

# AUDIT OF GOVERNMENT EXPENDITURES



# Introduction to Audit of Government **EXPENDITURES**



# Legal Basis of an Auditor to Audit

It is our constitutional mandate to examine, audit and settle all accounts pertaining to the:

- revenue and receipts of,
- and expenditures or uses of funds and property, owned or held in trust by,
- or pertaining to the government,
- or any of its subdivisions, agencies, or instrumentalities.



## **Section 2 PD 1445**

“It is a declared policy of the state that all resources of the government shall be managed, expended or utilized in accordance with laws and regulations and safeguard against loss or wastage through illegal or improper disposition with the end in view to ensuring efficiency, economy and effectiveness in the operation of the government.”





# Basic Concepts

**Allotment** – An authorization issued by the DBM to NGAs to incur obligations. Also called obligational authority

**Appropriation** – The authorization made by a legislative body to allocate funds for purposes specified by the legislative or similar authority. (Sec 2 Chapter 3 GAM).

**Approved Budget** – The expenditure authority derived from appropriation laws, government ordinances, and other decisions related to the anticipated revenue or receipts for the budgetary period.



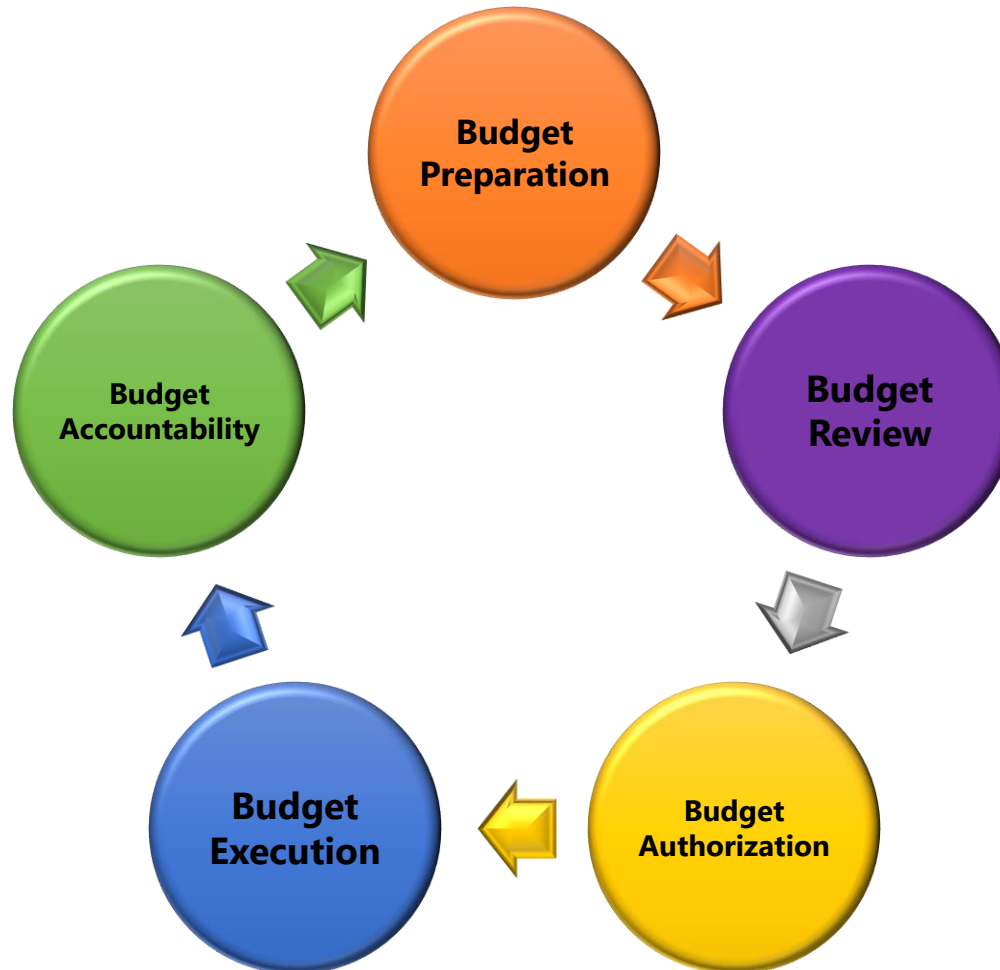
# Basic Concepts

**Expenses** – Is a term used for a financial transaction or event that would result to a decrease in assets, example paying the expenses through cash, or an increase in liabilities, such procurement on account, with the corresponding decrease in equity.

**Obligation** – An act of a duly authorized official which binds the government to the payment of money. It is a commitment to future liability



# Budget Cycle/Process





# Budget

# Preparation

Respective Agency through the Budget Officers of NGAs and GOCCs and Local Finance Committee of LGUs





# Budget **REVIEW**

**NGAs** – DBM/LOWER and UPPER HOUSE  
(Congress)

**LGUs** – Province. Highly Urbanized City – DBM;  
Municipalities and Component Cities –  
Sangguniang Panlalawigan;  
Barangays – Sangguniang Bayan/Panglunsod



# Budget

# EXECUTION

Involves the release and actual disbursements of funds







# Budget

# EXECUTION

This phase involves the release and actual disbursement of funds for the identified functions – Work and Financial Plan and Request for allotment.

## WORK PLAN

Basis for programming finances under the financial plan and request for allotment.

## FINANCIAL PLAN

Provides funding support for the work and becomes the basis for allotment.



# Budget

# ACCOUNTABILITY

Involves the rendition of accounts; submission of reports and documents to COA; auditorial visitation; accounting for revenue and obligation and general liability for unlawful expenditures.







# Budget of GOCCs

## Government Owned & Controlled Corporation

For Corporate Government Sector, their budget process is basically the same. The budget authorization is lodged with their respective governing boards and budget review by the DBM and /or GCG.



# Objects of



❖ **Personnel Services (PS)**



❖ **Maintenance and Other Operating Expenses (MOOE)**



❖ **Financial Expenses**



❖ **Capital Outlay**





# Modes of

# disbursement

1. Cash (through cash advance)
2. Checks (MDS or Commercial Check)
3. List of Due and Demandable Accounts Payable - Advice to Debit Accounts (LDDAP-ADA)
4. Tax Remittance Advice
5. Working Fund (CDC)
6. Direct payment method



# Payment through Cash

**1. Petty Cash**

**2. Cash Advances:**

- **Regular Cash Advances**
- **Special Cash Advances**



# Payment through Checks

All disbursements shall be made through checks:

- Modified Disbursement System Checks, and
- Commercial Checks







# Other Modes of Disbursements

1. Advice to Debit Account (LDDAP-ADA)



2. Tax Remittance Advice (TRA)



3. Working Fund



4. Direct Payment Method

Provider	Payment method
<input type="checkbox"/> System standard	Payment in advance
<input type="checkbox"/> System standard	Invoice
<input type="checkbox"/> System standard	Cash on Delivery
<input type="checkbox"/> System standard	Cash
<input type="checkbox"/> System standard	Direct debit authorisation





# Fundamental Principles

1. No money shall be paid out of any public treasury or depository except in pursuance of an appropriation law or other specific statutory authority.
2. Government funds or property shall be spent or used solely for public purposes.
3. Trust Funds shall be available and may be spent only for the specific purpose for which the trust was created or the funds received.



# Fundamental Principles

4. Fiscal responsibility shall, to the greatest extent, be shared by all those exercising authority over the financial affairs, transactions, and operations of the government agency.
5. Disbursements or disposition of government funds or property shall invariably bear the approval of the proper officials.





# Fundamental Principles

6. Claims against government funds shall be supported with complete documentation
7. All laws and regulations applicable to financial transactions shall be faithfully adhered to
8. Generally accepted principles and practices of accounting as well as of sound management and fiscal administration shall be observed, provided that they do not contravene existing laws and regulations.



