



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

NPM No. 14-2011

20 September 2011

HON. ROGELIO L. SINGSON
Secretary
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS
Bonifacio Drive, Port Area, Manila

Re : Certificate Required for the Single Largest Completed Contract

Dear Secretary Singson:

We respond to your letter dated 26 July 2011, addressed to the Honorable Secretary Florencio B. Abad of the Department of Budget and Management seeking clarification on the definition of terms, particularly, "Completion of Projects" and "Acceptance of Projects", and which should be considered in the processing of eligibility for civil works contracts.

As represented, the DPWH has been requiring the submission of the certificate of acceptance, which is issued a year after the issuance of the certificate of completion for the same project, for the purpose of considering a contractor's completed contract compliant with the single largest completed contract (SLCC) requirement.

The SLCC requirement under Section 23.5.2.5 of the Implementing Rules and Regulations (IRR) of Republic Act (RA) 9184 requires that prospective bidders "must have an experience of having completed, within a period of ten (10) years from the date of submission and receipt of bids, at least one (1) contract that is similar to the contract to be bid." Seeing the difference between the DPWH's requirement for a "certificate of acceptance" and the IRR's SLCC requirement for "completed contract", the DPWH now seeks clarification whether it should require a certificate of completion instead of a certificate of acceptance as basis for considering a completed contract for the SLCC requirement.

We wish to note that neither RA 9184 nor its IRR categorically defines "completed contract". Thus, in interpreting this term, we rely on its commonly accepted meaning. However, in determining the appropriate documentary basis for the SLCC requirement, we ought to consider the intent of the IRR as shown in its relevant provisions.

The term "completion" in the case of infrastructure projects is generally understood as the fulfillment by the contractor of all the required works as evidenced by the certificate of

completion issued by the owner. It means then that "completed contract" refers to a contract where a certificate of completion has been issued by the owner. It would thus appear that for purposes of a bidder's compliance with the SLCC requirement, the procuring entity may consider contracts the corresponding certificate of completion for which was issued within ten (10) years from the date of submission and receipt of bids.

However, it should be stressed that the rationale for the SLCC requirement is to ensure that the procuring entity will deal with bidders that have adequate experience to fulfill its contractual obligations through a showing of at least one (1) contract that has been fulfilled, not just completely, but satisfactorily. It is in this wise that Section 23.5.2.4 of the IRR requires that the Constructors Performance Evaluation System (CPES) rating and/or certificate of completion and owner's acceptance of the contract must be satisfactory.

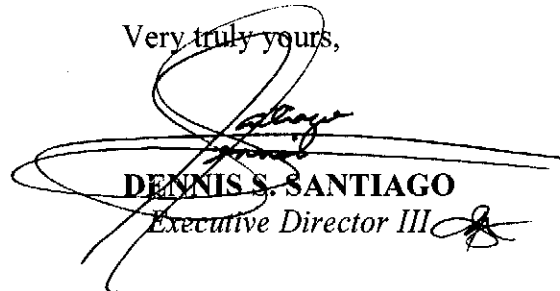
In this light, it can be inferred that apart from having completed a project, the contractor should have performed all its contractual obligations satisfactorily and that the same has been accepted by the owner.

As such, while a certificate of completion may establish the completion of a contract for the purpose of considering it for the SLCC requirement, such contract must also be supported by a satisfactory CPES rating and/or an owner's certificate of acceptance in order that the bidder may be considered fully compliant with the eligibility criteria of the IRR.

In this regard, it is our considered view that the DPWH need not revise its present requirement inasmuch as it sufficiently complies with and is reflective of the intention of the requirements of Sections 23.5.2.4 and 23.5.2.5 of the IRR.

We hope we have provided sufficient guidance on the matter. Should you have further questions, please do not hesitate to contact us.

Very truly yours,



DENNIS S. SANTIAGO
Executive Director III