



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GEN. SOLANO ST., SAN MIGUEL, MANILA

NATIONAL BUDGET CIRCULAR

No. 2015- 558
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TO : All Heads of Departments, Bureaus, Offices and Agencies of the National Government, Including State Universities and Colleges (SUCs); Government –Owned and/or –Controlled Corporations (GOCCs); and All Others Concerned

Subject : **GUIDELINES IN THE ORGANIZATION AND STAFFING OF PROCUREMENT UNITS**

1.0 **General Policy**

As prescribed under Section 11 of Republic Act No. 9184 (Government Procurement Reform Act) and its revised Implementing Rules and Regulations (IRR), a single Bids and Awards Committee (BAC) shall be established in the Central Office for its procurement, as well as a procurement unit to support the BAC of the procuring entity.

Alternatively, the head of the procuring entity may create multiple BACs depending on the number and complexity of goods and services to be procured consistent with the aforesaid section of RA 9184. Said BAC/s shall also be supported by the same procurement unit established in the procuring entity to facilitate harmonization of procedures and standards.

2.0 **Purpose**

This Circular is being issued to provide the guidelines on the establishment or strengthening of the organizational structure and staffing of the Procurement Units of agencies and provide adequate support to the BAC/s.

3.0 **Guidelines**

Organizational Structure

- 3.1 Procurement units may be created at the Central Offices of departments, line bureaus, attached agencies, SUCs, GOCCs, GFIs, and equivalent agencies.
- 3.2 The organizational level of the procurement unit shall be determined by:
 - a) the organizational level of the procuring entity; and
 - b) the average procurement budget of the agency for the last three (3) years.

For this purpose, the procurement budget shall refer to the sum of the allocations of the central office; staff bureaus; and regional offices of the agency for repair and maintenance; supplies and materials; rents; professional services;

buildings and structures outlay; office equipment, furniture and fixtures; transportation equipment; machineries and equipment; public infrastructures; and other expense items which are subject of procurement, as reflected in the approved Annual Procurement Plans (APP), and supplements thereto, for the covered years.

3.3 The organizational level of the procurement unit shall be as follows:

Annual Procurement Budget⁴	Department-level Agency	Bureau-level Agency	GOCC/GFI
P5 Billion and above	Service	Division	Department
Less than P5 Billion	Division	Section	Division

Functions

3.4 The organizational structure and functions of each of the above-mentioned levels of procurement units shall be as follows:

3.4.1 Procurement Management Service

The Procurement Management Service shall be composed of the following:

- **Office of the Director** – shall direct all activities of the agency, whether in the central (including those of its staff bureaus) or regional level, pertaining to procurement planning, purchasing, contract management, and monitoring;
- **Procurement Planning and Management Division** – shall be responsible for the planning and procurement activities. Specifically, it shall *a)* coordinate and monitor all procurement activities of the agency, whether in the central (including those of its staff bureaus) or regional level; *b)* provide technical assistance to the end-user units in the preparation of their Project Procurement Management Plans (PPMPs); *c)* manage and monitor all phases of the procurement process; and *d)* create and maintain a price monitoring list of goods and services regularly procured by the agency and a list of suppliers, contractors and consultants;
- **BAC Secretariat Division** – shall provide secretariat services to the BAC. Specifically, it shall *a)* provide administrative support to the BAC; *b)* organize and make all necessary arrangements for BAC meetings and conferences; *c)* prepare minutes of meetings and resolutions of the BAC; *d)* take custody of procurement documents and other records; *e)* manage the sale and distribution of Bidding Documents to interested bidders; *f)* advertise and/or post bidding opportunities, including Bidding Documents, and notices of awards; *g)* assist in managing the procurement processes; *h)* monitor procurement activities and milestones for proper reporting to relevant

⁴ Average Procurement Budget for the last three (3) years

agencies when required; *j*) consolidate Project Procurement Management Plans (PPMPs) from various units of the procuring entity into one (1) APP with the assistance of the Procurement Planning and Management Division, as necessary, and make them available for review; and *j*) act as the central channel of communications for the BAC with end users, project management office/s, other units of the line agency, other government agencies, providers of goods, infrastructure projects, and consulting services, observers, and the general public; and

- **Contract Management Division** – shall be responsible for all post-award contract management and administration activities. Specifically, it shall *a*) monitor compliance with the terms and conditions of the procurement contract; *b*) coordinate with the end-users for the acceptance of goods and services; *c*) coordinate with the Finance Unit for payment of contracts; *d*) initiate review and assessment of performance and recommend sanctions to the head of the procuring entity, through the BAC, against erring suppliers, contractors and consultants, including the forfeiture of performance security and blacklisting. It shall likewise assist in the contract management activities of its regional offices and provide technical support when necessary.

3.4.2 Procurement Management Division

A Procurement Management Division shall be created under the Administrative Service or Finance and Administrative Service in the agency, whichever is applicable. It shall be responsible for the performance of the functions listed above for a Procurement Management Service, including its divisions, at a smaller scale.

3.4.3 Procurement Management Section

A Procurement Management Section shall be created under the General Services Division or Administrative Division or a similar unit of the agency. It shall be responsible for the performance of the functions listed above for a Procurement Management Service, including its divisions, at a much smaller scale.

Staffing

3.5 Staffing of the Procurement Units shall be as follows:

Unit	Highest Allowable Position
<i>Procurement Management Service</i>	
Office of the Director	Director IV/SG-28 Administrative Assistant III/SG-09 <i>(Support Staff)</i>
Procurement Planning and Management Division	Chief Administrative Officer/SG-24
BAC Secretariat Division	Chief Administrative Officer/SG-24
Contract Management Division	Chief Administrative Officer/SG-24
<i>Procurement Management Division</i>	Chief Administrative Officer/SG-24
<i>Procurement Management Section</i>	Administrative Officer V/SG-18

- 3.6 To preserve the hierarchy of positions, there should be no duplication in the level of positions from SG-22 and above for each of the divisions under the Procurement Management Service and that of the Procurement Management Division, and SG-18 positions for the Procurement Management Section.
- 3.7 Priority shall be given to the creation of positions in the professional category rather than in the clerical or non-professional positions. Agencies should adopt greater use of information technology in the accomplishment of clerical or routine administrative tasks.
- 3.8 Existing positions performing any of the aforesaid functions of a Procurement Management Service/Division/Section may be transferred to the Procurement Unit.

4.0 Proposals for the establishment of procurement units and/or the creation of positions therein shall be submitted to the Department of Budget and Management for evaluation and approval.

5.0 **Responsibility Clause**

It shall be the responsibility of the Department Secretaries and equivalent Agency Heads to strictly implement the provisions of this Circular.

6.0 **Applicability Clause**

The provisions of this Circular shall be applicable until revoked, amended or modified.

7.0 **Repealing Clause**

All other circulars and issuances or parts thereof that are inconsistent with this Circular are hereby repealed or modified accordingly.

8.0 **Effectivity**

This Circular shall take effect immediately upon its publication.

FLORENCIO B. ABAD

Secretary

