <p><i>and</i></p> <p><i>d) If the bidder is a joint venture, the provisions of items (a), (b), or (c) of this Section shall correspondingly apply to each of the members of the said joint venture, as may be appropriate.</i></p> <ul style="list-style-type: none"> <i>33.4. The entire evaluation process, including the submission of the results thereof to the Head of the Procuring Entity for approval, shall be completed in not more than twenty-one (21) calendar days after the deadline for receipt of proposals. The proposal with the highest score shall be identified as the Highest Rated Bid.</i> <i>24.5.4. The BAC shall recommend the short list of consultants to the Head of the Procuring Entity for consideration and approval. The entire process of eligibility check and short listing shall not exceed twenty (20) calendar days.</i> <i>37.1.3. ... In the event the Head of the Procuring Entity shall disapprove such recommendation, such disapproval shall be based only on valid, reasonable, and justifiable grounds to be expressed in writing, a copy furnished the BAC.</i> <p><i>Generic Procurement Procedures for the Procurement of Consulting</i></p>					



Audit Sub-objective • <i>Audit Criteria</i>	Audit Activities	Suggested Audit Working Paper			
		Audit Question	Yes	No	Particulars of the Answer
<i>Services Volume 4, June 2006, published by the GPPB:</i> • <i>How is a contract awarded?</i> ... 5. ... <i>In case of disapproval of the recommendation of award the HOPE shall state the reasons for disapproval and instruct the BAC on the subsequent actions to be adopted.</i>					
EVALUATING AUDIT EVIDENCES GATHERED AND COMMUNICATING THE RESULTS OF AUDIT					
1. To verify the effects of instances of non-compliance on the: a. validity of the procurement activities and outputs including the validity of the resulting contract; b. validity of any payment to be made on the basis of the contract; c. etc. and develop appropriate audit recommendations <i>Implementing Rules and Regulations (IRR) of RA 9184, as amended on September 2, 2009:</i> • <i>Observers shall be invited at least three (3) calendar days before the date of the procurement stage/activity. The absence of observers will not nullify the BAC proceedings, provided that they have been duly invited in writing.</i>	Analyze the instances of non-compliance to establish the effects and develop appropriate audit recommendations.	Appropriate Audit Working Papers			
2. To verify the causes of instances of non-compliance and develop appropriate audit recommendations	Analyze the instances of non-compliances to establish the cause(s) and develop appropriate audit recommendations.	Appropriate Audit Working Papers			
3. To communicate the results of the audit with the auditee's Management • <i>COA Circular No. 2009-006 dated September 15, 2009 re- Prescribing the Use of the Rules and Regulations on Settlement of Accounts</i>	Prepare the appropriate audit/ validation document reflecting the results of the audit/validation and transmit to Management	Audit Observation Memorandum (AOM), if applicable			

