



Republic of the Philippines
GOVERNMENT PROCUREMENT POLICY BOARD
TECHNICAL SUPPORT OFFICE



NPM No. 038-2016

6 June 2016

MR. CLEMELLE L. MONTALLANA
Vice President, Administration and Finance
Chairman, Bids and Awards Committee
LEYTE NORMAL UNIVERSITY
Tacloban City

Re: Entitlement to Honoraria

Dear Vice President Montallana:

This refers to your letter requesting for clarification on whether you are entitled to receive honoraria even if there is a failure of bidding.

It is represented that you have been advised that you are entitled to an honoraria even if there is failure of bidding as long as you have done your job and there is a Bids and Awards Committee (BAC) resolution explaining the failure of bidding. However, you were given an Audit Observation Memorandum by the Commission on Audit (COA) stating that you erred in claiming said honoraria. Hence, this request for opinion.

At the outset, under Section 15 of the Republic Act (RA) No. 9184, “[T]he Procuring Entity may grant payment of honoraria to the BAC members in an amount not to exceed twenty five percent (25%) of their respective basic monthly salary subject to availability of funds. For this purpose, the Department of Budget and Management (DBM) shall promulgate the necessary guidelines.” Relative thereto, the DBM issued DBM Budget Circular (BC) Nos. 2004-5¹, amended by 2004-5A², and 2007-3,³ to provide the guidelines on the grant of honoraria to identified government procurement practitioners.

Please note that Section 4 (Rationale) of BC No. 2004-5A clearly provides that “[p]ropriety dictates that only persons who have successfully completed their tasks or participated in accomplished activities ought to be compensated”. Similarly, Section 5.4 states that the honoraria shall be paid only upon the successful completion of each procurement project.

Moreover, in case of procurement by lots or items, if the items awarded in the first bidding and those subject of the re-bidding belong in the same procurement project that is identified, described, detailed, scheduled, and budgeted for in the procuring entity’s Project Procurement Management Plan (PPMP), the BAC may only claim honoraria once all items have been successfully awarded. Hence, if the BAC has already received its honoraria, it

¹ Dated March 23, 2004.

² Dated October 7, 2005.

³ Dated November 29, 2007.

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should no longer be entitled to claim on the basis of the successfully awarded items during the re-bid. Conversely, if these items constitute different and separate procurement projects, then the BAC shall be entitled to honoraria for every procurement project it has successfully completed.

Based on the foregoing, payment of honoraria shall be paid only upon successful completion of the procurement activities giving rise to the award and the implementation of the project subject matter of the procurement.

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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