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DEPAREPUBLIC OF THE PHILIPPINE
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS
OFFICE OF THE SECRETARY
MANILA

5-9-88

April 28, 1988

DEPARTMENT ORDER)

NO.

33

Series of 1988

SUBJECT: REVISED GUIDELINES FOR THE PROCUREMENT
OF SUPPLIES, MATERIALS, SPARE PARTS,
EQUIPMENT, INCLUDING NON-PERSONAL
SERVICES

In line with the Department's policies to minimize expenditures in current and succeeding operations and considering that supplies, materials, spare parts, equipment and non-personal services form an integral portion of government resources, the procurement of which should be undertaken in the most timely, economical and effective manner, the following policy guidelines and procedures are hereby reiterated/established for strict implementation and compliance:

1. General Policies and Guidelines

- 1.1 All Requisitions for Supplies or Equipment (RSE's) shall be strictly based on the approved Annual Procurement Programs. An Annual Supplies and Materials Procurement Program is an itemized list showing the quantity, description and estimated cost of supplies and materials required by an office for a budget year, planned for procurement out of funds to be allotted to said office/unit. An Annual Equipment Procurement Program is a comprehensive listing of the equipment requirements of each budgetary project to be procured during the budget year through a comprehensive release of allotments. The proposed Annual Procurement Programs shall be submitted at least 3 months before the start of the ensuing calendar year (on or before September 30, of each year). The Annual Procurement Programs shall be approved by the Officials concerned.
- 1.2 All procurement shall be centralized with the Supply and Property Management Division in the Central Office, with the Administrative Division in the Regional Offices and with the Administrative Section in the District Engineering Offices. No Requisition for Supplies and Equipment (RSE), Purchase/Work Order, Request for Obligation of Allotment, and Disbursement Voucher shall be approved unless properly coursed thru the procurement office concerned.
- 1.3 In general, purchase of supplies, materials, spare parts, and equipment, and availment of non-personal services shall be through public bidding.
- 1.4 Subject to existing rules and regulations, bulk purchasing for commonly-used items shall be strictly enforced on a quarterly basis.
- 1.5 Splitting of requisition, purchase/work order is strictly prohibited.

2. Negotiated Purchase

Pursuant to the provisions of Executive Order No. 301, Series of 1987 and other existing laws, rules and regulations, negotiated purchase may be undertaken in the following cases :

- 2.1 Emergency Purchase in accordance with the provision of Executive Order No. 302, series of 1940 and subject to the conditions set forth under section 4 of this order;
- 2.2 Direct purchase from reputable manufacturers or their duly authorized, registered and licensed exclusive distributors under Presidential Memorandum to all Cabinet Members dated April 22, 1971 and Joint Memorandum Circular of the DBM, DTI and COA dated October 1, 1987;
- 2.3 Direct Purchase from an agency of the government, such as the Procurement Service (PS), National Printing Office, National Steel Corporation, Petrophil Corporation, and the likes, in accordance with existing rules and regulations;
- 2.4 Purchase thru Repeat Order subject to existing rules and regulations;
- 2.5 Purchase of books and other printed reading materials thru the National Library;
- 2.6 Negotiated Purchase whenever the supplies under Procurement have been unsuccessfully placed on bid for at least two consecutive times, either due to lack of bidders or the offers received in each instance were exorbitant or non-conforming to specifications;
- 2.7 Negotiated purchase in cases where it is apparent that the requisition of the needed supplies through negotiated purchase is most advantageous to the Department to be determined by the Secretary.

