NPM No. 03-2009

09 January 2009

MS. MARIA ELISA C. NAGA
Department Manager
Chairperson, Bids and Awards Committee
PAG-IBIG - HOME DEVELOPMENT MUTUAL FUND
LUCENA BRANCH
Lucena Branch Office,
2nd Floor, OCT

Re   :   **Computational Errors**

Dear Ms. Naga:

This has reference to your letter dated 11 December 2008, which we received on 15 December 2008 requesting guidance on whether the corrected bid price of the Lowest Calculated Bid (LCB) should be used in determining the Contract Price for the procurement of Janitorial Services by the Pag-IBIG Home Development Mutual Fund - Lucena Branch, for the year 2009.

In sum, you represented that two (2) agencies participated in the bidding. In the "Bids as Read" document, Agency B was shown to be the lowest bid. However, during evaluation, computational errors were discovered in the cost breakdown of Agency B. Nonetheless, after the corrected amount was determined, Agency B still ranked lowest in the "Bids as Calculated" document.

As can be readily seen from Sections 32.4.1 and 32.4.4 of the Implementing Rules and Regulations Part A (IRR-A) of Republic Act No. 9184 (R.A. 9184), the Bids and Awards Committee (BAC) can make corrections on arithmetical errors in the bidding documents of the bidders during the detailed evaluation of bids. Specifically, the pertinent provisions are respectively quoted hereunder, to wit;

> 32.4.1 **To determine the Lowest Calculated Bid** for the procurement of goods and infrastructure projects, **after the preliminary examination** of bids, the BAC shall immediately **conduct a detailed evaluation** of all bids rated "passed" using a non-discretionary criteria, as stated in the Invitation to Apply for Eligibility and to Bid and the Instructions to Bidders, which **shall include** a consideration of the following:
>
> X X X

b) **Minor arithmetical corrections** to consider **computational errors,** omissions and discounts if allowed, in the bidding documents to enable proper comparison of all eligible bids. **Any adjustment shall be calculated in monetary terms to determine the calculated prices.**

32.4.4 **Based on the detailed evaluation of bids,** those that comply with the abovementioned requirements shall be **ranked in ascending order of their total calculated bid prices, as evaluated and corrected for computational errors,** discounts and other modifications, **to identify the Lowest Calculated Bid.** Total calculated bid prices, as evaluated and corrected for computational errors, discounts, and other modifications, which exceed the approved budget for the contract shall not be considered. *(Emphasis supplied).*

Based on the afore-quoted provisions, it is clearly within the ambit of the BAC's authority to make the necessary corrections on the bidder's financial proposals since the corrected computations by the BAC shall be the basis for the determination of the LCB. Accordingly, should the total calculated bid price , as evaluated and corrected, at the same time be the Lowest Calculated Responsive Bid (LCRB), then the former shall constitute the Contract Price, provided, that all other requirements and conditions imposed by the law are validly complied with.

However, in case the bidder refuses to accept the arithmetical corrections done by the BAC on its bid, it shall be disqualified and its bid security forfeited.[1] The BAC shall, thereafter, proceed with the post-qualification of the second LCB until the LCRB is determined for award.

We hope that this clarifies matters.

Very truly yours,

RUBY U. ALVAREZ
Executive Director III

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[1] Generic Procurement Manual-Manual of Procedures for the Procurement of Goods and Services (Volume 2), p. 14. June 2006

Republic of the Philippines

gppb

Government Procurement Policy Board

TECHNICAL SUPPORT OFFICE

Unit 2506 Raffles Corporate Center,
F. Ortigas Jr. Avenue, Ortigas Center,
Pasig City, Philippines 1605

NPM No. 03-2009

09 January 2009

MS. MARIA ELISA C. NAGA
Department Manager
Chairperson, Bids and Awards Committee
PAG-IBIG - HOME DEVELOPMENT MUTUAL FUND
LUCENA BRANCH
Lucena Branch Office,
2nd Floor, OCT

<div align="center">

Re : **Computational Errors**

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Dear Ms. Naga:

This has reference to your letter dated 11 December 2008, which we received on 15 December 2008 requesting guidance on whether the corrected bid price of the Lowest Calculated Bid (LCB) should be used in determining the Contract Price for the procurement of Janitorial Services by the Pag-IBIG Home Development Mutual Fund - Lucena Branch, for the year 2009.

In sum, you represented that two (2) agencies participated in the bidding. In the "Bids as Read" document, Agency B was shown to be the lowest bid. However, during evaluation, computational errors were discovered in the cost breakdown of Agency B. Nonetheless, after the corrected amount was determined, Agency B still ranked lowest in the "Bids as Calculated" document.

As can be readily seen from Sections 32.4.1 and 32.4.4 of the Implementing Rules and Regulations Part A (IRR-A) of Republic Act No. 9184 (R.A. 9184), the Bids and Awards Committee (BAC) can make corrections on arithmetical errors in the bidding documents of the bidders during the detailed evaluation of bids. Specifically, the pertinent provisions are respectively quoted hereunder, to wit;

> 32.4.1 **To determine the Lowest Calculated Bid** for the procurement of goods and infrastructure projects, **after the preliminary examination** of bids, the BAC shall immediately **conduct a detailed evaluation** of all bids rated "passed" using a non-discretionary criteria, as stated in the Invitation to Apply for Eligibility and to Bid and the Instructions to Bidders, which **shall include** a consideration of the following:
>
> <div align="center">X X X</div>

b) **Minor arithmetical corrections** to consider **computational errors,** omissions and discounts if allowed, in the bidding documents to enable proper comparison of all eligible bids. **Any adjustment shall be calculated in monetary terms to determine the calculated prices.**

