# RULES & REGULATIONS ON SUPPLY AND PROPERTY MANAGEMENT IN THE LOCAL GOVERNMENT

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# RULES AND REGULATIONS ON SUPPLY AND PROPERTY MANAGEMENT IN THE LOCAL GOVERNMENTS

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# RULES AND REGULATIONS ON SUPPLY AND PROPERTY MANAGEMENT

## TITLE I — GENERAL PROVISIONS

### Rule 1. Title and Definitions

SECTION 1. *Authority.*—Pursuant to Section 383 of Republic Act No. 7160, otherwise known as the Local Government Code of 1991, these rules and regulations providing for an improved system of procurement, care, utilization, custody, and disposal of supplies and property in the local governments are hereby prescribed.

SEC. 2. *Title.*—These rules and regulations shall be known as: Rules and Regulations on Supply and Property Management in the Local Governments.

SEC. 3. *Applicability.*—These rules and regulations shall apply to all provinces, sub-provinces, cities, municipalities and barangays. These shall also apply to the Autonomous Region in Muslim Mindanao, the Cordillera Administrative Region and the Metropolitan Manila Authority until such time that a separate set of rules and regulations on the subject is prescribed for these regional governments and the Metropolitan Manila Authority.

SEC. 4. *Definitions of Abbreviations and Terms.*—For purposes of these rules and regulations, the following abbreviations and terms are hereby defined:

*"Annual Procurement Plan"* refers to the itemized list prepared by the head of the department or office showing the kind, estimated quantity, estimated cost, description of supplies or property together with the balance on hand, if any, required by the department or office for the ensuing fiscal year.

*"Annual Procurement Program"* refers to the itemized list prepared by the local chief executive showing the kind, estimated quantity, estimated cost, descrip-

tion of supplies together with the balance on hand, if any, required by the local government for the ensuing fiscal year. The annual procurement program shall essentially be based on the annual procurement plan.

*"Amendatory Procurement Plan"* is the itemized list prepared by the head of the department or office showing the required supplies in a fiscal year in lieu of those deleted, cancelled or substituted in the approved annual procurement plan. The amendatory procurement plan shall be supported by a written justification.

*"Amendatory Procurement Program"* refers to the itemized list prepared by the general services officer or local treasurer, as the case may be, for the approval of the local chief executive showing the required supplies in a fiscal year in lieu of those deleted, cancelled or substituted in the approved annual procurement program. The amendatory procurement program shall be supported by amendatory procurement plan.

*"Appraised Value"* refers to the estimated value of disposable property after inspection taking into account its condition, usability and other factors.

*"Award"* is the decision of the Committee on Awards as to who among the suppliers shall get the order or contract.

*"Beyond Economical Repair"* refers to the condition of the supplies when the cost of repairing becomes prohibitive and disadvantageous to the government or when the cost to repair an item is over sixty per cent (60%) of the acquisition cost.

*"Bidder's Bond"* is a bond in cash, certified or cashier's check or surety required of bidders before they can participate in any competitive bidding, to guarantee in good faith the submission of their tenders and acceptance of all the terms and conditions thereof.

*"Bona-Fide Bidder"* is a registered merchant licensed as manufacturer, producer, regular dealer or service establishment with reputable establishment for at least three (3) months prior to the public bidding he intends to participate in.

*"Canvass, Sealed"* is one wherein an offer is received by the authorized official in a sealed envelope or the like.

*"Care"* refers to the proper use and maintenance of supplies or property; the act of giving attention, interest and safety to supplies or property.

*"Condemnation"* is the act of destroying valueless supplies or property by burning, pounding, throwing beyond recovery, or the like.

*"Custody"* refers to the actual or constructive possession or control of supplies or property.

*"Defective Bid"* is a bid which complies with the advertised descriptions and specifications but not with the terms and conditions in the invitation to bid.

*"Department or Office"* is a principal sub-division of a local government unit defined in RA No. 7160 and national offices authorized to receive augmentation of their supply requirement from the local government unit concerned.

*"Disposable Property"* is a property reported for disposition by a department or office.

*"Disposal"* refers to the act of parting with, alienation of, or giving up of supplies or property.

*"Economically Repairable"* refers to that condition of supplies or property which can still be repaired or rehabilitated at a reasonable cost or that in which the cost of repair or rehabilitation would not exceed sixty per cent (60%) of the acquisition cost of the item to be repaired/rehabilitated. Changes in monetary rates should be considered in the computation of cost.

"Emergency" refers to any event or occurrence wherein the need for supplies or property has become exceptionally urgent or absolutely indispensable and only to prevent imminent danger to, or loss of, life or property.

*"Enormity of Order"* refers to that circumstance wherein the supplies or property to be delivered exceed the normal requirement or is out of proportion to the usual volume of orders.

*"Equipment"* refers to all articles needed to outfit an individual or organization which do not lose their identity when used or applied. The term refers to typewriters, adding machines, computers, printers, vehicles, weapons and other similar items.

*"Excess Property"* is a property no longer needed by a department or an office.

*"Expendable Supplies"* refer to articles which are consumed in use, such as ammunition, fuel, forage, drugs, medicines, and such spare or repair parts as are used to repair or complete other articles and which thereby lose their identity in the process.

*"General Bond"* is a combination of bidder's bond and a performance which may be in cash, certified or cashier's check.

*"Habitual Delinquent"* refers to a contractor/supplier who fails to abide by or comply with the terms and conditions of his contract for two (2) or more times within a period of one (1) year.

*"Improvement"* refers to a valuable addition made to property or an amelioration in its condition amounting to more than mere repairs intended to enhance its value, beauty or utility or to adopt it for new or further purposes.

*"Immediate Accountability"* refers to the accountability of a person in possession of or having custody of supplies or property.

*"Inventory"* is an itemized list of supplies or property on hand containing designation or description of each specific article with its valuation.

*"Issue Slip"* is the document used as evidence in the transfer of non-consumable supplies or property from the general services officer, municipal or barangay treasurer, as the case may be, to a department head for issuance to the end-user.

*"ITB"* refers to the Invitation to Bid.

*"Locality"*, whenever used in these rules and regulations, refers to the territorial jurisdiction of the province of which the city or municipality is a component part. For the Metropolitan Manila Area, it shall include all cities and municipalities within the Metropolitan Manila Area.

*"Lowest Complying and Reasonable Bid"* refers to the proposal of one who offers the lowest price, meets all the technical specifications and requirements of the supplies or property desired and, as a dealer in the line of supplies involved, maintains a regular establishment, and has complied consistently with previous commitments.

*"Minor or Ordinary Repair"* means repair merely to keep a building or equipment in fit condition or use without increasing its capacity or otherwise adding to its normal value as an asset.

*"Major or Extraordinary Repair"* refers to alteration, addition, partition, extension, and other construction or installation which materially increases the value or extend the useful life of the structure or equipment.

*"Negotiated Purchase"* refers to the procurement of supplies without public bidding undertaken for the purpose.

*"Negotiated Sale"* refers to a sale without public bidding undertaken for the purpose.

*"Non-complying Bid"* is a bid which does not comply with the advertised descriptions and specifications.

*"Non-Expendable Supplies or Property"* or *"Non-consumable Supplies or Property"* refer to articles which are not consumed in use and which ordinarily retain their original identity during the period of use, such as weapons, vehicles, machines, tools, and instruments.

*"Non-Personal Services"* includes, but not limited to, repairing, cleaning, redecorating, or rental of personal property and furnishing of necessary repair parts or other supplies as part of the services performed.

*"Obsolete Property"* is a property which has lost its efficiency either due to technological advancement, change of procedure, reorganization of a department or office, or completion of a project.

*"Offer"* is a proposal involving one or more items in a tender.

*"Overrun"* is an excess over the quantity ordered.

*"Performance Bond"* is a bond in cash, certified or cashier's check or surety, required of winning bidders to guarantee performance of an order or contract.

*"Personal Canvass"* refers to a mode of procurement allowed as an exception to public bidding whereby designated canvassers request price quotations from at least three (3) responsible suppliers in the locality.

*"PR"* refers to purchase request use in the requisition of supplies or property not to be carried in stock.

*"Procurement"* refers to the acquisition of supplies or property, including non-personal services, by written order or contract through bidding or negotiation or by transfer under existing laws or regulations.

*"Primary Accountability"* refers to the accountability of the head of a department or office for supplies or

property transferred to his department or office for issuance to the end-user.

*"Property Responsibility"* refers to the obligation of an individual for the proper custody, care and safekeeping of property entrusted to his possession or under his supervision.

*"Protest"* refers to the objection to a contemplated or actual award.

*"Protest Bond"* is a bond in cash, certified or cashier's check, or surety required of protestants against awards.

*"Public Auction"* is synonymous to public bidding as applied to sale of disposable supplies or property.

*"Purchase"* refers to the act of procuring or acquiring supplies or property for a price.

*"Purchase Order"* is a contract between the local government and the suppliers or dealers for the delivery of supplies at a stipulated amount and includes, among others, quantity, period and mode of delivery, unit and total price per item, and mode of payment.

*"Real Property" or "Real Estate"* refers to land and buildings and other improvements which are more or less of permanent structure and substantially adhering to the land with the intent of permanent annexation.

*"Repeat Order"* is a form of negotiated purchase whereby a local government unit buys from the same supplier, the same items at the same terms and conditions as the original purchase within three (3) months therefrom.

*"RIV"* means Requisition and Issue Voucher use in the requisition of supplies or property carried in stock.

*"Running and Test Inventory"* is an inventory of property made upon order of the local chief executive

at any time to ascertain the correctness of the property records of the unit.

*"Specification"* refers to technical description of supplies or property being requisitioned or ordered, which should be clear and complete, including if necessary, the specific uses therefor and how acceptability thereof can be determined.

*"Splitting"* means division or breaking up of requisition or order into separate requisitions or orders, of smaller quantities and amounts, to avoid review and/or induce approval thereof by higher authorities.

*"Standard"* refers to a gauge which has been established by authority, custom or common acceptance as proper and adequate for a given purpose.

*"Suitable Substitute"* refers to that kind of article which would serve substantially the same purpose or produce substantially the same results as the brand, type, or make of article originally desired or requisitioned.

*"Supplemental Procurement Plan or Procurement Program"* is the itemized list showing the required supplies in a fiscal year not covered in the annual or amendatory procurement plan or program.

*"Supplier"* is a person, firm or manufacturer who furnishes or sells the supplies or property needed or required by a local government unit. It is synonymous to dealer, bidder, offerer, seller or contractor.

*"Supplies" or "Property"* includes everything, except real property, which may be needed in the transaction of public business or in the pursuit of any undertaking, project, or activity, whether in the nature of equipment, furniture, stationery, materials for construction or personal property of any sort, including non-personal or contractual services such as the repair and maintenance of equipment and furniture, as well as trucking, hauling, janitorial, security, and related services.

*"Surplus Property"* is a property no longer needed by a local government unit.

*"Tender"* is synonymous with proposal, bid or the quotation for supplies or property offered.

*"Terms and Conditions"* refer to other requirements not affecting the technical specifications and requirements of the supplies or property desired such as bonding, terms of delivery and payment, and related preferences.

*"Tolerance"* is the specified allowance for error in weighing, measuring, etc., or variation from the standard or given dimension, weight or the like.

*"Underrun"* refers to the deficiency in the quantity ordered.

*"Unserviceable Property"* is a property that is not operational. It may be economically repairable or beyond economical repair.

*"Utilization"* refers to the act of employing, enjoying, applying, converting supplies or property for the purpose for which the same are acquired.

*"Winning Bidders"* are bidders who have received awards of contract or orders.

### Rule 2. Standardization of Supplies or Property

SEC. 5. *Procurement of Supplies or Property Certified by the Bureau of Product Standards.*—To ensure maximum and efficient utilization of government resources, LGUs shall limit their purchases of supplies or property from Bureau of Product Standards (BPS) certified products in accordance with the Joint Memorandum Circular, dated October 1, 1987, issued by the Department of Budget and Management, Department of Trade and Industry and the Commission on Audit.

For this purpose, it shall be the duty of the general services officer, municipal or barangay treasurer, as the case may be, to maintain and make reference to an updated list of PS Quality Mark Licensees and list of importers with Import Commodity Clearance whenever procurement of supplies or property is to be made.

However, the application of this Rule may not be mandatory to procurement of supplies or property under extreme necessity referred to in the Second Paragraph of Section 88, Rule 8, hereof.

## TITLE II — ACQUISITION OF SUPPLIES OR PROPERTY

### Rule 3. Procurement Plans and Programs

SEC. 6. *Coverage.*—This Title shall cover acquisitions of supplies or property intended for the following:

a. operation of the local governments;

b. prosecution of infrastructure projects by administration solely funded from local funds;

c. prosecution by administration of national funded infrastructure projects;

d. prosecution by administration of foreign assisted infrastructure projects; and

e. prosecution by administration of infrastructure projects funded from local donation.

Where the release of funds for Sub-Paragraphs (d) and (e) is accompanied by specific instructions, said instructions may be followed insofar as they do not directly contravene existing laws. These rules and regulations shall have suppletory effect in these cases.

SEC. 7. *Annual Procurement Plan.*—At such time as may be prescribed by the local chief executive, heads of departments or offices shall submit to the general

services officer or local treasurer, as the case may be, procurement plan of their supply requirements for the ensuing fiscal year.

SEC. 8. *Annual Procurement Program.*—On or before the fifteenth day of July of each year, the general services officer or the local treasurer, as the case may be, shall prepare for the approval of the local chief executive an annual procurement program for the ensuing fiscal year which shall contain an itemized quantity of supplies or property needed for the entire fiscal year, complete description thereof as to kind, quantity and quality, the estimated cost, and the balance on hand. The total estimated cost of the annual procurement program shall not exceed the total appropriations authorized for the acquisition of supplies or property.

SEC. 9. *Purchases Covered By Approved Procurement Program.*—Except in case of emergency purchases or where urgent and indispensable needs could not have been reasonably anticipated, no purchase of supplies or property shall be made unless included in or covered by, an approved procurement program.

SEC. 10. *Prohibition Against Conversion of Cash Into Supplies.*—The conversion of excess cash into supplies is prohibited except to the extent of the kind and quantity specified in the approved procurement plan.

SEC. 11. *Supplementary Procurement Plan.*—At any time during the fiscal year, heads of departments or offices may prepare and submit to the general services officer or local treasurer, as the case may be, for the approval of the local chief executive a supplementary procurement plan to cover supply or property requirement of his department or office not otherwise included in the annual procurement plan.

