



Republic of the Philippines  
**GOVERNMENT PROCUREMENT POLICY BOARD**  
**TECHNICAL SUPPORT OFFICE**



**NPM No. 007-2016**

18 March 2016

**MA. CAROL HERMOSILLA, M.D.**  
*Chairperson, Bids and Awards Committee*  
**MUNICIPALITY OF MONDRAGON**  
Mondragon, Northern Samar

**Re: Provision for Honoraria**

Dear Ms. Hermosilla:

This refers to your letter requesting our opinion on your claim for honoraria as Bids and Awards Committee (BAC), Secretariat and Technical Working Group (TWG) members.

It is represented that your claim for honoraria has been in strict observance of Department of Budget and Management (DBM) Budget Circular (BC) No. 2004 5A<sup>1</sup>. However, since the proceeds from the sale of your bidding documents is not enough to cover your honoraria, you resorted to DBM Budget Circular 2007-3, which provides for another source of honoraria, which in the case of Local Government Units (LGUs), is the savings from the Local Budget approved by their respective Sanggunian, subject to the pertinent provisions of Republic Act (RA) No. 7160. Thus, your Municipal Mayor requested the Sangguniang Bayan (SB) to appropriate the savings for the payment of your honoraria.

During the SB Committee on Appropriations' hearing, the SB proposed to appropriate the requested honoraria but the BAC, Secretariat, and TWG members will only receive 40%, while the 60% will be distributed to other elected and appointed employees. Knowing that you will sign the payroll for 100% honoraria but will only receive 40%, you dissented to the proposal.

It is in this wise that you inquire whether the Sangguniang Bayan has the power and authority to regulate the honoraria of the BAC and if you can protest to such act.

We wish to note that the Government Procurement Policy Board (GPPB) or its Technical Support Office (TSO) is not in a position to decide for and on behalf of a procuring entity. More so, it is not within the powers and functions of the GPPB or its TSO to give its imprimatur to legislative acts of the Sangguniang Bayan that are well within the latter's authority, discretion, and accountability.

Under Section 15 of the Republic Act (RA) No. 9184, "[T]he 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 availability of funds. For this purpose, the Department of Budget and Management (DBM) shall promulgate the

<sup>1</sup>Issued on 7 October 2005.



necessary guidelines.” Relative thereto, the DBM issued DBM Budget Circular (BC) No. 2004-5<sup>2</sup>, as amended by DBM\_BC Nos. 2004-5A<sup>3</sup> and 2007-3,<sup>4</sup> to provide the guidelines on the grant of honoraria to government personnel involved in government procurement.

Section 4 of DBM BC 2004-5 provides for the grant of honoraria to government personnel involved in government procurement, to wit:

Honoraria is a form of compensation granted to individuals **for the performance of tasks or involvement in activities beyond their regular functions.** Equity calls for equal compensation for performance of substantially similar duties, with substantially similar degrees of responsibility. **Propriety** dictates that **only persons who have successfully completed their tasks or participated in accomplished activities ought to be compensated.** (Emphasis ours.)

“To be entitled to honoraria, personnel should be duly assigned as chair or member of the BAC or TWG by the head of the department/agency concerned.”<sup>5</sup> On the other hand, “the members of the BAC Secretariat who are performing the attendant functions in addition to their regular duties in other non-procurement units of the agency may likewise be paid honoraria at the same rate as the TWG Chair and Members, subject to the same regulations.”<sup>6</sup>

As mentioned, DBM BC No. 2004-5, as amended by DBM BC Nos. 2004-5A, and 2007-3, respectively, provide the guidelines on the grant of honoraria to government personnel involved in government procurement consistent with Republic Act (RA) No. 9184 and its revised Implementing Rules and Regulations (IRR). Based on the said Circulars, the sources for the grant of honoraria are limited to the following, to wit:

- (1) Collections from successfully completed procurement projects limited, however, to activities prior to awarding of contracts to winning bidders, viz.:
  - (a) Proceeds from the sale of bidding documents;
  - (b) Fees from the contractor/supplier registry;
  - (c) Fees for the copies of the minutes of bid openings, Bids and Awards Committee (BAC) Resolutions, and other BAC documents;
  - (d) Protest Fees; and
  - (e) Proceeds from the bid security forfeiture; and
- (2) Savings realized from the current year specific budget of the agency under the General Appropriations Act for National Government Agencies, savings from the DBM-approved corporate operating budgets for Government-Owned and/or Controlled Corporations, or **savings from the local budgets approved by their respective Sanggunian subject to the pertinent provisions of RA 7160 (Local Government Code of 1991) in the case of Local Government Units.**

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<sup>2</sup> Dated March 23, 2004.

<sup>3</sup> Dated October 7, 2005

<sup>4</sup> Dated November 29, 2007

<sup>5</sup> Section 5.5 of DBM BC 2004-5A

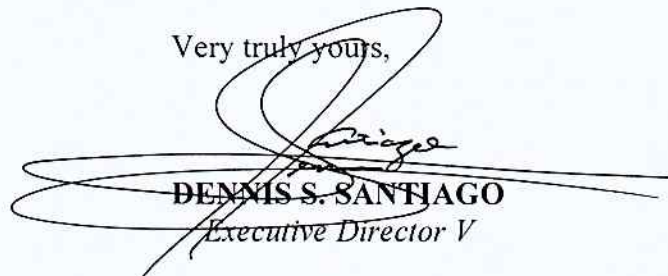
<sup>6</sup> Section 5.6 of DBM BC 2004-5A

Accordingly, the honoraria granted under Section 15 of RA 9184 shall be granted only to those who are entitled to receive such, to wit: those personnel duly assigned as chair or member of the BAC or TWG, or members of the BAC Secretariat, if applicable as the honoraria that may be granted is for the performance of procurement tasks or involvement in procurement activities beyond their regular function.

On the other hand, it is our considered view that the proposal to appropriate and distribute 40% of the requested honoraria to the BAC, Secretariat, and TWG members, and 60% to other elected and appointed employees finds no basis in RA 9184 and its revised IRR, including the abovementioned DBM Budget Circulars. If at all, the limitation sanctioned by RA 9184 and its associated rules refers to the payment of honoraria in an amount not to exceed twenty five percent (25%) of the respective basic monthly salaries of the BAC, Secretariat and TWG members, subject to availability of funds. Elsewise put, the BAC, Secretariat and TWG members are entitled to 100% of their respective honoraria, but in no case shall this exceed 25% of their respective monthly salaries.

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*

Ind-<sup>ca</sup>