32.4.4 **Based on the detailed evaluation of bids,** those that comply with the abovementioned requirements shall be **ranked in ascending order of their total calculated bid prices, as evaluated and corrected for computational errors,** discounts and other modifications, **to identify the Lowest Calculated Bid.** Total calculated bid prices, as evaluated and corrected for computational errors, discounts, and other modifications, which exceed the approved budget for the contract shall not be considered. *(Emphasis supplied).*

Based on the afore-quoted provisions, it is clearly within the ambit of the BAC's authority to make the necessary corrections on the bidder's financial proposals since the corrected computations by the BAC shall be the basis for the determination of the LCB. Accordingly, should the total calculated bid price , as evaluated and corrected, at the same time be the Lowest Calculated Responsive Bid (LCRB), then the former shall constitute the Contract Price, provided, that all other requirements and conditions imposed by the law are validly complied with.

However, in case the bidder refuses to accept the arithmetical corrections done by the BAC on its bid, it shall be disqualified and its bid security forfeited.[1] The BAC shall, thereafter, proceed with the post-qualification of the second LCB until the LCRB is determined for award.

We hope that this clarifies matters.

Very truly yours,

RUBY U. ALVAREZ
Executive Director III

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[1] Generic Procurement Manual-Manual of Procedures for the Procurement of Goods and Services (Volume 2), p. 14. June 2006

Republic of the Philippines

gppb

Government Procurement Policy Board

TECHNICAL SUPPORT OFFICE

Unit 2506 Raffles Corporate Center,
F. Ortigas Jr. Avenue, Ortigas Center,
Pasig City, Philippines 1605

05 January 2009

MS. MARIA ELISA C. NAGA
Department Manager
Chairperson, Bids and Awards Committee
PAG-IBIG FUND

Dear Ms. Naga:

This has reference to your letter dated 11 December 2008, which we received on 15 December 2008 requesting guidance on the procurement of Janitorial Services by the Pag-IBIG Fund, Lucena Branch, for the year 2009. In sum, you inquired whether the corrected bid price of the Lowest Calculated Bid (LCB) vis-à-vis the original bid amount should be used in determining the Contract Price for the said procurement.

L 32.4.4

As can be readily seen from the expressed provision of Section 32.4.1 of the Implementing Rules and Regulations Part A (IRR-A) of Republic Act No. 9184 (R.A. 9184), the Bids and Awards Committee (BAC) can make corrections on arithmetical errors in the financial proposals of the bidders during the detailed evaluation of bids. Specifically, the pertinent provision is quoted hereunder, to wit;

> 32.4.1 To determine the Lowest Calculated Bid for the procurement of goods and infrastructure projects, after the preliminary examination of bids, the BAC shall immediately conduct a detailed evaluation of all bids rated "passed" using a non-discretionary criteria, as stated in the Invitation to Apply for Eligibility and to Bid and the Instructions to Bidders, which shall include a consideration of the following:
>
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> b) **Minor arithmetical corrections** to consider computational errors, omissions and discounts if allowed, in the bidding documents to enable proper comparison of all eligible bids. Any adjustment shall be calculated in (the) monetary terms to determine the calculated prices. (Emphasis supplied).

Insert 32.4.4 →

Based on the afore-quoted provisions, it is clearly within the ambit of the BAC's authority to make the necessary corrections on the bidder's financial

proposals since the corrected computations by the BAC shall be the basis for the determination of the Lowest Calculated Bid (LCB). Accordingly, should the "corrected amount" at the same time be the Lowest Calculated Responsive Bid (LCRB) then the former shall constitute the Contract Price provided that all other requirements and conditions imposed by the law are validly complied with.

We hope this clarifies matters.

Very truly yours,
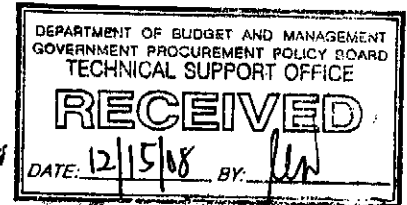

EMILUISA C. PEÑANO
Executive Director II

HOME DEVELOPMENT MUTUAL FUND

[handwritten: Atty. Uyen, Pls. draft reply. This is fairly easy]

December 11, 2008

ATTY. RUBY U. ALVAREZ
Executive Director III
Government Procurement Policy Board
Unit 2506 Raffles Corporate Center
F. Ortigas Jr. Road
Ortigas Center
Pasig City

Dear Atty. Alvarez:

This is in connection with the Public Bidding on Janitorial Services conducted by Pag-IBIG Fund, Lucena Branch for the year 2009, wherein two (2) agencies participated. In the "Bids as Read", Agency B has the lowest bid. In the bid evaluation stage, however, it was found out that there were computational errors in the Cost Breakdown of Agency B, such that when corrected, the total bid amount is affected. The corrected amount was then reflected in the "Bids as Calculated". When ranked, it is still Agency B with the lower bid than Agency A.

If we are to award the Janitorial Services Contract to Agency B, who gave the lowest bid and complied with all the requirements and conditions for eligibility, are we to use the corrected figure as the Contract price?

We will greatly appreciate your immediate response to abovementioned query.

Very truly yours,

MARIA ELSA C. NAGA
Department Manager/
Chairman, Bids and Awards Committee

[handwritten: Emmie, Pls. handle. Sign in my behalf. 12/16/08]