SEC. 12. *Supplementary Procurement Program.*—Within a reasonable time upon receipt of the supplemen-

tary procurement plan, the general services officer or local treasurer, as the case may be, shall prepare for the approval of the local chief executive a supplementary procurement program based on the supplementary procurement plan.

SEC. 13. *Amendatory Procurement Plan.*—At any time during the fiscal year, the head of department or office may prepare and submit to the general services officer or local treasurer, as the case may be, for the approval of the local chief executive an amendatory procurement plan for supply or property requirement of his department or office in lieu of those deleted, cancelled or substituted in the approved procurement plan. Amendatory procurement plan shall be supported by a written justification.

SEC. 14. *Amendatory Procurement Program.*—Within a reasonable time upon receipt of the amendatory procurement plan from a head of the department or office, the general services officer or local treasurer, as the case may be, shall prepare for the approval of the local chief executive an amendatory procurement program for the department or office concerned.

SEC. 15. *Provision for Contingency.*—In the preparation of annual procurement plan, a maximum of fifteen per cent (15%) of the estimated requirements may be provided for contingency and miscellaneous items. This shall take care of the requirements which could not be anticipated or defined during the preparation of the plan.

SEC. 16. *Separate Procurement Plans and Programs for Supplies or Property, Non-Expendable Supplies, Non-Personal Services, and Materials for Infrastructure Project.*—Separate procurement plans and programs shall be prepared for supplies or property for the operation of a department or office, non-expendable supplies, non-personal services, and supplies or property intended for infrastructure project.

## Rule 4. Requisition of Supplies or Property

SEC. 17. *Requirement of Requisition.*—No order for supplies or property shall be placed by the local general services officer, municipal treasurer or barangay treasurer, as the case may be, for any department or office of the local government except upon written requisition as herein provided. Except in the case of emergency purchase, no requisition shall be given due course unless the supplies or property desired are included or listed in the annual procurement program or amendatory procurement program.

SEC. 18. *Officers Authorized to Draw Requisitions.*—Requisitions shall be drawn by the head of the department or office needing the supplies or property who shall certify as to their necessity for official use and shall specify the project or activity where the supplies or property are to be used.

SEC. 19. *Approval of Requisitions.*—Approval of the requisition by the head of the department or office concerned who has administrative control of the appropriation against which the proposed expenditure is chargeable is deemed sufficient, except requisition for supplies to be carried in stock which shall be approved by the local chief executive concerned: *Provided*, That such supplies are listed or included in the annual procurement plan and the maximum quantity thereof does not exceed the estimated consumption corresponding to a programmed three-month period. *Provided further*, That nothing herein contained shall be construed as authorizing the purchase of furniture and equipment for stock purposes.

Purchases by barangays, including those authorized under Section 391, Paragraph (a), Sub-Paragraph 13, of RA No. 7160, shall be made only upon duly approved requisition.

The punong barangay shall approve the requisition in the case of barangays.

SEC. 20. *Certification by the Local Budget Officer, Accountant, and Treasurer.*—Every requisition must be accompanied by a Request for Obligation and Allotment (ROA) showing the certification of the local budget officer, the local accountant, and the local treasurer that an appropriation thereof exists, that the estimated amount of such expenditure has been obligated, and that funds are available for the purpose, respectively.

In the case of barangays, every requisition must be accompanied by a request for obligation and allotment showing the certification of the following:

a. the chairman of appropriations committee of the sangguniang barangay that an appropriation therefor exists;

b. the city or municipal accountant that the amount has been obligated; and

c. the barangay treasurer that funds are available.

SEC. 21. *Forms to be Used.*—Requisitions shall be accomplished in the forms as follows:

a. for supplies carried in stock – Requisition and Issue Voucher [General Form 45(A) as amended 1992]; and

b. for supplies not carried in stock – Purchase Request (LGU Form No. 05).

SEC. 22. *Number of Copies and Their Distribution.*—RIVs and PRs shall be prepared in not less than three (3) copies to be distributed as follows:

a. the original copy to be attached as supporting paper to the voucher prepared to effect the payment of the supplies or property procured;

b. a copy to the local general services officer, municipal treasurer or barangay treasurer, as the case may be; and

c. a copy to the requisitioning department or office.

SEC. 23. *Statement of Delivery Period.*—The requisitioner shall state with definiteness and certainty the period of delivery desired so as not to leave doubt when the supplies are needed. Statements of delivery period such as "immediate delivery", "as soon as possible", other words and phrases having similar imports or without stating a particular period shall be understood to mean seven (7) calendar days after receipt by the supplier or contractor of the purchase order or contract.

SEC. 24. *Specification of Supplies or Property.*—The description and specification of the supplies or property called for in the requisition shall include only the technical specifications which will fill and satisfy the needs of the requisitioner. All measurements and weights shall be stated in metric system except those supplies or property which can better be described in the English system.

The general services officer, municipal or barangay treasurer, as the case may be, shall be responsible for the correctness and accuracy of the specifications or technical descriptions of supplies or property to be purchased, whatever is the mode of procurement, to avoid delays that could arise from any ambiguity.

SEC. 25. *Filing of Requisitions in Advance.*—Heads of departments or offices shall file their requisitions in advance to allow procurement thereof through the normal process.

SEC. 26. *Prohibition Against Splitting of Requisitions.*—Except in case of requisitions of supplies or property through emergency purchases, requisitions for items needed for each quarter must be consolidated. There is deemed to be splitting when it is resorted to in order to evade the required approval of higher authorities or circumvent control measures provided for in these rules and regulations. The following are illustrations of splitting:

a. non-consolidation of requisition for one (1) or more items needed at or about the same time by the requisitioner; and

b. issuance of two (2) or more purchase orders based on two (2) or more requisitions for items needed at about the same time by different requisitioners.

### Rule 5. General Policies on Procurement

SEC. 27. *Public Bidding as the Primary Mode of Procurement.*—Except as otherwise provided herein, acquisition of supplies or property by local government units shall be through competitive public bidding.

SEC. 28. *Other Modes of Procurement.*—Local government units may make procurement of their supply or property requirements without public bidding through any of the following modes applicable in the circumstances, as provided hereunder:

a. personal canvass of responsible merchants;

b. emergency purchase;

c. negotiated purchase;

d. direct purchase from manufacturers or exclusive distributors; and

e. purchase from other government entities.

It shall be the responsibility of the general services officer, municipal or barangay treasurer, as the case may be, to recommend to the Committee on Awards/Local Chief Executive upon whom approving authority has been vested by RA No. 7160 the modes of procurement provided for in this section to be adopted in each particular case.

SEC. 29. *Procurement Organization.*—In every province and city, the office of the general services officer shall exercise the function of acquiring for the province or city all its supply or property requirements. The municipal

treasurer and barangay treasurer shall exercise said function for the municipal and barangay government, respectively. The offices of the general services officer, municipal treasurer or barangay treasurer, as the case may be, shall provide the necessary secretariat services to the Committee on Awards constituted in their respective government. With the concurrence of the majority of the members of the Committee on Awards, the local chief executive shall designate a Secretary to the Committee who shall, among others, keep records of the minutes and other proceedings of the Committee.

SEC. 30. *The Committee on Awards.*—There shall be in every local government unit a Committee on Awards. Except as provided herein, or in case of procurement through emergency purchase, or when the authorization is specifically vested by law to another body, the Committee on Awards shall exercise exclusive jurisdiction to decide the winning bids and questions of awards on procurement and disposal of supplies or property.

SEC. 31. *Composition of the Committee on Awards.*—The Committee on Awards shall be composed of the local chief executive as chairman, the local treasurer, the local accountant, the local budget officer, the local general services officer (in case of provinces and cities), and the head of office or department for whose use the property or supplies are being procured, as members. In case a head of office or department would sit in a dual capacity, or when the requisitioning office is a national government agency located in the local government unit and which supply or property requirement is authorized by law to be augmented by said local government unit, member of the sanggunian elected from among its members shall sit as a member.

The Committee on Awards at the barangay level shall be the sangguniang barangay.

SEC. 32. *Prohibition of National Official From Sitting as Member of the Committee on Awards.*—Under no circumstance shall an official of the national government sit as a member of the Committee on Awards.

SEC. 33. *Attendance in Proceedings.*—Every member of the Committee on Awards shall be present in all proceedings of the Committee unless prevented from doing so by sickness or other unavoidable circumstance, in which case he may authorize in writing a representative to attend in his behalf. Representatives of the members of the Committee may deliberate on the bids for and in behalf of the Committee members. However, the Committee members shall personally decide on the bids and/or questions of awards and shall sign the Committee decisions.

SEC. 34. *Quorum in the Committee on Awards.*—Two-Thirds (2/3) of the members of the Committee on Awards shall constitute a quorum to do business; *Provided*, That the head of the department or office for whose use the supplies are to be procured is among those present; *Provided further*, That in case the requisitioning office is a national government agency located in the local government unit and which supply requirement is authorized by law to be augmented by the local government concerned, the sanggunian member authorized in this Rule to sit as a member of the Committee on Awards is present.

SEC. 35. *Decision on Award.*—The decision of the Committee on a particular bid or question of awards shall be concurred in by at least majority of the members present and constituting a quorum.

The members who voted in favor shall sign the decision of the Committee. The members who voted against may explain their objection in writing and the same shall form an integral part of the supporting papers to the claim.

SEC. 36. *An Excerpt of the Proceedings in the Committee on Awards Shall Form Part of the Supporting Papers.*—The Secretary of the Committee shall prepare, certify and attach to the decision of the Committee on Awards an excerpt of the proceedings during which said decision was rendered.

SEC. 37. *Proceedings Open to Public.*—The proceedings of the Committee on Awards shall at all times be open to the public and any decision shall be duly recorded and posted at a prominent place in the provincial capitol or the city or municipal or barangay hall. The Secretary to the Committee on Awards shall certify to the effect that the requirements of this section have been complied with.

### Rule 6. Procurement Thru Public Bidding

SEC. 38. *Call for Bids.*—When procurement is to be made by provinces or cities, the office of the provincial or city general services officer shall call bids for open public competition. When procurement is to be made by municipalities and barangays, the office of the municipal treasurer or barangay treasurer, respectively, shall call bids for public competition.

The call for bids shall show the complete descriptions and technical specifications of the required supplies or property and shall embody all terms and conditions of participation and award, terms of delivery and payment, and all other terms affecting the transaction.

In all calls for bids, the right to waive any defect in the tender as well as the right to accept the bid most advantageous to the government shall be reserved.

SEC. 39. *Bidder's Bond.*—A bidder's bond shall be fixed at five per cent (5%) of the total amount of the tender or offer but shall not exceed twenty thousand pesos (₱20,000.00) per bid proposal.

SEC. 40. *Sanctions for Refusal to Accept Award.*—A winning bidder who refuses to accept the award without justifiable reason shall forfeit his bidder's bond and shall be barred from participating in future biddings.

SEC. 41. *Publication of Call for Bids.*—The call for bids shall be given the widest publicity possible, sending by mail or otherwise, any known prospective participant in the locality, of copies of the call and by posting copies of

the same in at least three (3) publicly accessible and conspicuous places in the provincial capitol or city, municipal, or barangay hall, as the case may be. The general services officer, municipal or barangay treasurer, as the case may be, shall certify to the effect that the requirements of this section have been complied with.

In addition, the notice of the bidding may likewise be published in a newspaper of general circulation in the territorial jurisdiction of the local government unit concerned when the provincial or city general services officer or the municipal or barangay treasurer, as the case may be, deems it necessary taking into consideration the significance of the amount involved in order to obtain the lowest responsible and complying bid.

Unless otherwise directed by the Committee on Awards, publication shall be made at least ten (10) calendar days prior to the opening of bids.

SEC. 42. *Roster of Bidders.*—It shall be the duty of the general services officer or local treasurer, as the case may be, to maintain a list of bona-fide bidders in the locality, indexed and cross-indexed by supplies categories.

A bona-fide bidder shall have the following minimum qualifications:

a. duly licensed for the business engaged in;

b. has established place of business for at least three (3) months prior to the public bidding he intends to participate; and

c. not otherwise disqualified under RA No. 3019, as amended, or barred by proper government agencies from dealing with the government.

SEC. 43. *Duties of Bidders.*—Bidders must carefully study the specifications, terms and conditions advertised in the call for bids. In case of doubt, they may ask for clarification so as to preclude erroneous tenders. Every

bidder is chargeable with the knowledge of all terms and conditions of the call for bid and assumes all risks attendant thereto.

Bidders shall accomplish bid forms in as many copies as may be required in the call for bids, preferably typewritten, and identical in all respects. All blank spaces shall be filled properly and fully. Phrases like "See Attached Documents" and others of similar purpose shall not be considered, unless the same are intended only to identify the source of information for verification purposes. Erasures or alteration therein shall be initialed by the person signing the bid.

Bids shall be signed by a responsible officer of the company or firm authorized for the purpose whose name and designation must be clearly indicated in the bid.

SEC. 44. *Declaration of Business Interests.*—All bids must be accompanied by statement declaring under oath all the business establishments or interest in the locality of the bidders. The statement shall include, among others, the business name, business address and the nature of the business.

SEC. 45. *Quotations.*—Price quotations must be certain and definite in amount. Bids with conditions which would tend to make the quoted price uncertain, like "subject to increase or decrease of the present rate of exchange" or others of similar imports, incorporated in the tender or offer shall not be considered.

For a better appreciation of a bid offer, the brand name and country of origin or manufacturer of the supplies or property should be stated.

SEC. 46. *Quotations not in Official Form.*—Quotations, although not in official form, may be accepted and the bidder thereof, by submitting his tender, thereupon binds himself to abide by the terms and conditions of the call for bids as advertised.

SEC. 47. *Quotations in Philippine Currency.*—Unless otherwise called for in the call for bids, all quotations must be in Philippine Currency, inclusive of all government taxes, fees, imposts, or duties, if any, and all incidental expenses. The contractors shall certify that if they secure a waiver for, or refund of, all or any portion of such taxes, fees, etc., the refund shall be paid back to the local government concerned.

SEC. 48. *Quotations are By Item.*—Unless the call specifically provides for quotation by lot or set, when more than one item are called for, quotations are to be treated individually, and a bidder shall be compelled to accept the award of such items as may be awarded to him.

SEC. 49. *Brand New Items Presumed.*—Unless otherwise specified in the call for bids, all quotations shall be for brand new fresh commercial stock supplies or property.

