



Republic of the Philippines
GOVERNMENT PROCUREMENT POLICY BOARD
TECHNICAL SUPPORT OFFICE



NPM No. 037-2016

6 June 2016

ATTY. ARNEL JOSE S. BAÑAS
Chairman, Bids and Awards Committee (BAC)
SENATE OF THE PHILIPPINES
Pasay City

**Re: Department of Budget and Management (DBM) Budget Circular
No. 2004-5A¹, dated 23 March 2004**

Dear Atty. Bañas:

This refers to your letter requesting guidance in relation to the proceeds or fees collected by the BAC in the course of its procurement activities, thus:

1. Whether the BAC can use the proceeds to purchase necessary equipment and other BAC expenses incurred in the conduct of its procurement activities? and,
2. What is the procedure on the retrieval of proceeds remitted to the Bureau of Treasury (BTr)?

As represented, Senate-BAC has earned a total of Two Million One Hundred Twenty-Three Thousand Seven Hundred Ninety-Six Pesos and Forty-Nine Centavos (PhP 2,123,796.49) from 2005 to 2015, which were remitted to the Bureau of Treasury.

For guidance, we refer to Section 6.2 of DBM BC No. 2004-5A, thus:

6.2 Pursuant to the DOF-DBM-COA Permanent Committee Resolution No. 2005-2 dated June 2005, all agencies are authorized to treat the *collections* from the sources identified in item 6.1 hereof ***as trust receipts to be used exclusively for the payment of honoraria and overtime pay herein authorized.*** Agencies may utilize up to one hundred percent (100%) of the said collections for the payment of honoraria and overtime pay subject to the guidelines in item 5.0 of this Circular. ***Any excess in the amount collected shall be remitted by NGAs to the Bureau of the Treasury.*** In the case of GOCCs and LGUs, the same shall form part of their corporate or local government funds, respectively. (Emphasis supplied)

Corollarily, Section 6.2 of the Guidelines on the Sale of Bidding Documents², provides:

¹ Guidelines on the Grant of Honoraria to Government Personnel Involved in Government Procurement.

² GPPB Resolution No. 04-2012, dated 24 February 2012.

6.2 The proceeds from the sale of the bidding documents shall continue to be used for the *payment of honoraria* as provided for in Budget Circular No. 2004-5A, dated 7 October 2005, or to augment the funds for the procuring entity's *legal assistance and indemnification package* as provided in the Guidelines for Legal Assistance and Indemnification of Bids and Awards Committee Members and its Support Staff. (Emphasis supplied)

Finally, under Section 7 of the General Appropriations Act of 2016³, trust receipts, which include collections from procurement-related activities⁴, shall be "*disbursed in accordance with the purpose for which it is created, subject to the applicable special provisions and accounting and auditing rules and regulations.*"

From the foregoing, fees collected from procurement-related activities cannot be used to purchase necessary equipment and other BAC expenses incurred in the conduct of its procurement activities, as the proceeds shall be utilized exclusively for honoraria, overtime pay, and legal assistance and indemnification of procurement officials and practitioners of the procuring entity.

Anent the second query, the GPPB or its Technical Support Office are not in the position to provide the procedures in relation to the retrieval of proceeds remitted to the BTr. In this regard, we respectfully refer you to the Permanent Committee and its member agencies, consisting of the Department of Finance, Department of Budget and Management and Commission on Audit, as the appropriate offices that could provide the guidelines on the matter.

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

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³ Republic Act No. 10717.

⁴ Proceeds from sale of bid documents; Fees from contractor/supplier registry; Fees charged for copies of minutes of bid openings, BAC resolutions and other BAC documents; Protest fees; Liquidated damages; and Proceeds from bid/performance security forfeiture.