# Basic Requirements



**E**xistence of a lawful and sufficient appropriation certified as available by the proper officer

**L**egality of transaction and conformity with applicable laws, rules and regulations

**A**pproval of the expense by the head of the agency, or government corporation or authorized representative

**S**ubmission of proper evidence to support the claim



# Preventions of IUEEU

**COA Circular 2012-003  
dated October 29, 2012**

***“Updated Guidelines for the Prevention  
and Disallowance of Irregular,  
Unnecessary, Excessive, Extravagant and  
Unconscionable Expenditures”***



# Irregular Expenditures

**Signifies an expenditure incurred without adhering to established rules, regulations, procedural guidelines, policies, principles or practices that have gained recognition in laws.**







# Illegal Expenditures

Expenditures made without legal basis





# Unnecessary Expenditures

- Not supportive of the implementation of the objectives and mission of the agency relative to the nature of its operation.
- Not essential or that which can be dispensed with without loss or damage to property





# Excessive Expenditures

- Unreasonable expenses incurred at an immoderate quantity and exorbitant price
- Expenses which exceed what is usual or proper





# Extravagant Expenditures

- Incurred without restraint, judiciousness and economy.
- Exceeds the bounds of propriety





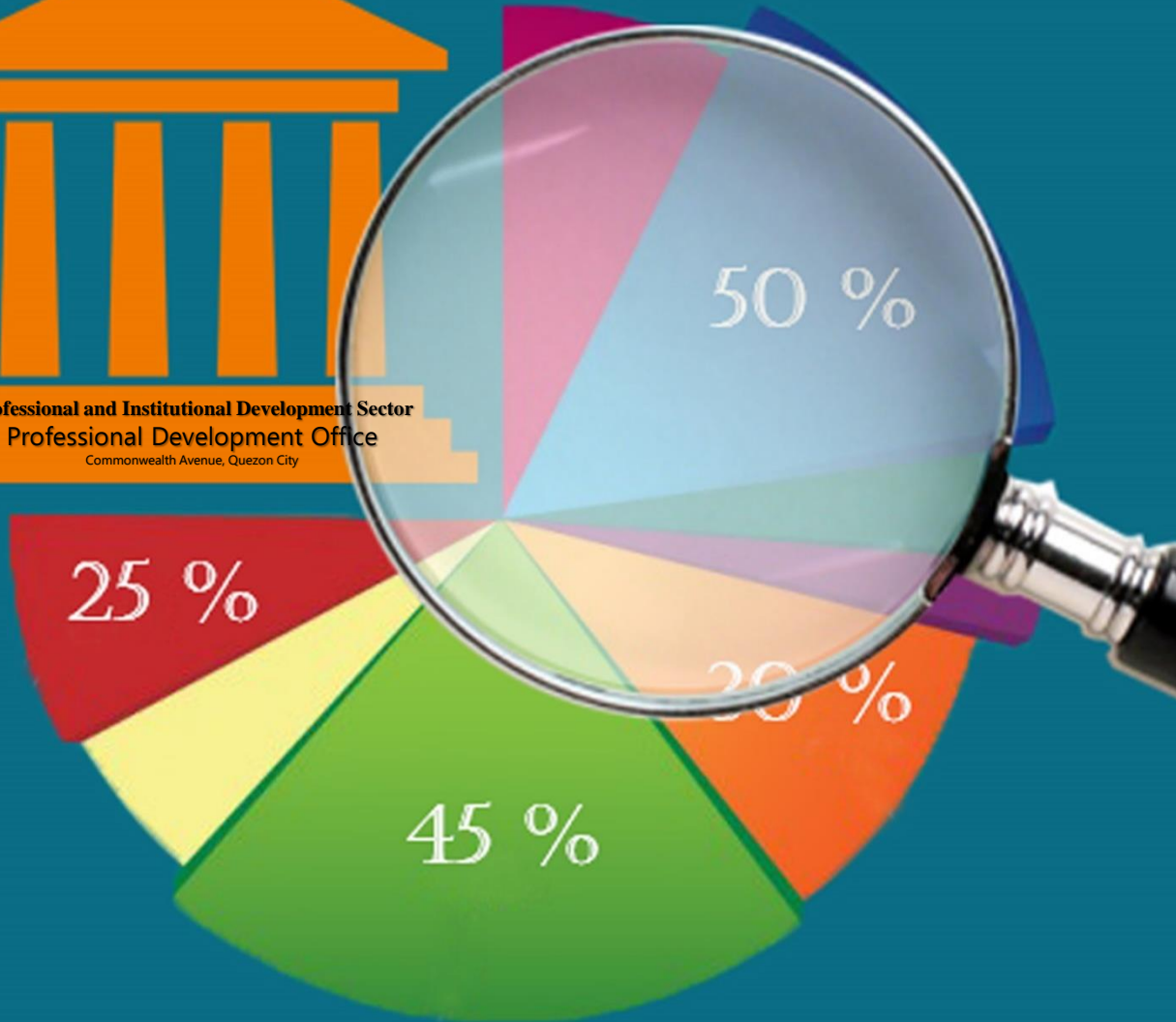


# Unconscionable Expenditures

- Unreasonable and immoderate and which no man in his right sense would make, nor a fair and honest man would accept as reasonable
- Incurred in violation of ethical and moral standards



Thank You!



# AUDIT OF GOVERNMENT EXPENDITURES



# Session 2.1

# Audit on Personnel **SERVICES**



# Basic Concepts

**Salaries and Wages (Regular)** – Pay proper for services rendered of government employees occupying regular plantilla position.

**Salaries and Wages (Casual/Contractual)** – Pay proper for services rendered by employees contracted/hired to perform regular agency functions and services which cannot be provided by the regular or permanent staff of the agency.



# Basic Concepts (Cont.)

**Personal Economic Relief Allowance (PERA)** – Allowance granted to government personnel occupying regular, contractual or casual positions, appointive or elective, rendering service on full time basis and whose positions are covered by R.A. 6758 as amended.

**Representation /Transportation Allowance (RATA)** – Monthly allowance granted to authorized officials and employees in the actual performance of their respective functions both commutable and reimbursable.



# Basic Concepts (Cont.)

**Clothing/Uniform Allowance** – The amount granted to authorized government officials/employees for the upkeep/replacement of clothing/uniform paid in cash or in kind.



# Basic Concepts (Cont.)

**Honoraria** – The payment given to professionals for services in recognition of their expertise, broad and superior knowledge in specific fields and special projects. This also include payments to lecturers, resource persons, coordinators and facilitators in seminar, training programs and other similar activities in training institutions including those who render services beyond their regular workload.





# Basic Concepts (Cont.)

**Hazard Pay** – Payment to government officials/employees assigned in difficult/dangerous/strife-torn/embattled areas as certified by appropriate government body and to those whose lives are directly exposed to work conditions which may cause them injury/sickness/death/harmful change.



# Personnel Benefits also include:

- 😊 Salary Increases
- 😊 Step Increment
- 😊 Incentive & Service Fees
- 😊 Commutation of Leaves



# Personnel Benefit Contribution

- ☺ Retirement and Life Insurance Premiums
- ☺ Pag-ibig Contribution
- ☺ Philhealth Contribution
- ☺ Employees Compensation Insurance Premium
- ☺ Provident / Welfare Fund Contribution



# Existence of **Appropriation**

**Personnel Services** – GAA for National, Appropriation Ordinance for Local, COB for Corporate





# Legality of Transactions

1. Existence of a legally created position with fixed compensation or emolument attached to the position \*\*
2. Issuance of valid appointment
3. Rendition of service being paid
4. Payment to the right person



# Supporting Documents - 1<sup>ST</sup> salary

1. Certified true copy of duly approved Appointment;
2. Assignment Order, if applicable
3. Certified true copy of Oath of Office
4. Certificate of Assumption
5. Statement of Assets, Liabilities and Net Worth
6. Approved DTR
7. BIR Forms 1902 and 2305
8. Payroll Information on New Employee (PINE)(for agencies with computerized payroll)
9. Authority from the claimant and identification documents, if claimed by other persons.