3. Simplified Public Bidding

In the interest of public service, simplified public bidding may be undertaken in the following cases:

- 3.1 Sealed Canvass by the Sub-Prequalification, Bidding and Awards Committee (Sub-PBAC), reconstituted under Section 11 of this Order, when the items and amount involved are as follows:
 - a. Supplies, materials, spare parts, office equipment and non-personal services involving an

amount not exceeding ₱100,000.00 per requisition in the Central Office, ₱50,000.00 in the Regional Offices and ₱25,000.00 in the District Offices;

b. Supplies, spare parts and non-personal services for land based construction and maintenance equipment involving an amount not exceeding ₱300,000.00 per requisition in the Central Office, ₱150,000.00 in the Regional Offices and ₱75,000.00 in the District Offices;

c. Supplies, spare parts and non-personal services for dredges and other floating equipment involving an amount not exceeding ₱500,000.00 per requisition in the Central Office, ₱250,000.00 in the Regional Offices and ₱125,000.00 in the District Offices.

3.2 Sealed Canvass in the Central Office by the Supply and Property Management Division with the participation of the end-users concerned and to be witnessed by a COA representative if the amount involved is not more than ₱25,000.00.

4. Emergency Purchase

4.1 Emergency purchase shall be allowed only where the need for the supplies, materials, furnitures, equipment, spare parts, or repair of an equipment is exceptionally urgent or absolutely indispensable to prevent immediate danger to, or loss of, life and/or property, or avoid detriment to the public service as certified by the end-user and approved by higher authorities.

4.2 Emergency purchase shall only be resorted to if the total monthly expenditure involved for emergency purchases does not exceed 4% of the quarterly MOE allocation for supplies and materials of each organizational unit of the Department. Emergency purchases in excess of the 4% ceiling shall be subject to approval by the Secretary. The 4% ceiling shall be monitored by the Accounting Offices.

4.3 In order to facilitate the procurement thru emergency purchase, all organizational units concerned are hereby authorized to maintain their respective Petty Cash Fund out of their MOE fund allocation in the amount of ₱3,000.00. For this purpose, they shall designate their respective Special Disbursing Officers to handle the same under the supervision of the Chief Cashier concerned. The Petty Cash Fund shall take care of the need for supplies, materials and spare parts needed by the office in its day-to-day operations subject to

liquidation and replenishment. Emergency purchase in excess of ₦3,000.00 but not exceeding ₦25,000.00 may be effected on a Cash-On-Delivery (COD) basis, subject to existing accounting and auditing rules and regulations.

4.4 All emergency purchases for reimbursements shall be subject to open canvass for price verification. In cases where there is still time to conduct open canvass before an emergency purchase is resorted to, the canvass shall be conducted by authorized canvasser(s) of the procurement office concerned. Abstract of Canvass shall be approved by the official concerned in accordance with the Omnibus Delegation of Authority and shall be used in undertaking the emergency purchase.

5. Participating Bidders

Only suppliers duly accredited by the Department shall be invited to participate in the biddings, unless there is no sufficient number of accredited suppliers for the item/s to be bid or the offers received in each instance were exorbitant, non-conforming to specifications, or were not the most advantageous to the Department.

6. Bidder's Bond

A bidder's bond in the form of a cash bond or Cashier's/Manager's check drawn from an acceptable bank based in the Region where the public bidding/sealed canvass is conducted, equivalent to 2.5% of the total bid price shall be required if the total amount involved is ₦25,000.00 or above. A winning bidder who refuses to accept the award without justifiable reason(s) shall forfeit his bidder's bond and may be barred from participating in other future biddings. Moreover, an invited supplier, duly accredited by the Department, who fails to submit his bid offer for three (3) consecutive times without justifiable reason(s) may be subjected to appropriate administrative sanction(s) to be determined by proper authority.

7. Inspection of Delivered Items

Goods and services delivered to, and accepted by the Procurement Office or end-user concerned shall be inspected by authorized representatives from the Procurement Office, Comptrollership and Financial Management Offices and from the end-user concerned. Inspection by any other team or by the COA Resident Auditor's Technical Property Inspector(s), for deliveries amounting to ₦1 Million and below, shall be coordinated with the Procurement Office.

8. **Stocking of Delivered Items**

Quarterly-procured/delivered items in the Central Office shall be stocked at the SPMD Warehouse. In Regional and District Offices, delivered items shall, likewise, be stored at their respective warehouses. However, stocking may be decentralized, provided offices concerned have adequate space for the purpose, otherwise, end-users shall draw their monthly requirements from their respective central warehouses. In all cases, stocks should not exceed the average quarterly consumption level.

