



## RESOLUTION NO. 13-2023

### **APPROVING THE PROPOSAL TO RESPECTFULLY REQUEST THE COMMISSION ON AUDIT TO REVISIT ITS CIRCULAR NO. 2023-004 REGARDING THE REQUIREMENTS OF PROCURING AIRLINE TICKETS FOR OFFICIAL TRAVELS AND ISSUANCE OF NOTICE TO PROCEED FOR THE PROCUREMENT OF INFRASTRUCTURE PROJECTS**

**WHEREAS**, Republic Act (RA) No. 9184, otherwise known as the “Government Procurement Reform Act,” took effect on 26 January 2003, while its 2016 revised Implementing Rules and Regulations (IRR) took effect on 28 October 2016;

**WHEREAS**, RA No. 9184 governs the procurement of Infrastructure Projects, Goods, and Consulting Services, regardless of source funds, whether local or foreign, by all branches and instrumentalities of government, its departments, offices and agencies, including government-owned and/or controlled corporations and local government units;<sup>1</sup>

**WHEREAS**, Section 63 of RA No. 9184 authorizes the Government Procurement Policy Board (GPPB) to formulate public procurement policies, rules and regulations, and amend its IRR, whenever necessary;

**WHEREAS**, the GPPB, through its Resolution No. 24-2019,<sup>2</sup> approved the inclusion of Section 53.14 of the 2016 revised IRR of RA No. 9184 which introduced Negotiated Procurement (NP) - Direct Retail Purchase as a modality for procuring airline tickets, among others. This aims to support the efficient discharge of the Procuring Entity’s (PEs) principal mandate, governmental functions, or day-to-day operations by allowing the end-users of the PE to directly purchase the airline tickets from commercial airlines, subject to the following conditions: (i) necessity of the same for official travels; (ii) conduct of a market study confirming that NP-Direct Retail Purchase is the most reasonable and efficient mode of procurement; (iii) inclusion of the procurement project in the Annual Procurement Plan (APP); and (iv) flexibility in payment through various modalities, such as direct electronic payment or use of credit card, in compliance with relevant accounting and auditing rules;

**WHEREAS**, the criteria for authorized official travel, as stated under Section 3 of the Executive Order No. 77, s. 2019<sup>3</sup> include the following: (i) it is essential to the effective performance of an official or employee’s mandates or functions; (ii) it is required to meet the needs of the department, agency, bureau or office, or there is a substantial benefit being derived by the State; (iii) the presence of the official or employee is critical to the outcome of the meeting, conference, seminar, consultation or any official activity to be attended; and (iv) the projected expenses are not excessive or it only involves minimum expenditure;

**WHEREAS**, on the other hand, Section 37 of RA No. 9184 and its 2016 revised IRR prescribes that PEs shall issue a Notice to Proceed (NTP) to the winning bidder in Competitive Biddings not later than seven (7) calendar days from the date of approval of the contract by the appropriate authority. A copy of the NTP shall be posted on the Philippine Government Electronic Procurement System (PhilGEPS) and the website of the PE. Relatedly, Section 54.3 of the same IRR, specifically provides that, for Alternative Modes of Procurement, the

<sup>1</sup> Section 4 of RA No. 9184.

<sup>2</sup> Dated 30 October 2019, entitled Approving Section 53.14 of the 2016 revised IRR of Republic Act No. 9184 and the Amendments of Affected Provisions of Annex “H” Thereof.

