



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

NPM No. 18-2013

27 March 2013

MR. SATURNINO H. MEJIA
Chairman, Bids and Awards Committee (BAC)
NATIONAL DEVELOPMENT COMPANY (NDC)
NDC Building, 116 Tordesillas St.,
Salcedo Village, Makati City

Re : Wage Adjustment in the Approved Budget for the Contract (ABC)

Dear Mr. Mejia:

We respond to your letter dated 10 October 2012, seeking advice on whether NDC can reflect the new minimum wage rates/adjustments in the original ABC prior to the conduct of the second bidding for security services.

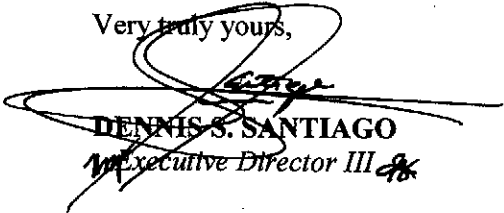
As represented, NDC conducted a public bidding for the procurement of security services based on the approved 2012 Annual Procurement Plan (APP), but failed. While preparations for the second bidding are being done, the Department of Labor and Employment and the Philippine Association of Detective and Protective Agency Operators released the new minimum wage rates/adjustments. It is in this context that NDC seeks clarification on the propriety of reflecting the wage adjustments by changing the original ABC before proceeding with the second bidding for the project.

For your guidance, Section 35.2 of the revised Implementing Rules and Regulations (IRR) of Republic Act 9184 provides that whenever failure of bidding is declared the BAC shall conduct a mandatory review and evaluation of the terms, conditions, and specifications in the bidding documents, including cost estimates, in order to determine the reason for the failed bidding. Moreover, Section 35.3 of the IRR provides that, based on the findings of the BAC in such review, it shall revise the terms, conditions, and specifications, and if necessary, the ABC, subject to the required approvals, and conduct a re-bidding with re-advertisement and/or posting.

In this regard, we are of the view that, prior to its second bidding, NDC may modify the ABC for its procurement of security services to incorporate the new minimum wage rate/adjustment, subject to the necessary approval process in changing the APP to reflect the revised ABC for the project.

We hope our advice provided sufficient guidance on the matter. Note that this opinion 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 III

//sd3 