



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

**NPM No. 66-2012**

30 May 2012

**MR. GERARDO A.I. ESQUIVEL**

*Administrator*

**METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM**

4<sup>th</sup> Floor, Administration Building, MWSS Complex,  
Katipunan Avenue, Balara, Quezon City

**Re: Commencement of Procurement Activities Prior  
to Issuance of Certificate of Availability of Funds  
or Allotment**

Dear Administrator Esquivel:

This is in response to your letter dated May 23, 2012 seeking our opinion on whether the Metropolitan Waterworks and Sewerage System (MWSS) could proceed with the publication of the "Invitation to Bid" for the procurement of infrastructure projects on the design and strengthening of the Angat Dam and Dyke Project (Project), even without the Certificate of Availability of Funds (CAF) or without an issued allotment.

It is represented that MWSS has already completed the safety study and preliminary design of the strengthening works for the Project and is currently readying the plans for the next phase on the detailed design and strengthening works. It is likewise represented that MWSS has requested the National Government to fund the Project and expects the NEDA-ICC to approve the same by the end of May 2012. It is in this context that you are seeking our opinion on whether the MWSS could publish the "Invitation to Bid" prior to the issuance of the Certificate of Availability of Funds (CAF) or without an issued allotment, considering the critical and urgent nature of the Project.

Republic Act (RA) No. 9184 dictates that all government procurement shall be undertaken in accordance with the procuring entity's Annual Procurement Plan (APP) and should be within the approved budget of the procuring entity. Please be informed, however, that under Department of Budget and Management (DBM) Circular No. 2010-9<sup>1</sup>, procuring entities, including Government-Owned and/or Controlled Corporations (GOCCs) that are tapped as implementing units and recipients of fund transfers from the national government, can start undertaking the initial processes of their procurement activities, even without the receipt yet of the allotments issued by the DBM

Thus, in case there is delay in the approval of the GAA or even though allotments have not yet been received, the procuring entity is allowed to commence its procurement

<sup>1</sup> Guidelines Directing Agencies to Expedite the Implementation of their Procurement Activities, reiterating, expanding and amending certain provisions of Government Procurement Policy Board (GPPB) Circular Nos. 02-2008 and 01-2009, issued by the Department of Budget and Management on 30 December 2010.

activities, *i.e.*, procurement planning up to conduct of bidding, based on the proposed budget levels in the National Expenditure Program submitted to Congress. However, the procuring entity may issue the notice of award to the winning bidder only upon receipt of the Special Allotment Release Order (SARO) or Agency Budget Matrix (ABM) or upon receipt of actual cash transfer by the GOCC.

Based on the foregoing, we are of the opinion that MWSS may publish the "Invitation to Bid" for the Project even prior to the issuance of the Certificate of Availability of Funds (CAF) or without an issued allotment. However, we wish to emphasize that it cannot award the contract without the SARO or the CAF.

We hope that our advice provided sufficient guidance on the matter. Please note that this opinion is being rendered on the basis of the facts and particular circumstances as represented. Should you have additional questions, please do not hesitate to contact us.

Very truly yours,

  
DENNIS S. SANTIAGO  
*Executive Director III*

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