# **Supporting Documents - Casual/Contractual salary**

1. Certified true copy of the pertinent contract/appointment/job order;
2. Certification by the LCE that the employment/hiring is within the PS limitation prescribed under Sec. 325(a) of RA No. 7160
3. Certification by LCE/Personnel Officer that the services cannot be provided by regular/permanent personnel
4. Accomplishment Report
5. Approved DTR



# **Supporting Documents - last salary**

1. Clearance from money, property and legal accountabilities; and
2. Approved DTR



# Supporting Documents

*COA Circular 2012-001 dated June 14, 2012*

*“Prescribing the Revised Guidelines and Documentary Requirements for Common Government Transactions”*



# **P E R A**

**E** – GAA, Appropriation Ordinance

**L** – [DBM BC 2009-003](#) dated Aug. 18, 2009

**A** – Approval on the DV, payroll

**S** – Section 4.1 of COA Circular 2012-001



# **R A T A**

**E – GAA, Appropriation Ordinance**

**L – DBM NBC 548 dated May 15, 2009**

**Section 54, GAA 2017**

**A – Approval on the DV**

**S – Section 5.2 of COA Circular 2012-001**



# Required documents for RATA

## For Individual Claims

1. Copy of Office Order/Appointment (I" payment)
2. Certificate of Assumption (I" payment)
3. Certification that the official/employee did not use government vehicle and is not assigned any government vehicle





# RATA

4. Certificate or evidence of service rendered or approved DTR;
5. Certification by the LCE that the revised RATA rates is within the PS limit prescribed under Sec. 325(a) of RA No. 7160 (for initial claim)



# RATA

## For General Claims

1. RATA Payroll;
2. Payroll Register (hard and soft copy);
3. Letter to Bank to credit employees' account of RATA claims, if applicable;
4. Validated deposit slip, if applicable



# Clothing Allowance

**E** – GAA, Appropriation Ordinance,  
Available PS of the Agency

**L** – [DBM BC 2012-1](#) dated February 23,  
2012 Section 49, 2017 GAA

**A** – Approval on the DV

**S** – Section 5.3 of COA Circular 2012-001



# **Clothing Allowance-Newly Hired**

## **For Individual Claims**

1. Certified true copy of approved appointment of new employees
2. Certificate of Assumption of new employees
3. Certificate of non-payment from previous agency, for transferees

## **General Claims**

1. Clothing/Uniform Allowance Payroll
2. Payroll Register (hard and soft copy)
3. Letter to the Bank to credit employees' account of their salaries or other claims
4. Validated deposit slips



# Honoraria

- a. Government Procurement – BAC & TWG
- b. Teaching personnel
- c. Lecturer/Coordinator
- d. Governing Boards of Collegial Bodies
- e. Special Projects
- f. Science and Technology Activities



# Teaching Personnel & Lecturer/Coordinator

**E** – GAA, Appropriation Ordinance, Available PS of the Agency

**L** – [DBM BC 2007-001](#) dated April 23, 2007

**A** – Approval on the DV

**S** – Section 5.7.2 & 5.7.4 of COA Circular 2012-001





# Hazard Duty Pay

**E** – GAA, COB, Appropriation Ordinance/Savings

**L** – DBM BC 2005-4 dated July 13, 2005 Section 54,  
2015 GAA GP

**A** – Approval on the DV

**S** – Section 5.7.8 of COA Circular 2012-001



# Hazard Pay Computation

Period of Assignments	Monthly Rates
1 to 7 Days	₱400.00
8 to 14 Days	₱500.00
15 or more Days	₱600.00



"Well I think you should tell him about the discrepancies we found."



# PHWS Hazard Pay

FOR PHWS HOLDING SALARY GRADE 19 POSITION:

ACTUAL EXPOSURE	HIGH RISK	LOW RISK
12 or more days	25% of monthly basic salary	14% of monthly basic salary
6 to 11 days	14% of monthly basic salary	8% of monthly basic salary
Less than 6 days	8% of monthly basic salary	5% of monthly basic salary



# **Magna Carta Benefits (Cont.)**

## **LEGAL BASIS:**

☺ **RA 7305 - Magna Carta for PHWs**

☺ **RA 9433 - Magna Carta for PSWs**

☺ **RA 8439 - Magna Carta for Scientists,  
Engineers, Researchers, and  
other S&T Personnel**



# Public Health Workers

“All persons employed in all health related establishments owned and operated by the government or its political subdivisions with original charters and shall include medical, allied health professional, administrative and support personnel employed regardless of their employment status.”



# Magna Carta Benefits - PSWS

RA 9433 dated April 11, 2007 and its IRR

- ❖ Covers all registered social workers employed in government service



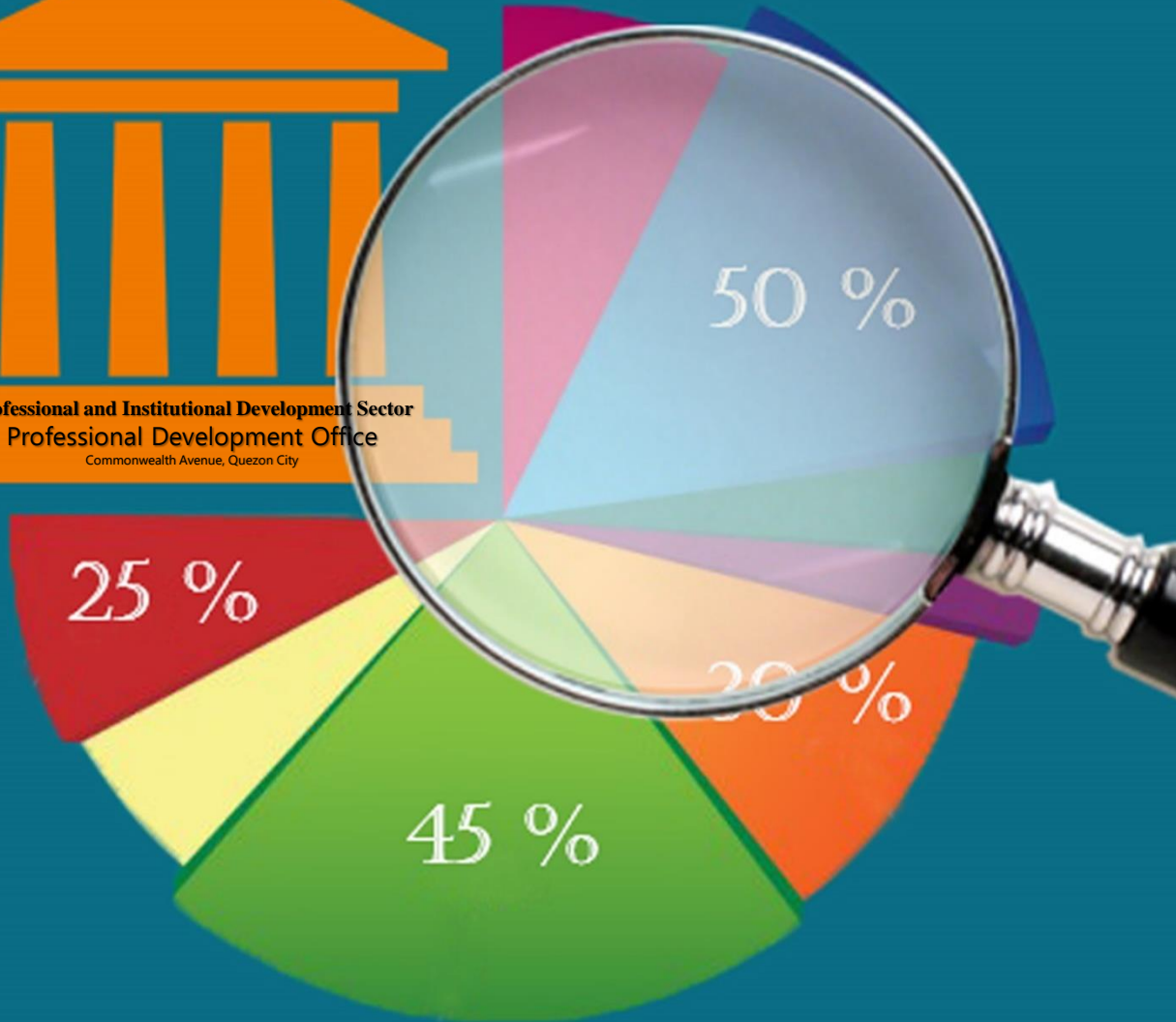


# **Magna Carta Benefits –**

## **PSWS (Cont.)**

- ☺ **Hazard Pay**
- ☺ **Subsistence /Transportation Allowance**
- ☺ **Housing and Living Quarters Allowance**
- ☺ **Longevity Pay**
- ☺ **Clothing Allowance**
- ☺ **Compensation from injuries**





# AUDIT OF GOVERNMENT EXPENDITURES

## Session 3.1

# Audit of Other **MOOE**





# **Classifications of Other Expenses under MOOE**

- Training and Scholarship Expenses
- Utility Expenses
- Communication Expenses
- Awards, Rewards and Prizes
- Survey, Research, Exploration and Development Expenses
- Demolition/Relocation and Desilting/ Dredging Expenses



# **Classifications of Other Expenses under MOOE (cont.)**

- Generation, Transmission and Distribution Expenses
- Confidential, Intelligence and Extraordinary Expenses
- Professional Services
- General Services
- Repairs and Maintenance
- Financial Assistance/Subsidy









# Training Expenses

## Documentary Requirements

Budget estimates approved by the Head of Agency  
Schedule of training approved by the Head of the Agency

Same requirements under procurement depending on the nature of expense and the mode of procurement adopted



# **Water/Electricity/Telephone/ Internet Subscription Expenses**

- **WATER EXPENSES** – Refers to the cost of water consumed in government operating projects.
- **ELECTRICITY EXPENSES** – Refers to the cost of electricity consumed in government operations/projects.
- **TELEPHONE EXPENSES** – The cost of transmitting messages thru telephone lines( (mobile or landlines), faxes, telex and the like whether prepaid or postpaid.
- **INTERNET SUBSCRIPTION EXPENSES** – The cost of using internet services in government operations.



