



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

NPM No. 64-2013

27 June 2013

HON. GIL S. BELTRAN

Undersecretary

DEPARTMENT OF FINANCE (DOF)

Roxas Boulevard cor. Pablo Ocampo, Sr., Street,
Manila

**Re: Applicability of General Conditions for the Contract
Clause 17.3 to Security and Janitorial Services**

Dear Undersecretary Beltran:

We respond to the Honorable Undersecretary's letter requesting clarification on whether the warranty security requirement under Clause 17.3 of the General Conditions of Contract in the Philippine Bidding Documents (PBDs) for the Procurement of Goods may be dispensed with in the procurement of security and janitorial services.

We wish to inform the Honorable Undersecretary that the PBDs for each of the respective categories of procurement (*i.e.*, goods, infrastructure projects, and consulting services) is a standard document required to be used by all procuring entities in their public bidding activities, the clauses of which are based principally on the provisions of Republic Act (RA) No. 9184 and its Implementing Rules and Regulations (IRR). Thus, the interpretation and application of the clauses of the PBDs are to be read together and in accordance with RA 9184 and its IRR. In line with this, clauses on warranty in the PBDs for the Procurement of Goods, specifically GCC Clauses 17.1 to 17.5, should be read in consonance with Section 62.1 of the IRR of RA 9184.

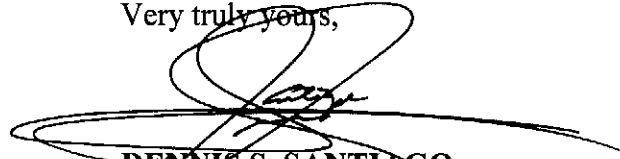
In case of procurement of goods, Section 62.1 of the IRR of RA 9184 states that warranty security shall be required after acceptance by the procuring entity of the expendable or non-expendable supplies, in order to assure that manufacturing defects shall be corrected by the supplier. Logically, although procurement of goods includes supplies and services, the requirement on the posting of warranty security excludes services from its application. Resultantly, GCC Clause 17 of the PBDs for the Procurement of Goods should also be understood to have the same limited application.

Based on the foregoing, we wish to clarify that since the requirement for the posting of warranty security under Section 62.1 of the IRR of RA 9184 applies only in the case of contracts involving expendable and non-expendable supplies, GCC Clause 17 of

the PBDs for the Procurement of Goods does not apply in cases of contracts solely for performance of general support services.

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