



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF CUSTOMS**  
MANILA 1099

July 16, 2013

CUSTOMS MEMORANDUM ORDER

NO. 4-2013

TO: All Deputy Commissioners  
Service Directors/Division Chiefs  
District/Port Collectors  
And All Personnel Involved in Procurement

SUBJECT: Amendment and Supplemental Provisions to CMO 20-2007 dated June 19, 2007, entitled, Procedural Guidelines in the Procurement of Goods, Consulting Services and Infrastructure Projects, Implementing RA 9184, its IRR-A and related accounting and auditing rules and regulations in procurement

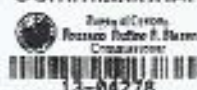
In the interest of the service and in compliance with recent procurement issuances, the following amendment/supplemental provisions to CMO 20-2007 are hereby made:

1. Second paragraph of Section III.4 shall be amended to read as follows:  
" Except for procurement of goods under Section 52 of the Revised IRR, RA 9184 which authorizes the use of shopping in the procurement of readily available off-the-shelf goods or ordinary/regular equipment subject to conditions under Sections 52.1 to 52.4, all other procurement using alternative methods as enumerated above, shall have to be deliberated and approved by the Bids and Award Committee (BAC) prior to the actual procurement process."
2. A new paragraph no. 4 shall be added to Section IV.D. and shall read as follows:  
"An Inspection Committee for infrastructure/renovation projects is hereby constituted to be composed of the following:  
Chief, Budget Division as Chairman  
Chief, Accounting Division as Vice-Chairman  
Chief, General Services Division as Member  
Representative, GSD as Member  
Representative, Budget Division as Member  
Representative, IICO as Member  
Representative, End User as member

The Inspection Committee shall conduct site inspection in order to ensure that all deliverables/obligations as provided for in the contract are fully delivered, complied and completed including all waste disposals, otherwise, the Committee shall submit appropriate actions/recommendations. The Committee Report/s shall be required in the processing of milestone and final payments."

For information and guidance.

  
ROZZANO RUFINO B. BIAZON  
Commissioner



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accepted immediately or after some negotiations. Direct contracting may be resorted to by concerned Procuring Entities under any of the following conditions:

- 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;
- 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
- 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.

**Section 51. Repeat Order**

*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. Repeat orders shall likewise be subject to the following conditions:

- a) 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;
- b) The repeat order will not result in splitting of contracts, requisitions, or purchase orders, as provided for in Section 54.1 of this IRR;
- c) 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
- d) The repeat order shall not exceed twenty five percent (25%) of the quantity of each item in the original contract.

**Section 52. Shopping**

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:

- 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 this IRR.
- 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.<sup>(a)</sup>

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- 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.<sup>(a)</sup>
- 52.3. Under Section 52.1 (b) of this IRR, at least three (3) price quotations from bona fide suppliers shall be obtained.<sup>(a)</sup>
- 52.4. The thresholds prescribed in Annex "H" of this IRR shall be subject to a periodic review by the GPPB. For this purpose, the GPPB shall be authorized to increase or decrease the said amount in order to reflect changes in economic conditions and for other justifiable reasons.<sup>(a)</sup>

**Section 53. Negotiated Procurement**

*Negotiated Procurement* is a method of procurement of goods, infrastructure projects and consulting services, whereby the procuring entity directly negotiates a contract with a technically, legally and financially capable supplier, contractor or consultant in any of the following cases:

- 53.1. **Two Failed Biddings.** Where there has been failure of public bidding for the second time as provided in Section 35 of the Act and this IRR.
- 53.1.1. After conduct of the mandatory review 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.<sup>(a)</sup>
- 53.1.2. The BAC shall invite and engage in negotiations with a sufficient number of suppliers, contractors or consultants to ensure effective competition.<sup>(a)</sup>
- 53.1.2.1. In the case of infrastructure projects, *bona fide* contractors licensed with the CJAP whose eligibility documents are on file with the procuring entity concerned or the Department of Public Works and Highways (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.
- 53.1.2.2. All Procuring Entities shall maintain a registry of suppliers, contractors, and consultants as basis for drawing up the short list and/or selecting the suppliers, contractors, and consultants for negotiations.
- 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