# Consultancy Services

This includes the cost of services rendered by consultants contracted to perform particular outputs or services primarily advisory in nature and requiring highly specialized or technical expertise which cannot be provided by the regular staff of the agency.





# Advance Payment

A single advance payment not exceed 50 % of the contract amount shall be allowed for contracts entered into by a procuring entity for the following services where requirement of down payment is a standard industry practice:

- a. Hotel and restaurant services
- b. Use of conference/seminar and exhibit areas
- c. Lease of office space.



# Procedures: Lease of Real Property

1. The BAC shall invite at least three (3) prospective Lessors to submit sealed price quotations. On a specified date, submitted price quotations shall be opened to determine the Lowest Calculated Quotation. Receipt of at least one (1) quotation is sufficient to proceed with the evaluation thereof.



# Procedures: Lease of Real Property (cont.)

2. The real property being offered by the Lessor with the Single or Lowest Calculated Quotation shall be rated in accordance with the technical specifications and the reasonableness of its price quotation shall be determined in accordance with the methodology prescribed in Appendix B.



# Procedures: Lease of Real Property (cont.)

3. Upon determination of the responsiveness and reasonableness of the quotation, the BAC shall recommend to the HOPE the award of contract in favor of the Lessor with the Single or Lowest Calculated and Responsive Quotation. Award of contract shall be made in accordance with Section IV(L) of this Guidelines.





# Financial Expenses

## GENERAL GUIDELINE:

In line with entering into various transactions with local and international financing institutions, agencies incurred bank charges, commitment fees, documentary stamp tax, interest expense and other related financial charges.



# Fidelity Bond Premiums

It is the amount of premiums paid by the agency for the fidelity bonds of accountable officers.



# **Water/Electricity/Telephone/ Internet Subscription Expenses**

## **DOCUMENTARY REQUIREMENTS:**

- I. For Utility Expenses:
  - a. Statement of Account/Bill
  - b. Invoice/Official Receipt or machine validated statement of account/bill



# **Water/Electricity/Telephone/ Internet Subscription Expenses (cont.)**

## **DOCUMENTARY REQUIREMENTS:**

### **II. For Telephone/Communication Services:**

- a. Statement of Account/Bill
- b. Invoice/Official Receipt or machine validated statement of account
- c. Certification by the Agency head or his authorized representative that all National Direct Dial, National Assisted Calls and International Operator Assisted Calls are official calls.



# Extraordinary and Miscellaneous Expenses

## DOCUMENTARY REQUIREMENTS:

- Invoice Receipts for GOCCs/GFIs and LGUs
- Receipts and or other documents evidencing disbursement, if there are available, or in lieu thereof, certification executed by the official concerned that the expense sought to be reimbursed have been incurred for any purposes contemplated under the provisions of the GAA in relation to or by reasons of his positions, in case of NGAs.
- Other supporting documents as are necessary depending on the nature of expense charged.



# **Contract Implementation Guidelines for the Procurement of Consulting Services**

- 1. Advance Payment for Mobilization** – The Government, as it considers fair and reasonable, may allow advance payment to the consultant in the amount which shall not exceed 15% of the contract amount to cover the cost of mobilization, subject to the posting of an irrevocable standby letter of credit issued by an entity acceptable to the agency and of an amount equal to the advance payment. The advance payment shall be repaid by the Consultant by deducting from his progress payments such sum as agreed upon during the contract negotiations until fully liquidated within the duration of the contract.



# **Contract Implementation Guidelines for the Procurement of Consulting Services (cont.)**

- 2. Cost of Consultancy Services** – All consultancy contracts shall be fixed price contracts. Any extension of contract time shall not involve any additional cost.





# Consultancy Services (cont.)

## ADDITIONAL DOCUMENTARY REQUIREMENTS:

1. Additional documents required to be submitted to the Auditor's Office within 5 days from the execution of the contract:
  - a. If not in the Terms of Reference, appropriate approved documents indicating the expected outputs/deliverables
  - b. Copy of the Approved Manning Schedule indicating the names and positions of the consultants and staff and the extent of their participation in the project
  - c. Copy of the curriculum vitae of the consultants and staff



# Consultancy Services (cont.)

2. Letter request for payment from the consultant
3. Approved Consultancy Progress/Final Reports, and /or output required under the contract
4. Progress /Final billing
5. Contract of Infrastructure Projects subject to Project Management Consultancy Services



# **Revised Guidelines on the Extension of Contracts for General Support Services**

- These guidelines shall govern the extension of ongoing contracts for general support services, including but not limited to maintenance of equipment and furniture, janitorial and security services.
- These guidelines shall not apply to contracts with water, electricity, telecommunications, and internet service providers.



# **Revised Guidelines on the Extension of Contracts for General Support Services (cont.)**

## **GENERAL CONDITIONS FOR EXTENSIONS:**

- Procuring entities may extend the duration or effectivity of an ongoing contract about to expire, under the following conditions:
  - a. No contract extension must exceed one year
  - b. The original contract subject of extension was awarded in accordance with the provisions of RA 9184 and its IRR.
  - c. The procuring entity concerned has substantially undertaken the procurement activities required prior to the award of the new contract under RA 9184 and its IRR



## **Revised Guidelines on the Extension of Contracts for General Support Services (cont.)**

- d. The aforesaid contract extension is undertaken due to circumstances beyond its control and the procuring entity concerned cannot award a new contract within a month after the expiration of the term of the original contract.
- e. The contemplated extension is merely an emergency measure to maintain status quo in the operations of the Procuring Entity and to avoid interruption of service.



## **Revised Guidelines on the Extension of Contracts for General Support Services (cont.)**

- f. The current service provider has not violated any of the provisions of the original contract.
- g. The terms and conditions of the original contract shall not be changed, modified, except when changes or modifications will redound to the advantage of the government at no additional cost to the procuring entity.



# **Revised Guidelines on the Extension of Contracts for General Support Services (cont.)**

## **PROCEDURAL REQUIREMENTS:**

- All contract extensions shall be subject to the prior authority of the Head of the Procuring Entity or his duly authorized representative upon the recommendation of the Bids and Award Committee (BAC)
- If the proposed contract extension exceeds 6 months, the Head of the Procuring Entity, or his duly authorized representative shall immediately report to the GPPB in writing of its intent to extend beyond 6 months.





# Rent/Lease Expenses

## ADDITIONAL DOCUMENTARY REQUIREMENTS:

1. Documents required to be submitted to the Auditor's Office within 5 days from execution of the contract:
  - A. For privately-owned office building:
    - a. Complete copy of the building floor plans indicating in shaded colors the rentable space.
    - b. Copy of the Certificate of Occupancy of the building or appropriate approved documents showing the date the building was constructed or age of the building



# Rent/Lease Expenses (cont.)

- B. For equipment rental/lease purchase contract
  - a. Agency Evaluation of equipment utilization
  - b. Pertinent data of area operation.
- 2. List of prevailing comparable property within vicinity
- 3. Vicinity map
- 4. Request for payment
- 5. Bill/invoices
- 6. Certificate of Occupancy (space building)



# Repair and Maintenance- Transportation Expenses

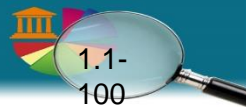
## ADDITIONAL DOCUMENTARY REQUIREMENTS:

1. Documents to be submitted within 5 days from the execution of the contract:
  - a. Copy of the pre-repair and approved detailed plans by the agency showing in sufficient detail the scope of work/extent of repair to be done
  - b. Copy of the latest service bulletin, in case of aircraft
  - c. Report of waste materials
  - d. Copy of document indicating history of repair
2. Post-inspection reports
3. Warranty certificate



# **Repair and Maintenance- Transportation Expenses (cont.)**

4. Request for payment
5. Bill/invoice
6. Certificate of acceptance
7. Pre-repair inspection reports
8. Such other documents peculiar to the contract and/or to the mode of procurement and considered necessary in the auditorial review and in the technical evaluation thereof.