<sup>3</sup> Dated 15 March 2019, entitled Prescribing Rules and Regulations and Rates of Expenses and Allowances for Official Local and Foreign Travels of Government Personnel.

purchase order, including the NTP, if required, shall be posted on the PhilGEPS website, PE's website, if available, and at any conspicuous place reserved for the purpose;

**WHEREAS**, in ensuring the proper use of funds pursuant to Section 4(6) of Presidential Decree No. 1445, also known as the Government Auditing Code of the Philippines, which requires that claims against government funds shall be supported with complete documentation, the Commission on Audit (COA) issued Circular No. 2012-001 dated 14 June 2012,<sup>4</sup> providing the revised guidelines and documentary requirements for common government transactions. Subsequently, the COA issued Circular No. 2023-004 dated 14 June 2023,<sup>5</sup> amending and updating the documentary requirements for disbursements in common government transactions for all national government agencies and local government units;

**WHEREAS**, Items 1.1.4.1 and 1.1.4.2 of COA Circular No. 2023-004 enumerate the documentary requirements for the grant of cash advance for local and foreign travel expenses, including air travel. Specifically, the PE is required to submit a quotation of plane fares for similar dates from at least three airline companies or travel agencies, or its equivalent. In instances where obtaining three (3) quotations is not feasible, the individual must submit a certification, verified by his/her supervisor, attesting to such circumstances;

**WHEREAS**, Item 9.1.1 of the same COA Circular requires the PE to issue an NTP for all Infrastructure Projects regardless of the mode of procurement, whether these are undertaken through Competitive Bidding or any Alternative Mode of Procurement;

**WHEREAS**, in light of the foregoing, the GPPB-Technical Support Office (GPPB-TSO) received several requests for clarification of PEs regarding the requirement of submitting three (3) quotations with similar dates from airline companies, travel agencies or equivalent documents, as the same is not prescribed if the PE resorts to NP- Direct Retail Purchase under Section 53.14 of the 2016 revised IRR of RA No. 9184. Conversely, certain PEs also queried the mandatory issuance of NTP for all Infrastructure Projects, even those procured through Alternative Modes of Procurement, given that Section 37 in relation to Section 54.3 of IRR of the same law did not require an NTP for Infrastructure Projects procured through certain Alternative Modes of Procurement;

**WHEREAS**, during the Inter-Agency Technical Working Group (IATWG) Meeting held on 14 September 2023, the IAWTG Members endorsed to the Board the request for the COA to revisit its Circular No. 2023-004 in order to ensure alignment with the requirements under RA No. 9184 and its 2016 revised IRR, as well as associated issuances;

**WHEREAS**, during the 6<sup>th</sup> GPPB Meeting held on 26 September 2023, the GPPB-TSO presented to the Board the concerns raised by PEs regarding the procurement of airline tickets under COA Circular 2023-004. The said Circular requires PEs to submit three (3) quotations before procuring airline tickets for official travel. However, under the existing modality on NP- Direct Retail Purchase, the procurement of airline tickets for official travels within the fiscal year shall be supported by a market study and reflected in the APP or supplemental APP, as the case may be, before directly purchasing the same;

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<sup>4</sup> Entitled: Prescribing the Revised Guidelines and Documentary Requirements for Common Government Transactions.

<sup>5</sup> Entitled: Prescribing the Updated Documentary Requirements for Common Government Transactions, amending COA Circular No. 2012-001.

**WHEREAS**, the GPPB members<sup>6</sup> highlighted the challenges of obtaining three (3) quotations for urgent and unplanned official travels, especially considering situations where immediate arrangements are necessary to ensure timely arrival to attend official functions, or only limited flight schedules, with only one (1) or two (2) airline companies offering. It is for these reasons that the GPPB authorized NP- Direct Retail Purchase under Section 53.14 of 2016 revised IRR of RA No. 9184;

**WHEREAS**, on the other hand, the GPPB-TSO further emphasized that the issuance of an NTP is a mandatory requirement for the procurement of Infrastructure Projects through Competitive Bidding, but this requirement does not apply to all Alternative Modes of Procurement.<sup>7</sup> However, the COA required the issuance of an NTP for all procured Infrastructure Projects in its Circular No. 2023-004, irrespective of the procurement modality. This may result to audit findings related to the PE's failure to issue the NTP when undertaking an Infrastructure Project through Alternative Modes of Procurement;

