

Republic of the Philippines  
Ministry of Public Highways  
OFFICE OF THE MINISTER  
M a n i l a

September 26, 1978

MINISTRY ORDER NO. 137

TO ALL:

Bureau Directors  
Highway Regional Directors  
Directors and Chiefs of Service  
Regional Equipment Engineers  
District and City Engineers  
This Ministry

SUBJECT: REVISED GUIDELINES IN THE PROCUREMENT  
OF SPARE PARTS, SUPPLIES AND MATERIALS  
TO SUPPORT THE VARIOUS MAINTENANCE  
PROGRAMS OF THE MINISTRY'S OWNED CON-  
STRUCTION EQUIPMENT

To serve the best interest of the government and to preclude irregularities in the procurement of spare parts, supplies and materials, the following revised and consolidated guidelines should be strictly observed and followed:

1.0 PURCHASING AUTHORITY

- 1.1 The Presidential Memorandum to all Cabinet Members dated April 22, 1971 will be the basis of procurement if done thru "direct purchase".
- 1.2 Direct Order and Payment System (DOPS) contracts issued by the Bureau of Supply Coordination and approved by the Minister of General Services.
- 1.3 Letter of Instruction No. 83 dated May 29, 1973, for items locally produced and marketed thru the Cottage Industries Development Enterprise (CIDE) and the registered producers of National Cottage Industries Development Authority (NACIDA).
- 1.4 Department Order No. 19, dated May 1, 1974 of the Department of General Services, directing the procurement of petroleum products from Petrophil Corporation, whenever these commodities are adequately available, at prices not exceeding those set by the Oil Industry Commission.
- 1.5 By emergency purchase pursuant to the provisions of Sec. 6, Executive Order No. 302 and to supplementary laws, rules and regulations governing the said purchase.
- 1.6 All other procurements if not within the context of the above modes of purchases should be thru public bidding.

2.0 ACCREDITATION OF FIRMS/SUPPLIERS

- 2.1 Firms desiring to transact business with the Ministry is required to prequalify as a basis in the issuance of the agency Supplier's Identification Certificate.



- 2.2 Exclusive distributors, local manufacturers or their duly authorized outlet desiring to transact business must first secure a Bureau of Supply Coordination Supplier's Identification Certificate (BSC-SIC).
- 2.3 Local manufacturers must also be duly accredited by the Ministry of Trade pursuant to the Ministry's Administrative Order No. 2 S-77, implementing Letter of Instruction No. 501 dated January 28, 1977. Authenticated certificate of accreditation must be furnished to this Ministry, and actual inspection on the concerned local manufacturer's factory, plant and/or its establishment will be conducted by a technical team from this Ministry.
- 2.4 Small scale industries registered with NACIDA shall submit an authentic copy of a NACIDA Registration Certificate.

### 3.0 DEFINITION OF TERMS

- 3.1 Local Manufacturer - means any natural person or juridical entity organized under Philippine Laws and who manufactures or produces products in the Philippines.
- 3.2 Exclusive Distributor - means a natural person residing in the Philippines or firm established and conducting business in the Philippines under Philippine Laws who/which is appointed by a manufacturer as the only representative allowed/authorized to promote and protect the interest of the principal within the territory specified in the agreement.
- 3.3 Authorized representative/dealer/outlet - means a natural person or a juridical entity duly authorized to conduct business in the Philippines, and who is appointed to act for and in behalf of the exclusive distributor or manufacturer.
- 3.4 Locally manufactured or locally produced products - means any equipment, equipment parts, accessories, supplies and any other materials or products manufactured or produced out of raw materials or components which undergo transformation in their mechanical or electromagnetic characteristics and/or properties in the process of production.
- 3.5 Genuine parts - means the spare parts, accessories or components specified by the original equipment manufacturer in the parts catalog.
- 3.6 Substitute parts - means the spare parts, accessories or components which will serve the same purpose and is a substitute of the genuine item specified by the original equipment manufacturer.

### 4.0 PROGRAMS OF PROCUREMENT AND REQUISITIONING PROCEDURES

- 4.1 An annual procurement program for the purpose of planning the scheduled procurement of spare parts, supplies and materials to support the various equipment maintenance and repair activities out of the allotted fund, should be submitted and approved by the Minister pursuant to Executive Order No. 274 dated November 24, 1970.



