



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

**NPM No. 19-2014**

16 June 2014

**MS. LOLITA G. ALVAREZ**  
*Chief, Purchasing Office*  
**PHILIPPINE GENERAL HOSPITAL**  
Taft Avenue, Manila

**Re: Shopping**

Dear Ms. Alvarez:

This refers to your letter dated 19 May 2014 seeking our opinion in relation to the procurement of medicines and medical supplies through Shopping, to wit:

1. Whether the contract can be awarded to the lone supplier who submitted a price quotation; and
2. Whether the quantity can be reduced to accommodate the price quotation which is higher than the Approved Budget for the Contract (ABC).

It is represented that your institution is currently experiencing delays in the bidding process for drugs and medicines, as well as medical supplies, which prompted your Bids and Awards Committee (BAC) to recommend the conduct of Shopping as the mode of procurement. It is also represented that there are situations that only one (1) supplier submitted price quotations for urgently needed items. Further, in another procurement activity, the end-user reduced the quantity of items just to accommodate the price quotation so that it will be within the given budget, and insisted the applicable process to evaluate and award the item. It is in this light that you raised the above-mentioned queries.

**Required Number of Quotation in Shopping**

We wish to clarify that the requirement of obtaining at least three price quotations is applicable only in Shopping under Section 52.1(b)<sup>1</sup> of the revised Implementing Rules and Regulations (IRR) of Republic Act No. (RA) 9184. However, said requirement is not necessary in Shopping under Section 52.1(a)<sup>2</sup> of the IRR. Further, it is clear under Section 3(g) of the Guidelines for Shopping and Small Value Procurement (Guidelines) that when the number of quotations obtained is less than three (3), the Procuring Entity (PE) should extend

<sup>1</sup> 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 this IRR.

<sup>2</sup> When there is an unforeseen contingency requiring immediate purchase: Provided, however, that the amount shall not exceed the thresholds prescribed in Annex "H" of this IRR.

the deadline for the submission of quotations until it has obtained at least three (3) quotations.<sup>3</sup>

Thus, when the procurement falls under Section 52.1(b), no award of contract can be made if only one supplier submitted a price quotation. It is imperative upon the PE to obtain at least three (3) quotations before awarding a contract that is procured through Shopping under Section 52.1(b).<sup>4</sup>

### **Reduction/Adjustment of Quantity**

With regard to the second query, we refer to Section 3(h) of the Guidelines, which provides that award of contract shall be made to the lowest quotation which complies with the specifications and other terms and conditions stated in the Request for Quotation (RFQ). A supplier who sent a quotation beyond the ABC does not comply with the terms and conditions stated in the RFQ and should be disqualified.

Hence, the quantity of a particular item cannot be reduced to accommodate the price proposal of one supplier. It is the supplier who should conform to the requirements of the PE and not otherwise. In the event that no supplier submits quotation that conforms with the requirement of the PE, the proper step to be undertaken is to extend the deadline for the submission of price quotations, subject to required approvals, but not to adjust the quantity of the items to be procured to accommodate the price proposal of one supplier.

### **Summary**

In sum, we wish to clarify the following matters relative to your concerns:

1. No award shall be made if only one supplier submitted a price quotation for Shopping under Section 52.1(b) of the IRR of RA 9184; and
2. PE cannot reduce/adjust the quantity of supplies to accommodate a bidder's price quotation that exceeded the project's ABC.

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 you have further questions, please do not hesitate to contact us.

Very truly yours,



**DENNIS S. SANTIAGO**  
*Executive Director V*



<sup>3</sup> NPM No. 008-2013 dated 11 February 2013.

<sup>4</sup> *Ibid.*



**Republika ng Pilipinas**  
Republic of the Philippines  
**Kagawaran ng Tanggulang Pambansa**  
Department of National Defense

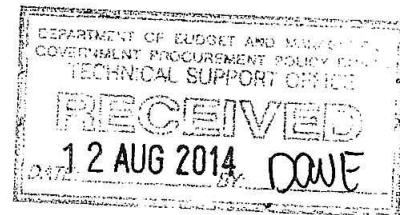
August 08, 2014

**ATTY. DENNIS S. SANTIAGO**

Executive Director

Government Procurement and  
Policy Board

Unit 2506 Raffles Corporate Center F. Ortigas Center  
F. Ortigas Jr., Road, Ortigas Center Pasig City



Dear **Director Santiago**:

This refer to our letter dated May 30, 2014 and received by your office last June 03, 2014 pertaining to our request for clarification on the matter of the non-submission of the Statement of On-going government and private contracts in case the bidder submitted a Credit Line Certificate. The goods being procured by the Department is for the use of our Armed Forces and the same is of immediate need, thus we respectfully request your good office for the release of your opinion on the matter the soonest possible time.

Hoping for your favorable and urgent action on the matter.

Thank you very much.

