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**NPM No.43-2009**

18 August 2009

**MR. VICENTE S. AQUINO**  
*Executive Director*  
*Secretariat, Office of the Executive Director*  
**ANTI-MONEY LAUNDERING COUNCIL**  
Bangko Sentral ng Pilipinas Complex  
Manila, Philippines

**Re : Shopping for Software Maintenance Subscription**

Dear Mr. Aquino:

We respond to your letter dated 04 August 2009 seeking guidance on the propriety of resorting to shopping as the mode of procurement for the annual subscription for software maintenance of SUSE Linux Enterprise Server (SUSE) and other similar products.

As represented in your letter, the Anti-Money Laundering Council (AMLC) will be renewing its annual subscription for software maintenance of SUSE for the period 05 September 2009 to 04 September 2010 in the estimated amount of P144,000.00, and that such subscription is necessary to allow AMLC access to the support site for needed software patches, drivers and latest updates.

It is further represented that, upon consultation with a COA Auditor, it was opined that "shopping" under Section 52(b) of the Implementing Rules and Regulations Part A (IRR-A) of Republic Act No. 9184 may be resorted to since the cost is less than P250,000.00, and the same will be more economical and advantageous to the government.

At the outset, please be informed that the default mode of procurement espoused under RA 9184 and its IRR-A is competitive public bidding. Resort to alternative methods of procurement, like shopping, may be allowed only under highly exceptional cases provided that the conditions for the use thereof are complied with.

Specifically, Shopping under Section 52(b) of the IRR-A requires the existence of the following conditions:

1. The amount of goods to be procured shall not exceed P250,000.00;
2. The supplies must not be available in the Procurement Service;
3. The procuring entity must obtain at least three (3) price quotations from bonafide suppliers;

4. This procurement method must be approved by the head of the procuring entity, must be included in the approved Annual Procurement Plan as an alternative method of procurement, and must not result in splitting of contracts; and
5. The award of contract must be posted at the GEPS-website, website of the procuring entity, and in conspicuous places in the premises.

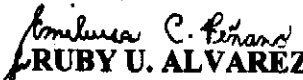
Moreover, please take note that per GPPB Resolution No. 012-2006 dated 14 June 2006, "ordinary or regular office supplies" shall be understood to include those supplies, commodities or materials which, depending on the procuring entity's mandate and nature of operations, are necessary in the transaction of its official businesses; and consumed in the day-to-day operations of said procuring entity. However, office supplies shall not include services such as repair and maintenance of equipment and furniture, as well as trucking, hauling, janitorial, security, and related or analogous services.

Thus, we are of the opinion that should your Bids and Awards Committee make a determination that all the conditions prescribed above are present, then your agency may validly resort to Shopping under Section 52(b) of IRR-A for the procurement of the services of SUSE.

Lastly, please be informed that the GPPB has issued the *Revised Guidelines on the Extension of Contracts for General Support Services* per GPPB Resolution No. 023-2007, dated 28 September 2007. This Guidelines prescribes the conditions under which procuring entities may extend the duration or effectivity of an ongoing contract for general support services which is about to expire. A copy of said Guidelines may be downloaded from our website at [www.gppb.gov.ph](http://www.gppb.gov.ph).

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

Very truly yours,

  
**RUBY U. ALVAREZ**  
*Executive Director III*



# Anti-Money Laundering Council

Bangko Sentral ng Pilipinas Complex  
Manila, Philippines

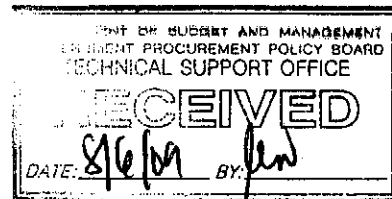
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F Ennie,  
Pls. handle. Inquire in my  
behalf. 8/17/09

4 August 2009

## Government Procurement Policy Board

Unit 2506 Raffles Corporate Center  
F. Ortigas Jr. Road, Ortigas Center  
Pasig City 1106



Subject: Software Maintenance Subscription

Gentlemen:

The Anti-Money Laundering Council (AMLC) will be renewing its annual subscription for software maintenance of SUSE Linux Enterprise Server ("SUSE") for the period 5 September 2009 to 4 September 2010 in the estimated amount of P144,000.00. SUSE is the operating system in six (6) of AMLC's network and database servers. The maintenance subscription is necessary to allow AMLC access the support site for the needed software patches, drivers and latest updates.

Section 52(b) of the Revised Internal Rules and Regulations (RIRR) of the Government Reform Procurement Act (RA 9184) states that *shopping* may be resorted to in case of:

"(b) Procurement of ordinary or regular office supplies and equipment not available in the Procurement Service involving an amount not exceeding two hundred fifty thousand pesos (P250,000):x x x"

The AMLC Bids and Awards Committee's Technical Working Group consulted with a COA Auditor on the proper mode of procurement under the circumstances. The COA Auditor opined that "shopping" may be resorted to since the cost involved is less than P250,000.00. This would be more economical for the AMLC and thus, advantageous to the government.

In this regard, we seek your confirmation on the propriety of "shopping" as the mode of procurement for the annual subscription for software maintenance of SUSE and other similar products.

Considering the expiration of our existing software maintenance subscription for SUSE on 4 September 2009, we would appreciate receiving your reply not later than **20 August 2009**.

Thank you.

Very truly yours,

VICENTE S. AQUINO  
Executive Director