

NPM No. 148-2017

29 December 2017

HONORABLE RONALDO P. AQUINO, CPA
City Mayor
CITY GOVERNMENT OF CALBAYOG
City Hall Compound, Senator Jose D. Avelino Avenue,
Calbayog City, Samar

Re: Clearance/Authorization for the Procurement of Heavy Equipment-

Dear Mayor Aquino:

This refers to the Honorable Mayor's letter inquiring whether there is a requirement for the City Government to secure clearance/authorization from any relevant government agency prior to its procurement of several heavy equipment for its infrastructure projects and solid waste management programs with a budget amounting to One Hundred Million Pesos (PhP100M).

Item 4.0 of Department of Budget and Management (DBM) Budget Circular No. 2010-2¹, as amended by Budget Circular No. 2017-1², provides that Governors, City and Municipal Mayors, and *Punong Barangays* are authorized to purchase the types of motor vehicles enumerated in Sub-Item 3.1³ thereof for their respective provinces, cities, municipalities and barangays out of their unencumbered local funds covered by appropriations ordinances specifically authorizing/earmarking funds for the purpose. However, the said item of the Budget Circular also states that the approval of the DBM for the acquisition of motor vehicles enumerated under Sub-Item 3.1, or of the Office of the President (OP) for motor vehicles enumerated under Sub-Item 3.2 thereof, shall be required in cases where the purchases are sourced from national government funds under the General Appropriations Act.

¹ Guidelines on the Acquisition and Use of Government Motor Vehicles.

² Revised Guidelines On The Acquisition And Use Of Government Motor Vehicles.

³ NGAs, including SUCs, GOCCs, and GFIs, may purchase the following types of vehicles, chargeable against their respective appropriations authorized for the purpose, upon approval by the agency head concerned and Secretary of Budget and Management:

- Specific purpose vehicles such as medical ambulances, military and police patrol vehicles, armored vehicles, prisoners' vans, and fire trucks;
- Heavy equipment such as road construction equipment, cargo transport equipment, farm machineries, waste management/environmental sanitation equipment, and similar vehicles/equipment;
- Locally assembled owner- or passenger-type jeep;
- Motorized *bancas*/boats;
- Vehicles for mass transport, when necessary in the interest of public service; and
- Motorcycles and tri-wheels vehicles.


We wish to note that a perusal of the Budget Circular would show that the rules do not make a qualification based on the amount of the motor vehicles to be procured as to which purchases require the approval of the DBM or the OP. Instead, the rules make a classification of motor vehicles based on their descriptions and specifications laid down in the same DBM Budget Circular.

In view of the foregoing, it will be prudent to do a careful review and study of the above-mentioned DBM and OP issuances. We likewise defer to the DBM and OP, whose opinions, the Honorable Mayor may also desire to secure, to have a more definitive information relative to the acquisition of the identified Heavy Equipment.

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

Very truly yours,

(sgd.)

 **DENNIS S. SANTIAGO**
Executive Director V

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