# Documentary Requirements – Training

- Budget estimates approved by the Head of Agency
- Schedule of training approved by the Head of Agency
- Same requirements under procurement depending on the nature of expense and the mode of procurement adopted.



# Financial Expenses

## DOCUMENTARY REQUIREMENTS:

1. Loan Agreements/Memoranda of Agreement together with supporting documents
2. Statement of Account
3. Bank Debit Memos
4. Other supporting documents deemed necessary depending on the nature of the transaction.

## Session 4.1

# Audit of Traveling

# EXPENDITURES





# Allowable Travel Expense

## TRAVEL EXPENSES

The amount authorized to cover hotel/lodging rate, meals and incidental expenses excluding transportation expenses going to and from the destinations.





# Types of Travel Expenses

- Local
- Foreign



# General Guidelines

Under Section 3 (a) of Executive Order No. 77 dated March 15, 2019, travels shall cover only (1) those which are essential to the effective performance of an official or employee's mandates or functions; (2) when it is required to meet the needs of the department, agency, bureaus or office or there is substantial benefit to be derived by the State;



# General Guidelines

## (cont.)

(3) The presence of the official or employee is critical to the outcome of the meeting, conference, seminar, consultation or any official activity to be attended; and (4) the projected expenses are not excessive or involve minimum expenditure.



## **General Guidelines (cont.)**

Sec. 3 (c) (EO 77) The following shall not be issued authority for foreign travel and shall not be entitled for government funding for such trips:

1. Private Individuals;
2. Consultants of and/or those engaged by contract of service by, government agencies, except (a) on meritorious cases and (b) if justified in writing submitted to approving officials.



# General Guidelines (cont.)

3. Spouses or children of government officials, except when diplomatic protocol or established international practices provide otherwise.



# Allowable Travel Expense

## Local Travel

The travel expenses shall be in the amount depending on the Region (as Clustered) of destination which shall be apportioned as follows:

### For LOCAL TRAVELS made beyond 50km radius

- During date of arrival and succeeding days: (100%)
  - a. fifty percent (50%) for hotel/lodging
  - b. thirty percent (30%) for meals
  - c. twenty percent (20%) for incidental expenses



# Allowable Travel Expense

## Local Travel

- During date of departure to Official station: (50%)
  - a. thirty percent (30%) for meals
  - b. twenty percent (20%) for incidental expenses



# Allowable Travel Expense

Reimbursement of accommodation expenses in excess of the accommodation component of DTE may be allowed , but in no case shall the difference exceed 100% of the said component in the prescribed rate; and

- a. Submission of Certification by agency head that the expenses is absolutely necessary in the performance of the assignment; and
- b. Presentation of Bills and receipts.





# Allowable Travel Expenses

1. When government vehicle is used for the travel, the officials or employees shall not be entitled to the transportation allowance.
2. No reimbursement of cost of gasoline and oil shall be allowed where a private vehicle is used but reimbursement of the equivalent cost of customary mode of transportation shall be allowed



# Allowable Travel Expense (cont.)

## LOCAL TRAVEL WITHIN 50km RADIUS:

Claims for payment of travel expenses for assignment to places within the fifty (50) kilometer radius maybe allowed for the amount not exceeding the prescribed rate if the employee stayed in the place of assignment and did not commute daily from/to place of assignment and residence/official station during such period of travel, provided that claim for accommodation component shall be supported with hotel/lodging bills/invoice.



# **Allowable Travel Expense (Cont.)**

## **LOCAL TRAVEL WITHIN 50km RADIUS:**

If they commute daily from the place of their assignment to the place of their residence or permanent official station, they shall be allowed:

1. actual fare at the prevailing rates of the authorized mode of transportation from the permanent official station to the destination or place of work and back; and
2. Meals not exceeding 30% of the authorized DTE meal component rate.



# Approval of Foreign Travel (cont.)

- Regardless of the length of travel and the number of delegates concerned, the approval from their respective heads of agencies should be sought, such as:
  1. Office of the President;
  2. Department Secretaries or their equivalent rank;
  3. Heads of agencies under or attached to the OP;
  4. Chief Executive Officers of GOCCs/GFIs; and
  5. Secretary of DILG



# Allowable Travel Expense Foreign Travel

Government personnel who travel abroad shall be entitled to the Daily Subsistence Allowance (DSA) based on International Civil Service Commission (ICSC) of the United Nations which can be accessed at [www.undp.org.ph](http://www.undp.org.ph) or [www.dfa.gov.ph](http://www.dfa.gov.ph). The DSA shall be apportioned as follows unless otherwise stated in the UNDP Index:

- a. fifty percent (50%) for hotel/lodging
- a. thirty percent (30%) for meals
- b. twenty percent (20%) for incidental expenses

When the country of destination is not listed in the said Index, the DSA for the nearest country shall be adopted.



# Reimbursement of Actual Travel Expenses

For foreign travel-Subject to the approval of the President, claims for reimbursement of actual travel expenses in excess of the DSA authorized herein may be allowed upon certification by the head of agency as absolutely necessary in the performance of an assignment and presentation of bills and receipts. Certification or affidavit of loss shall not be considered as appropriate replacement for the required hotel room/lodging bills and receipts.



# Other Travel Expenses

1. Pre-Departure Expenses – P3,500
2. Clothing Allowance;
3. Reimbursement of Representation Expenses
4. Applicable insurance premiums



# Rendition of Account Cash Advances

- Within 2 months after his return to the Philippines, in the case of official travel abroad, or within thirty (30) days of his return to his permanent official station in the case of official local travel, every official or employee shall render an account of the cash advance received by him in accordance with existing applicable rules and regulations.





# Docs. Req. – CA – Foreign Travel

## Documentary Requirements

- Office Order/Travel Order
- Duly approved itinerary of travel
- Certification from the accountant that the previous cash advance has been liquidated and accounted for in the books



# **Docs. Req. – CA – Foreign Travel (cont.)**

- Letter of invitation of host/sponsoring country/agency/ organization
- For plane fare, quotations of three travel agencies or its equivalent
- Flight itinerary issued by airline/ticketing office/travel agency
- Copy of the United Nations Development Programme (UNDP) rate for the daily subsistence allowance (DSA) for the country of destination for the computation of DSA to be claimed
- Document to show the dollar to peso exchange rate at the date of grant of cash advance
- Where applicable, authority from the OP claim representation expenses



# Docs. Req. – CA – Foreign Travel (cont.)

## IN CASE OF SEMINARS/TRAININGS:

- Invitation addressed to the agency inviting participants (issued by the foreign country)
- Acceptance of the nominees as participants (issued by the foreign country)
- Programme Agenda and Logistics Information
- Certification from the Accountant that the previous cash advance has been liquidated and accounted for in the books



# Liq. Docs. – Local Travel

## DOCUMENTARY REQUIREMENTS:

- Paper/electronic plane, boat or bus tickets, boarding pass, terminal fee
- Certificate of Appearance/Attendance
- Copy of previously approved itinerary of travel
- Revised or supplemental Office Order or any proof supporting the change of schedule
- Revised itinerary of travel, if the previous approved itinerary was not followed



# Liq. Docs. – Local Travel (cont.)

- Certificate of Travel Completed
- Hotel room/Lodging bills with official receipts in the case of official travels within 50-kilometer radius area, if the travel allowances being claimed include the hotel room/lodging rate



# Liq. Docs. – Local Travel (cont.)

- Certification by the Head of Agency as to the absolute necessity of the expenses together with the corresponding bills or receipts, if the expenses incurred for official travel exceeded the prescribed rate per day
- Liquidation Report
- Reimbursement Expense Receipt (RER)/ Certification for Expenses not Requiring Receipts.
- OR in case of refund of excess cash advance



# Liquidation – Local Travel

- Where the travel is cancelled, the amount paid in advance shall be refunded in full. Where the trip is cut short or terminated in advance of the itinerary, the excess payment shall be refunded immediately upon cancellation or termination of the trip.



