

NPM No. 060-2016

3 November 2016

MS. HILDA A. MAGTIZA

Vice President for Administration and Finance
Chairperson, Bids and Awards Committee (BAC)

NORTHERN ILOILO POLYTECHNIC STATE COLLEGE (NIPSC)
NIPSC Main Campus, V. Cudilla, Sr., Ave.,
Estancia, Iloilo

**Re: Honoraria for Bids and Awards Committee (BAC)
Secretariat and Technical Working Group (TWG) Members**

Dear Ms. Magtiza:

This refers to your letter requesting clarification on the claim for honoraria of the BAC members, including BAC Secretariat and TWG members.

It is represented that the NIPSC has received a Special Allotment Release Order (SARO) amounting to PhP 100,421,600 for the replacement and acquisition of equipment and facilities damaged by Typhoon Yolanda. The procuring entity was able to procure and award 24 different lots of equipment and facilities. Thus, the BAC and its Secretariat and TWG are claiming for honoraria for the awarded contracts chargeable against the proceeds of the sale of bidding documents.

Section 15 of the Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184 states that the procuring entity may grant payment of honoraria to the BAC members in an amount not to exceed twenty five percent (25%) of their respective basic monthly salary subject to the availability of funds. Under the same provision, the BAC Secretariat and the TWG members may likewise be granted honoraria, subject to the relevant rules of the Department of Budget and Management (DBM).

For your guidance, the DBM has issued Budget Circular (BC) No. 2004-5A¹, as amended by BC No. 2007-3², which allows the payment of honoraria to members of the BAC, BAC Secretariat and TWG for successfully completed procurement projects. This provides sufficient basis in the grant of honoraria to members of the BAC, its Secretariat and the TWG. It is noteworthy that payment of honoraria shall be limited to procurement that involves competitive bidding, which is present only in Competitive Bidding (Section 10), Limited Source Bidding (Section 49), and Negotiated Procurement under Two-Failed Biddings (Section 53.1). Consequently, honoraria will not be paid when procurement is through all the other alternative modes of procurement provided in RA 9184 and its IRR where competitive bidding or a semblance thereof is not present. ✍

¹ Issued on 7 October 2005.

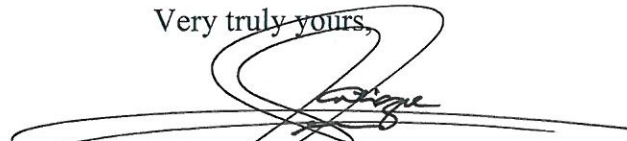
² Issued on 29 November 2007.

Furthermore, the amount necessary for the payment of honoraria and overtime pay shall be sourced from the items enumerated under Section 3.1 of BC No. 2007-3, namely:

- 1) Collections from successfully completed procurement projects limited, however, to activities prior to awarding of contracts to winning bidders:
 - a. Proceeds from sale of bid documents;
 - b. Fees from contractor/supplier registry;
 - c. Fees charged for copies of minutes of bid openings, BAC resolutions and other BAC documents;
 - d. Protest fees; and
 - e. Proceeds from bid security forfeiture.
- 2) Savings realized from the current year specific budget of the agency under the General Appropriations Act (GAA).
- 3) In the case of GOCCs, savings from the DBM-approved corporate operating budgets.
- 4) In the case of LGUs, savings from the local budgets approved by their respective *Sanggunian* subject to the pertinent provisions of RA 7160 (Local Government Code of 1991).

We hope our advice provided sufficient guidance on the matter. Note that this clarification is being issued on the basis of facts and particular situations presented, and may not be applicable given a different set of facts and circumstances. Should you have other concerns, please do not hesitate to contact us.

Very truly yours,


DENNIS S. SANTIAGO
Executive Director V

Mrs. JMC