



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

NPM No. 108-2014

6 November 2014

MR. RONIE S. OSNAN

Business Owner

JROG MARKETING (JROG)

Km.8 Parnas Compound, Diversion Road,
Buhangin, Davao City

Re: Warranty Security for the Procurement of Goods

Dear Mr. Osnan:

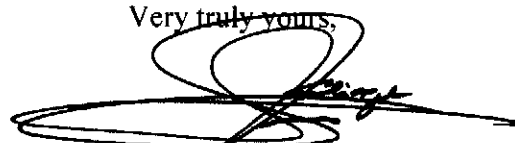
This refers to your letter requesting for comment on your proposal to allow winning bidders in the procurement of goods to use surety bond as one of the warranty securities.

Section 62 of Republic Act (RA) 9184 and its revised Implementing Rules and Regulations (IRR) clearly states that there are only two (2) types of warranty securities allowed for the procurement of goods. The obligation for the warranty shall be covered by either retention money in an amount equivalent to at least ten percent (10%) of every progress payment, or a Special Bank Guarantee equivalent to at least ten percent (10%) of the total contract price.

Under the present state of the rules, we are confined with the requirements under the procurement law and its associated rules. This was reiterated in our Non-Policy Matter Opinion No. 29-2011, dated 27 December 2011. Nonetheless, we will study the proposal and will look into its propriety and applicability for possible future consideration of the Board.

We hope that this opinion issued by the GPPB-TSO provided sufficient guidance on the matter. Note that this is issued on the basis of particular facts and situations presented, and may not be applicable given a different set of facts and circumstances. Should there be other concerns, please do not hesitate to contact us.

Very truly yours,



DENNIS S. SANTIAGO
Executive Director

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