The procurement program should be received in the Central Office (Bureau of Equipment) at least one (1) month before the start of the calendar year for which the program is intended.

- 4.2 Requisition and Issue Voucher (RIV's) submitted by the Chiefs of the subordinate offices for items listed in the approved supplies procurement program should be the basis of procurement.
- 4.3 Requisitions which are emergency in nature may be given due course, provided, it will be supported by a supplementary procurement program.
- 4.4 Requisitions may also be submitted by the Chief of the Central Store (Spare Parts Division) to replenish stock items held in store which are deemed in demand. Each requisition shall be supported by "Stock Movement Worksheet".

#### 5.0 APPROVAL OF LETTER ORDERS AND PURCHASE ORDERS

- 5.1 Letter or Purchase Orders covering procurement under paragraph 1.1 of this guidelines should be approved as follows:
  - 5.1.1 If the amount is P50,000.00 or less, approval shall be by the Head of the Ministry, or by the Bureau/Regional Directors pursuant to Executive Order No. 284, dated January 19, 1970, unless new implementing guidelines has been issued.
  - 5.1.2 If the amount is above P50,000.00 but below P100,000.00, approval should be by the Minister of General Services in compliance to Letter of Instruction No. 47 dated August 18, 1976.
  - 5.1.3 If the amount is above P100,000.00 but below P2,000,000.00, approval shall be by the Committee on Negotiated Purchase created by Executive Order No. 323 dated June 18, 1971.
  - 5.1.4 If the amount is above P2,000,000.00 approval shall be by the Prime Minister/President of the Philippines in accordance with Letter of Instruction No. 620 dated October 25, 1977.
- 5.2 Purchases made thru the Direct Order and Payment System (DOPS) shall be approved by the Head of the Ministry or by delegated authority.
- 5.3 Purchases made thru the normal procurement procedures shall be approved by the Head of the Ministry or by delegated authority.

#### 6.0 QUALITY AND TEST REQUIREMENTS OF LOCALLY MANUFACTURED ITEMS

- 6.1 Acceptance of locally manufactured items shall only be made if duly supported by test results issued by the Materials Institute of Research and Development Center (MIRDC), National Institute of Science and Technology (NIST) or any other government entity authorized to perform such test.



- 6.2 Test results issued should bear a comparative data between the specification of the genuine parts and the locally produced items being tested to guarantee durability and the working efficiency of the unit.
- 6.3 The Ministry may require the periodic submission of test results as the exigency so warrant.
- 6.4 The Ministry reserves the right to accept or reject deliveries of locally manufactured items if quality requirement does not meet the standard.
- 6.5 Acceptance procedure of deliveries of ordered items shall be in conformity with the Ministry's own promulgated policies or guidelines governing such matter which should primarily provide for the item's highest standard of quality.

#### 7.0 GENERAL PROVISIONS

- 7.1 Procurement of items which can be supplied by more than one manufacturer or exclusive distributor should be done thru public bidding if the prices of the same item vary, in which case, the Invitation to Bid shall be issued only to prequalified exclusive distributors or local manufacturers as the case may be, or their respective appointed representatives/dealers/outlets.
- 7.2 Authentic price lists submitted by the exclusive distributors or local manufacturers accepted and confirmed by this Ministry shall be the basis for checking prices in the purchase orders.
- 7.3 When the necessity of determining the reasonableness of the officially quoted prices of the exclusive distributors or local manufacturers arises, canvasses/quotations as sent out shall be secured from reliable firms duly prequalified by the ministry.
- 7.4 In case of doubts in the reasonableness of price of the items in the purchase or letter order issued based on DOPS contract, negotiation for a better price of the items covered by the purchase or letter order should be made in pursuance to Section 5 of the Special Terms and Conditions of the DOPS contract.
- 7.5 All items which are locally manufactured should be provided by the manufacturer with a logo and part number distinct from any other manufacturer, embossed on the item for identification.
- 7.6 Exclusive distributors/local manufacturers who do not transact business directly with this Ministry should appoint only one (1) authorized outlet/representative, in which case, the dealership agreement should be duly notarized.

#### 8.0 REPEALING CLAUSE

- 8.1 All orders, circulars, rules and regulations inconsistent herewith are hereby revoked or modified accordingly.

#### 9.0 EFFECTIVITY

- 9.1 This revised and consolidated guidelines shall take effect immediately.

BALTAZAR AQUINO  
Minister

