



Republic of the Philippines
Department of Finance
Bureau of Customs
1099 Manila

June 19, 2007

CUSTOMS MEMORANDUM ORDER

NO. 20-2007

To: All Deputy Commissioners
Service Directors
District/Port Collectors
Division Chiefs
And All Officials and Employees involved in Procurement

Subject: 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

I. Objectives:

1. To comply with the COA Audit Findings and Recommendations for CY 2005 to improve the procurement process;
2. To ensure that the procurement process of goods, consulting services and infrastructure projects strictly adhere to the provisions of RA 9184 and all other relevant accounting and auditing rules and regulations; and
3. To ensure harmonization of procedures and standards in the procurement process in all ports and subports.

II. Definition of Terms:

The terms used in this Order as defined in Article I, Section 5, RA 9184 are, as follows:

"Goods" refer to all items, supplies, materials and general support services, except consulting services and infrastructure projects, which may be needed in the transaction of public businesses or in the pursuit of any government undertaking, project or activity, whether in the nature of equipment, furniture, stationery, materials for construction or personal property of any kind, including non-personal or contractual services such as the repair and maintenance of equipment, furniture, as well as trucking, hauling, janitorial, security and related or analogous services, as well as the procurement of materials and supplies provided by the procuring entity for such services. *For BOC purposes, "goods" shall include the requisitions for the printing of Accountable Forms (AF).*

"Consulting Services" refer to services for Infrastructure Projects and other types of projects or activities of the Government requiring adequate external technical and professional expertise that are beyond the capability and/or capacity of the government to undertake such as, but not limited to: a) advisory and review services; b) pre-investment

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or feasibility studies; c) design; d) construction supervision; e) management and related services; and f) other technical services or special studies.

"Infrastructure Projects" include the construction, improvement, rehabilitation, demolition, repair, restoration or maintenance of roads, bridges, railways, airports, seaports, communication facilities, civil works components of information technology projects, irrigation, flood control and drainage, water supply, sanitation, sewerage and solid waste management systems, shore protection, energy/power and electrification facilities, national buildings, school buildings, hospital buildings and other related construction projects of the government.

III. Administrative Provisions

1. Before the end of each Calendar Year, all Collection Districts and the General Services Division shall prepare an Annual Procurement Plan (APP) in compliance with Article II, Section 7, RA 9184. The APP shall show the itemized quantity description, estimated costs and the mode of procurement for all goods, services and infrastructure projects required for the coming Calendar Year. The same shall be approved by the respective District Collector (for ports/subports)/Deputy Commissioner, Internal Administration Group (for Ocom) and shall be submitted to the Director, Financial Management Office copy furnished the Director, Administration Office not later than December 15 of each year for monitoring purposes.
2. Attached to the APP are the individual Project Procurement Management Plans (PPMP) which shall be prepared by the respective Project Management Officer/End-User Units. The PPMP shall include the following:
 - a. type of the contract;
 - b. scope of the contract/packages;
 - c. procurement method to be employed;
 - d. estimated budget; and
 - e. time schedule
3. Except in emergency cases or where urgent indispensable needs could not have been reasonably anticipated, no purchase/procurement or repair/renovation shall be made unless included in or covered by the approved APP. In such cases, a written justification shall prepared by the requesting party and submitted to the District Collector (for ports/subports) or Deputy Commissioner, IAG (for Ocom) for approval prior to proceeding with the procurement process. However, the APP can be reviewed and updated on a regular basis to include new projects or projects that have not been anticipated before the start of the year.
4. In accordance with Section 10, Rule IV, IRR-A, RA 9184, BOC shall adopt public bidding as the general mode of procurement and shall see to it that the APP

allows sufficient lead time for such public bidding. Alternative methods shall be resorted to only in the highly exceptional cases and following the specific rules under Sections 49-54, Rule XVI, IRR-A, RA 9184 and other related regulations that may be issued by the Government Procurement and Policy Board (GPPB). Pursuant to Rule XVI of the IRR-A, the following are the only allowable alternative methods of procurement:

- a. For goods:
 - a.1. Limited source bidding
 - a.2. Direct contracting
 - a.3. Repeat order
 - a.4. Shopping
 - a.5. Negotiated procurement
- b. For consulting services:
 - b.1. Limited source bidding
 - b.2. Negotiated procurement
- c. For infrastructure projects:
 - c.1. Negotiated procurement

Except for procurement of common-use office supplies in the amount of less than P250,000 which allows the use of shopping as an alternative mode of procurement and if indicated in the approved APP, provided that the procurement does not result in splitting of contracts, and provided however, that at least three (3) price quotations from bona fide suppliers shall be obtained, the use of any alternative mode of procurement in all other procurements shall have to pass through the concerned Bids and Awards Committee (BAC) for review and recommendation prior to approval of District Collector (for ports and subports)/ Deputy Commissioner, IAG (for Ocom) and the actual procurement process.

- 5. Accordingly, pursuant to Section 11, Rule V, IRR-A, RA 9184, the Bureau of Customs Bids and Awards Committees (BACs) are hereby created and constituted as follows:
 - a. At the Collection District level - To be called "Collection District - BAC" which shall be convened only for procurement of P2 Million and below to be composed of:
 - Chairman - Deputy Collector for Administration
 - Regular members - Legal Officer of the District and Administrative Officer of the District
 - Provisional Members - two (2) representatives from the end user division/section/office/unit

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at no time exceed the normal three-month requirements, provided, that, subject to the approval of the Deputy Commissioner, IAG, the build-up of stocks on hand of critical supplies and materials in anticipation of cost increases or requirements of a national emergency, may be procured, but in no case shall the stocks exceed more than one year's supply.

9. Pursuant to Section 488.b., GAAM, every accountable officer shall be properly bonded in accordance with the law. It shall be the responsibility of the Accountable Officer, once appointed/designated to ensure that he is fully covered by a bond prior to the actual discharge of functions. For purposes of procurement, the bonded officers/employees of the BOC are as follows:

- a. Officer responsible for requisition and issuance of Accountable Forms in all ports and subports
- b. Supply Officer

10. Request for Quotation (Shopping), Request for Proposal (Other alternative Modes) and Invitation to Apply for Eligibility and To Bid (Public Bidding) shall be posted at the BOC website. The MISTG Website Administrator shall provide a space to accommodate all requests for publication being forwarded by the Chief, GSD/Administrative Division.

IV. Operational Provisions

A. Procurement of Goods:

A.1. Request for Accountable Forms, Supplies, Materials and Equipment

- 1. The concerned employee of each Requisitioning Division/Office shall prepare the Requisition and Issue Slip (RIS), which shall be subject to approval by at least the Deputy Collector for Administration (for ports and subports) or the Director of the Requisitioning Division (for Ocom), as the case may be.
- 2. The Property Officer, Administrative Division (ADD) (for ports/subports) /General Services Division (GSD) (for Ocom) shall process the RIS as follows:
 - a. Evaluates whether the request is valid or not. If invalid, denies request and informs the Requesting Division/Office. If valid, checks Inventory Stock Card whether the requested item/s are available in stock. If available, issues the requested item/s. If not available, procures the requested item/s, in which case the Purchase Request (PR) shall be prepared.

- b. The concerned employee of the Requisitioning Division/Office shall acknowledge receipt of the item/s by signing the RIS and the corresponding space in the Inventory Stock Card.
- c. The Property Officer, ADD/GSD shall then record the issued item/s as follows:
 - i. If requested item/s is equipment/fixed asset, effect the transfer of accountability through the accomplishment of the Acknowledgement Receipt for Equipment (ARE).
 - ii. If requested item/s is accountable forms/supplies/consumable items, Inventory Stock Card is adjusted.