SEC. 50. *Ample Time to Evaluate the Tender.*—Tenders with condition which tends to delimit the time of the government to consider and accept or reject the proposal, like "subject to prior sale"; "subject to confirmation by our supplier" and others of similar import shall be disregarded.

SEC. 51. *Statement of the Period Within Which the Offer is Good.*—The Bidders shall state the period during which their offer is good, which in no case shall be less than sixty (60) calendar days. Tenders which state a shorter period or fail to state any period at all shall be understood as having a period of sixty (60) calendar days.

SEC. 52. *Submission of Samples, Reports of Analyses, Catalogs, Literature, and Sketches.*—Unless a bidder has quoted exactly as per official sample, specification, brand or quality of supplies called for, he may be required to submit a sample of his bid; Provided, That nothing herein shall be construed as prohibiting the Committee on Awards to require the bidder to present samples,

reports of analyses, catalogs, literature, or sketches as it may deem necessary under the circumstances.

SEC. 53. *Identification of Samples.*—Samples submitted when required shall be properly identified. Reference to a sample previously submitted shall not be considered unless the bidder was recently awarded a contract for the supply of the same. Reference to catalogs and the like shall be definite by name, number, model, page of catalog, edition ,etc.

SEC. 54. *Bids on Brand-Names Other Than Those Specified.*—Whenever reference to a manufacturer's brand-name is indicated in the call for bids, it shall be intended to be descriptive, not restrictive, and shall be understood to merely indicate to prospective bidders that brand-names other than those specified, if of equal quality, may be considered, regardless of whether or not a statement to that effect is made in the tender, provided that the bidder shall give full description of his offer accompanied with catalog, literature, and/or sample. An offer guaranteeing to deliver an "equal" or "equivalent" without acceptable proof shall not be considered.

SEC. 55. *Responsibility for Patent and/or Copyright Infringement.*—A bidder shall be held solely responsible for all claims of infringement of patents and copyrights in connection with any contract awarded to him by reason of his tender in the bidding.

SEC. 56. *Submission And Acceptance of Bids.*—On or before the time and date of opening of bids, bidders shall submit their bids in sealed envelopes with the office of the general services officer in case of provinces and cities, or in the offices of the municipal treasurer or barangay treasurer in the case of municipalities or barangays, respectively. Said offices shall stamp thereon the time and date of receipt.

SEC. 57. *First Failure of Public Bidding.*—If no bid or only one (1) qualified bid is received on or before the

scheduled date of opening of bids, the Committee on Awards may schedule another bidding following the same procedures herein prescribed.

SEC. 58. *Second Failure of Public Bidding.*—If there is a failure of bidding for the second time, the Committee on Awards may recommend the procurement through negotiated purchase in accordance with these rules and regulations.

SEC. 59. *Withdrawal of Bids.*—A bidder may be allowed to withdraw his tender or offer before the opening of the bids. His bid shall be returned to him unopened.

SEC. 60. *Opening of Bids.*—All bids submitted shall be opened at the time, date and place set in the call for bids by the Committee on Awards. Opening of bids shall only be made in the presence of the provincial, city or municipal auditor or his duly authorized representative who shall initial and secure copies of the bids. Bidders or their representatives may witness the proceedings.

When the date of opening of bids is declared a holiday, it is understood that the bids shall be opened on the working day following, at the same place and time.

SEC. 61. *Postponement of Opening of Bids Prohibited.*—The opening of bids shall not be postponed unless there are compelling reasons or causes that justify the postponement as may be determined by the Committee on Awards, which shall notify the prospective bidders accordingly.

SEC. 62. *Abstract of Bids.*—Offers submitted by the bidders shall be abstracted which shall be certified as to their correctness and authenticity by the Committee on Awards and the provincial, city or municipal auditor or their duly authorized representatives.

SEC. 63. *Bids Submitted Late.*—Bids submitted after the time and date of opening of bids shall not be accepted.

SEC. 64. *Unsigned Bids.*—Bids submitted which are not signed shall be totally disregarded and declared as "No Bid".

SEC. 65. *Non-Complying Bids.*—Bids submitted which do not conform to the specifications and descriptions of the supplies or property are non-complying bids and shall be rejected. In no case shall failure to meet the specifications or technical requirements of the supplies or property desired be waived.

SEC. 66. *Consideration of Defective Bids.*—Defective bids defined in Section 4 herein may be considered for the purpose of determining whether it would be advisable to hold a rebidding or to waive the defects. The guidelines outlined hereunder shall be observed.

Whenever the price in a defective bid is lower than that in a non-defective bid by at least ten (10%) per cent, the bidder who offered the non-defective bid shall be asked to reduce his price to that of the defective bid. If he consents, the award shall be made to him at the reduced price.

If the bidder offering the non-defective bid refuses to reduce his offer to that of the defective bid, rebidding may be advertised within forty-eight (48) hours.

If the Committee on Awards believes that rebidding is impractical, the defects may be waived and the award shall be made in favor of the defective bid.

If the defect cannot be waived to meet the needs and requirements of the requisitioner, or if there is conclusive evidence showing that the defective bid was submitted to prejudice the non-defective bid, the award shall be made in favor of the latter without reduction in price.

SEC. 67. *Acceptance of Bids and Awards.*—Awards in the procurement of supplies or property shall be given to the lowest complying and responsible bid which meets all the terms and conditions of the contract or undertaking.

The following factors, among others, shall be considered in making the award:

a. conformity with the specifications in the ITB;

b. price quoted, considering the Flag Material Law (CA 138), as amended, whenever applicable, and other laws and policies pertinent to procurement;

c. when time is of the essence, the bidder who offers to deliver within the period stipulated in the invitation to bid shall be awarded the contract, provided that the price is not unreasonably higher than the lowest price offered;

d. all things being equal, the bidder who offers to supply the whole quantity shall be preferred in order to obtain uniformity in quality, tensible strength, color shade, etc.; and

e. reliability of bidder as a supplier or contractor.

SEC. 68. *Release of Bidder's Bond.*—Immediately upon the declaration of award to the lowest bid or the rejection of all bids offered, bidder's bonds of the unsuccessful bidders shall be released. The return shall be indicated conspicuously on the tender to be signed by the bidders acknowledging the return of the bond. On the other hand, the bidder's bond of the successful bidder shall be properly receipted and the same may be released only upon his entering into contract and filing of a necessary performance bond.

SEC. 69. *Division of Award.*—Division of award may be made only in either of the following instances:

a. in case of tie offers and the supplies are divisible, the award may be divided equally as far as practicable unless the interest of the service demands that it should be given to only one dealer; or

b. in case the lowest bidder offers to supply a limited or partial quantity only, in which event the balance may be awarded to other acceptable bidders in the order of advantage of their offer.

SEC. 70. *Notification of Acceptance of Bids.*—The bidder or bidders who offer the most advantageous tenders to the government shall be notified of the acceptance of their bids. The losing bidders shall likewise be notified accordingly.

SEC. 71. *Award of Contract.*—Awards of contracts for the supply requirements of the government shall be made by the Committee on Awards.

SEC. 72. *Protest Against an Award.*—A losing bidder may file a protest with the Committee on Awards against its award or decision within ten (10) days from the date the winner was announced. The protest shall be in writing based on justifiable grounds and accompanied with a protest bond, either in cash, certified or cashier's check, or surety bond, in an amount equivalent to ten (10%) per cent of the total value of his tender. Within seven (7) days from receipt of the protest, the Committee on Awards shall render a decision.

SEC. 73. *Forfeiture of Protest Bond.*—The protest bond posted by a protesting bidder shall be forfeited in favor of the government should the protest be found to be filed only to prejudice the awardee.

SEC. 74. *Issuance of Purchase Orders or Contract.*—Immediately after the Committee shall have decided the winning bids, a purchase/letter order or contract shall be issued to winning bidders. The following shall clearly appear in every purchase/letter order or contract aside from the other requirements prescribed by existing laws and regulations:

a. office to which the account shall be charged and the requisition number;

b. name and address of the supplier or contractor;

c. office to which the delivery shall be made;

d. complete descriptions and specifications of the supplies or property and all other information

and data needed to enable the supplier, COA inspector (if applicable), and others concerned to determine the nature and quality of the items purchased;

e. provisions for penalty in case of late or non-delivery;

f. quantity and unit price;

g. period of delivery;

h. shipping terms and conditions and other conditions of delivery;

i. date of effectivity and termination of the contract; and

j. conditions regarding importation, if any.

The date when the purchase/letter order was received by the supplier or contractor shall be indicated clearly.

SEC. 75. *Who may Receive Purchase Order or Contract.*—The purchase order or contract shall be released only to, and signed for by, the duly authorized representative of the awardee after posting the performance bond.

SEC. 76. *Performance Bond.*—Performance bond shall be fixed at ten per cent (10%) of the value of the contract or purchase order. However, in case of importation and the same is to be financed by the government, performance bond may be increased to twenty per cent (20%) depending on the reliability and integrity of the awardee.

A purchase order or contract involving ten thousand pesos (₱10,000.00) or less need not be covered by performance bond.

SEC. 77. *Extension of Time to Deliver.*—Request for extension of time to deliver beyond the period stipulated in the purchase order or contract shall not be granted except in the following cases:

a. force majeure;

b. when failure to make delivery is due to an act or order of the government; or

c. other justifiable reasons beyond the control of the contractor or supplier.

Provided, That the request for extension of delivery time is made before the term has expired and recommended by the Committee on Awards and approved by the local chief executive.

SEC. 78. *Reduction of Quantity.*—Amendment by reduction of the quantity called for in the purchase order or contract may be allowed provided the supplier's request is based on justifiable reasons and the requisitioning department or office offers no objection. The request for amendment shall be approved by the Committee on Awards.

SEC. 79. *Substitution of Supplies.*—Amendment by substitution of supplies or property called for under the purchase order or contract may be approved by the Committee on Award if the interest of the government is not prejudiced and the items offered as substitute are of equal or better in quality and the contract price is not increased by reason of the substitution.

SEC. 80. *Price Adjustment.*—The contract price may be adjusted in cases, when at any time during the effectivity of the contract, the government should impose, modify or abolish any tax, custom duties, license, imposts, fee, or other similar charges, or enact, amend or repeal any law or decree, which would directly affect the purchase order or contract, subject to the approval of the Committee on Awards.

SEC. 81. *Competition Between Local and Foreign Products.*—When there is a competition between local product and a product coming from a foreign country, preference should be given to the Philippine product unless the price of the Philippine product exceeds the price of the foreign product by more than fifteen (15%) per cent.

## Rule 7. Procurement Through Personal Canvass

SEC. 82. *Canvass and Award.*—Upon approval of the Committee on Awards, procurement of supplies or property may be effected after personal canvass of at least three (3) responsible suppliers in the locality by a committee of three (3) composed of the local general services officer, or the municipal or barangay treasurer, as the case may be, the local accountant, and the head of office or department for whose use the supplies are being procured.

The canvass of prices at the barangay level shall be conducted by a committee of three (3) composed of the barangay treasurer and two (2) members of the sangguniang barangay to be designated by the punong barangay.

Abstract of the canvass shall be prepared by the office of the general services officer, municipal or barangay treasurer, as the case may be, and authenticated by the canvassers.

The award shall be decided by the Committee on Awards.

SEC. 83. *Limitations of Procurement thru Personal Canvass.*—Purchases through personal canvass shall not exceed the amounts specified hereunder for all items in any one (1) month for all departments or offices combined in the local government unit concerned.

1. Provinces, cities, and municipalities within the Metropolitan Manila Area:

   1.1 first and second class – one hundred fifty thousand pesos (₱150,000.00);

   1.2 third and fourth class – one hundred thousand pesos (₱100,000.00); and

   1.3 fifth and sixth class – fifty thousand pesos (₱50,000.00)

2. municipalities outside Metropolitan Manila Area:

   2.1 first class – sixty thousand pesos (₱60,000.00);

   2.2 second and third class – forty thousand pesos (₱40,000.00);

   2.3 fourth class and below – twenty thousand pesos (₱20,000.00).

3. barangays in cities and in Metropolitan Manila Area – ten thousand pesos (₱10,000.00); and

4. all other barangays – five thousand pesos (₱5,000.00).

The governments of the Metropolitan Manila Authority, the Autonomous Region in Muslim Mindanao and the Cordillera Administrative Region shall, for the purpose of these rules and regulations, fall under the category of a first class province.

The phrase "all items in any one month" means that the total purchases thru personal canvass of all the departments or offices in the local government unit concerned shall not exceed the limitations prescribed herein.

SEC. 84. *Duty of the Procurement Officers on Purchases thru Personal Canvass.*—It shall be the duty of the general services officer, municipal or barangay treasurer, as the case may be, to ensure that procurement of supplies thru personal canvass shall not exceed the limitations prescribed in Section 83 hereof. For this purpose, they shall keep and maintain complete records of all purchase orders effected thru personal canvass. Every purchase through personal canvass shall bear the certification of said officials to the effect that the current purchase under consideration has not exceeded the prescribed ceilings.

## Rule 8. Emergency Purchases

SEC. 85. *When to Make an Emergency Purchase.*—In case of emergency where the need for the supplies is exceptionally urgent or absolutely indispensable and only to prevent imminent and real danger to, or loss of, life or property, local government units may, through the local chief executive concerned, make emergency purchases or place repair orders, regardless of amount, without public bidding.

SEC. 86. *Limitations of Emergency Purchases.*—Deliveries under emergency purchases or repair orders shall be made within ten (10) days after placement of the same. The supplies procured must be utilized or availed of within fifteen (15) days from the date of delivery or availability.

SEC. 87. *Mandatory Requisites of Emergency Purchases.*—Under no circumstance may emergency purchase be resorted to unless all the following conditions are met:

a. the need for the supplies or repair is exceptionally urgent or absolutely indispensable and only to prevent imminent and real danger to, or loss of, life or property;

b. there is no material time to procure the supplies through public bidding;

c. appropriations therefor exist;

d. the estimated amount has been obligated;

e. funds for the purpose are available;

f. the prices of the supplies to be procured are the lowest obtainable in the market at the time of the purchase; and

g. the supplies to be purchased are not available from any of the store rooms of the local government concerned.

SEC. 88. *Canvass of Prices in the Locality of at Least Three Suppliers in Emergency Purchase.*—Canvass of prices shall be conducted of at least three (3) suppliers in the locality to secure the lowest price obtainable at the time of the purchase.

