

NPM No. 098-2017

29 December 2017

MR. RAFFY BALDEMOR
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<bf12_bac@yahoo.com>

**Re: Clarification as to Threshold of Procurement of
Regional Offices of National Government Agencies -**

Dear Mr. Baldemor:

This refers to your electronic mail (e-mail) inquiring as to the threshold of procurement of National Government Agencies (NGAs) particularly in the Regional Office level for the procurement of goods and infrastructure projects.

**Procurement Threshold; Competitive Bidding;
Alternative Methods of Procurement -**

As a general rule, all procurement shall be conducted through competitive bidding as provided under Section 10 of Republic Act (RA) No. 9184, the Government Procurement Reform Act (GPRA), and its 2016 revised Implementing Rules and Regulations (IRR). Thus, regardless of amount of the approved budget for the contract (ABC) procurement shall be conducted through competitive bidding.

On the other hand, alternative methods of procurement, that is, Shopping and Negotiated Procurement [Small Value Procurement (SVP)] under Sections 52 and 53.9, respectively, of the 2016 IRR, prescribes a ceiling or threshold amount. Such that Shopping or SVP cannot be utilized if the approved budget for the contract (ABC) is more than the identified threshold.

For *Shopping* when there is unforeseen contingency requiring immediate purchase under Section 52.1(a) the threshold amount for NGAs is Two Hundred Thousand Pesos (PhP200,000.00). On the other hand for *Shopping* of ordinary or regular office supplies and equipment not available in the DBM-PS under Section 52.1(b) and Negotiated Procurement through SVP, the threshold amount for NGAs is One Million Pesos (PhP1,000,000.00).

Procurement Threshold in the Regional Offices -

The procurement threshold in Regional Offices of NGAs depends on the limitations in the delegation of authority of heads of NGAs where procurement has been decentralized. For NGAs, such delegation of authority is sanctioned under Executive Order (EO) No. 292 or the *Administrative Code of 1987*. Accordingly, the rule on delegation of authority is found in Section 40, Chapter 8 of the same Book, thus:

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“The Secretary or the head of an agency shall have authority over and responsibility for its operation. He shall **delegate such authority** to the bureau and regional directors as may be **necessary for them to implement plans and programs adequately**. **Delegated authority shall be to the extent necessary for economical, efficient and effective implementation of national and local programs** in accordance with policies and standards developed by each department or agency with the participation of the regional directors. The delegation shall be in writing; shall indicate to which officer or class of officers or employees the delegation is made; and shall vest sufficient authority to enable the delegate to discharge his assigned responsibility.”
(Emphasis supplied)

Such delegation of authority has been recognized by RA 9184 through Section 5(t) of its 2016 IRR in the definition of the Head of Procuring Entity (HoPE). Thus, the HoPE in NGAs is the head of the agency; and, in an agency, department, or office where the procurement is decentralized, the head of each decentralized unit shall be considered as the HoPE, **subject to the limitations and authority delegated by the head of agency, department, or office**.

Thus, the procurement amount or threshold of Regional Offices shall be dependent on the limitations provided in the delegated authority. The decision, however, as to the applicable procurement threshold to be adopted depends on the sound discretion of the delegating authority, such as the HoPE or Head of the Agency in the Central Office, taking into consideration the aspects of economy, efficiency and accountability, and the need to effectively implement plans and programs of the Department.

Summary –

In sum, we stress that:

1. Competitive bidding, as the default method of procurement, may be utilized regardless of the amount of the ABC. On the other hand, the applicable threshold for NGAs in *Shopping* under Section 52.1(a) is Two Hundred Thousand Pesos (PhP200,000.00); and, *Shopping* under Section 52.1(b) and Negotiated Procurement under the Small Value Procurement modality is One Million Pesos (PhP1,000,000.00); and
2. The procurement amount or threshold for regional offices of NGAs with decentralized procurement would depend on the limitations provided in the delegated authority.

We hope this opinion issued by the GPPB-TSO provided sufficient guidance on the matter. Note that this is issued on the basis of particular facts and situations presented, and may not be applicable given a different set of facts and circumstances. Should you have further questions, please do not hesitate to contact us.

(sgd.)

Executive Director V *MM*

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