



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

NPM No. 109-2014

6 November 2014

MS. CATHERINE B. PULUMBARIT
Bids and Awards Committee (BAC) Secretariat
BULACAN STATE UNIVERSITY (BSU)
City of Malolos, Bulacan

Re: Substitution of the Retention Money

Dear Ms. Pulumbarit:

This refers to your letter requesting for clarification on the meaning of the phrase “*provided that the project is on schedule and is satisfactorily undertaken*” in Section 6.2 of Annex “E” (Contract Implementation Guidelines for the Procurement of Infrastructure Projects) of the revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184.

It is represented that the BSU contractor requested for the release of its retention money in exchange for a Surety Bond. However, the request was denied because the contractor has negative slippage and unsatisfactory work performance based on the findings of the Project Management Office of BSU. The contractor requested for a reconsideration of BSU’s Decision stating that the total accomplishment as of 17 September 2014 is 90.64%, as indicated in their submitted Statement of Work Accomplishment and the scheduled date of completion is on 21 October 2014. BSU Project Management Office confirmed the statement in the motion for reconsideration and vouched for the contractor’s improving performance. Consequently, BSU is requesting this office to expound on the meaning of the phrase “*provided that the project is on schedule and is satisfactorily undertaken.*”

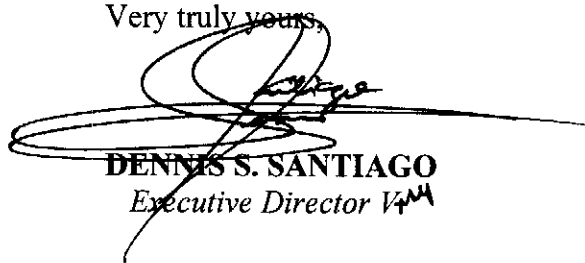
As part of the contract entered into between the procuring entity and the winning bidder (contractor), the contractor shall commence execution of the works on the start date and shall carry out the Works in accordance with the Program of Work submitted, as updated with the approval of the Procuring Entity’s Representative and complete them by the Intended Completion Date.¹ The Program of Work submitted by the contractor, including the construction schedule as approved by the PE will determine whether or not the project is on schedule and is satisfactorily undertaken in accordance with the contract. If upon request for the release of retention money, BSU has determined that the contractor had satisfactorily undertaken the project in accordance with the Program of Work and construction schedule submitted and approved, it may then release the retention money substituted by a Surety Bond,

¹ Clause 6.2 General Conditions of Contract, Philippine Bidding Documents, Procurement of Infrastructure Projects.

provided that the release of the retention money is premised on the 50% completion of the work.²

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 VPM

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² Clause 6.1 of the Contract Implementation Guidelines for the Procurement of Infrastructure Projects.