Under extreme necessity when it becomes impracticable for the general services officer, municipal or barangay treasurer, as the case may be, or their duly authorized representatives, to conduct canvass of prices in the locality, the canvass may be made within the immediate vicinity where the emergency occurs by the official or employee needing the supplies; *Provided*, That if the suppliers canvassed in the said vicinity are less than three (3), purchase of the supplies may still be made from the most advantageous offer and the obtaining conditions shall be fully disclosed and indicated in the abstract of canvass; *Provided, further*, That the quantity procured shall be sufficient to meet the emergency and in no case shall the total amount exceed Ten Thousand (₱10,000.00) pesos in case of provinces, cities and municipalities and One Thousand (₱1,000.00) pesos in the case of barangays. If the canvass of prices can not be made in the official canvass form at the time of purchase, it shall be the duty of the official or employee who made the purchase to make a report of and certify to the canvass in the official canvass form, attaching thereto the unofficial canvass form.

SEC. 89. *Authority to Decide and Award on Emergency Purchases.*—The authority to decide and award on emergency purchases is vested in the local chief executive upon recommendation of the general services officer, the municipal or barangay treasurer, as the case may be.

SEC. 90. *Report of Utilization.*—Immediately after the supplies or property procured through emergency purchase had been consumed but not later than three (3) days upon the expiration of the fifteen (15) days prescribed in these regulations, the head of the requisi-

tioning department or office shall submit a Report of Utilization (LGU Form No. 07) addressed to the local chief executive thru the general services officer, municipal or barangay treasurer, as the case may be, containing, among others, the following:

a. date when the supplies or property were delivered and fully utilized; and

b. exact location or address where supplies or property were delivered.

The report must be supported by RIVs signed for by the authorized representatives of intended beneficiary groups.

The auditor concerned shall immediately be furnished with a copy of said report for his guidance in audit.

The Report of Utilization for purchases of supplies under the Second Paragraph of Section 88 shall be prepared by the official or employee who made the emergency purchase duly noted by his immediate superior and the department head concerned containing, in addition to the above-enumerated information, the date, time, place and particulars of the emergency.

SEC. 91. *Confirmatory Report on Emergency Purchase.* —Immediately after the emergency purchase is made, the head of the requisitioning department or office shall draw a regular requisition to cover the same which shall contain by attachment the following:

a. complete descriptions of the supplies or property acquired or the work done or to be performed;

b. by whom furnished or executed;

c. the unit price and the total contract price;

d. the date of placing the order and the date and time of delivery or execution;

e. a brief and concise explanation of the circumstances why procurement was of such urgency

that the same could not be done through the regular course without involving danger to, or loss of, life or property;

f. a certification of the provincial or city general services officer or the municipal or barangay treasurer, as the case may be, to the effect that the price paid or contracted for was the lowest at the time of procurement;

g. a certification of the local budget officer as to the existence of appropriations for the purpose, the local accountant as to the obligation of the amount involved, and the local treasurer as to the availability of funds; and

h. the abstract of canvass.

SEC. 92. *Depository of Confirmatory Reports.*—The original copy of the approved Confirmatory Report, together with all the attachments, shall be filed with the disbursement voucher prepared for payment of the items procured. All members of the Committee on Awards shall also be furnished with a copy.

SEC. 93. *Sanction for Non-Compliance.*—Without prejudice to criminal prosecution under applicable laws, the local chief executive, the head of the department, or the chief of office making the procurement shall be administratively liable for any violation of, or non-compliance with, any of the rules and regulations pertaining to emergency purchases which shall be a ground for suspension or dismissal from the service pursuant to Section 368 of RA No. 7160.

### Rule 9. Negotiated Purchase

SEC. 94. *When to Make a Negotiated Purchase.*—In cases where public biddings have failed for two (2) consecutive times and no suppliers or dealers have qualified to participate or win in the biddings, the

Committee on Awards shall attest to this fact and may recommend to the local chief executive, through the general services officer, municipal or barangay treasurer, as the case may be, that the procurement be made by negotiated purchase regardless of amount; *Provided*, however, that the supplies or property to be procured are covered by the annual procurement program and shall be delivered within seven (7) calendar days after placement of the order; and Provided further, that the contract covering the negotiated purchase shall be approved by the sanggunian concerned.

SEC. 95. *When Public Bidding is Deemed a Failure.*—For the purposes of these rules and regulations, public bidding is deemed to have failed under any of the following circumstances:

a. when no or only one qualified bid is received on or before the scheduled date of the opening of the bids; or

b. when all the bids submitted are defective and/or non-complying bids or not responsive to the terms, conditions and specifications of the tender documents.

SEC. 96. *Canvass of Prices for Negotiated Purchase.*—Canvass of Prices of at least three (3) suppliers or dealers in the locality shall be conducted to obtain the lowest price. However, under circumstances when it becomes impracticable to conduct canvass of prices, purchase of supplies or property may still be made through negotiation provided that the Committee on Awards shall attest to this fact.

SEC. 97. *Person to Conduct Canvass of Prices in Negotiated Purchase.*—The Committee on Awards or its duly authorized representatives shall conduct the canvass of prices in purchases through negotiation.

SEC. 98. *Abstract of Canvass for Negotiated Purchase.*—Quotations submitted by the various suppliers shall be abstracted and certified as to its correctness and authenticity by the members of the Committee on

Awards. The abstract shall, among others, serve as the basis for negotiation. The original of the abstract shall be attached to the contract to be entered into by the local chief executive for the purpose.

SEC. 99. *Authority to Decide and Award on Negotiated Purchase.*—The authority to decide and award on negotiated purchases is vested in the local chief executive upon the recommendation of the Committee on Awards.

SEC. 100. *Confirmatory Report on Negotiated Purchase.*—Immediately after the negotiated purchase, the local chief executive concerned shall draw a regular requisition to cover the same which shall contain by attachment, among others, the following:

a. complete description of the supplies acquired or the work done or to be performed;

b. by whom furnished or executed;

c. date of placing the order and the date and time of delivery or execution;

d. the unit price and the total contract price;

e. a certification of the provincial or city general services officer or the municipal or barangay treasurer, as the case may be, to the effect that the price paid or contracted for was the lowest at the time of procurement;

f. a certification of the local budget officer as to existence of appropriations for the purpose;

g. a certification of the local accountant to the effect that the estimated amount covering the purchase has been obligated;

h. a certification of the local treasurer to the effect that sufficient funds to cover the purchase are available; and

i. the abstract of canvass.

The requisition which shall be accomplished on an RIV shall be processed and approved in accordance with these rules and regulations.

SEC. 101. *Repeat Orders.*—When the need for additional quantity of the same items covered by a previous purchase arises, the local chief executive upon recommendation of the general services officer, municipal or barangay treasurer, as the case may be, may place an order for said items from the same supplier or dealer, provided all the following conditions are met:

a. the original purchase was made through public bidding;

b. the quantity does not exceed one hundred per cent (100%) of the original purchase;

c. the prices of said items have not gone down in the market by more than ten per cent (10%);

d. the order is made within three (3) months from the date of the original purchase order; and

e. the same terms and conditions in the original purchase are obtained.

## Rule 10. Direct Purchase from Duly Licensed Manufacturer

SEC. 102. *When Direct Purchase from Duly Licensed Manufacturer may be Made.*—Procurement of supplies or property of Philippine manufacture or origin may be made directly from duly licensed manufacturers; *Provided*, That the manufacturer is able to present proof showing that it is a duly licensed manufacturer of the desired product and there is no dealer or distributor offering the same items at lower prices.

SEC. 103. *Canvass of Prices in Procurement from Duly Licensed Manufacturer.*—In case there are two (2) or more known manufacturers of the required supplies or

property, canvass of prices should be made of the known manufacturers within the locality to obtain the most advantageous price.

SEC. 104. *Authority to Decide and Award in Procurement from Duly Licensed Manufacturer.*—The award for the procurement of supplies or property from duly licensed manufacturer shall be made by the Committee on Awards in accordance with the procedures prescribed in these rules and regulations.

### Rule 11. Procurement from Exclusive Philippine Agents or Distributors.

SEC. 105. *When Procurement from Exclusive Philippine Agents or Distributors may be Made.*—Procurement of supplies or property of foreign origin may preferably be made directly from the exclusive or reputable Philippine distributors or agents subject to the following conditions:

a. the Philippine distributor has no subdealers selling at lower prices; and

b. no suitable substitutes of substantially the same quality are available at lower prices.

*Provided*, That certification to the effect that the distributor has no subdealers selling at lower price is secured from the principal and/or exclusive distributor.

SEC. 106. *Authority to Decide and Award in Procurement from Exclusive Philippine Agents or Distributors.*—The award for the procurement of supplies or property from exclusive Philippine agents or distributors shall be made by the Committee on Awards.

### Rule 12. Procurement from Government Entities

SEC. 107. *Purchases from Other Philippine Government Entities.*—Government entities that are possible sources

of supplies or property may be requested to fill th needs of local governments. Procurement procedur prescribed for these government entities shall b observed.

SEC. 108. *Purchases Through Foreign Government E tities.*—Procurement of supplies may be made by loc government units from agencies of foreign governmen with which the Philippine maintains diplomat relations. Procurement under this mode shall be mad only upon prior authority from the Office of the Pres dent of the Philippines and in accordance with existin importation law, rules and regulations.

### Rule 13. Other Modes of Procurement

SEC. 109. *Procurement Authorized by Special Law.*- Procurement other than those defined in these rules an regulations but authorized by special law shall b governed by said Special Law.

SEC. 110. *Suppletory Character of these Rules an Regulations.*—These regulations shall be applied to fill any deficiency of a Special Law authorizing a mode procurement other than those defined herein.

## TITLE III — DELIVERY AND INSPECTION OF SUPPLIES OR PROPERTY

### Rule 14. Delivery

SEC. 111. *Packing.*—All supplies shall be adequate contained, packed, crated, cased, bundled, wrapped, sealed, as the case may be, in accordance with th purchase order or contract, to safeguard them fro damage, spoilage, and/or loss.

SEC. 112. *Responsibility in case of Damage, Spoilage Loss.*—Responsibility in case of damage, spoilage or lo shall be governed by the existing laws on the matt unless the purchase order or contract provides otherwis

SEC. 113. *Time and Place of Delivery.*—Unless otherwise provided in the purchase order or contract, deliveries shall be made within seven (7) calendar days upon receipt of the order and during office hours at the place stipulated.

### Rule 15. Inspection and Accomplishment of Inspection Reports

SEC. 114. *Inspection of Purchases.*—Inspection and verification of purchases shall be done according to these rules:

a. Purchases made by the local government units must be inspected and verified by their authorized inspector for conformity with specifications in the order. However, the chief of the inspection service authorized by the local chief executive, may waive the inspection of purchases of insignificant value, provided he is fully convinced that the delivery in question is in accordance with the specifications of the order. The waiver of inspection must be stamped on the original copies of the order and invoice.

b. Evidence of inspection of deliveries of supplies or property of insignificant value must be shown by notation on the original copies of the order and invoice, thus:

Inspected by:

_____
(Name and Signature)

Date: _____.

c. All items to be inspected shall be accepted first by the general services officer, municipal or barangay treasurer, as the case may be.

d. Report of inspection of all consumables shall be submittted to the provincial, city or municipal

auditor, as the case may be, within twenty four (24) hours.

SEC. 115. *Submission and Approval of Inspection Reports.*—The property inspectors of the local government units shall promptly submit reports of all inspections finished during the day to their supervisors for evaluation and approval. The approved inspection report and other documents pertaining to the inspection shall form part of the supporting papers of the disbursement voucher covering the payment of the purchases.

SEC. 116. *Surprise and Selective Inspections by the Local Auditors.*—The provincial, city or municipal auditor or their representatives shall conduct a surprise and selective inspections of deliveries soon after their acceptance by the local government units.

### Rule 16. Articles Subject to Test

SEC. 117. *Drugs, Chemicals and Medicines.*—Utmost care and caution shall be exercised at all times in the inspection of the following items:

a. **medicines and pharmaceutical preparations** – the analyses must conform to their formulas;

b. **drugs, chemicals including disinfectants** – their analyses must conform to the USP, NF, BHF, or BFD requirements; and

c. **insecticides, fungicides, etc.** – the quality of these items shall be determined through laboratory analysis.

Quantity of samples required:

| | |
|---|---|
| tablets | 30 tablets |
| ointments | 100 grams |
| liquids | 100 cc. |
| solids | 50 grams |
| capsules | 5 capsules |

The samples to be sent to BFD for the necessary test shall be taken at random and shall be placed in a free-contamination container. The same shall be properly sealed with a strip of onion skin paper bearing the signature or initial of the dealer, requisitioner and inspector. The order, invoice and requisition numbers and the descriptions of the items shall be indicated on the container.

SEC. 118. *Paper and Paper Products.*—Papers are manufactured from materials like wood, pulp, bagasse, etc., in combination with chemicals to make different kinds of paper. These articles differ in texture, finish, and thickness. Their specifications vary in accordance with the intended purposes.

The usual specifications of paper are substance number or gram quality, size, color, finish, rag or silk content, bursting strength, thickness and other special features, like water markings.

A representative sample from five (5) different reams of the delivery shall be taken for test and analysis if additional specifications other than color, size and substance are required, like bursting strength, thickness, density, rag or silk content.

SEC. 119. *G.I. Sheets, Pipes, Reinforcing Steel Bars, and Other Alloys.*—When testing of samples is to be performed, the informations hereunder are significant:

a. ***G.I. sheets*** – This item covers galvanized iron sheets, zinc coated, classified into two (2) types according to the purpose. Type A is used for permanent construction (more than five years) and Type B is used for non-permanent construction (less than five years).