# Liquidation – Local Travel (cont.)

When a trip exceeds the approved itinerary, the additional travel expenses due shall be paid upon submission of the following:

- A written justification satisfactory to the head of agency
- Additional itinerary for the extension of the trip





# Liq. Docs. – Foreign Travel

## DOCUMENTARY REQUIREMENTS:

- Paper/electronic plane tickets, boarding pass, boat or bus ticket
- Certificate of Appearance/Attendance for training/Seminar participation
- Bills/receipts for non-consumable representation expenses approved by the President



# **Liq. Docs. – Foreign Travel (cont.)**

For reimbursement of actual travel expenses in excess of the prescribed rate:

- Approval by the President
- Certification from the Head of Agency that it is absolutely necessary
- Hotel room bills with official receipts

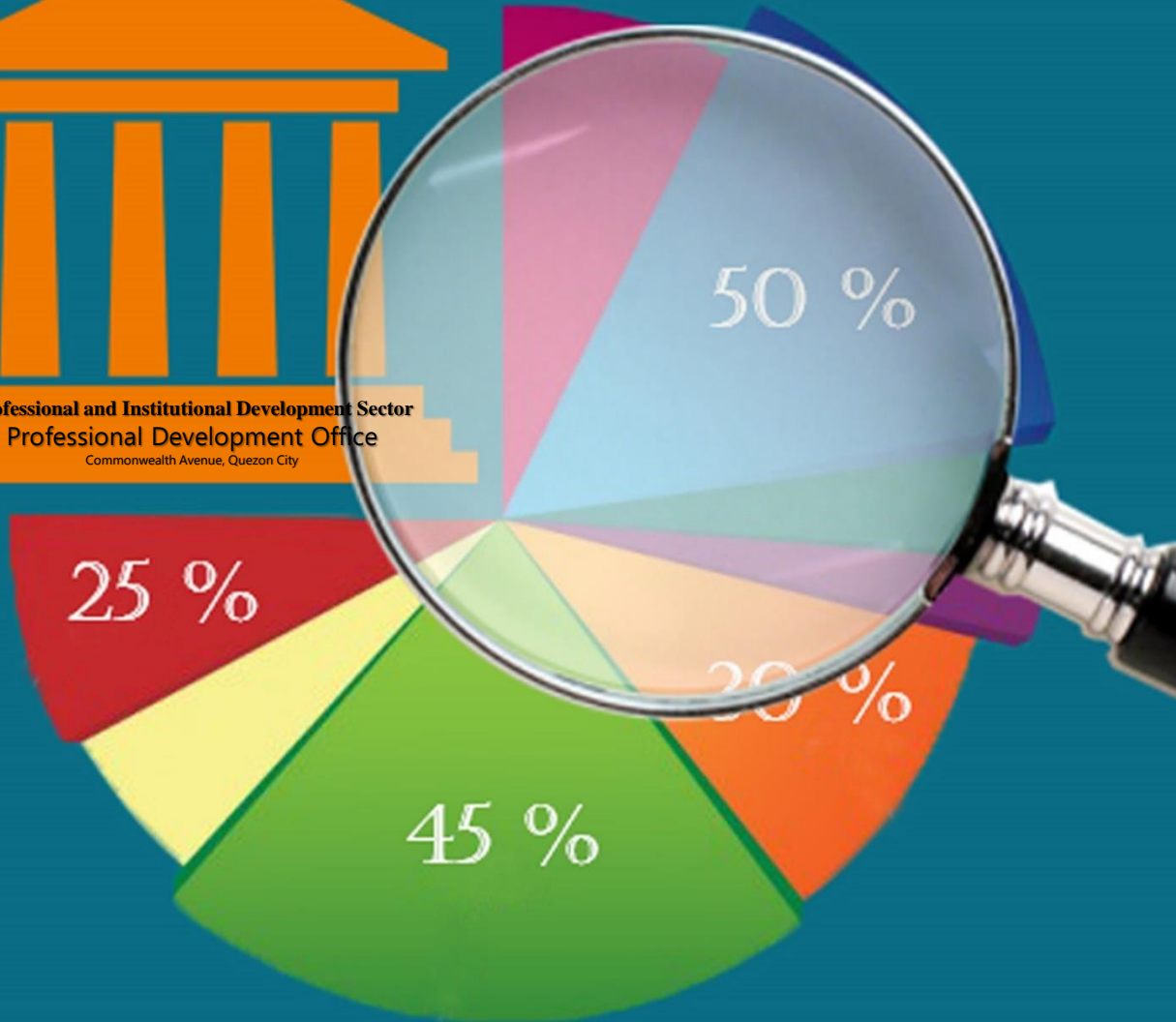


# **Liq. Docs. – Foreign Travel (cont.)**

- Revised Itinerary of Travel, if applicable
- Narrative Report on trip undertaken/Report on Participation
- OR in case of refund of excess cash advance
- Certificate of Travel Completed
- Liquidation Report

**THANK YOU**  
 GRACIAS ARIGATO SHUKURIA  
 TASHAKKUR ATU SUKSAMA EKHMET  
 MEHRBANI PALDIES  
 BOLZIN MERCI  
 DANKSCHEEN  
 BIYAN SHUKRIA  
 TINGKI  
 YAQHANYELAY  
 CHALTU  
 NUHUN  
 SNACHALHUYA  
 WAHELJA HAYEKA  
 HUI  
 YUSPAGARATAM  
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 MINMONCHAR  
 MAAKE  
 GRAZIE  
 MEHRBANI  
 PALDIES  
 MERASTAWHY  
 GAEJTHO  
 LAH  
 GOZAIMASHITA  
 EFCHARISTO  
 AGUYJE  
 FAKAAUE  
 KOMAPSUMNIDA  
 SAIKO  
 TAVTAPUCH  
 MEDAWAGSE  
 BAIKA  
 JUSPAXAR  
 SPASSIBO  
 DANKSCHEEN  
 TASHAKKUR ATU  
 SUKSAMA  
 EKHMET  
 HUI  
 YUSPAGARATAM  
 HATUR GUI  
 UNALCHEESI  
 SIKOMO  
 HAKETAI  
 MINMONCHAR





# AUDIT OF GOVERNMENT EXPENDITURES





# Modes of Procurement

1. Section 10 of RA 9184 provides that all procurement shall be done through competitive bidding except as provided for in Article XVI of the law;
2. Article XVI provides for the alternative modes of procurement which are:
  - a. Limited Source Bidding
  - b. Direct Contracting
  - c. Repeat Order
  - d. Shopping
  - e. Negotiated Procurement



# General Procedures/ Steps on Procurement

1. Procurement Planning and the Preparation of the Annual Procurement Plan (APP);
2. Requisitioning thru the preparation of the Requisition and Issue Slip
3. Approval of Requisition;
4. Preparation and Approval of Purchase Request
5. Preparation and Approval of Purchase Order(Goods)
6. Delivery, Inspection and Acceptance of the Items;
7. Preparation of Obligation Request and Status(ORS);
8. Payment of the Items delivered





# Negotiated Procurement

- Two Failed Biddings
- Emergency cases
- Take-over of Contracts
- Highly Technical Consultants
- Defense Cooperation Agreement
- Small Value Procurement
- Community Participation
- United Nations Agencies



# Negotiated Procurement

- Adjacent or Contiguous
- NGO Participation (GPPB Resolution No. 12-2007 dated 29 June 2007)
- Agency-to-Agency
- Procurement Agent
- Lease of Real Property



# Splitting

- 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**, particularly the necessity of competitive bidding and the requirements for the alternative methods of procurement.



# Guidelines in the Preparation and Submission of Purchase Order

- A copy of any letter or purchase order, irrespective of amount, and all supporting documents thereto, shall be submitted to the unit or agency Auditor concerned within five (5) days from issuance. The Auditor concerned shall, within five (5) days following his receipt thereof, inform management in writing of any defect and/or deficiencies found in audit. (COA Circular 2009-001)



# Guidelines in the Preparation and Submission of Purchase Order (cont.)

- Statement of Delivery Period – The requisitioner shall state with definiteness and certainty the period of delivery desired so as not to leave doubt when the supplies are needed. Statements of delivery period such as “immediate delivery”, “as soon as possible”, other words and phrases having similar imports or without stating a particular period shall be understood to mean seven (7) calendar days after receipt by the supplier or contractor of the purchase order or contract.

*(COA Circular No. 92-386)*



# Shopping

- A. When there is an unforeseen contingency requiring immediate purchase; Provided, that the amount shall not exceed the thresholds prescribed in Annex H of the IRR.
  
- B. Procurement of ordinary or regular office supplies and equipment not available in the DBM-PS, Provided, that the amount shall not exceed the thresholds prescribed in Annex H of the IRR.



