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MR. ARNULFO V. GALENZOGA

State Auditor V

Audit Team Leader

COMMISSION ON AUDIT

Department of Public Works and Highways

Northern Samar 2nd District Engineering Office

Catarman, Northern Samar

Re : Acceptable Surety Bond Forms

Dear Mr. Galenzoga:

We refer to the letter-endorsement dated 8 September 2006 of Atty. Felix M. Basallaje Jr. requesting for clarification on whether bond forms issued by insurance companies, such as the bid security, performance security, and warranty bonds are still acceptable in light of the sample forms issued by the Government Procurement Policy Board (GPPB).

The sample forms prescribed by the GPPB merely serve as guides. Eligible bidders need not copy *verbatim* the language used in the sample forms. They may change its wordings as long as the language employed is consistent with the purpose and intent of Republic Act No. 9184 (R.A. 9184) and its Implementing Rules and Regulations Part A (IRR-A).

The procuring entity must determine if the contents of the surety bonds comply with the following elements such as but not limited to:

- (a) The bonds shall be posted in favor of the procuring entity and shall be forfeited in favor of the procuring entity in case of default;
- (b) It is expressly made specific to the contract to be bid;
- (c) It must be in the amount at least equal to or not lower than the amount set by the procuring entity or the IRR-A;

- (d) The validity or effectivity of the bonds must be in accordance with the periods set by the procuring entity or the IRR-A;
- (e) It must comply with the other conditions and requirements under R. A. 9184. (Sections 27, 39, 62, and paragraphs 4.2 and 6.2 of Annex "E" of the IRR-A)

If the procuring entity determines that the language of the surety bond meets the requirements under R. A. 9184, then the bond submitted is presumed to have complied with R. A. 9184.

We trust that this clarifies matters. Should you have additional questions, please do not hesitate to contact us.

Very truly yours,



RUBY U. ALVAREZ
Executive Director III

Copy furnished:

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