



Department of Budget and Management
GOVERNMENT PROCUREMENT POLICY BOARD
TECHNICAL SUPPORT OFFICE

NPM No. 11-2014

31 March 2014

MR. JOHN S. MANALILI, CESO III

Director IV

BUREAU OF COMMUNICATIONS SERVICES (BCS)

PCS Building, 310 San Rafael St.,
Malacañan Palace Complex, San Miguel,
Manila


Re: Procurement of Second-Hand Equipment

Dear Director Manalili:

This is in response to your letter dated 12 February 2014, which we received on 20 February 2014, seeking our permission to allow the BCS to procure second-hand printing equipment.

It is represented that the BCS intended to procure brand new printing equipment with Approved Budget for the Contract (ABC) in the amount of Ten Million Five Hundred Thousand Pesos (PhP10,500,000.00). When the fiscal year 2013 was about to end, BCS decided to seek the assistance of the Procurement Service of the Department of Budget and Management (PS-DBM) in the procurement of the aforesaid printing equipment. However, since the cost of brand new printing equipment is One Hundred Thirty Five Million Pesos (PhP135,000,000.00), PS-DBM advised BCS to secure the written permission of the Government Procurement Policy Board (GPPB) to procure second-hand printing equipment.

We have discussed in numerous opinions¹ that the procurement of second-hand, refurbished, or reconditioned equipment is allowed under Republic Act (RA) No. 9184 and its revised Implementing Rules and Regulations (IRR), through competitive public bidding or any of the alternative modes of procurement under highly exceptional circumstances.

Based on this, we wish to reiterate that procurement of second-hand, refurbished, or reconditioned equipment is allowed under RA 9184 and its IRR. We also wish to clarify that the decision of the procuring entity to procure second-hand, refurbished, or reconditioned equipment does not require prior approval or confirmation from this office inasmuch as the responsibility to identify projects, as well as its requirements and specifications, including considerations for the acquisition of brand new or second hand goods/ equipment, rests with the procuring entity. 

¹ Non-Policy Matter Nos. 26-2006 (15 December 2006), 27-2006 (15 December 2006), 28-2006 (15 December 2006), and 43-2012 (25 April 2012)

We hope that the opinion issued by GPPB-TSO provided sufficient guidance on the matter. Please note that this opinion is being rendered on the basis of the facts and particular situation presented, and may not be applicable given a different set of facts and circumstances. Should you have additional questions, please do not hesitate to contact us.

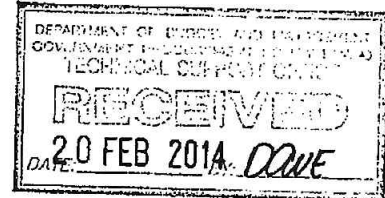
Very truly yours,


DENNIS S. SANTIAGO
Executive Director V&A

11rd2 



Republic of the Philippines
Presidential Communications Operations Office
BUREAU OF COMMUNICATIONS SERVICES
Malacañang, Manila



12 February 2014

ATTY. DENNIS S. SANTIAGO

Executive Director V

Government Procurement Policy Board

Unit 2506 Raffles Corporate Center

Ortigas Ave., Pasig City

Dear Exec. Director Santiago:

This is in connection with the Bureau's procurement of an offset machine which we have coursed through the Procurement Service (PS) of the Department of Budget and Management (DBM).


The Bureau's approved budget for the procurement of the printing equipment is Php 10.5M but the quotations received for a brand new printing machine ranged from Php 65M to Php 150M. As the end of FY 2013 drew near without finding a supplier who could offer a lower price, we decided to seek the assistance of the Procurement Service of the DBM. However, according to the PS, the price quotation they received from a supplier for brand new offset machine is Php 135M which is very much higher than the Bureau's allocation. DBM's Procurement Service advised BCS to secure a written permission from the GPPB for a second-hand purchase.

In view of the foregoing, we are seeking your permission to allow us to purchase second hand items which the Bureau can afford to pay within its budget:

1. One (1) unit two-color offset machine
2. One (1) unit cutting machine

We trust that our concern merits your preferential attention.

Very truly yours,


JOHN S. MANALILI, CESO III
Director IV