



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

**NPM No. 69-2012**

31 May 2012

**MS. MYRNA Y. SO**

*General Manager*

**DEN-TRONIX INTERNATIONAL TRADING**

No. 35 Don Ramon Street, Talayan Village, Quezon City

**Re: Failure to Indicate Reference Number of Procurement Activity  
in the Surety Bond**

Dear Ms. So:

We respond to your letter requesting for our opinion on whether the failure to indicate the reference number of a particular procurement in the Surety Bond is a sufficient ground to disqualify a prospective bidder.

In your letter, you stated that your company was disqualified by the Bids and Awards Committee (BAC) of the Bureau of Fire Protection Region V. The reason for the disqualification relates to your bid security, which was declared non-responsive for failure to indicate the project reference number of the item subject for procurement. A request for reconsideration was filed with the BAC, but it was denied.

Per your defense, you mentioned that the disqualification of your company for failure to indicate the project reference number in the Surety Bond, posted as a bid security, is without legal basis. As justification, you mentioned that the foregoing information included in the Surety Bond is more than sufficient to identify the particular item subject for procurement, and the absence thereof presents no harm.

Please be advised that a Surety Bond posted as bid security must should comply with the following minimum requirements:

- a) Posted in favor of the item subject for procurement of the procuring entity concerned;
- b) Callable on demand;
- c) Issued by a reputable insurance or surety company, including the Government Security Insurance Commission;

- d) Equivalent to at least five percent (5%) of the Approved Budget of the Contract, in accordance with the schedule provided under Section 27 of the Implementing Rules and Regulations (IRR) of Republic Act (R.A.) No. 9184;
- e) Valid for a period of at least one hundred twenty (120) calendar days pursuant to Section 28 of the IRR of R.A. 9184; and
- f) Accompanied with a certificate unequivocally stating that the surety or insurance company is specifically authorized to issue surety bonds callable on demand issued by the Insurance Commission.

Accordingly, stating the bidding reference number on the Surety Bond posted as bid security is not one of the minimum requirements for its validity, hence, the failure to state the same does not amount to a ground for disqualification.

We hope to have provided sufficient guidance on the matter. Please note that this opinion is rendered on the basis of the facts and circumstances presented. Should you have additional concerns, please do not hesitate to contact us.

Very truly yours,

  
**DENNIS S. SANTIAGO**  
*Executive Director III*