



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

NPM No. 130-2012

22 October 2012

MR. CRISPIN M. VILLACENTINO

President/MBO-Ramos

ASSOCIATION OF LOCAL BUDGET OFFICERS OF TARLAC, INC. (ALBO-TARLAC)
Provincial Budget Office, Capitol Building, Tarlac City

Re: Payment of Honoraria

Dear Mr. Villacentino:

We respond to your letter dated 25 September 2012 seeking guidance on the payment of honoraria to members of the Bids and Awards Committee (BAC), BAC Secretariat and Technical Working Group (TWG) as provided in Department of Budget and Management (DBM) Budget Circular (BC) No. 2004-5A¹, as amended by DBM BC No. 2007-3², in relation to Republic Act (RA) 9184 and its Implementing Rules and Regulations (IRR).

It is represented that in two (2) procurement activities involving the purchase of a lot for MRF, and books for early literacy program, no bid documents were purchased and no bidder submitted a bid. Nonetheless, the members of the BAC, BAC Secretariat and TWG claim that they are entitled to honoraria in conducting the competitive biddings that failed twice in accordance with DBM BC 2004-5A.

For your guidance, please note that Section 5.1 of DBM BC 2004-5A clearly provides that honoraria may be paid only for successfully completed procurement projects, such that a procurement project shall be considered completed once the contract has been awarded to the winning bidder. On the other hand, Section 5.2 of the same Circular specifies those activities involving competitive bidding where honoraria may be granted. It is a well-established rule in statutory construction that words, clauses, and phrases should not be studied as detached and isolated expressions but the whole and every part of the statute must be considered in fixing the meaning of any of its parts and in order to produce a harmonious whole.³ Thus, reading these two (2) provisions together, it is clear that although payment of honorarium is allowed in the conduct of competitive bidding, payment should only be made for procurement activities that have been successfully completed.

It bears stressing that as discussed in a previous opinion⁴, honoraria can only be given for "successfully completed procurement projects" which have undergone competitive

¹ Guidelines on the Grant of Honoraria to Government personnel Involved in Government Procurement dated 7 October 2005.

² Dated 29 November 2007.

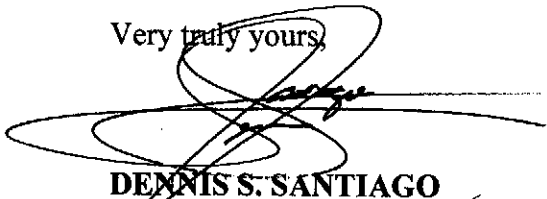
³ Alcantara, Samson S., Statutes (1997), page 163.

⁴ NPM No. 52-2009 dated 14 October 2009.

bidding. Following the *verba legis* principle or the plain meaning rule, where a statute is clear, plain and free from ambiguity, it must be given its literal meaning and applied without attempt to interpret.⁵ Thus, applying the conditions stated in Sections 5.1 and 5.2 of DBM BC 2004-5A in your case, honoraria should not be paid under the given circumstances since the two (2) procurement activities mentioned have not been successfully completed and no contract has been awarded to any bidder.

We hope that our advice provided sufficient guidance on the matter. Please note that this opinion is being rendered on the basis of the facts and particular situations 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 S. SANTIAGO
Executive Director III

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⁵ NPM No. 73-2012 dated 8 June 2012 citing *Limson vs. Wack Wack Condominium*, G.R. No. 188802 dated 14 February 2011.