The weight of a zinc coating (ordered coating) shall conform to the requirements prescribed in the tables, below, provided, that in no case shall ordered coating weight be less than 1.25 ounces per square foot

Ordered Coating and Minimum Coating Test Limits, Ounces Per Square Foot

| Order Coating Weight or Nominal Coating Value Appearing on the Sheet | Minimum Coating By Diagonal Triple Spot Test | Minimum Coating By Single | Practical Limits Galvanized Sheet Gauge |
|---|---|---|---|
| 2.75 | 2.35 | 2.00 | Nos. 8 to 24 |
| 2.50 | 2.10 | 1.80 | Nos. 8 to 26 |
| 2.25 | 1.85 | 1.60 | Nos. 8 to 28 |
| 2.00 | 1.65 | 1.40 | Nos. 11 to 28 |
| 1.75 | 1.40 | 1.20 | Nos. 14 to 28 |
| 1.50 | 1.15 | 1.00 | Nos. 16 to 30 |
| 1.25 | 0.90 | 0.80 | Nos. 18 to 30 |

Table of Zinc Coating Tolerances

| Specified Zinc Coating | Average Triple Spot Test | Any One Triple Spot Test Ave. or 3 Specimens | Average of Min. Spot Test | Any One Minimum Spot Test |
|---|---|---|---|---|
| 2.75 | 2.40 | 2.30 | 2.20 | 2.00 |
| 2.50 | 1.95 | 1.80 | 1.75 | 1.60 |
| 2.20 | 1.75 | 1.60 | 1.55 | 1.40 |
| 1.75 | 1.50 | 1.35 | 1.30 | 1.20 |
| 1.50 | 1.25 | 1.15 | 1.10 | 1.00 |
| 1.25 | 1.05 | 0.95 | 0.90 | 0.85 |

Before it is coated with zinc, a steel sheet is referred to as base metal. The base metal for the sheets shall be made from acid bessemer or basic-open hearth process. The base metal of plain sheets shall be able to stand while being bent cold through 180 degrees flat on itself without fracture.

Coating bent test for plain sheet specimens, 3 to 4 inches in width, shall be able to stand while being bent cold through 180 degrees without flaking of the coating on the specimens. The tests shall be performed in accordance with the procedures adopted by the Industrial Technology Development Institute (ITDI) and

the Bureau of Research and Standards (BRS) of the Department of Public Works and Highways (DPWH).

For the purposes of determining the uniformity of a given lot, three (3) tests shall be made. The whole lot shall be rejected if these three (3) tests fail.

b. ***G.I. Pipes*** – These items are manufactured in accordance with ASTM specifications. A length of one (1) piece of sample shall be submitted in accordance with the usual sampling requirements. Notably, both ITDI and BRS have the necessary facilities that can be availed of in testing these articles.

c. ***Reinforcing steel bars*** – Reinforcing bars of various sizes, forms and lengths are manufactured in accordance with ASTM and ASSHO specifications.

Samples to be tested and analyzed shall be sent to the BRS.

The following methods of sampling shall be followed:

A sample of at least one (1) meter shall be cut from every ten (10) of the deliveries. In addition to the usual sampling requirements, the request for test must contain these informations, namely: number of tons constituting the delivery, name of dealer or contractor, length of bars, and the name of the inspector present during the sampling.

d. ***Concrete blocks, wall boards, asbestos roofing materials*** – The ITDI and BRS require samples of at least five (5) pieces for concrete blocks and one (1) sheet for wall boards and roofing materials.

e. ***Alloys*** – The assay of these materials shall be made using the facilities of ITDI and the Metal Industry Research and Development Corporation

the kind of analysis desired. A portion of at least two (2) inches cut from the delivery and properly identified shall be sent to ITDI and MIRDC for the necessary test.

SEC. 120. *Cereals and Animal Feeds.* – The guidelines, below, shall be availed of if testing of cereals and animal feeds is necessary:

a. **rice and corn** – the classification, verification and evaluation of deliveries of rice and corn shall be made at the laboratories of the Bureau of Animal Industry (BAI). Composite samples of at least twenty (20) grams shall be submitted in sealed and properly labelled containers.

b. **animal feeds** – the procedures for feeds analysis formulated by the BAI shall be observed in testing animal feeds. Copra and fish meals have their own specific analyses and the same shall be tested to determine conformity with specifications.

Samples of animal feeds may be analyzed either at ITDI or BAI.

A sample of at least 250 grams shall be submitted. A small quantity of feeds from every sack of the delivery will be sufficient sample. The samples are mixed thoroughly and divided into three (3) equal parts. They are then placed into clean glass containers to insure against contamination. A strip of onion skin paper bearing the signature or initial of the inspector, requisitioner and dealer, together with the number, requisition and invoice numbers, shall be pasted on each container.

The requisitioner and the inspector shall each retain a bottle of samples for their ready reference. A bottle of same samples shall be forwarded to the laboratory performing the test.

SEC. 121. *Textile, Flags and Flag Materials, Canvass, Gauge, Bandages, etc.*—The testing of samples shall be

done in the laboratories named opposite each group of items:

a. **textiles, including canvass, tracing cloth, etc.**–A yard shall be sufficient as sample for testing and analysis purposes. Notably, both ITDI and the Phil. Textile Research Institute (PTRI) have the necessary facilities that can be availed of in testing these articles.

b. **Flags and flag materials** – Although flags and their manufacturers are being regulated by the government, prior approval of the Philippine Heraldry Committee must be secured regarding design, color, materials, etc. Nevertheless, the actual testing and evaluation of these articles shall be done by ITDI and PTRI. One (1) flag or a piece from each item subject to test must be submitted as sample.

c. **Gauze, bandages, absorbent cotton** – Although categorized as hospital supplies, gauze, bandages and absorbent cotton are classified as Textiles. Thus, the qualities of these articles are covered by USP specifications. A roll of gauze, bandage or cotton shall be submitted to ITDI for the necessary test.

SEC. 122. *Leather and Leather Goods.*—The following quantities of samples of leather and leather goods shall be sent to the ITDI for the necessary test:

a. finished product (raw materials) ... 1 square foot

b. finished product ..... 1 piece of each item requiring test

SEC. 123. *Soap and Soap Products.*—Samples of soap and soap products shall be sent to ITDI for the necessary test. A cake or pint, in case of liquid soap, will serve as sample.

SEC. 124. *Paint and Paint Materials.*—The following quantities of samples of paint and paint materials shall be sent to ITDI for the necessary test:

a. ready-mixed paints, enamel lacquers and other fluid paints ..... 1 gallon or at least 1 quart;

b. paint paste, powder water paints and dry pigments ..... 1 keg or at least 5 lbs; and

c. drying oils, etc. ..... 1 gallon or at least 1/2 gallon.

SEC. 125. *Wires, Telephones, Electric Steel Cables, etc.*—Wires are manufactured from steel, copper, silver, etc. The specifications of these articles vary in accordance with the specific requirements of the intended purposes; hence, requests for test must be based on such specifications.

The facilities of the ITDI or MIRDC shall be availed of if the desired test includes a series of requirements. A sample of at least thirty (30) feet shall be necessary.

SEC. 126. *Canned Goods.*—Samples of canned goods shall be submitted to BFD for the necessary analysis.

SEC. 127. *Inks and Adhesives.*—Inks include stamping, stencil, writing, etc. Adhesives include mucilages, office paste, etc. The following quantities of samples of these articles shall be submitted to the ITDI for analysis and certifications:

a. writing ink ..... 1/2 pint;

b. stamping ink ..... 1/2 pint and one new stamping pad;

c. mimeograph ink ..... 1lb. and one ream of mimeograph paper long size;

d. mucilages, office paste, etc. ... 1/2 lb.

SEC. 128. *Lubricating Oil, Fuel Oil, Grease, etc.*—The quality of lubricating oils is standardized under SAE (Society of American Engineers) requirements. SAE-30, 40, 50, etc., are the classifications of lubricating oils for

different types of engines. The following quantities of samples shall be submitted to ITDI for the necessary analyses:

a. lubricating oils ..... 1 liter

b. grease ..... 1 pound

c. fuel oil (bunker, diesel, etc.) ..... 1 gallon

SEC. 129. *Asphalt and Asphaltum Products.*—The following quantities of samples of asphalt and asphaltum products shall be submitted to BRS for testing to determine their conformity with the specifications prescribed by DPWH:

a. rock asphalt ..... 1 drum

b. asphaltum emulsion ..... 1 gallon

## Rule 17. Testing and Evaluation of Analysis Reports Certificates

SEC. 130. *Authorized Laboratories.*—For ready reference, enumerated hereunder are laboratories authorized to perform tests and analyses whenever required and practicable to determine conformity with specifications:

a. Research and Development Center, AFP
   - ordnance and chemicals
   - quarter master
   - special projects

b. Bureau of Food and Drug
   - food
   - drugs and medicines
   - cosmetics

c. Bureau of Research and Standards, DPWH
   - construction materials

d. Industrial Technology Development Institute
   - office supplies
   - industrial products

e. Metals Industry Research and Development Center

– metal products

f. Bureau of Soils and Water Management

– fertilizers

g. Bureau of Animal Industry

– animal feeds

– veterinary products

h. Forest Management Bureau, DENR

– wood and wood products

i. Philippine Textile Research Institute (PTRI)

– textiles.

Unless the contrary is stipulated in the contract or purchase order, all charges and fees on test and analysis of deliveries shall be for the account of the procuring local governments.

SEC. 131. *Acceptance and Rejection of Deliveries.*—The results of the tests of the samples shall determine the appropriate actions to be taken on the supplies or property delivered in accordance with the following:

a. supplies or property tested and found to be in accordance with the required specifications shall be accepted;

b. supplies or property whose quality analysis shows a deficiency of less than ten (10%) per cent may be accepted, provided they shall serve the purpose for which they were purchased, the defect is minor and the contract price is reduced according to the deficiency noted;

c. supplies or property whose analysis shows a deficiency of ten (10%) per cent or above shall be

totally rejected and replacement thereof shall be demanded; and

d. supplies or property whose quantity is short by volume, weight, actual count, etc., shall be subject to reduction in contract price at an amount equivalent to the shortage, provided said deliveries are acceptable to the local government unit.

Damaged items which are not disclosed or incorrectly marked as such shall also be subjected to corresponding reduction in price.

SEC. 132. *Waiver of Test.*—The authorized inspector may waive the test and analysis of deliveries subject to test under any of the following conditions:

a. when the specifications of the order can be determined or calculated without actual testing;

b. when the specifications of the supplies or property of the current purchase are similar with those of the prior purchase which had already been tested by authorized testing agency, provided that the current and previous purchases are from the same supplier. The previous laboratory report shall be valid for six (6) months from date of test; and

c. government products, provided that same are delivered to the local governments in their original containers, sealed and properly labelled without any indication of tampering or an attempt to unseal the containers.

### Rule 18. Sampling of Articles Subject to Test

SEC. 133. *Procedures in the Sampling of Articles Subject to Test.*—To insure prompt and speedy sampling of articles subject to test, the following procedures shall be observed:

a. Immediately upon completion of inspection of deliveries subject to test, the property inspector shall accomplish the Certificate of Sampling at the back of the inspection report. The general services officer or local treasurer, as the case may be, shall request the presence of the dealer or his authorized representative during the sampling. If the dealer fails to be present, the property inspector shall forward the inspection report to the general services officer or local treasurer, as the case may be, with a notation to this effect.

b. The property inspector may proceed with the sampling if authorized by the dealer, but no voucher covering 80 percent of the purchase value of the articles subject to test shall be released unless accompanied by a certificate signed by the dealer or his authorized representative waiving his right to be present in the sampling.

c. The duplicate copy of the certificate of waiver secured from the dealer shall be sent to the provincial/city or municipal auditor, as the case may be, for his information and guidance.

d. Where the delivery is subject to analysis and the sample is to be taken therefrom, the dealer or his authorized representative shall also sign the certificate. Where the dealer waives his right to be present in the sampling of a particular delivery or of all his deliveries subject to analysis, he shall prepare a written statement to this effect to be attached to the report of inspection. The property inspector shall not submit any sample for analysis without a properly accomplished certificate of sampling.

e. Where the official sample submitted with the bid is attached to the buyer's order, letter order, etc., a certificate to that effect shall be secured and signed by the dealer or his representative and by

the property inspector. Said certificate, together with the official bid sample, shall be delivered immediately to the authorities concerned by the property inspector, himself. This requirement shall also apply where the bid sample has been forwarded direct to the requisitioner. In either case, diligent care shall be observed to insure that the official bid sample will not be tampered or substituted.

f. The property inspector shall take custody of all official samples submitted with the bids. If the official bid sample is subject to analysis, the same shall be sent to any of the laboratories mentioned in Section 130 hereof within twenty-four (24) hours from receipt of the same by the property inspector. If analysis is not necessary, he shall compare the actual deliveries with said samples. No request for inspection of delivery shall be entertained unless the dealer has submitted enough bid samples of the articles delivered.

g. All official bid samples placed in containers shall be properly labeled. They must be sealed with strips of onion skin paper bearing the signature of the buyer and property inspector and securely pasted along with all the orifices of the containers.

SEC. 134. *Samples, Sketches, Blueprints, etc.*—All samples, sketches, blueprints, etc., attached to the order shall be submitted by the contractor to the office of the general services officer, municipal treasurer or barangay treasurer, as the case may be.

SEC. 135. *Penalties.*—For failure of the contractor to make delivery when due, the following penalties shall be imposed:

a. a liquidated damage in the amount of one-tenth (1/10) of one per cent (1%) of the total value of the contract shall be deducted for each day of delay; or

b. a liquidated damage in the amount of one-tenth (1/10) of one per cent (1%) of the total value of the undelivered portion shall be deducted for each day of delay, if the contract has been partially filled.

SEC. 136. *Withdrawal of Rejected Deliveries.*—Delivered goods which are rejected due to non-conformity with specifications or due to other justifiable reasons shall be withdrawn by the contractor from the government warehouse or premises within seven (7) working days after the date of receipt by the contractor of a "Notice of Rejected Goods".

SEC. 137. *Storage Charges.*—A storage charge of fifteen per cent (15%) per month of the value of the rejected goods shall be collected from the contractor after the lapse of seven (7) working days from the date of receipt by the contractor of the Notice of Rejected Goods.

SEC. 138. *Unclaimed Rejected Goods.*—Rejected goods which remain unclaimed for a period of three (3) months shall be disposed of by the local government in a most advantageous manner to defray storage costs.

## TITLE IV — UTILIZATION AND ACCOUNTING

### Rule 19. Utilization of Supplies or Property

SEC. 139. *Responsibility for Wasteful Use of Supplies or Property.*—It shall be the direct responsibility of every local chief executive to prevent or minimize wasteful uses of supplies or property requisitioned by each department or office. The local chief executive shall develop operating standards to guard against the improper or wasteful use of supplies or property. These standards shall be approved by the local sanggunian concerned.

SEC. 140. *Direct Responsibility for Supplies or Property.*—The person in actual physical possession of

supplies or property or entrusted with its custody and control shall be responsible for its proper use and care and shall exercise the diligence of a good father of a family in the utilization and safekeeping thereof.

