



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

NPM No. 33-2011

28 December 2011

ATTY. EINSTEIN GARRY R. TAGHOY
Chairperson, Bids and Awards Committee
CITY OF DIGOS
PROVINCE OF DAVAO DEL SUR

Re: Accreditation System for Bidders

Dear Atty. TaghoY:

This pertains to your letter dated 7 July 2011 seeking guidance and opinion whether the system of accreditation of suppliers/contractors being implemented by the City of Digos is in accordance with Republic Act (RA) 9184 and its Implementing Rules and Regulations (IRR).

Based on your letter, the City of Digos adopted an accreditation system of suppliers/contractors through the conduct of pre-qualification and ocular inspection in order to eliminate fly-by-night contractors. It was also represented that the process of accreditation undertaken by City of Digos includes (1) invitation of all suppliers, contractors, consultants; (2) posting of the invitation in conspicuous places of the City; and (3) publication of invitation in PhilGEPS and in the Manila Bulletin newspaper. Suppliers and contractors are required to submit pertinent documents that would qualify them to be legitimate suppliers/contractors in the City, and thereafter, a pre-qualification and ocular inspection is conducted by the Technical Working Group as ordered by the Bids and Awards Committee to determine the financial and technical capability of the contractors for infrastructure projects.

We wish to reiterate that the enactment of RA 9184 brought about major reforms in the procurement system, the most significant of which is the use of competitive bidding in all government procurement as a matter of policy. Consequently, the creation of an accreditation system is not in accordance with the mandate of the present procurement law because it in fact contravenes the very basic principles of competitive bidding. As it was previously discussed in Non-Policy Matter 28-2005¹, the establishment of an accreditation system within the agency would limit the participation of bidders only to those accredited suppliers, to the exclusion and prejudice of the other bidders in the market.

Nevertheless, please note that a Suppliers' Registry may be established by the City of Digos to determine and facilitate in advance who may be eligible bidders as sanctioned by Section 23.4 of the IRR. It must be pointed out, however, that non-registration in the

¹ Issued by the GPPB-TSO on 31 May 2005.

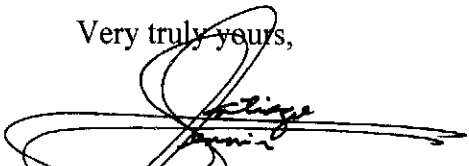
procuring entity's Suppliers' Registry is not a ground for a prospective bidder's disqualification or declaration of ineligibility. Non-registered bidders may still participate in the bidding and awarded the contract upon compliance with the legal, technical, and financial requirements of the project; and, the determination that it is the bidder with the lowest calculated and responsive bid or highest rated and responsive bid.

In addition, the accreditation process being undertaken by the City of Digos would become unnecessary considering that the process of screening and determining the eligible suppliers/contractors who can participate in the bidding are addressed by the conduct of an "Eligibility Check" which employs the use of the non-discretionary "pass or fail" criteria.

In view of the foregoing, it is our considered view that the accreditation of suppliers/contractors system being undertaken by the City of Digos is not in accordance with the principles set forth under the rules. It bears stressing that the process of competitive bidding as mandated by RA 9184 and its IRR must be observed accordingly, being the default mode for all government procurement transactions.

We hope our advice 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