



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

NPM No. 39-2011

28 December 2011

ENGR. JAIME E. VERANO
General Manager
HIMAMAYLAN WATER DISTRICT (HWD)
Himamaylan City,
Negros Occidental

Re: Head of the Procuring Entity (HOPE) in GOCCs

Dear Engr. Verano:

We respond to your letter dated 19 September 2011 seeking clarifications on the propriety of appointing the Vice-Chairman of the Board of HWD as the Head of the Procuring Entity (HOPE) under Republic Act (RA) No. 9184 and its Implementing Rules and Regulations (IRR).

As represented, HWD is a government-owned-and-controlled corporation (GOCC) created under Presidential Decree 198, otherwise known as the Provincial Water Utilities Act of 1973 issued on 23 May 1973. On 19 July 2011, the Board of Directors of HWD approved a Resolution authorizing the Vice Chairman, Joel G. Gellecanao, to act as the HOPE. However, the Office of the Auditor through Nemias J. Empiales, State Auditor IV and Audit Team Leader, contends that the designation of the HOPE for HWD appropriately belongs to the General Manager and further threatened that the Purchase Order approved or signed by the Board will be considered irregular in the post audit of transactions.

For your guidance, Section 5(t) of the IRR specifically states that the HOPE refers to:

- (ii) the governing board or its duly authorized official, for GOCCs, GFIs and SUCs;

It is clear from this provision that the HOPE of HWD is its governing Board, and the latter may delegate its functions to any other authorized official it may deem fit within the juridical institution. In an opinion¹ rendered by this office, we opined that even though the General Manager may be considered as the first-ranking permanent employee occupying a *plantilla* position in local water districts, he is not automatically regarded as the HOPE, unless he is duly authorized by the Board of Directors.

Based on the foregoing, we are of the view that the Board as the HOPE may authorize any official, such as the Vice Chairman of HWD, or any other competent official, with

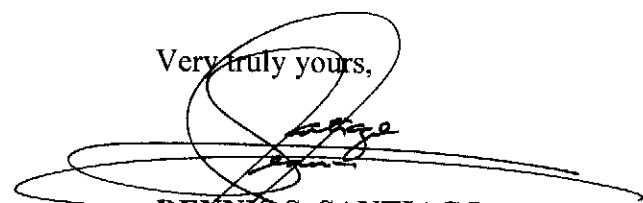
¹ NPM No. 054-2009 dated 14 October 2009

sufficient knowledge and experience for that matter, to exercise the duties, responsibilities and functions of the HOPE. The delegation is not limited to the General Manager being the first-ranking permanent employee, and furthermore, the IRR is silent as to the specific qualifications of the designee.

As regards the issue on nepotism, we deem it appropriate that you to refer this matter to the Civil Service Commission, which is the proper agency to address this concern.

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 