FOR THE CHAIRMAN

**ATTY. ANGELITO C. CASTILLO**

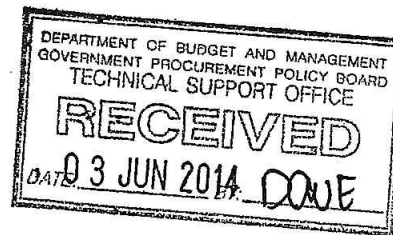
Head Secretariat,  
DND Bids and Awards Committee



**Republika ng Pilipinas**  
Republic of the Philippines  
**Kagawaran ng Tanggulang Pambansa**  
Department of National Defense

May 30, 2014

**Atty. Dennis S. Santiago**  
**Executive Director**  
**Government Procurement and**  
**Policy Board**  
Unit 2506 Raffles Corporate Center  
F. Ortigas Jr. Road, Ortigas Center  
Pasig City



**Dear Director Santiago:**

This pertains to the project Supply and Delivery of 12 Units 155mm Howitzer with 240 rounds Ctg, 155mm HE of the Department of National Defense (DND) with an ABC of PhP438,620,000.00.

During the Submission and Opening of Bids for the project, two (2) proponents, namely, ELBIT SYSTEMS LAND AND C4I LTD, and BNT-TVORNICA MASINA submitted their bids. The submitted documents by both proponents were rated "PASSED" by the DND BAC for complying with the requirements stipulated on the bidding documents. The two were subsequently declared as "ELIGIBLE TO BID" for the project.

Therein, ELBIT SYSTEMS LAND AND C4I LTD, was declared as the LOWEST CALCULATED BIDDER (LCB) with the bid amount of PHP 368,837,332.00. Accordingly, the DND BAC directed the TWG to conduct the Post Qualification on the aforesaid Lowest Calculated Bidder (LCB).

Worth noting is that since the bidding for this particular project was conducted when the use of Credit Line Certificate (CLC) in lieu of NFCC computation was still permitted, Elbits' submission of CLC was considered "PASSED". However, for the requirement of "Statement of Ongoing Government and Private Contracts" said bidder declared the same as "Not Applicable (N/A)".


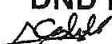
When clarification was sought from said bidder, the latter explained that they relied on GPPB Resolution No. 29-2012 which they believe provides that when they submit a CLC, the statement of ongoing contracts is no longer necessary. They maintained that the WHEREAS clauses in said resolution clearly provides said policy.

On the other hand, a careful examination of said resolution would show that the WHEREFORE clauses or the dispositive portion of the resolution was silent as to this policy.

Thus, the DND BAC requests for clarification as to whether or not the "Statement of Ongoing Government and Private Contracts" is still required if a bidder submits a CLC in lieu of NFCC computation in relation to GPPB Resolution No. 29-2012.

Hoping for your immediate action on the matter.

Thank you very much.

  
USEC NATALIO C. ECARMA III CESE  
Chairman,  
DND Bids and Awards Committee  


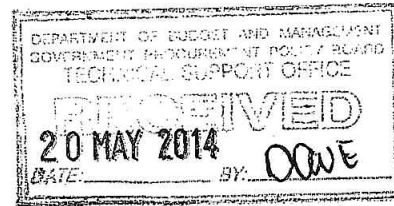


**PHILIPPINE GENERAL HOSPITAL**  
The National University Hospital  
University of the Philippines Manila  
**PURCHASING OFFICE**  
Taft Avenue, Manila

*"PHIC-Accredited Health Care Provider"*  
ISO 9001: 2008 Certified

19 May 2014

**ATTY. DENNIS S. SANTIAGO**  
Executive Director III  
Government Procurement Policy Board  
Ortigas Center, Pasig City



Sir:

In order to help us execute our duties and responsibilities in accordance with RA 9184, we would like to request for some clarifications concerning the process of procurement specifically for the following:

- 1. Guidelines for Shopping (Appendix 18) states that; *(f) at least three (3) quotations must be obtained.*

Our institution which basically offers health services to numerous patients is currently experiencing delays in the bidding process for Drugs and Medicines as well as Medical Supplies, hence, we always receive BAC Resolutions to conduct Shopping. However, there are situations that only one (1) supplier submitted its accomplished RFQ after a month and the end-user (Pharmacy Department) is already expecting some results due to the urgent need of the item (e.g. Bupivacaine, Epinephrine, etc.). Can we consider it for award to facilitate the procurement thru Shopping?

- 2. Ceiling for Bid Prices (Section 31.1)  
*If a bid price is higher than the ABC, it shall be automatically disqualified.*

Shopping conducted for life-saving item/s has a bid offer higher than the ABC. The end-user (Pharmacy Department) reduced the quantity just to accommodate the request within the given budget and insisted the process to evaluate and award the item. Can we proceed with the procurement?

Your opinion regarding the above issues will be truly appreciated.

Thank you very much.

Very truly yours,

**LOLITA C. ALVAREZ**  
Chief, Purchasing Office

*6/3/2014*  
*Riza / Sorry*  
*please prepare opinion*  
*we have relevant opinions*  
*on shopping and ceiling for*  
*bid prices.*  
*ma.oss*

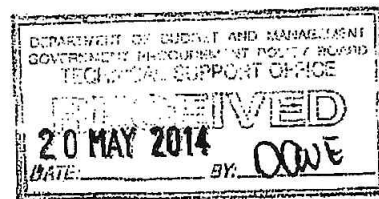


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