



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

NPM No. 117-2014

10 November 2014

MR. ACHILLES S. PONCE
Chairman, SBAC
MACTAN-CEBU INTERNATIONAL
AIRPORT AUTHORITY (MCIAA)
Airport Road, Lapu-Lapu City 6016

Re: Discrepancy in Bid Prices

Dear Mr. Ponce:

This refers to your letter seeking clarification from our office on the following procurement concerns:

1. Whether the discrepancy between the amount stated in the Bid Form and the amount stated in the Bill of Quantities (BoQ) may be a ground for disqualification;
2. If in the negative, whether the amount of award should be based on the amount stated in the Bid Form or the amount stated in the BoQ; and
3. If the award is based on the amount in the BoQ, whether there is a need to amend the payment schedule/cash flow by quarter and whether this constitutes improvement of the bid.

As represented, MCIAA conducted a bidding activity for the procurement project involving the PAF Relocation/Replication in BGBNEAB, Lapu-Lapu City. During the post qualification stage, and after reviewing the financial component of the Lowest Calculated Bid (LCB), MCIAA Technical Working Group (TWG) found out that the amount stated in the Bid Form and all documents in the financial component was Php 708,223,048.06. However upon review of the Bill of Quantities (BoQ) of the LCB, the MCIAA TWG discovered that the true and correct amount was Php 725,264,827.83. Thus, the discrepancy between the amount stated in the bid form, BOQ and payment schedule/cash flow by quarter. It is in this light that you seek our opinion on the matter.

Discrepancy in the Bid Prices

Discrepancy in bid prices is addressed during the detailed evaluation of all bids where the Bids and Awards Committee (BAC), using non-discretionary criteria, considers the completeness of the bid, and arithmetical corrections particularly computational errors and omissions to enable proper comparison of all eligible bids.¹ In case of discrepancies in the

¹ Section 32.2.1 of the IRR of RA 9184.

computation, the rules established under Section 32.2.3 of the revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184 shall be observed. The total calculated bid prices, as evaluated and corrected for computational errors, and other bid modifications, are used in ranking the bids in ascending order to identify the LCB.²

From the foregoing, discrepancy in the bid prices alone is not a ground for outright disqualification. It is still subject to arithmetical corrections during detailed bid evaluation to properly identify the LCB. Nonetheless, disqualification shall occur when the total calculated bid price, as evaluated and corrected for computational errors, exceeds the Approved Budget for the Contract (ABC)³, or when the bidder refuses to accept the total calculated bid price, as evaluated and corrected⁴.

Basis for Award

Section 34.4 of the revised IRR of RA 9184 provides that if the BAC determines that the bidder with the LCB passes all the criteria for post-qualification, it shall declare the said bid as the Lowest Calculated and Responsive Bid (LCRB), and recommend to the Head of the Procuring Entity (HOPE) the award of contract to the said bidder at its ***submitted bid price or its calculated bid price, whichever is lower.***

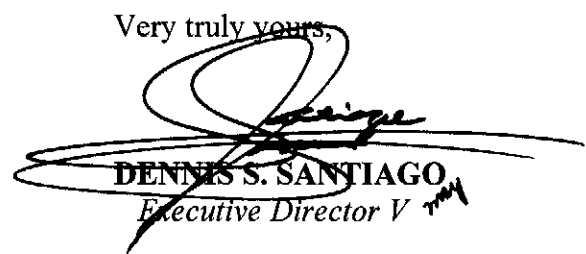
Thus, under the assumption that the LCB passed the post qualification process, the award of contract to be recommended to the HOPE should be the proposed amount indicated in the Bid Form (Php708,223,048.06), which is the submitted bid price, the lower amount of the two (2) amounts *vis-à-vis* the calculated bid price appearing in the BoQ, *i.e.*, (Php725,264,827.83).

In sum, we wish to clarify the following matters relative to your concerns:

1. Discrepancy in the bid prices shall be corrected during the detailed evaluation process following the rules under Section 32 of the IRR of RA 9184 in order to identify the bidder with the LCB; and
2. The award of contract to the winning bidder must be in the amount stated in its submitted bid price or its calculated bid price, whichever is lower.

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 V

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² Section 32.2.4 of the IRR of RA 9184.

³ *Supra.*

⁴ Generic Procurement Manual - Volume 3: Manual of Procedures for the Procurement of Infrastructure Projects, page 55 of 113.