



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

NPM No. 108-2013

20 December 2013

MR. JONATHAN S. OCHE
Chairman, Bids and Awards Committee
MINDANAO UNIVERSITY OF SCIENCE AND TECHNOLOGY
Lapasan, Cagayan de Oro City

Re : Grant of Honoraria for Successfully Re-Bid Project

Dear Mr. Oche:

This refers to your letter dated 18 November 2013, seeking clarification on the rules on payment of honoraria upon successfully completing the re-bidding for the remaining un-awarded items in a procurement project.

As represented, Mindanao University of Science and Technology (MUST) conducted bidding for a procurement project involving several items, where award was made for some items, and the rest was subsequently subjected to re-bidding. It is in this context that MUST is inquiring whether the Bids and Awards Committee (BAC) may be paid honoraria in case the re-bidding is successful and it has already claimed honoraria on the basis of awarded items in the first bidding.

Section 4 of the Department of Budget and Management (DBM) Budget Circular (BC) 2004-5A¹ states that honoraria is a form of compensation granted to individuals for the performance of tasks or involvement in activities beyond their regular functions. Propriety dictates that only persons who have successfully completed their tasks or participated in accomplished activities ought to be compensated. As such, Section 5 of DBM BC 2004-5A provides that the chairs and members of the BAC and its Technical Working Group (TWG) may be paid honoraria only for successfully completed procurement projects.

A procurement project refers to the entire project identified, described, detailed, scheduled and budgeted for in the Project Procurement Management Plan (PPMP) prepared by the agency, and shall be considered successfully completed once the contract has been awarded to the winning bidder.²

Based on this, whether the BAC is entitled to honoraria for the successful procurement of the awarded items in the first bidding and the items subjected to re-bidding depends on whether such items comprise a single procurement project or are components of two (2) or more separate procurement projects that were bid out collectively. If the items

¹ Dated 23 March 2004, and amended by DBM BC 2007-3 dated 29 November 2007.

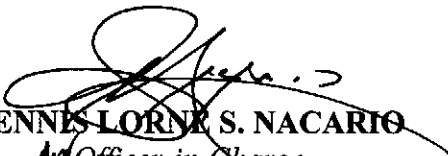
² Section 5.1 of DBM BC 2004-5A.

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 PPMP, the BAC may only claim honoraria once all items have been successfully awarded. Hence, if the BAC has already received its honoraria, it should no longer be entitled to claim on the basis of the successfully awarded items during the re-bid. On the other hand, 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.

Lastly, we wish to stress that the grant of honoraria shall not exceed the rates and limits prescribed in Sections 5.3 and 5.4 of BC 2004-5A.

We hope that this opinion issued by the GPPB-TSO provided sufficient guidance on the matter. Please note that this opinion is being rendered on the basis of the facts and particular situation presented, and may not be applicable given a different set of facts and circumstances. Should you have additional questions, please do not hesitate to contact us.

Very truly yours,


DENNIS LORNE S. NACARIO
Officer-in-Charge

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