SEC. 141. *Transfer of Excess Property.*—It shall be the duty of every head of the department or office to turn over to the general services officer or municipal or barangay treasurer, as the case may be, excess property for reissuance to other departments or offices.

## Rule 20. Accountability for Supplies or Property

SEC. 142. *Primary and Secondary Accountability for Supplies or Property.*—Every head of department or office of a local government unit shall be primarily accountable for all supplies or property assigned or issued to his department or office. The person or persons entrusted with the possession or custody of supplies or property under the primary accountability of the head of a department or office shall be immediately accountable to said officer. The head of a department or office may require the person in possession or having custody and control thereof under him to keep such records and make reports as may be necessary for his own information and protection.

SEC. 143. *Transfer of Accountability.*—Transfer of non-consumable supplies or property from the general services officer, municipal or barangay treasurer, as the case may be, to any department or office for reissue to the end-user shall be covered by a Property Issue Slip (LGU Form No. 08) to be prepared in such number of copies as are necessary showing the complete descriptions of the supplies or property and the acquisition cost. Each Property Issue Slip must bear certificates effecting the transfer to be signed by the general services officer, municipal or barangay treasurer, as the case may be, and head of the department or office.

Transfer of non-consumable supplies or property from the head of the department or office to the end-user shall be covered by Memorandum Receipts (LGU Form No. 09). The general services officer, municipal or barangay treasurer, as the case may be, shall be furnished with a copy of said Memorandum Receipts.

SEC. 144. *Designation of Supply Officer.*—The local chief executive may designate a supply officer in each department or office upon the recommendation of the head of the department or office concerned. The supply officer shall be immediately accountable to the head of the department or office for supplies or property placed under his actual custody and control.

SEC. 145. *Responsibility and Duty of a Person Immediately Accountable.*—The person in actual physical possession of or entrusted with the custody or control of supplies or property shall be responsible for the proper use and care of the same and shall exercise due diligence in the utilization and safekeeping thereof. Further, he shall keep a complete and updated record of the same and shall render an account thereof semi-annually to the head of department or office concerned.

SEC. 146. *Duty of a Person Primarily Accountable.*—It shall be the duty of every head of a department or office to keep a complete record of all supplies or property under his charge and render his accounts thereof semi-annually to the local chief executive thru the provincial or city general services officer; or to the municipal or punong barangay thru the barangay treasurer, as the case may be, on or before July 31 and January 15 of each year. The auditor shall be furnished a copy of the report.

SEC. 147. *Accountability and Responsibility on Buildings and other Physical Structures.*—Buildings and other physical structures shall be under the accountability and responsibility of the provincial or city general services officer, municipal mayor or punong barangay,as the case may be. He shall keep a separate and updated record of

these properties and shall submit an inventory report to the provincial, city or municipal auditor on or before the 15th day of January each year showing, among others, the condition of said properties.

SEC. 148. *Responsibility for Real Estate.*—Every local chief executive shall be immediately responsible for the proper and effective use and management of real estate owned or titled in the name of the local government unit. He shall ensure that all real estate under his responsibility are registered, under the Torens Title System and safeguarded from squatters, unlawful occupants or the like.

SEC. 149. *Measure of Liability of Persons Accountable for Supplies or Property.*—The person in possession of or having custody or control of supplies or property is immediately accountable therefor and shall be liable for its money value in case of illegal, improper or unauthorized use or misapplication thereof, by himself or any other person for whose acts he may be responsible, and he also shall be liable for all loss, damage, or deterioration occasioned by negligence in the keeping or use of such property. The burden of proof that due diligence and care in the utilization and safekeeping thereof was observed, rests on the accountable officer.

Unless he registered his objection in writing, an accountable person shall not be relieved from liability by reason of his having acted under the direction of a superior officer in using supplies or property with which he is chargeable. The officer directing any illegal, unauthorized or improper use of supplies or property shall first be required to answer therefor.

SEC. 150. *Liability of Security Agency.*—In case of loss, damage, or deterioration of government supplies or property arising from, or attributable to, negligence in security, the head of the security agency shall be held liable therefor.

SEC. 151. *Notice of Loss and Application for Relief.*— When loss of government supplies or property occurs, it shall be the duty of the officer immediately accountable therefor or having custody thereof to immediately notify simultaneously the office or department head and the provincial, city or municipal auditor concerned. The office or department head shall immediately conduct a preliminary investigation of the loss and refer the matter to the proper government investigation agency. The provincial, city or municipal auditor shall conduct a separate inquiry of the reported loss while the clues are still fresh to determine that the alleged loss or other casualty had really occurred. An officer or employee who fails to comply with these requirements shall not be relieved of liability or allowed credit for any of such loss in the settlement of his accounts.

The request for relief shall be filed with the provincial, city or municipal auditor by the accountable officer within the statutory period of thirty (30) days or of such longer period as may be allowed by the auditor. In general, the request shall be accompanied by the following documents:

a. the basic notice of loss showing the exact date of filing and receipt in the office of the auditor concerned or the COA;

b. affidavit of the accountable officer containing a statement of facts and circumstances of the loss;

c. affidavits of two (2) disinterested persons cognizant of the facts and circumstances of the loss;

d. final investigation report of the office or department head, proper government investigating agency and the auditor on the facts and circumstances surrounding the loss;

e. a list and description including book value, date of acquisition, property number, account classification, condition of the property, and other additional relevant information of the properties lost

duly certified by the general services officer, municipal or barangay treasurer, as the case may be;

f. latest inventory and inspection report preceding the loss and inventory report of properties remaining after the loss, duly witnessed by the provincial, city or municipal auditor concerned;

g. comment and/or recommendation of the local chief executive concerned on the request;

h. exact or accurate amount of government cash or book value of the property, subject of the request for relief; and

i. Memorandum Receipt, if any, covering the properties subject of the request.

The request for relief shall be coursed through the office or department head concerned and general services officer, municipal or barangay treasurer, as the case may be, for their comment and recommendation.

In case of bulk losses of supplies or property pertaining to more than one (1) office or department, the request for relief shall be made by the local general services officer or local treasurer concerned. The request shall also be accompanied by the latest inventory report preceding the loss and the inventory report of properties remaining after the loss, duly witnessed by the provincial, city or municipal auditor concerned.

The same officials shall request relief for losses occurring in transit.

In all cases, the request shall be endorsed by the local chief executive together with his recommendations, to the provincial, city or municipal auditor.

In case of delay in the filing of the aforesaid notice and request, satisfactory explanation or the reason(s) for such delay should be submitted, after which the reasons/explanation given should be verified or confirmed by the provincial, city or municipal auditor concerned.

If the occurrence of the loss has also been reported to other police agencies, like the N.B.I., C.I.S., etc., the final investigation report thereon should be submitted.

SEC. 152. *Additional Information in Certain Cases.*— In cases where the loss of government property is due to fire, theft, robbery/hold up, force majeure, (earthquake, typhoons, etc.) or death of large cattle and other livestock, the request for relief shall be accompanied by the documents hereunder enumerated in addition to those required under Section 151:

1. fire —

   1.1. the final report of the local Police/Fire Department or Station on the incident;

   1.2. list or inventory of burned or destroyed properties as well as those properties retrieved after the fire, stating therein the acquisition cost/book value of each item, duly verified by the provincial, city or municipal auditor concerned;

   1.3. authenticated picture(s) showing the site/office or government properties razed by the fire; and

   1.4. fire insurance policy, if any, covering subject property.

2. theft or robbery/hold-up —

   2.1. the final police report on the theft or robbery case;

   2.2. detailed list of government properties lost or destroyed as well as those properties retrieved after the robbery incident disclosing the book value of each item or exact amount of government money/cash involved, duly certified by the auditor concerned; and

   2.3. authenticated picture(s) taken relative to the incident.

3. force majeure (earthquake, typhoon, etc.) —

   3.1. detailed list/inventory of lost or destroyed government properties or lost cash, as well as those properties retrieved after the calamity, duly verified by the auditor concerned; and

   3.2. certification of the proper official of the local PAGASA or other similar government agency on the actual occurrence of the calamity specifying therein the approximate or exact time the incident happen and the areas or places affected thereby.

4. death of large cattle and other livestock —

   4.1. certificate of death of large cattle issued by proper official and duly verified by the auditor concerned; and

   4.2. autopsy report, if any, of the proper veterinarian.

If the property is insured, information as to whether or not the local government unit concerned has already been paid the proceeds of the said insurance policy shall be disclosed. In the affirmative, evidence to this effect should be submitted. If the property has not been insured, reasons to this effect shall be submitted.

In cases of theft or robbery including those with force upon things (destruction of padlocks, doors, window jalousies, etc.), information as to whether or not the premises of the local government unit concerned are manned by security guards shall be submitted. In the affirmative, the respective sworn statements or affidavits of the guards respecting the incident shall be obtained and submitted.

A certified copy of the contract of security/services entered into by and between the local government unit and the security agency shall also be submitted.

If the security guard(s) is found to be negligent in the premises, information shall be revealed on whether or not appropriate action has been instituted to enforce the civil liability of the security guard and/or security agency concerned.

In cases of theft or robbery/hold-up of government cash/funds to be deposited with or withdrawn from a depository bank or other local government unit, information as to whether or not the accountable officer was escorted by a policeman or security guard should also be submitted. In the negative, explanation to this effect should be submitted.

SEC. 153. *Credit for Loss.*—Credit for losses involving less than fifty thousand pesos (P50,000.00) shall be allowed by the COA director or provincial, city or municipal auditor in accordance with the authority issued by the Chairman, Commission on Audit, Those involving P50,000.00 or more and those not falling within the authority of the regional director and provincial, city or municipal auditors under existing COA regulations on the matter shall with the recommendation of the auditor and regional director concerned, be forwarded to the Chairman, Commission on Audit for his appropriate action.

Credit for losses shall be returned through the local chief executive to the local accountant who shall on account thereof, drop the lost properties from the books of accounts thru journal voucher attaching thereto the credit granted together with all supporting documents. The local accountant shall furnish the general services officer, municipal or barangay treasurer, as the case may be, and the accountable officer concerned a copy of the journal voucher.

SEC. 154. *Responsibility of the Directors of COA Regional Offices and the Provincial, City or Municipal Auditors on Request for Relief Submitted to the Commisson on Audit for Resolution.*—In order to ensure or facilitate the evaluation and resolution of application for relief

from accountability, the COA Directors concerned and/or the provincial, city or municipal auditor, shall first ascertain that the information required under Section 151, and Section 152 whenever applicable, are duly complied with; and shall forward the same to the Commission on Audit with the following:

a. comment and/or recommendation of the COA Director/OIC and provincial, city or municipal auditor, as the case may be, on the propriety of the request, together with a full statement of material facts; and

b. a categorical determination by the auditor concerned on the absence of fault or negligence on the part of the accountable officer in the handling, safekeeping, etc. of the funds and properties under his custody as evidenced by a recital of the precautionary/security measures adopted to protect or safeguard them.

The comment and/or recommendation of the director and/or provincial/district auditor concerned on the determination by the unit auditor on the absence of fault or negligence on the part of the applicant shall also be submittted.

SEC. 155. *Central Record.*—The provincial or city general services officer, municipal or barangay treasurer, as the case may be, shall maintain a central record of all supplies or property of the local government. Computerization of records shall, as much as practicable, be availed of.

SEC. 156. *Annual Inventory of Supplies or Property.*—The local chief executive shall require an annual physical inventory of all supplies or property of the local government unit as of December 31 of each year, to be conducted by office or department by a committee of three (3) consisting of the representative of the local chief executive as chairman and the general services officer,

and the supply accountable officer of the department or office concerned, as members. The inventory report shall be submitted to the local chief executive and copy furnished the provincial, city or municipal auditor concerned.

SEC. 157. *Role of the Auditor In Physical Inventory.*— The provincial, city or municipal auditor or his duly authorized representative shall witness the inventory taking referred to in Section 156.

SEC. 158. *Receipts of Issuances.*—All issuances shall be properly receipted as follows:

a. transfer of non-expendable supplies or property from one supply officer to another supply officer shall be covered by Invoice Receipt (General Form 30-A, as amended);

b. transfer of non-expendable supplies or property from general services officer, municipal or barangay treasurer, as the case may be, to the head of the department or office shall be covered by Property Issue Slip (LGU Form No. 08);

c. transfer of non-expendable supplies or property from head of the department or office to the end-user shall be covered by Memorandum Receipts (LGU Form No. 09);

d. the transfer of expendable supplies or property from the general services officer, municipal or barangay treasurer, as the case may be, to the requisitioning department or office shall be covered by Requisition and Issue Voucher (General Form 45–A, as amended); and

e. transfer of expendable supplies or property from head of the department or supply officer to the end-user shall be receipted using Recapitulation form (LGU Form No. 11).

The general services officer, municipal or barangay treasurer, as the case may be, shall be furnished with a

dance with the procedures prescribed in these rules and regulations.

SEC. 163. *Responsibility for the Disposal of Supplies or Property.*—The provincial or city general services officer or municipal or barangay treasurer, as the case may be, shall be responsible for disposal of supplies or property of the local government.

SEC. 164. *Responsibility for the Disposal of Real Property, Buildings and Other Physical Structures.*—The local chief executive or punong barangay, as the case may be, shall be responsible for the disposal of real property, buildings and other physical structures.

SEC. 165. *Public Auction as the Primary Mode of Disposal.*—Supplies or Property which have become unserviceable or no longer needed shall be sold, whenever applicable, at public auction, subject to applicable rules and regulations.

SEC. 166. *Other Methods of Disposal.*—For justifiable reasons, disposable supplies and property may also be disposed of in the following manner:

a. sale thru negotiation;

b. transfer without cost to other offices or department or other government agencies; and

c. by destruction.

## Rule 22. Reporting of Disposable Supplies or Property.

SEC. 167. *Disposal Procedures.*—When the supplies or property of a local government unit have become unserviceable from any cause, or are no longer needed, the officer immediately accountable therefor shall return the same to the head of the department or office who shall cancel the corresponding Memorandum Receipt. If no longer needed in the department, the head of the department or office shall return the same to the general

rices officer, municipal or barangay treasurer, as the e may be, with the use of Property Return Slip (LGU m No. 12). The general services officer, municipal or angay treasurer, as the case may be, shall through local chief executive, file an application for its osal with the provincial, city or municipal auditor shall conduct an inspection and determination ther the subject property is with or without value.

