

**NPM No. 063-2016**

3 November 2016

[REDACTED]

**Re: Adjustment of the Approved Budget for Contract (ABC):  
Change of Procurement Method from Public Bidding to Shopping**

Dear [REDACTED]

This refers to your electronic mail (e-mail) inquiring whether your agency may resort to Shopping as an alternative mode of procurement when upon review of the ABC, it was found out that the amount will fall under the threshold for Shopping.

In your e-mail, you disclosed that your agency budgeted Php500,000.00 for the purchase of office equipment. It was also mentioned that the Invitation to Bid (IB) was posted in PhilGEPS. However, there was a failure of bidding since no bids were received by the BAC. Upon review, it was discovered that the prevailing market price for the equipment to be procured is only Php370,000.00 and not the amount initially budgeted. As such, the ABC was reduced and is within the threshold for Shopping.

#### **Adjustment of the ABC**

Sections 35.2 and 35.3 of the revised Implementing Rules and Regulations (IRR) provide that in case of failure of bidding for the first time, in order to determine the reason for the failed bidding, the BAC shall conduct a mandatory review and evaluation of the terms, conditions and specification in the Bidding Documents, including its cost estimates. As the BAC deems it fit, and based on the findings in its mandatory review, it may revise and agree on a new set of technical specifications; and, if necessary, may adjust the amount of the ABC, subject to the required approvals under the IRR.

Any adjustment of ABC for any method of procurement shall be:

1. Reflected in the updated PPMP and APP;
2. Approved by the HOPE or its duly designated second-ranking official; and
3. Consistent with the approved yearly budget.

## Change of Procurement Method

As to the change in the procurement method, we stress that there are conditions under the rules on the use of Shopping as an alternative mode of procurement and these must be complied with. Ordinary Shopping is a method of procurement of goods whereby the Procuring Entity simply requests for the submission of price quotations for readily available off-the-shelf Goods or ordinary/regular equipment to be procured directly from suppliers of known qualification

"Ordinary or regular office supplies" is defined under Section 52.2 of the IRR as supplies, commodities, or materials, which, depending on the procuring entity's mandate and nature of operations, are necessary in the transaction of its official business and consumed in the day-to-day operations of the procuring entity.

Section 52.1(b) of the IRR allows procuring entity to use Shopping as an alternative mode of procurement for ordinary or regular office supplies and equipment not available in the Procurement Service in an amount not exceeding the thresholds for Shopping. Thus, common-use supplies and equipment in the nature of ordinary regular office supplies which is needed to achieve the agency's mandate and nature of operations should be purchased from the DBM Procurement Service (DBM-PS) pursuant to Section 53.5 of the IRR.

It bears stressing that if the original mode of procurement recommended in the APP was Competitive Bidding, the BAC shall recommend the change in the mode of procurement from Competitive Bidding to Shopping through a Resolution to be approved by the Head of the Procuring Entity. Moreover, if the items to be procured are not included in the APP, updating of the individual PPMPs and the consolidated APP must be undertaken to comply with Sections 7.1 - 7.5 of the IRR of R.A. 9184

Accordingly, [t]he BAC is required to issue a Resolution recommending to the HOPE the change from Competitive Bidding to any of the Alternative Methods of Procurement, such as Shopping under Section 52 of the IRR, and this procurement modality should be reflected in the Annual Procurement Plan *vis-a-vis* particular Project Procurement Management Plan for approval of the HOPE.<sup>1</sup>

We hope that 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 there be other concerns, please do not hesitate to contact us.

(sgd.)

**DENNIS S. SANTIAGO**  
*Executive Director V* 



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<sup>1</sup>NPM 169-2012 dated December 28, 2012