A.2. Procurement of Accountable Forms, Supplies, Materials and Equipment

- 1. The Supply Officer, ADD/GSD shall prepare the following documents for action/approval of officials concerned as herein indicated:
 - a. Purchase Request (PR) for approval of the Deputy Collector for Administration (for ports and subports) /Director, Administration Office (for Ocom).
 - b. Depending on the appropriate Method of Procurement as described in Paragraph III.4.a to c of this Order -
 - i. If the method of procurement is public bidding - Duly approved contract and copy of bid documents
 - ii. If the method of procurement is direct contracting or negotiated procurement - Approval of the District Collector/Deputy Commissioner, IAG to undertake direct contracting as an alternative mode of procurement with the appropriate BAC Resolution; duly notarized certificate of exclusive distributorship of the supplier; and duly approved contract.
 - iii. If the method of procurement is Repeat Order- Approval of the District Collector/Deputy Commissioner, IAG to undertake repeat order as an alternative mode of procurement with appropriate BAC Resolution; and Documents of the original bidding.
 - iv. If the method of procurement is shopping - Copy of the APP and Abstract of Quotation from at least three (3) suppliers accredited by the G-EPS.
 - c. Purchase Order (P.O.) for approval of the District/Port Collector (for ports and subports)/ Deputy Commissioner, IAG (for Ocom). Pursuant to COA Circular No. 96-010 dated August 15, 1996, all basic data required in the P.O. must be properly and fully accomplished.

Note: The Resident Auditor shall be furnished with duly processed/approved documents (a), (b) and (c) mentioned above for advance information as the presence of the Resident Auditor/Representative is required during the inspection of the delivered items.

2. The Supply Officer, ADD/GSD shall submit the P.O. to the supplier who shall then cause the delivery of the items purchased within the date specified in the P.O.
3. The Supply Officer, ADD/GSD shall receive and inspect the items delivered together with the Inspection Team who shall sign the Inspection and Acceptance Report. The Acceptance and Inspection Team shall be composed of the following:
 - a. The Supply Officer, ADD/GSD
 - b. The Budget Officer, ADD/Budget Division
 - c. Representative of the End-user Division

A.3. Payment of Accountable Forms, Supplies, Materials and Equipment

1. The Supply Officer, ADD/GSD shall forward the claim for payment of accountable forms, supplies and materials to the Chief, Budget Division supported by the following documents:
 - a. Original copy of the supplier's invoice showing the quantity, description of the articles, unit and total value duly signed by the supplier
 - b. Original copy of the duly signed Inspection and Acceptance Report
 - c. Duly processed Purchase Request
 - d. Duly processed Purchase Order with the appropriate supporting documents enumerated in A.2.1.b above
 - e. Certified copy of issued ARE or Inventory Stock Card, whichever is applicable
2. The Disbursement Voucher and Check Payments shall then be processed in accordance with the New Government Accounting and Auditing Regulations.

B. Procurement of Janitorial Services, Lease of Photocopiers, Equipment Maintenance, Pest Control Service and related or analogous services

1. Procurement of janitorial services, lease of photocopiers, equipment maintenance, pest control service and related or analogous services of

whatever value shall strictly adhere to the public bidding process as defined in Rules VI-Rule XI, IRR-A, RA 9184.

- 2. The use of an alternative mode of procurement as defined in III.3 above shall require prior approval of the concerned BAC, subject to strict compliance with the requirements of the Alternative Methods of Procurement under Rule XVI, IRR-A, RA 9184.

C Procurement of Consulting Services

- 1. Procurement of consulting services shall strictly adhere to the public bidding process as defined in Rules VI-Rule XI, IRR-A, RA 9184.
- 2. The use of an alternative mode of procurement as defined in III.3 above shall require prior approval of the concerned BAC, subject to strict compliance with the requirements of the Alternative Methods of Procurement under Rule XVI, IRR-A, RA 9184.