EC. 168. *Forms to be Used.*—The following forms shall used in the reporting of disposable supplies or erty:

a. Inventory, Inspection and Appraisal (General Form No. 17-A, as amended) shall be used whenever the supplies or property to be disposed are: (1) supplies in stock accounts for consumption of the local government unit or for sale; (2) equipment; (3) building and other physical structures; and

b. Report of Waste Materials (General Form No. 61-A, as amended) shall be used for disposable supplies or property not covered in Sub-Paragraph (a) of this section.

EC. 169. *Responsibility of the Provincial, City or nicipal Auditor on Disposable Property.*—The incial, city or municipal auditor shall inspect the lies or property to be disposed of to determine ther the same are with value or without value. He l indicate his findings on the Inventory, Inspection Appraisal form and shall forward same to the mittee on Awards with his recommendation. If the lies or property are found to be valuable, he shall mmend its sale thru public auction; otherwise, he l recommend its destruction in his presence.

EC. 170. *Appraisal of Property by the Committee On rds.*—Upon receipt of the Inventory, Inspection and raisal form, the Committee on Awards shall appraise supplies or property recommended by the provincial,

city or municipal auditor to be disposed of which appraisal shall be considered as the floor price in the public auction to be conducted for the purpose under the supervision of said Committee.

### Rule 23. Sale thru Public Auction.

SEC. 171. *Invitation to Bid.*—The Committee on Awards shall issue the Invitation to Bid (ITB) which shall contain, among others, the following:

a. date of issuance;

b. location of the supplies or property;

c. quantity and adequate description of the supplies or property;

d. statement of reservation or option on the part of the local govenment unit to accept or reject any or all bids and to waive any formal defects in the bid; and

e. clear instructions on how the bids are to be accomplished and submitted.

SEC. 172. *Publication of the Invitation to Bid.*—The invitation to bid shall be given the widest publicity by sending copies to known and regular bidders in the locality and by posting notices of the public bidding in at least three (3) accessible and conspicuous places in the locality including the bulletin board provided for the purpose, barangay halls, and market places. If the acquisition cost of the supplies or property to be disposed of exceeds one hundred thousand pesos (₱100,000.00) in the case of provinces and cities, and fifty thousand pesos (₱50,000.00) in the case of municipalities, notices shall be published at least two (2) times within reasonable period in a newspaper of general circulation in the locality.

SEC. 173. *Bond Requirement.*—Bid tenders or offers must be accompanied by bidder's bond in cash or cashier's check in an amount equivalent to at least ten per cent (10%) of the bid.

SEC. 174. *Refusal to Accept the Award Price.*—In case of unjustifiable refusal or failure of the winning bidder to accept the award price within five (5) days from the receipt of the official notice of the award, the bidder's bond posted shall be forfeited in favor of the local government.

SEC. 175. *Withdrawal of Bids.*—A bidder may be allowed to withdraw his tender or offer before the opening of the bids. His bid shall be returned to him unopened.

SEC. 176. *Opening of Bids.*—The Committee on Awards shall open all bids received at the time, date and place set in the ITB. Bidders or their authorized representative may witness the proceedings; *Provided*, That no bids shall be opened without the presence of the provincial, city or municipal auditor or his duly authorized representative who shall identify the bids submitted.

SEC. 177. *Evaluation of Bids.*—The Committee on Awards shall, within three (3) working days from the date of the opening of the bids, decide the award and notify the awardee.

SEC. 178. *Basis of Award.*—Award shall be given to the highest complying bidder, provided the offer is not less than the appraised value of the property being sold.

SEC. 179. *When Bids or Offers are Lower than the Appraised Value.*—When the bids received are lower than the appraised value or when there are no bidders, rebidding shall be conducted. If rebidding is impracticable, the Committee on Awards may cause the disposal of the property by sale through negotiation in accordance with these regulations.

### Rule 24. Sale thru Negotiation.

SEC. 180. *When Negotiated Sale may be Done.*—When public auction is impracticable, negotiated sale may be resorted to at such price as determined by the Committee on Awards.

SEC. 181. *Negotiated Sale Subject to COA Approval.*—When the acquisition or transfer cost of supplies or property exceeds fifty thousand pesos (P50,000.00) in the case of provinces and cities, and twenty-five thousand pesos (P25,000.00) in the case of municipalities and barangays, the sale thru negotiation shall be subject to the approval of the Commission on Audit or its duly authorized representative.

SEC. 182. *Who Undertakes the Sale.*—The Committee on Awards shall undertake the negotiated sale.

SEC. 183. *Who Approves the Negotiated Sale.*—The Committee on Awards shall approve the sale.

SEC. 184. *Transfer of Property with Costs to other Government Offices.*—Transfer of property with costs to other government offices is considered as negotiated sale. Accordingly, the provisions of these regulations pertaining to negotiated sale shall apply.

### Rule 25. Transfer Without Cost to other Government Offices.

SEC. 185. *Transfer and Appraisal of Unserviceable or Property no Longer Needed.*—Property which has become unserviceable or no longer needed by any local government unit may be transferred without cost to another government office, agency, subdivision, or instrumentality at an appraised valuation determined by the local Committee on Awards.

SEC. 186. *Who shall Approve the Transfer.*—Transfer without cost of supplies or property from local govern-

ment unit to any other government agency shall be approved as follows:

a. transfer between local government – the sanggunian representing the transferor and the local chief executive representing the transferee shall approve the transfer; and

b. transfer between local government and national government – the sanggunian shall approve for the local government and the head of the department or office of the national government shall approve for the department or office of the national government concerned.

The devolution of property referred to under Title One, Book I, of R.A. No. 7160, is not within the context of this Section.

### Rule 26. Condemnation

SEC. 187. *What Property shall be Condemned.*— Valueless property shall be condemned either by burning, pounding, throwing beyond recovery, and the like. It shall be the duty of the general services officer, municipal or barangay treasurer, as the case may be, to ensure compliance with the requirement of this section.

SEC. 188. *Who shall Decide on Condemnation.*—The local chief executive shall authorize the condemnation upon the recommendation of the provincial, city or municipal auditor.

### Rule 27. Other Modes of Disposal

SEC. 189. *Donations to Charitable, Scientific, Educational or Cultural Association.*—In exceptional cases and for meritorious reasons, disposable government property may be donated to charitable, scientific, educational and cultural associations with the approval of the sanggunian concerned.

SEC. 190. *Other Modes of Disposal Authorized By Law.*—Disposable supplies or property of local government may be disposed of in such other manner as may be authorized and prescribed by competent authority and/or as may be provided by law.

### Rule 28. Payment and Delivery

SEC. 191. *Payment.*—Upon receipt of the notice of award, the awardee shall pay to the local treasurer the amount of the award for which an official receipt shall be issued.

SEC. 192. *Sales Invoice.*—A Sales Invoice (LGU Form No. 13) listing the items to be sold shall be approved by the local chief executive and signed by the buyer. The buyer shall acknowledge receipt of the items by signing in the sales invoice.

SEC. 193. *Delivery.*—The delivery shall be made to the awardee or his authorized representative after the invoice price is fully paid as evidenced by an official receipt. The delivery shall be effected by the general services officer or municipal or barangay treasurer, as the case may be.

### Rule 29. Dropping of Accounts

SEC. 194. *Return of Reports.*—After the disposal of the supplies or property, the office of the general services officer or municipal or barangay treasurer, as the case may be, shall return the properly accomplished Inventory, Inspection and Appraisal form or the Report of Waste Materials duly acted upon together with a copy of the Official Receipt (if disposal is for value received) to the local accountant concerned informing him that the property listed may now be dropped from the book of accounts of the department or office concerned.

SEC. 195. *Dropping of Book Value.*—After disposal, the book value of the supplies or property shall be dropped from the book of accounts in accordance with existing accounting and auditing rules and regulations.

## TITLE VI — MISCELLANEOUS PROVISIONS AND ADMINISTRATIVE INSTRUCTIONS

### Rule 30. Miscellaneous Provisions.

SEC. 196. *Lease of Spaces for Public Use.*—Availment of an office space or grounds for public uses shall be thru sealed bid or negotiation if sealed bid has failed as defined herein. The contract of lease of buildings and grounds for this purpose shall be in writing and shall be approved by the sanggunian concerned. Such contract shall run for a period of one (1) year coincident with the budget period, but may be subject to renewal at the option of the local government. The terms and conditions of the contract of lease for this purpose shall explicitly include the following:

a. obligation to pay taxes due on the property rented shall remain with the owner during the term of the contract;

b. repairs of the buildings, including periodic repainting, shall be at the expense of the property owner, however, minor repairs thereof such as changing of light bulbs, repairs of leaks and the like, shall be at the expense of the local government unit, provided that the total amount in each case does not exceed two thousand (P2,000.00) pesos; and

c. necessary partitioning to make the property fit for the purpose shall be undertaken by the owner at his own expense. However, if the exigency of the service so demands, necessary partitioning cost may be advanced by the local government to be deducted from the rental immediately due and demandable.

Nothing contained herein shall be construed as authorizing permanent improvement or major repair on leased property.

SEC. 197. *Disposal of Real Property and Improvements.*—Real estate and their improvements owned by the local government units may be sold to other government or private entity under sealed bids or by negotiation if sealed bid has failed as defined herein at a price to be determined by the Committee on Awards. The contract of conveyance shall be executed by the local chief executive in behalf of the local government unit concerned in accordance with the formalities required by law on the matter and shall be approved by the local sanggunian. The disposal shall also be subject to the approval of the Commission on Audit regardless of the value of the property to be disposed.

Expenses relative to the registration and transfer of ownership from the local government to the vendee shall be borne by the vendee.

SEC. 198. *Lease of Government Spaces to Other Entities.*—Idle lands, buildings or other physical structures of the local governments may be leased to other government or private entity thru sealed bids or by negotiation if sealed bids have failed as defined herein. The contract of lease which includes the following shall be executed in accordance with the formalities required by law:

a. the lessee shall be required to deposit an amount equivalent to two (2) months rental or Thirty thousand (P30,000.00) pesos whichever is higher to answer for damages resulting from improper use of the leased property and an advance one (1) month rental;

b. the lessee shall promptly pay the monthly billings for facilities like electric, water and telephone during the period of the lease, and shall be held answerable in case of disconnection of said facilities due to his failure to pay the bills;

c. the lessee shall surrender the building/space upon expiration of the lease contract and respond for damages which the local government unit may suffer for his failure to surrender the same;

d. the lessee shall comply faithfully with the terms and conditions of the agreement;

e. in the event the building/space is deserted by the lessee before the expiration of the lease without justifiable cause, the local government unit shall reserve the right to enter and relet the same and receive the rentals corresponding to the unexpired period of the lease; and

f. the local government unit shall reserve the right to terminate the lease contract for failure or refusal of the lessee to pay the rentals agreed upon during the period stipulated in the lease contract or for violation of the conditions of the contract by the lessee.

The guidelines promulgated by the government agency concerned on the reasonableness of rental rate of buildings and other structure may be availed of by the Committee on Awards in determining the rental rates to be approved by sanggunian.

SEC. 199. *Lease of Equipment.*—Idle equipment of the local governments may be leased to other government or private entity thru sealed bids or by negotiation if sealed bids have failed as defined herein. The contract of lease which includes the following shall be executed in accordance with the formalities required by law:

a. the lease shall be on fully maintained basis without fuel and operator;

b. a lease contract longer than one (1) month shall be supported by a surety bond to guarantee the replacement cost of the property in case of loss, cost of repair that are not due to normal wear and tear, replacement cost of missing parts, tools,

attachments and accessories originally issued with the property;

c. the rental must be paid in advance or the lessee shall put up a domestic letter of credit to guarantee the payment of the rental for the period of lease;

d. the mobilization cost from the lessor's yard to project site and the demobilization cost from project site to the lessor's yard shall be borne by the lessee;

e. the lessee shall be liable for compensation and lawsuits, if any, arising from injury or damage caused to any person or property by reason of the use of the equipment during the period of the lease;

f. a daily basis lease shall correspond to eight (8) hours use and any usage in excess of eight (8) hours shall be considered overtime and corresponding additional rental shall be charged;

g. a monthly basis lease shall be understood to correspond to one hundred sixty (160) hours use per month; and

h. a proportionate rental shall be collected on the actual operating hours in excess of the one hundred sixty (160) referred to above regardless of whether the property is in use or not.

*Provided*, That the rental rate to be determined by the Committee on Awards and approved by sanggunian shall in no case be below the daily rates prescribed by a proper government agency, if any.

The phrase "rental day" refers to a continuous eight (8) hours workable period within a day of twenty-four (24) hours, excluding mealtime.

The foregoing provisions notwithstanding, no contract of lease shall be entered into unless the general services

officer, municipal or barangay treasurer, as the case may be, shall certify that the property to be leased is not needed for any purpose by any department or office of the local government during the duration of the lease.

SEC. 200. *Discounting of Rental Rates.*—The rates of rental may be reduced as the efficiency of the equipment or machinery subject of a lease contract becomes lesser on account of age or obsolescence; *Provided* That no such reduction shall be allowed during the first three (3) years from the date of acquisition of the property. *Provided* further, That the maximum discount shall not exceed twenty-five per cent (25%) of the property's normal rental rate in accordance with the following schedule:

| Age Based on Date of Acquisition | Pneumatic-Mounted Units | Crawler-Mounted Units |
|---|---|---|
| 4 years old | 5% | 5% |
| 5 years old | 10% | 10% |
| 6 years old | 15% | 15% |
| 7 years old | 25% | 25% |

*Provided finally*; That newly rehabilitated property shall be classified under the category of five (5) years old and shall have a discount rate of ten per cent (10%) for the first year, fifteen percent (15%) for the second year, and twenty-five per cent (25%) thereafter. The rate of reduction in rental shall be determined by the Committee on Awards and approved by sanggunian if the age of the property which has not undergone any rehabilitation is more than seven (7) years old.

SEC. 201. *Disposal of Firearms.*—Disposal of firearms and explosive weapons shall be subject to the approval of the Director General, Philippine National Police.

SEC. 202. *Properties Imported Free of Duties and Taxes.*—Local Government units shall be exempt from the payment of duties and taxes for the importation of

heavy equipment or machineries which shall be used for the construction, improvement, repair, and maintenance of roads, bridges and other infrastructure projects, as well as garbage trucks, fire trucks, and other similar equipment: *Provided, however,* That such equipment or machineries shall not be disposed of, either by public auction or negotiated sale as hereinabove provided, within five (5) years from the importation thereof. In case the machinery or equipment is sold within the five-year period, the purchasers or recipients shall be considered the importers thereof, and shall be liable for duties and taxes computed on the book value of such importation.

