

Office of the President
of the Philippines
Malacañang

MEMORANDUM CIRCULAR NO. 9

To : All Heads of Departments, Bureaus, Offices and Agencies of the National Government, including State Universities and Colleges (SUCs); Government-Owned and/or Controlled Corporations (GOCCs) and Government Financial Institutions (GFIs); Local Government Units (LGUs); and All Others Concerned

Subject : Government Policy and Procedural/Documentary Requirements on the Approval/Issuance of Authority to Purchase Motor Vehicles

Pursuant to Section 75, Chapter 7, Book VI of Executive Order (EO) No. 292 (Administrative Code of 1987), and Section 17(b) of the General Provisions of Republic Act (RA) No. 9970 (FY 2010 General Appropriations Act), *no government funds shall be utilized for the purchase of motor vehicles, except:*

1. When the motor vehicles will be used for the following purposes:
 - i. Those which are necessary for the transportation of patients or victims, e.g. medical ambulance, or for emergency purposes or calamity-related activities, e.g. fire trucks, rescue equipment;
 - ii. Those which are required by the military and police or other enforcement agencies, e.g. patrol vehicles, armored vehicles, prisoners' vans, to maintain peace and order;
 - iii. Those which are necessary in the interest of public service, e.g. mass transport vehicles, heavy equipment for road construction, cargo transport, farm machineries, waste management or environmental sanitation;
 - iv. Those which are directly necessary in the business operations or government transactions of front-line agencies;
 - v. Those which will be authorized by the President, Senate President, Speaker of the House of Representatives, or the Chief Justice;

- vi. Those which will be used by the President, and the Vice President for security reasons and purposes;
 - vii. Those donated by Foreign Governments and Bilateral and Multilateral Institutions;
 - viii. Those which will be used by visiting foreign dignitaries relating to the maintenance of international relationships or for the conduct of international meetings and other similar activities as part of the government's commitments; or
 - ix. Those which will be used for the implementation of foreign-assisted projects under the Official Development Assistance Programs; and
2. When the specifications of the motor vehicles do not fall within the category of a "*luxury vehicle*", such as the following motor vehicles enumerated under Section 9.0 of Administrative Order (AO) No. 233, s. 2008:
- i. Car (sedan or hatchback) with an engine displacement not exceeding 2200cc, if gasoline-fed; or 3000cc, if diesel-fed; and with an engine not exceeding 4 cylinders;
 - ii. Passenger van or pick-up type vehicle with an engine displacement not exceeding 2200cc, if gasoline-fed; or 3000cc, if diesel-fed; and with an engine not exceeding 4 cylinders;
 - iii. Crossover Utility Vehicle (CUV)/Multi-Purpose Vehicle (MPV)/Asian Utility Vehicle (AUV) with an engine displacement not exceeding 2000cc, if gasoline-fed; or 2500cc, if diesel-fed; and with an engine not exceeding 4 cylinders; and
 - iv. Sports Utility Vehicle (SUV) with an engine displacement not exceeding 2700cc, if gasoline-fed; or 3000cc, if diesel-fed; and with an engine not exceeding 4 cylinders.

In this regard, all concerned agencies are prohibited from acquiring and using luxury vehicles for their operations, and to be more prudent in spending government funds, especially in the acquisition of motor vehicles to maximize the utilization of scarce government resources.

Consistent with the existing guidelines embodied under AO No. 233, as implemented by DBM Budget Circular No. 2010-2, dated March 1, 2010, this

Office hereby adopts the following procedural and basic documentary requirements for the smooth processing of the requests for the approval/issuance of authority to purchase motor vehicles by the Office of the President (OP):

1. All requests together with the supporting documents must be submitted to the Department of Budget and Management (DBM) for evaluation and recommendation. However, requests of LGUs directly received by the Malacañang Records Office (MRO) may be acted accordingly by the OP.
2. Such requests must be supported by original or certified true copy of the following documents:
 - a. For *Departments and Independent Offices/Agencies*
 - i. *Evaluation and recommendation by the DBM;*
 - ii. *Basic letter-request* from the Department Secretary or his/her duly authorized representative(s) or from the Head of the Office/Agency, with information on the amount, type, number, and specification of motor vehicles and the purpose/justification and deployment for which such vehicles will be used;
 - iii. *Agency Budget Matrix (ABM)* showing the amount for the purpose under the "Needing Clearance" portion of the ABM, if the allotments/appropriations are yet to be released; or
Certification of availability of funds by the Chief Accountant or Head of the Accounting Unit, if the allotments/appropriations are already released or already with the concerned department/office/agency; or
Approved special budget and certification from the Bureau of the Treasury (BTr), if the acquisition will be charged against the department's/office's/agency's trust funds, trust receipts, trust liability accounts (TLA), and other special accounts, which are deposited with the National Treasury; and
 - iv. Updated *inventory/accounting* of all existing motor vehicles showing their status/conditions/worthiness (e.g. good, fair, repairable or unserviceable) duly certified by Property/Supply Officer.

- b. For *Offices/Agencies Attached to/Under the Department*
 - i. Same requirements under *Item 2.a (i-iv)* of this Memorandum Circular (MC); and
 - ii. *Endorsement* from the Department Secretary or his/her duly authorized representative(s), wherein such office/agency is attached.
- c. For *SUCs/GOCCs with National Government (NG) allocation/subsidy*
 - i. Same requirements under *Item 2.a (i-iv)* of this MC;
 - ii. *Board resolution* approving such purchase; and
 - iii. Approved operating budget (regular/supplemental).
- d. For *GOCCs and GFIs without NG subsidy*
 - i. Same requirements under *Item 2.a (i, ii, and iv)* of this MC;
 - ii. Same requirements under *Item 2.c (ii and iii)* of this MC; and
 - iii. *Certification of availability of funds* by the Corporate Chief Accountant or Head of the Accounting Unit.
- e. For *Local Government Units (LGUs)*
 - i. *Evaluation and recommendation by the DBM*, if the request was coursed through the DBM;
 - ii. *Basic letter-request* from the Local Chief Executive (LCE), with information on the type, number, and specification of motor vehicles and the purpose/justification and deployment for which such vehicles will be used;
 - iii. *Certification of availability of funds* by the Local Accountant or Head of the Accounting Unit, or in his/her absence, the Local Treasurer or Budget Officer;
 - iv. *Local ordinance/resolution* approving such purchase; and

- v. Updated *inventory/accounting* of all existing motor vehicles showing their status/conditions/worthiness (e.g. good, fair, repairable or unserviceable) duly certified by Property/Supply officer.
3. Non-compliance with any of the above-mentioned requirements shall be sufficient ground for the denial or non-processing of the requests or the return thereof to the requesting party without action.

This Memorandum Circular shall take effect immediately.

By authority of the President:

PAQUITO N. OCHOA, JR.
Executive Secretary

By the Executive Secretary:

JOSE AMOR M. AMORADO

Senior Deputy Executive Secretary

Manila, 14 December 2010