# Procedures for Shopping (Immediate Purchase)

1. The End-User unit or the duly authorized official or personnel shall submit a purchase request to the BAC indicating the urgency to address an identified need of the Procuring Entity and the unforeseen contingency that caused its necessity.
2. The BAC shall immediately prepare the RFQ, indicating the specifications, quantity, ABC, and other terms and conditions of the contract.
3. The RFQ may be sent directly to the supplier of known technical, legal and financial qualifications. Due to the attendant circumstances and the urgency of the procurement, the supplier shall immediately respond to the RFQ and signify its technical, legal and financial capability to supply and deliver the goods to be procured. Posting of the RFQ may be dispensed with.



# Procedures for Shopping (Immediate Purchase) (cont.)

4. The BAC shall immediately validate the technical, legal and financial capability of the supplier to supply and deliver the goods by requiring the submission of relevant documents or through other verifiable means to prove the capability of the Supplier.
5. Upon confirmation and ascertainment of such capability, the BAC shall recommend to the HOPE the award of contract in favor of the supplier with the Single or Lowest Calculated and Responsive Quotation. In case of approval, the HOPE shall immediately enter into a contract with the said supplier. (Annex H, 2016 Revised IRR, RA 9184)





## **Shopping – for regular office supplies and equipment not available in dbm – ps**

1. The End-User submit a purchase request to the BAC relative to goods procured through Shopping.
2. The BAC shall prepare the RFQ;
3. RFQs posted for a period of at least 3 CDs in PhilGEPS, website of the PE, if available, and at any conspicuous place for those with ABC above P50K.
4. The BAC sends the RFQs to at least 3 suppliers of known qualifications, and at least 3 price quotations must be obtained.



## **Shopping – for regular office supplies/equipt not available in dbm – ps**

5. Deadline for submission may be extended thrice, if none or less than the required number of quotations are received.
6. BAC prepares an Abstract of Quotations on those who responded to the RFQ, their quotations, and the lowest calculated quotation.
7. BAC validates the technical, legal and financial capability of the supplier;
6. BAC recommends to HOPE the award of contract for the Lowest Calculated and Responsive Quotation. In case of approval, HOPE enters into a contract with the supplier.



# Procedural Guidelines for Small Value Procurement

1. The end-user submits to the BAC request for SVP.
2. The BAC prepares and send RFQ/RFPs to at least 3 suppliers, contractors or consultants of known qualifications.
3. If ABC is more than P50,000, post RFQs for a period of three (3) calendar days in the PhilGEPS website, website of the Procuring Entity, if available, and at any conspicuous place reserved for this purpose in the premises of the Procuring Entity.



# Procedural Guidelines for Small Value Procurement (cont.)

4. Conduct pre-bid conference at the discretion of the BAC.
5. After the deadline for submission of quotations/proposals, prepares an Abstract of Quotations/Ratings setting forth the names of those who responded to the RFQ/RFP, their corresponding price quotations
6. The BAC recommend to the HOPE the award of contract in favor of the supplier or contractor with the Single or Lowest Calculated and Responsive Quotation.



# Repeat Order

Repeat Order is the method of procurement of goods from previous winning bidder, whenever there is the need to replenish goods subject to certain conditions.



# **Additional Documentary Requirements for Repeat Order**

1. Specific requirements to be submitted within five working days from the execution of the contract as required under COA Circular No. 2009-001 dated February 12, 2009:
2. Copy of the original contract used as basis for repeat order indicating that the original contract was awarded through public bidding
3. Certification from the Purchasing Department/ Office that the supplier has complied with' all the requirements under the original contract



# Documentary Requirements for Shopping

1. Price quotations from at least 3 bonafide and reputable manufacturers/ suppliers/ distributors
2. Abstract of quotations  
( Sec. 9.2.4, COA Circ. 2012-001)
3. Resolution recommending the Single/Lowest Calculated and Responsive Quotation.

*(In view of the procedures for shopping under Annex H of the 2016 Revised IRR of RA 9184)*



# **Additional Documentary Requirements for Immediate Purchase**

1. Purchase request to the BAC indicating the urgency to address an identified need of the Procuring Entity and the unforeseen contingency that caused its necessity
2. RFQ, indicating the specifications, quantity, ABC and other terms and conditions sent directly to supplier of known qualification.
3. Resolution recommending the Single/Lowest Calculated and Responsive Quotation

*(In view of the procedures under Annex H, 2016 Revised IRR, RA 9184)*





# Documentary Requirements for Small Value Procurement

1. Price quotations/bids/final offer from at least three invited suppliers;
2. Abstract of submitted price quotations;
3. BAC Resolution recommending award of contract to the Lowest Calculated Responsive Bid (LCRB).;

*(Note: These must be submitted to the auditor within five working days from execution of the contract.)*

4. Letter / invitation to submit proposals.



# Additional Documentary Requirements – Goods

- Cert. of exclusive distributorship, if applicable
- Sample brochures/photographs, if applicable
- Original Dealer's/supplier's invoice showing the quantity, description of the articles, unit and total value.
- Result of test analysis
- Tax receipts from BOC, BIR indicating the exact specification and /or serial no. of the equipment procured as proof of payment of all taxes and duties



# Additional Documentary Requirements – Goods (cont.)

- Request for purchase of supplies and materials, and equipment duly approved by the proper authorities.
- For drugs and medicine:
  - Cert. of product reg. from FDA
  - Cert. of good manufacturing practice from FDA



# Additional Documentary Requirements – Goods (cont.)

- Batch release cert. from FDA
- Cert. of authority from manufacturer, if dealer.
- If the supplier is not a manufacturer , cert. from the manufacturer that the supplier is an authorized distributor/dealer of the products/items
- Such other documents peculiar to the contract and/or to the mode of procurement and considered necessary in the auditorial review, and in the technical evaluation thereof.



# Major Types of Capital Outlay

- Land
- Land improvements
- Infrastructure Assets
- Buildings and Other Structures
- Machinery & Equipment
- Transportation Equipment
- Furniture, Fixtures & Books
- Leased Assets
- Leased Assets Improvements
- Heritage Assets
- Other PPE (Vol. III, GAM)



# Release of Retention Money

- The total retention money shall be due for release **upon final acceptance of the work**. The contractor may, however, request the substitution of the retention money for each progress billing with **irrevocable standby letters of credit acceptable to the Government, provided that the project is on schedule and is satisfactorily undertaken**



# Variation Order

## May be adopted for:

- Increase/decrease in quantities
- New work items not included in the original contract
- Variation Order does not exceed 10% of the original project cost



# Liquidated Damages

- Where the contractor refuses or fails to satisfactorily complete the work within the specified contract time, plus any extension time duly granted and is hereby in default under the contract, the contractor shall pay the procuring entity for liquidated damages, and not by way of penalty, an amount as provided in the conditions of the contract, equal to at least 1/10 of one percent of the cost of the unperformed portion of the works for every day of delay.





# By Administration

The implementation of an infrastructure project is carried out under the administration and supervision of the concerned agency through its personnel. The ff. conditions must be met:

1. Included in the APP.
2. Track record of completing similar project with cost of least 50% of the project at hand.
3. Owns/Has access to necessary tools/equipment.



## **Conditions & Requirements for the Use of “By Administration” (cont.)**

4. The project cost is P20 million or less
5. No contractor shall be used by the procuring entity, directly or indirectly.
6. Procurement of tools and construction equipment shall be subject to the rules on public bidding.
7. For projects funded by the National Government and implemented by the Local Government, the latter shall be post warranty security.



# PAKYAW

Refers to a system of hiring a labor group for the performance of a specific work and/or service incidental to the implementation of an infrastructure project by administration whereby tools and materials are furnished by the implementing agency.



# **Receipt, Inspection & Acceptance of PPE**

Receipt of items purchased by the agency shall be inspected by the inspection officer/committee before acceptance by the Supply and/or Property Custodian. Inspection and acceptance shall be made using the IAR.