**WHEREAS**, the GPPB-TSO likewise recommended to the Board to seek continued support from the COA for the participation of its representative as a resource person during the GPPB meetings in accordance with Section 64 of RA No. 9184, to provide inputs on any financial and audit matters related to the formulation of specific procurement rules;

**WHEREAS**, the GPPB, after due deliberations and comments of its members, has agreed to approve the recommendation of the GPPB-TSO to:

1. Request the COA to revisit its Circular No. 2023-004 to ensure alignment with RA No. 9184 and its IRR and all associated issuances, specifically the documentary requirements for the grant of cash advance for local and international air travel expenses of a government official or employee on official travel and issuance of an NTP for Infrastructure Projects;
2. Seek continued support from the COA for the participation of its representative as a resource person during the GPPB Meetings to ensure harmonization of rules; and
3. Authorize the Executive Director of the GPPB-TSO to communicate the GPPB's requests to the COA;

**NOW, THEREFORE**, for and in consideration of the foregoing, **WE**, the Members of the **GOVERNMENT PROCUREMENT POLICY BOARD**, by virtue of the powers vested on **US** by law and other executive issuances, hereby **RESOLVE** to confirm, adopt, and approve, as **WE** hereby confirm, adopt, and approve the following:

1. **REQUEST** the COA to revisit its Circular No. 2023-004 to ensure alignment with RA No. 9184 and its IRR and all associated issuances, specifically the documentary requirements for the grant of cash advance for local and international travel expenses of a government official or employee on official air travel and issuance of NTP for Infrastructure Projects;
2. **SEEK** continued support from the COA for the participation of its representative as a resource person during the GPPB Meetings to ensure harmonization of rules; and

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<sup>6</sup> Representatives of the Department of Interior of Local Government, Department of Science and Technology, and Department of Trade and Industry.

<sup>7</sup> Issuance of an NTP is not required for the following Alternative Modes of Procurement: Sec. 53.2 NP- Emergency Cases; Sec. 53.5 - NP- Agency- to- Agency; Sec. 53.9 -NP- Small Value Procurement; Sec 53.11 NP- Non-Governmental Organization Participation; Sec 53.13 NP- United Nations Agencies/International Organizations/International Financing Institutions.

3. **AUTHORIZE** the Executive Director of the GPPB-TSO to communicate the GPPB's requests to the COA.

This Resolution shall take effect immediately.

**APPROVED** this 26<sup>th</sup> day of September 2023 at Mandaluyong City, Philippines.

**SGD.**

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*GPPB, Chairperson*  
**DEPARTMENT OF BUDGET AND  
MANAGEMENT**

**SGD.**

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*Alternate to the Chairperson*  
**DEPARTMENT OF BUDGET AND  
MANAGEMENT**

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**NATIONAL ECONOMIC AND  
DEVELOPMENT AUTHORITY**

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**DEPARTMENT OF EDUCATION**

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**DEPARTMENT OF ENERGY**

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**DEPARTMENT OF FINANCE**

**SGD.**

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**DEPARTMENT OF HEALTH**

**SGD.**

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**DEPARTMENT OF INTERIOR AND LOCAL  
GOVERNMENT**

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**DEPARTMENT OF NATIONAL DEFENSE**

**SGD.**

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**DEPARTMENT OF PUBLIC WORKS AND  
HIGHWAYS**

**SGD.**

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**DEPARTMENT OF SCIENCE AND  
TECHNOLOGY**

**SGD.**

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**DEPARTMENT OF TRADE AND INDUSTRY**

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**DEPARTMENT OF TRANSPORTATION**

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**DEPARTMENT OF INFORMATION AND  
COMMUNICATIONS TECHNOLOGY**

**SGD.**

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**PHILIPPINE SPACE AGENCY**

**SGD.**

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**PRIVATE SECTOR REPRESENTATIVE**