SEC. 203. *Transitory Provisions.*—All supplies or property issued or assigned to the different departments or office of the local government units shall be deemed ipso facto transferred to the person primarily accountable and that the person in possession of or having custody of said supplies or property shall become immediately accountable therefor upon the effectivity of Republic Act No. 7160. It shall be the duty of the general services officer, municipal or barangay treasurer, as the case may be, to effect said transfer in the manner prescribed herein.

### Rule 31. Administrative Instructions.

SEC. 204. *Establishment of an Archival System.*—Immediately upon the effectivity of these regulations, every local government unit shall provide for the establishment of an archival system to ensure the safety and protection of all government property, public documents or records such as records of births, marriages, property inventory report, land assessments, land ownership, tax payments, tax accounts, and business permits, and such other records or documents of public interest in the various departments and offices of the provincial, city or municipal government concerned.

SEC. 205. *Issuance of Guidelines.*—The local chief executive may issue guidelines as may be deemed necessary for the proper and effective implementation of these regulations.

SEC. 206. *Separability and Repealing Clause.*—Any provision of these rules and regulations which shall be declared illegal by a court of competent jurisdiction shall not affect the other provisions hereof.

Joint Department Order No. 1-75, dated August 19, 1975, is deemed superseded.

All other Circulars, Memoranda and regulations inconsistent or in conflict with the provisions of these rules and regulations are hereby repealed, modified and/or amended accordingly insofar as applicable to local governments.

SEC. 207. *Effectivity.*—These rules and regulations shall take effect immediately.

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LGAO
GSO/KNI/NCA/LLL

LGU Form No. 01

APPENDIX "A"

## ANNUAL PROCUREMENT PLAN

Name of Local Government Unit _____

| Plan Control No.: _____ | | | | | | | | | | | | Page ___ of ___ Pages |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Planned Amount | | | | | | | |
| Department/Office: _____ | | | | | Regular | | Contingency | | Total | | | Date Submitted: _____ |
| Item No. | Description | Unit Cost | Quantity | Total Cost | DISTRIBUTION | | | | | | | |
| | | | | | 1st Quarter | | 2nd Quarter | | 3rd Quarter | | 4th Quarter | |
| | | | | | QTY | Amount | QTY | Amount | QTY | Amount | QTY | Amount |
| | | | | | | | | | | | | |
| Totals: | | | | | | | | | | | | |

This is to certify that the above procurement plan is in accordance with the objectives of this Office.

Prepared by: _____

(Head of Department/Office)

LGU Form No. 02

APPENDIX "B"

## PROCUREMENT PROGRAM

Name of Local Government Unit _____

| Program Control No.: _____ | | | | Amount | | | Page ___ of ___ Pages | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Department/Office: _____ | | | | Regular | Contingency | Total | Date Submitted: _____ | | | | | | | | |
| Item No. | Description | Unit Cost | Quantity | Total Cost | DISTRIBUTION | | | | | | | | | | |
| | | | | | 1st Quarter | | 2nd Quarter | | 3rd Quarter | | 4th Quarter | | | | |
| | | | | | QTY | Amount | QTY | Amount | QTY | Amount | QTY | Amount | | | |
| | | | | | | | | | | | | | | | |
| Totals: | | | | | | | | | | | | | | | |
| This is to certify that the above procurement program is in accordance with the objectives of this LGU<br>Recommended by: _____<br>General Services Officer/Local Treasurer | | | | | Approved by: _____<br>(Local Chief Executive) | | | | | | | | | | |

LGU Form No. 03

APPENDIX "C"

## AMENDATORY PROCUREMENT PLAN

Name of Local Government Unit _____

| | | | |
|---|---|---|---|
| Department /Office.: _____ | | Amendatory No.: _____ | Page _____ of _____ Pages |
| Plan No. being Revised _____ | Date of Revision: _____ | Planned Amount .: _____ | Date Submitted: _____ |

A. Items to be Substituted/Replaced

| Item No. | Description | Unit Cost | Quantity | Total Cost | Procurement Already Effected | | Justifications (By Items): _____ |
|---|---|---|---|---|---|---|---|
| | | | | | QTY | Amount | |
| | | | | | | | |
| Totals: | | | | | | | |

B. Items Recommended for Procurement in Lieu of the Above

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| Totals: | | | | | | | |

This is to certify that the above amendatory plan is in accordance with the objectives of this Office.

Prepared by: _____
(Head of Department/Office)

LGU Form No. 04

APPENDIX "D"

## AMENDATORY PROCUREMENT PROGRAM

Name of Local Government Unit: _____

| | | | |
|---|---|---|---|
| Department/Office: _____ | | Amendatory No.: _____ | Page _____ of _____ Pages |
| Program No. being Revised: _____ | Date of Revision: _____ | Program Amount: _____ | Date Submitted ___ |

A. Items to be Substituted/Replaced

| Item No. | Description | Unit Cost | Quantity | Total Cost | Procurement Already Effected | | Justifications (By Item): _____ |
|---|---|---|---|---|---|---|---|
| | | | | | Quantity | Account | |
| | | | | | | | |
| Totals >----- | | | | | | | |

B. Items Recommended for Procurement in Lieu of the Above

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | |
| Totals >----- | | | | | | |

This is to certify that the above amendatory program is in accordance with the objectives of this LGU:

Prepared By: _____
General Services Officer/Local Treasurer

Approved By: _____
(Local Chief Executive)

Gen. Form No. 45(A) APPENDIX "E"

## REQUISITION AND ISSUE VOUCHER

No. : _____ Date: _____

TO: General Services Officer/Local Treasurer: _____

FROM: Department/Office Head: _____

| Balance on Hand | Requisition | | | | Issuance | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | QTY | Unit | Article | Project/ Activity | Stock No. | QTY | Unit Cost | Total Value | Account Charged |
| | | | | | | | | | |

I CERTIFIED that the above supplies are necessary for official use and will be used solely for to pursue the project/activity.

_____
Department/Office Head

APPROVED: _____
Local Chief Executive

RECEIPT

By: _____ Date ____
Name, Designation & Signature

Filled by: _____
Packed by: _____
Shipped to: _____
Bill of Lading No.: _____
Date of Shipment. _____

CERTIFIED CORRECT: _____
General Services Office/Treasurer

LGU Form No. 05 APPENDIX "F"

## PURCHASE REQUEST

No. ___ Date: _____

TO: General Services Officer/Local Treasurer: _____

FROM: Department/Office Head (Requisitioner): _____

Delivery/Shipment to: _____ Period of Delivery: _____

| Item No. | Description | Unit of Issue | QTY. | Estimated Unit Cost | Estimated Cost |
|---|---|---|---|---|---|
| | | | | | |
| Grand Total _____ > | | | | | |

I certify that the need for the above supplies is exceptionally urgent or absolutely indispensable to prevent imminent and real danger to, or loss of, life or property.

I further certify that the said supplies are necessary for official use in connection with the following activity(s):

_____

By: _____ APPROVED: _____

Department/Office Head Local Chief Executive

| Purchased From: _____ / _____ / Address: _____ / _____ | Order No. | Order Date | Item No. | QTY. | Unit Cost | Total Cost |
|---|---|---|---|---|---|---|
| | | | | | | |

LGU Form No. 06 APPENDIX "G"

## PURCHASE ORDER

Purchase Order No.: _____ Date: _____

Purchase Request No.: _____ Date: _____

Name of Local Government Unit: _____

TO: Supplier/Dealer/Contractor: _____

Address: _____

| | | | | | |
|---|---|---|---|---|---|
| Department/Office Where Delivery is to be Made: _____ | | | | Delivery Period: _____ Other Terms: _____ | |
| Address _____ | | | | Bond Posted | |
| | | | | Amount | Nature / Particulars |
| Item No. | QTY. | Unit | ARTICLES | Unit Price | Total Cost |
| | | | | | |

Recommending Approval: _____
General Services Officer/Local Treasurer

APPROVED: _____
Local Chief Executive

(Note: In case of Negotiated Purchase pursuant to Section 369 (a) of RA No. 7160, this portion must be accomplished)
Sanggunian Resolution No. : _____
Certified Correct: _____
Secretary to the Sanggunian

Total .....>

CERTIFICATION:

I received today, _____, 19__, Purchase Order and held myself bound by the terms and stipulations of the contract and other applicable laws.

_____
Contractor/Dealer/Supplier

By: _____
Authorized Representative

LGU Form No. 07

APPENDIX "H"

## REPORT OF UTILIZATION

Name of Local Government Unit: _____

Requisitioning Office/Department: _____

Name and Designation of End-User: _____ PR/RIV No.: _____

Exact Address/Location Where Supplies Were Delivered: _____

Name and Complete Address of Supplier/Dealer: _____

| Description of Articles | Delivery | | Utilization | | Balance | | |
|---|---|---|---|---|---|---|---|
| | Quantity | Date | Quantity | Date | Unit Cost | Quantity | Total Amount |
| | | | | | | | |

I HEREBY CERTIFY this ___ day of _____, 19___, the accuracy and correctness of the above report.

_____
Department/Office Head

I HEREBY CERTIFY this ___ day of _____, 19___, that we had verified and found correct the above report.

_____
General Services Office/Local Treasurer

APPROVED: _____
Local Chief Executive

LGU Form No. 08 !

APPENDIX "I"

## PROPERTY ISSUE SLIP

Name of Local Government Unit: _____

| Qty | Description | Data of Purchase | Property Number | Classification Number | Unit Value | Total Value |
|---|---|---|---|---|---|---|
| | | | | | | |

| TRANSFEROR | TRANSFEREE |
|---|---|
| I HEREBY CERTIFY that I have this __ day of _____ 19 __ ISSUED TO _____ | I CERTIFY that I have RECEIVED this __ day of __, 19 __ from _____ (Name & Designation) |
| _____ (Name & Designation) | |
| _____ (Office/Department/Agency) | the above-listed articles for _____ (Office/Department/Agency) |
| the items/articles described above | |
| _____ General Services Officer/ Local Treasurer | _____ Name, Signature & Designation of Receiving Officer |

LGU Form No. 10

APPENDIX "K"

## SEMI-ANNUAL REPORT OF SUPPLIES ISSUED

As of June 30/December 31, 19 ___

Name of Local Government Unit: _____ Fund: _____

| Date | RIV. No. | Description of Articles | QUANTITY | | | | Balance | |
|---|---|---|---|---|---|---|---|---|
| | | | Received | Consumed | Returned | Other | QTY | Amount |
| | | | | | | | | |
| TOTAL > | | | | | | | | |

I HEREBY CERTIFY this _____ day of _____, 19_____, the accuracy and correctness of the foregoing report.

_____
Head of Department/Office

LGU Form No. 11 ✓ APPENDIX "M"

## RECAPITULATION

Local Government Unit: _____

Department/Office: _____

Date: _____ Sheet No. _____

Description of the Item: _____

_____ Unit of Issue _____

| Item No. | Unit | | Total Amount | Issued To: (Name of Employee/End-User) | Signature of Employee/ End-User |
|---|---|---|---|---|---|
| | Qty. | Cost | | | |
| | | | | | |

I HEREBY CERTIFY that foregoing issuance made on this ____ day of _____, 19 ____ are true and correct.

_____
Department/Office Head

LGU Form No. 12

APPENDIX "N"

## PROPERTY RETURN SLIP

Name of Local Government Unit: _____

Purpose: ( )Disposal ( )Repair ( )Returned to Stock ( )Other: _____

| QTY | Unit | Description | Property Number | M.R. No. | Name of End-User | Unit Value | Total Value |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| | | | | | TOTAL .....> | | |

### CERTIFICATION

I HEREBY CERTIFY that I have this ___ day of _____, 19___ RETURNED to: _____

_____
(Name and Designation)

the items/articles described above.

_____
Department/Office Head

I HEREBY CERTIFY that I have this ___ day of _____, 19___ RECEIVED from _____

_____
(Name and Designation)

the items/articles described above.

_____
General Services Office/Local Treasurer

Gen. Form No. 61-A

APPENDIX "P"

## REPORT OF WASTE MATERIALS

Name of Local Government Unit: _____

Department/Office: _____

Place of Storage: _____ Date: _____

| Item No. | Qty. | Unit of Issue | Unit Cost | Total Cost | Description | Record of Sales | |
|---|---|---|---|---|---|---|---|
| | | | | | | O.R. No. | Amount |
| | | | | | | | |
| Total .....> | | | | | | Total.....> | |

CERTIFIED CORRECT

_____ _____

General Services Officer/ Local Treasurer — Local Chief Executive

CERTIFICATE OF INSPECTION

This is to certify that I have this ____ day of ____, 19___, inspected the above-listed supplies/property and found the same to be (with or without value)_____.

_____

(Provincial/City/Municipal Auditor)

CERTIFICATE OF DISPOSAL

This is to certify that the above-listed supplies/property were disposed of as follows:_____

_____ _____

(General Services Officer/ Local Treasurer) — (Local Chief Executive)

Witnessed By:_____

(Provincial/City/Municipal Auditor)

LGU Form No. 13 APPENDIX "O"

SALES INVOICE FOR SUPPLIES/PROPERTY

Name of Local Government Unit: _____

| Sold to (Name & Address): ____ | No.: _____ |
|---|---|
| _____ | Date: _____ |
| _____ | Location of Asset: ____ |

| Item No. | Qty. | Description | Condition of the Property | Unit Price | Amount | Quantity Received by Buyer | Paid Under Official Receipt No. |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| | | | Tax Due..... | ₱ | ____ | | |
| | | | Total..... | ₱ | ____ | | |

APPROVED:

_____ _____

Local Chief Executive Buyer (Name and Signature)

CERTIFICATION

I HEREBY CERTIFY that the articles shown in the column "QUANTITY RECEIVED BY THE BUYER" were delivered to the Buyer this ____ day of ___, 19___.

_____

General Services/Local Treasurer

I HEREBY CERTIFY that I have this____ day of___, 19___ ACCEPTED the articles shown in the "QUANTITY RECEIVED BY THE BUYER".

_____

BUYER (Name and Signature)

I HEREBY CERTIFY that I have witnessed the delivery to the Buyer whose name and signature appear herein the articles shown in the column "QUANTITY RECEIVED BY THE BUYER".

_____

Provincial/City/Municipal Auditor


QUEZON CIT
COMMITTE