



**GOVERNMENT PROCUREMENT POLICY BOARD  
TECHNICAL SUPPORT OFFICE**

**NPM No. 83-2012**

10 July 2012

**MS. YVONNE L. LAURON**  
*State Auditor V/Supervising Auditor*  
**COMMISSION ON AUDIT-REGIONAL OFFICE NO. VI**  
Brgy. Ungka I, Pavia, Iloilo

**Re: Shopping and Small Value Procurement**

Dear Ms. Lauron:

We respond to your letters<sup>1</sup> seeking clarification on whether purchases made through Shopping and Small Value Procurement under separate Purchase Requisitions (PRs), amounting to more than Fifty Thousand Pesos (Php500,000.00) collectively, for catering services for trainings to be conducted at the same period and locale but at different venues, with different sets of participants and title, and separate funding source, can be considered splitting of contracts.

Under Section 2 (b) of the Guidelines for Shopping and Small Value Procurement, splitting of contracts means the breaking up of contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or subcontracts, for the purpose of making it fall below the threshold for shopping or small value procurement, or evading or circumventing the requirement of public bidding.

As previously opined by this office, we are not in a position to determine the factual considerations of the instant case and ascertain whether the projects are of the same nature and should have been contained in a single project procurement management plan or otherwise considered as one project.<sup>2</sup> In this regard, we regret that we will have to defer a categorical ruling on the issue of whether there is, in this case, a splitting of contracts.

For your guidance, however, we refer to the same opinion mentioned above, to wit:

The concept of splitting of government (procurement) contracts as defined above pre-supposes singularity of a procurement project but which, by any act of the procuring entity or its personnel, was divided or broken into smaller quantities and/or amount, or was divided into artificial implementation phases or stages. To be within the legal contemplation of the concept, said act must have been done for the purpose of circumventing or evading legal and procedural requirements.

The project by its nature must have been considered as one project and therefore must have been captured in a single Procurement Project Management Plan so that to

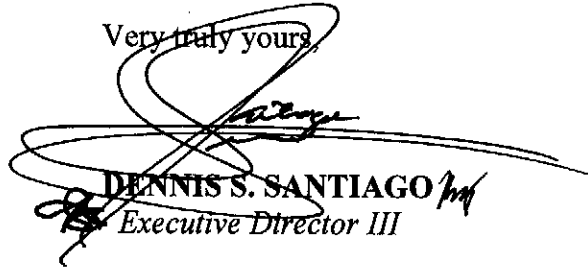
<sup>1</sup> Dated 8 August 2010 and 23 August 2010.

<sup>2</sup> Non Policy Matter No. 33-2005 dated 26 July 2005.

divide it into smaller quantities or phases would be unreasonable. In this case, the splitting is practically reduced to an artificial scheme to make multiple awards without clear advantage for the government and to side-step existing rules and provisions of law.

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

Very truly yours,



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

Wsd/