# Luxury Vehicles

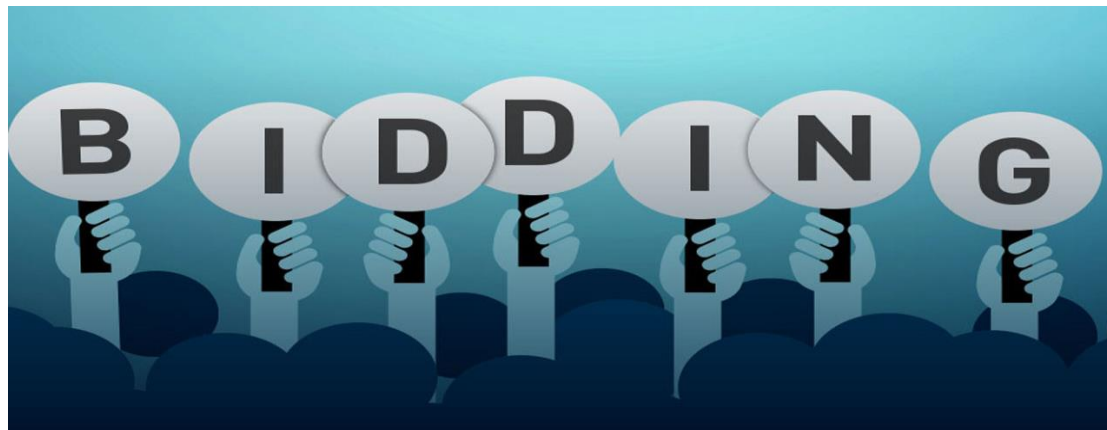
Administrative Order No. 233, s. 2008 prohibits all government offices, including GOCCs, GFIs, SUCs and LGUs from acquiring and/or using luxury vehicles for their operations.





# Process of Competitive Bidding

(1) Advertisement, (2) pre-bid conference, (3) eligibility screening of prospective bidders, (4) receipt and opening of bids, (5) evaluation of bids, (6) post-qualification and (7) award of contract.





# Pre – Procurement Conference

- Prior to the advertisement or to the issuance of the invitation to bid on procurements undertaken through a public bidding.
- Not be required for small procurements: procurement of goods costing P2M and below; infrastructure projects costing P5M and below, and consulting services, P1M and below (Section 20.2, 2016 Revised IRR, RA 9184)



# Advertising & Contents of Invitation to Bid

In line with the principle of transparency and competitiveness, all Invitations to Bids for contracts under competitive bidding shall be advertised by the Procuring Entity in such manner and for such length of time as may be necessary under the circumstances in order to ensure the widest dissemination thereof, such as, but not limited to, posting in the Procuring Entity's premises, in newspaper of general circulation, the G-EPS and the website of the Procuring Entity, if possible.





# Advertisement in Newspaper of General Circulation

- Advertisement of the **Invitation to Bid** in a news paper of general nationwide circulation shall not be required for contracts to be bid with an approved budget of P10M and below for the procurement of goods, P15M and below for the procurement of infrastructure projects and P5M and below for the procurement of consulting services.



# **Eligibility Requirements for the Procurement of Goods and Infrastructure Projects**

The BAC, or, under special circumstances specified in the IRR, the duly designated organic office shall determine the eligibility of prospective bidders for the procurement of Goods and Infrastructure Projects, based on the bidders' compliance with eligibility requirements within the period set forth in the Invitation to Bid. The eligibility requirements shall provide for fair and equal access to all prospective bidders.



# **Circumstances When Foreign Bidders are Allowed in the Procurement of Goods**

- Goods are not available from local suppliers
- There is a need to prevent situations that defeat competition or restrain trade subject to certain conditions.
- Reciprocity Rule in the Procurement of Goods
- When provided for under any treaty or international executive agreement



# Receipt & Opening of Biddings

- **TWO-ENVELOPE SYSTEM**

The first envelope shall contain the technical information/documents;

The second envelope shall contain the financial information/documents as specified in the PBDs

All bids shall be accompanied by Bid Security payable to PE as guaranty that winning bidder shall enter into contract w/in 10 days from receipt of contract



# Bid Evaluation

The ABC shall be the upper limit or ceiling for the Bid prices. Bid prices that exceed this ceiling shall be disqualified outright from further participating in the bidding. There shall be no lower limit to the amount of the award. For the procurement of Goods and Infrastructure projects, the BAC shall evaluate the financial component of the bids. The bids that passed the preliminary examination shall be ranked from lowest to highest in terms of their corresponding calculated prices. The bid with the lowest calculated price shall be referred to as the Lowest Calculated Bid. ( Secs. 31, 32, Art. IX, RA 9184.



# Post Qualification

Post qualification is the stage where the bidder with Lowest Calculated Bid, in the case of Goods and Infrastructure Projects undergoes verification whether he has passed all the requirements and conditions as specified in the bidding documents. If the bidder with Lowest Calculated Bid passes all the criteria for post qualification, his bid shall be considered the Lowest Calculated Responsive Bid., In all cases, the contract shall be awarded only to the bidder with the Lowest Calculated Responsive Bid. ( Sec. 34, Art. 10, RA 9184)



# Award of Contract

Within a period not exceeding 15 calendar days from the determination and declaration by the BAC of the Lowest Calculated Responsive Bid , and the recommendation of the award, the Head of the Procuring Entity or his duly authorized representative shall approve or disapprove the said recommendation. In case of approval, the Head of the Procuring Entity or his duly authorized representative shall immediately issue the Notice of Award to the bidder with the Lowest Calculated Responsive Bid. (Section 37, At. XI, RA 9184)



# **Contract – includes:**

1. Contract Agreement;
2. Bidding Documents;
3. Winning bidder's bid, including the Eligibility requirements, Technical and Financial Proposals, and all other documents/statements submitted;
4. Performance Security;
5. Notice of Award of Contract; and
6. Other contract documents that may be required in the Bidding Documents (Section 37.2.3, 2016 Revised IRR, RA 9184)





# **Basic Requirements for all Types of Procurement through Public Bidding**

- Authenticated photocopy of the approved APP and any amendment thereto
- Approved contract and its supporting documents
- Copy of Advertisement of Invitation to Bid/Request for Expression of Interest



# **Basic Requirements for all Types of Procurement through Public Bidding (cont.)**

- Ranking of short listed bidders for consulting services
- Post Qualification Evaluation Report
- Printout copy of posting of Notice of Award, Notice to Proceed and Contract of award in the PhilGEPS



# **Basic Requirements for all Types of Procurement through Public Bidding (cont.)**

- Documentary requirements for infrastructure projects, goods and for consulting services
- Minutes of Pre-procurement Conference for projects costing above P5 million for infrastructure, P2 million and above for goods, and P1 million and above for consulting services
- Bid Evaluation Report



# **Basic Requirements for all Types of Procurement through Public Bidding (cont.)**

- For LGUs, authorization by local Sanggunian for the Local Chief Executive to enter into contract
- Evidence of Invitation of three observers in all stages of the procurement process
- Request for purchase or requisition of supplies, materials and equipment duly approved by proper authorities.



# **Add'l Requirements Common to all Infrastructure Projects**

1. Letter request from contractors for advance/progress/final payment
2. Common to progress/final payments
  - Statement of Work Accomplished or Progress Billing;
  - Inspection report by the agency's authorized engineer;
  - Result of test analysis, if applicable
  - Statement of time elapsed;
  - Monthly certificate of payment



# **Additional Requirements Common to all Infrastructure Projects (cont.)**

- Contractor's affidavit on payt. of labor and materials
- Pictures before, during and after construction of items of work
- Photocopy of vouchers of all previous payments
- Certificate of completion



# Limited Source Bidding

- Procurement of highly specialized types of goods/consulting services and only few suppliers or consultants are available, such that resorting to public bidding will not likely result in any add'l participation from suppliers/ consultants; or
- 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.



# **Additional Requirements – Limited Source Bidding**

1. Copy of direct invitation to bid
2. Abstract of bids showing the most responsive and complying bidder from among the other bidders
3. Winning bidders offer or proposal
4. Notice of award, bid security
5. Other documents considered necessary by the auditor.





# Direct Contracting

- a. Procurement of goods of proprietary nature which can be obtained only from the source;
- b. Procurement of critical plant components from a specific supplier is a condition precedent to hold a contractor to guarantee its project performance; or
- 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



# Additional Requirements – Direct Contracting

- Letter to selected supplier to submit a price quotation and conditions of sale
- Certificate of Exclusive Distributorship issued by the principal
- BAC Certification for procurement of critical components to maintain certain standards
- Agency authorized official Certification that there are no sub-dealers selling at lower prices and for which no substitute can be obtained

**THANK YOU**  
 GRACIAS ARIGATO SHUKURIA  
 TASHAKKUR ATU SUKSAMA EKHMET  
 BIYAN SHUKRIA  
 BOLZIN MERCI