D. Procurement of Infrastructure Projects

- 1. As a general rule, all infrastructure projects as defined in Paragraph II above shall be procured through public bidding only and should strictly adhere to the provisions thereof as defined in Rules VI-XI, IRR-A, RA 9184.
- 2. However, pursuant to Section 54.2.(d), IRR-A of RA 9184, repair and renovation projects costing not more than two million pesos (P2,000,000) may be undertaken by negotiated procurement as an alternative mode of procurement but is justified only (a) where time is of the essence to avert imminent danger to life or property or to restore vital water, power and transportation services and (b) where this need arises from a state of natural or man-made calamity or emergency as declared by appropriate authorities.
 - a. The affected division/office shall submit a letter-request for the immediate repair stating that the two (2) conditions mentioned above exists and that there is insufficient time to complete the procedures for public bidding or that commencing the same proves less convenient and inefficient, and therefore the use of Negotiated Procurement under Section 54.2 (d) of the IRR-A of RA 9184 is justified.
 - b. The letter-request shall be submitted to the Deputy Commissioner, IAG for approval upon favorable recommendation of the Service Director or the District Collector concerned.
 - c. The Deputy Commissioner, IAG shall then negotiate a contract with a contractor selected from its registry of bona fide contractors licensed with the Philippine Contractors Accreditation Board (PCAB) that has satisfactorily completed a contract of the same nature with the BOC.

- d. For purposes of transparency, the BAC shall post at the G-EPS bulletin board and the BOC website, general information as to the activity conducted, the recipient of the contract and the reasons for the award.
- 3. It shall be the responsibility of the General Services Division to prepare the Drawings, Agency Estimates, Bill of Quantities and other relevant documents of the project to be attached as part of the negotiated contract.

E. Inventory of Equipment / Property

The Deputy Collector for Administration (for ports/subports)/or the Chief, General Services Division (for Ocom), as the case may be, shall have the responsibility of conducting annual physical inventory of all equipment and supplies belonging to their respective offices during the month of November, every year. The Report of Inventory shall then be submitted to the Chief, Accounting Division for collation. The collated Annual Inventory Report shall be submitted to the Resident Auditor on or before December 31 of each year, copy furnished the Director, Administration Office.

F. Disposal of Unserviceable Equipment / Property

- 1. Pursuant to Section 502, Chapter 3, Article 20, Title 7, Book III, of the Government Accounting and Auditing Manual (GAAM), when government equipment/property has become unserviceable, the same can be disposed of by any of the following methods:
 - a. If found valueless or unsalable, it may be destroyed
 - b. If found to be valuable, it may be sold at public auction to the highest bidder under the supervision of the proper Committee created for the purpose.
- 2. Accordingly, a Committee on Sale of Unserviceable Equipment/Property is hereby constituted as follows:

For Ports and Subports:
 Chairman - Deputy Collector for Administration
 Members - Chief, Administrative Division, equivalent unit
 Designated Property Officer

For Ocom:
 Chairman - Director, Administration Office
 Members - Chief, General Services Division
 Designated Property Officer

- 3. In both methods of disposal of unserviceable equipment/property, the presence of a representative of the Commission on Audit representative shall be required.
- 4. Upon disposal of equipment/property, the pertinent portions of the Inventory and Inspection Report, Report of Waste Materials or Invoice-Receipt of Property, whichever is applicable, shall be accomplished. These reports shall be the basis for dropping the property from the books of accounts and for taking up the proceeds from the sale of property by the Accounting Division. It is therefore important that the Deputy Collector for Administration/Chief, General Services Division shall provide a copy of such report/s to the Accounting Division, Financial Management Office.

V. ACCOUNTABILITY

The District Collector (for ports/subports) and the Deputy Commissioner, Internal Administration Group (for Ocom) shall be held accountable and responsible to ensure that all procurements in their respective jurisdictions strictly adhere to the provisions of Republic Act 9184 and other relevant accounting and auditing rules and regulations.

VI. EFFECTIVITY

This Order shall take effect immediately.

NAPOLEON L. MORALES
Commissioner



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Republic of the Philippines

LIST OF ANNEXES:

- Annex 1 – Sample of Annual Procurement Plan (APP)
- Annex 2 – Sample of Project Procurement Management Plan (PPMP)
- Annex 3 – Purchase Request (PRE)
- Annex 4 - Request for Quotation (RFQ)
- Annex 5 – Bid Form for RFQ
- Annex 6 – Abstract of Quotation (AOQ)
- Annex 7 – Requisition Issue Slip (RIS)
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- Annex 9 – Purchase Order (PO)
- Annex 10 – Acceptance and Inspection Report (AIR)