9. **Payment of Delivered Goods and Services**

Payment of delivered goods and services shall be made within seven (7) working days upon submission of all supporting documents.

10. **Budgetary Allocation**

The Comptrollership and Financial Management Offices concerned are hereby instructed to furnish all organizational units their respective MOE fund allocations on a quarterly/yearly basis for purposes of monitoring the status of their funds.

11. **Expansion of the Scope of Responsibility of SPBAC on Sealed Canvass**

The scope of responsibility of the Sub-Bidding and Awards Committee created under Ministry Order No. 61, dated 5 December 1986, is hereby expanded to include prequalification of prospective suppliers in the DPWH and accordingly are to be renamed Sub-Prequalification, Bidding and Awards Committees (Sub-PBAC) and reconstituted as follows:

11.1 In the Central Office:

- a. Chairman - to be designated by the Undersecretary who has jurisdiction over Administration (the Chairman shall be at least a Service Chief).
- b. Vice-Chairman - to be designated by the Assistant Secretary for Administrative and Manpower Management.
- c. Member - to be designated by the Assistant Secretary for Comptrollership and Financial Management.
- d. Member - to be designated by the Assistant Secretary for Legal Affairs.

- e. Member - to be designated by the end-user.
- f. Witness/Observer - Non-Government Organization (NGO) Representative

The Vice Chairman and all members shall be at least a Division Chief to be designated by the Assistant Secretary concerned.

11.2 In the Regional Offices:

- a. Chairman - Assistant Regional Director for Administration
- b. Vice-Chairman - Chief, Administrative Division
- c. Member - Chief, Comptrollership & Financial Mgt. Division
- d. Member - Senior Legal Officer of the Regional Office
- e. Member - End-User Representative
- f. Witness/Observer - NGO Representative

11.3 In the District Offices:

- a. Chairman - Asst. District Engineer
- b. Vice-Chairman - Chief, Administrative Section
- c. Member - Chief Accountant
- d. Member - Chief, Construction or Maintenance Section (Note: If the requisitioner is from the Maintenance Section, the Chief of the Construction Section shall sit as member, or vice-versa)
- e. Member - End-User Representative
- f. Witness - NGO Representative

In cases of prequalifying suppliers for equipment, the Committees (Sub-PBAC) may invite a technical man, preferably an Equipment or Mechanical Engineer, who will sit as member.

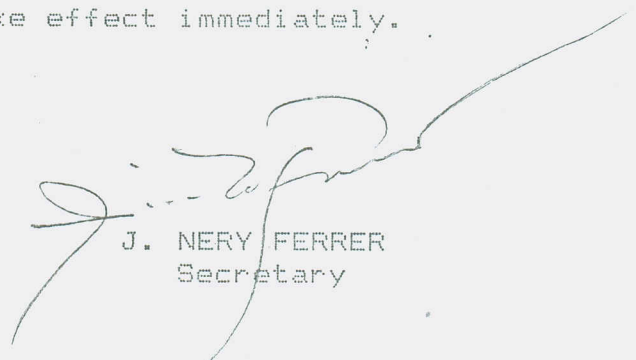
The proceedings of the Sub-PBAC which shall be conducted at least twice a week or as often as necessary shall be witnessed by a representative from the COA Resident Auditor's Office. Suppliers and Bidders concerned may be allowed to witness/attend the sealed canvass.

Secretariat Services for the Sub-PBAC shall be provided by the SPMD in the Central Office, Supply and Property Section in the Regional Office, and the Administrative Section in the District Engineering Offices.

The Committees are likewise authorized to avail of the services of any employee or official of this Department in pursuing their assigned tasks.

All previous Department/Ministry issuances inconsistent with the provisions of this Department Order are hereby deemed modified or superseded accordingly.

This Department Order shall take effect immediately.



J. NERY FERRER
Secretary