



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

**NPM No. 125-2013**

27 December 2013

**MR. JOSEFINO I. TORRES**

*Deputy Administrator*

*Chairman, Bids and Awards Committee*

**OVERSEAS WORKERS WELFARE ASSOCIATION (OWWA)**

OWWA Center, 7<sup>th</sup> St., Cor. F. B. Harrison St., Pasay City

**Re : Arithmetical Corrections**

Dear Deputy Administrator Torres:

We respond to your letter dated 27 June 2013, seeking clarification on the following matters in relation to OWWA's procurement of security services:

1. Is the process of rounding off number considered an arithmetical correction?
2. Can the TWG do an arithmetical correction during bid evaluation?
3. What action may the BAC take if the bidder does not accept the arithmetical correction made by the BAC/TWG?

For your guidance, the BAC, which may be assisted by its TWG, conducts a detailed evaluation of all bids rated "passed" using a non-discretionary pass/fail criterion in assessing the completeness of the bid and considering arithmetical corrections in order to determine the Lowest Calculated Bid (LCB), in the case of procurement of goods.<sup>1</sup>

Arithmetical correction of bids are done in accordance with Section 32.2.1 (b) of the revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184. In order to enable proper comparison of all eligible bids, arithmetical corrections are done by considering computational errors and omissions, including bid modifications and discrepancies in bid prices. Necessarily, the process of rounding off numbers may be construed as an arithmetical correction for the determination of the LCB. However, the details on how the prices should be rounded off should be clearly stated by the procuring entity in its Invitation to Bid (IB)<sup>2</sup>, and applied similarly to all bids so as to ensure that bids are evaluated on equal footing, to ensure fair and competitive bid evaluation<sup>3</sup>.

<sup>1</sup> Section 32.2.1 of the IRR of RA 9184.

<sup>2</sup> Item 7, IB for Goods; Item 8, IB for Infrastructure Projects.

<sup>3</sup> Section 32.2.2, Ibid.

Pursuant to Section 32.2.4 of the IRR of RA 9184, the BAC shall then rank bids in ascending order of their total calculated bid prices. The bidder with the LCB will be subjected to post-qualification, and be recommended for award of contract as the bidder with the Lowest Calculated Responsive Bid (LCRB) if found to have passed the criteria for post-qualification. The total calculated bid price will be the basis of award if it is lower than the submitted bid price.<sup>4</sup>

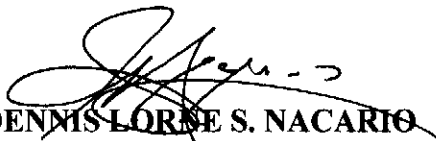
If the bidder with the LCRB fails, refuses or is unable to enter into contract with the procuring entity and furnish the required performance security within ten (10) calendar days from receipt of the notice of award, the bid security shall be forfeited and appropriate sanctions provided in the IRR and existing laws shall be imposed.


In sum, we wish to clarify the following matters:

1. The process of rounding off may be construed as an arithmetical correction, which may be done during the evaluation of bids for the purpose of determining the LCB. The rules therefor should be clearly stated in the IB so that all bids will be evaluated on equal footing, to ensure fair and competitive bid evaluation; and
2. The bidder with the LCRB who fails, refuses, or is unable to accept the bid price as awarded and enter into a contract with the procuring entity shall be sanctioned by forfeiting its bid security and imposing appropriate penalties provided in the IRR and existing laws.

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 LORISE S. NACARIO**  
*Officer-in-Charge*

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<sup>4</sup> Section 34.4 of the IRR of RA 9184.