

NPM No. 026-2017

11 December 2017

MR. VENANCIO E. VILLARAMA, JR
MCW BAC Chairperson
METRO COTABATO WATER DISTRICT
Gov. Gutierrez Avenue, Cotabato City

Subject: Clarification on Source of Funding of Honoraria -

Dear Atty. Recto:

This refers to your letter requesting for clarification on the valid sources of fund for the grant of Honoraria.

Grant of Honoraria -

Under Section 15 of Republic Act (RA) No. 9184 or the Government Procurement Reform Act, the Procuring Entity may grant payment of honoraria to the Bids and Awards Committee (BAC) members in an amount not to exceed twenty five percent (25%) of their basic monthly salary subject to availability of funds. Corollary to this, Section 15 of the 2016 revised Implementing Rules and Regulations (IRR) of RA 9184¹ provides that the Procuring Entity may also grant payment of honoraria to the *BAC Secretariat* and the *TWG members*, subject to the relevant rules of the Department of Budget and Management (DBM).

On the other hand, the Guidelines on the Grant of Honoraria to Government Personnel involved in Government Procurement is provided in Appendix 7 of the 2016 revised IRR of RA 9184, which reiterates both DBM Budget Circular 2004-5A² and DBM Budget Circular 2007-3³.

Honoraria; Source of Fund -

Relevant to your query on appropriate sources of funds for the grant of honoraria to members of the BAC, BAC Secretariat and TWG for successfully completed procurement projects, Section 3 of DBM Budget Circular 2007-3 provides that:



¹ Took effect on 28 October 2017

² Issued on 07 October 2005

³ Issued on 29 November 2007

3.1 The amount necessary for payment of honoraria and overtime pay authorized under BC No. 2004-5A dated October 7, 2005 shall be sourced from the following:

3.1.1. Collections from successfully completed procurement projects limited, however, to activities prior to awarding of contracts to winning bidders:

- Proceeds from sale of bid documents;
- Fees from contractor/supplier registry;
- Fees charged for copies of minutes of bid openings, BAC resolutions and other BAC documents
- Protest fees; and
- Proceeds from bid security forfeiture.

3.1.2. Savings realized from the current year specific budget of the agency under the General Appropriations Act (GAA).

3.1.3. In the case of GOCCs, savings from the DBM-approved corporate operating budgets.

3.1.4. In the case of LGUs, savings from the local budgets approved by their respective Sanggunian subject to the pertinent provisions of R.A. 7160 (Local Government Code of 1991)

Summary -

All told, the sources of fund for the grant and payment of honoraria relative to Metro Cotabato Water District, a Government-Owned and/or Controlled Corporation (GOCC), are those provided in Sections 3.1.1 and 3.1.3 of DBM Budget Circular No. 2007-3.

We hope that this opinion issued by the GPPB-TSO provided sufficient guidance on the matter. Should there be other concerns, please do not hesitate to contact us.

(sgd.)

Executive Director 

