

NPM No. 32-2017

20 December 2017

MR. ALFRED LEO ANCHETA
Alfredleoancheta@yahoo.com

Re: Required Conditions for Small Value Procurement and Shopping

Dear Mr. Ancheta:

This refers to your electronic mail seeking our opinion on the following:

1. Whether in Negotiated Procurement - Small Value Procurement (SVP) under Section 53.9 of the 2016 revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184, a Procuring Entity (PE) may award a contract, if among the three suppliers, only one supplier offered a price within the Approved Budget for the Contract (ABC), and the other two bidders exceeded the ABC; and
2. Whether the procurement of air conditioning falls under Negotiated Procurement - SVP or Shopping.

Number of Quotations Required -

The *Consolidated Guidelines for the Alternative Methods of Procurement*, Annex "H" of the 2016 revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184, the Government Procurement Reform Act (GPRA) provides clear and unambiguous rules in terms of the required number of Requests for Quotation (RFQs) that must be sent and price quotations that must be obtained when procuring through Shopping or SVP.

For SVP under Section 53.9 of the 2016 IRR of RA 9184, the BAC shall prepare and send the RFQs/RFPs to at least three (3) suppliers, contractors or consultants of known qualifications. Receipt of at least one (1) quotation is sufficient to proceed with the evaluation.

Accordingly, when the procurement method is SVP, the PE is required to obtain at least one (1) quotation. Failure to comply with this requirement renders the procurement invalid, and the responsible officials are accountable for non-compliance with relevant rules and regulations. A quotation that exceeds the ABC is still considered a price quotation for purposes of the requirement. Award of contract shall then be made to the

lowest quotation which complies with the specifications and other terms and conditions stated in the RFQ, provided it is within the ABC.

Culled from the foregoing, a Procuring Entity (PE) may award a contract, if among the three suppliers who submitted proposals, only one supplier offered a price within the Approved Budget for the Contract (ABC), subject to compliance with the technical specifications and other terms and conditions stated in the RFQ.

**Procurement of Air conditioning Unit;
Shopping and Small Value Procurement -**

Under Section 52 of the 2016 revised IRR of RA 9184, Shopping is defined as a method of procurement of Goods where the PE 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 the 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 the IRR.

It will be noted that the phrase "ordinary or regular office supplies" shall be understood to include those supplies, commodities, or materials which are necessary in the transaction of official businesses, and consumed in the day-to-day operations of the PE.

On the other hand, SVP is defined as the procurement of goods, infrastructure projects and consulting services, where the amount involved does not exceed the threshold prescribed in Annex "H" of the IRR: *Provided,* That in case of goods, the procurement does not fall under Shopping in Section 52 of the IRR. In other words, if the PE is procuring readily available off-the-shelf goods or ordinary/regular equipment, the proper modality is through alternative method of Shopping, otherwise, Negotiated Procurement - SVP may be resorted to.

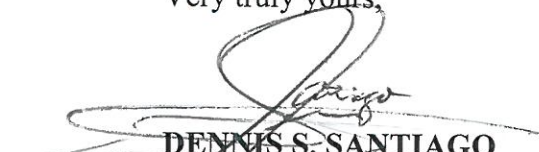
In view of the foregoing, we wish to stress the following:

1. For Small Value Procurement the BAC shall prepare and send the RFQs/RFPs to at least three (3) suppliers, contractors or consultants of known qualifications. Receipt of at least one (1) quotation is sufficient to proceed with the evaluation. Hence, a Procuring Entity (PE) may award a contract, if among the three suppliers who submitted proposals, only one supplier offered a price within the Approved Budget for the Contract (ABC), subject to compliance with the technical specifications and other terms and conditions stated in the RFQ; and

2. If the Procuring Entity is procuring readily available off-the-shelf goods or ordinary/regular equipment, the proper modality is through alternative method of Shopping, otherwise, negotiated modality of SVP may be resorted to.

We hope that this opinion issued by the GPPB-TSO provided sufficient guidance on the matter. Note that this is issued on the basis of particular facts and situations presented, and may not be applicable given a different set of facts and circumstances. Should there be other concerns, please do not hesitate to contact us.

Very truly yours,



DENNIS S. SANTIAGO
Executive Director V

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