

Acquisition Of Supplies And Materials For Local Governments

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(Portion of his paper read during the last conference of Provincial and City Auditors held in Manila)

I will limit myself to questions arising from the acquisition of supplies and materials and some other important provincial matters. The provisions of Executive Order No. 298, series of 1940, require purchases of supplies to be made through public bidding with certain exceptions. One exception is when the Auditor General, the Secretary of Justice and the Secretary of the Department concerned have been consulted and approval of the President secured beforehand. Other exceptions are when the purchases involved ₱100.00 or less in each case, which amount is increased to ₱1,000 in a circular-telegram of this Office dated February 28, 1948, and if they are made under Department Orders Nos. 7 and 8 dated June 18, 1945 of the Department of Finance. Another exception is the case of emergency purchase involving danger to, or loss of life and/or property or to avoid serious detriment to the public service.

Under Department Order No. 2, series of 1936, of the Department of Finance, there are three ways of acquiring supplies for the Government: (1) Direct Order and Payment System; (2) Local purchases; and (3) Purchase thru the Procurement Office.

Under the Direct Order and Payment System there is a circular proposal approved by the Purchasing Agent whereby any purchase of the government may be made direct from the dealer concerned. That is to say, upon the receipt of the necessary requisition, the contractor shall deliver the supplies called for directly to the requisitioning bureau or office, provincial, city or municipality or other local political subdivisions and collect therefrom, also directly, the cost of

supplies, including incidental expenses in the delivery thereof to the point of destination indicated in the requisition.

In the case of local purchases, they should only be availed of when the needed supplies are obtainable at reasonable prices in the respective localities or in neighboring places. Direct purchases from Manila merchants without the intervention of the Procurement Office are not contemplated under this authorization. Department Order No. 2 provides also that no local purchase should be made of supplies which require a scientific or technical test for the determination of their quality.

Purchases thru the Procurement Office are effected thru the usual requisition form filed with said office which, upon receipt of such requisition, shall secure the most advantageous quotations following the requirements of Executive Order No. 298, series of 1940, and issue the necessary buyer's order for the direct delivery of the supplies called for.

In the case of an emergency purchase payable from local government funds, the provincial or city treasurer concerned shall submit to the Auditor General thru the Provincial or City Auditor concerned a regular requisition to cover such purchase showing thereon: (1) a complete description of the articles acquired; (2) by whom furnished; (3) date of acquisition; (4) the unit prices and the total amount paid; (5) a clear explanation of the circumstances why the articles were urgently needed or why a regular requisition could not be previously coursed as required without causing detriment to the public service; and

(6) a certificate to the effect that the price paid for was the lowest obtainable at the time of purchase. This certificate should be supported by an authentic list of the various dealers, their respective addresses and prices offered, as a result of the personal canvass made of the market in the locality and /or neighboring places. The Provincial or City Auditor concerned shall at once forward said requisition to the General Auditing Office together with his comment and recommendation.

The General Auditing Office will then refer said requisition to the Purchasing Agent for his determination as to the reasonableness of the price or prices paid for the supplies therein listed. Upon the return of the requisition duly acted upon by the Purchasing Agent, the General Auditing Office will forward it thru the Department Head concerned and the Secretary of Justice, to His Excellency, the President of the Philippines, for approval, as an exception to Executive Order No. 298, series of 1940. Pending approval of the requisition, credit of the corresponding transaction in the accounts of the province, city or municipality concerned, is tentatively suspended in audit. Should it be found that the prices paid were high, the matter will be brought to the attention of the Department Head concerned for appropriate action under Section 587 of the Administrative Code.

With respect to local emergency purchases in provinces and cities payable from National Government Funds, I wish to inform you that all requisitions pertinent thereto, if the amount involved exceeds ₱1,000.00 in each case, shall be forwarded to the Property Requisition Committee for its action, together with the comment and recommendation of the Provincial and City Auditors concerned. These requisitions include the acquisition of articles to be purchased from government-owned corporations as well as from private companies under the direct order and payment system (Circular No. 4, supra, and 2nd indorsement dated September 12, 1947, of the Chairman, Property Requisition Committee, to the

Provincial Auditor of Iloilo).

With respect to proposed purchases in excess of ₱1,000.00 in each case, thru public bidding, of supplies and equipment needed to meet the regular and essential requirements of the service, the Provincial Committee may, subject to the provisions of Executive Order No. 302, series of 1940, award the bid to the lowest and most advantageous bidders, if the corresponding requisition had been approved by the Property Requisition Committee previous to the bidding. If the previous approval had not been secured, the requisition showing the lowest and most advantageous prices offered for the articles should be forwarded to the Property Requisition Committee for approval under Executive Order No. 43, series of 1947. A copy of the abstract of the bids should be attached. The award of the order to the successful bidder or bidders should be held in abeyance pending the receipt of the requisition duly approved by the Committee. (1st indorsement dated September 2, 1947, of the Chairman, Property Requisition Committee, to the Provincial Auditor of Albay).

Emergency purchases of supplies and materials in excess of ₱1,000.00 may, subject to the requirements of Executive Order No. 298, series of 1940, and other existing regulations, be made without first forwarding the corresponding requisition to the Property Requisition Committee for approval under Executive Order No. 43, series of 1947, if such supplies and materials are urgently needed to meet actual emergency involving danger to, or loss of, life and/or property or to avoid detriment to the public service; provided, however, that immediately after the purchase the requisition therefor is submitted, showing (a) complete description of the articles acquired, (b) date of acquisition, (c) the unit prices and the total amount paid, and (d) a clear explanation of the circumstances why the articles were urgently needed or why a regular requisition could not be previously coured as required. In forwarding such requisitions to the Committee, they should be accompa-

nied by the comment and recommendation of the Provincial Auditor, together with the abstract of bids, if any had been held. (2nd indorsement dated September 12, 1947, of the Chairman, Property Requisition Committee, to the Provincial Auditor of Iloilo).

I wish also to inform you that no government contract for public services and/or for furnishing supplies and materials to the Republic of the Philippines or any of its branches, subdivisions, agencies or instrumentalities shall be entered into if by the terms thereof, the Government is required to make an advance payment for services not yet rendered and/or supplies and materials not yet delivered. (Executive Order No. 107 dated December 3, 1947).

No payment, partial or final, shall be made on any contract without certificate on the voucher therefor to the effect that the services and/or supplies and materials for which payment is contemplated have been rendered or delivered, as the case may be, in accordance with the terms of the contract and have been duly inspected and accepted. Such certificate shall be signed by the Chief of the Office having full knowledge of the facts of the case. (Executive Order No. 107, supra).

Another matter which I wish to bring to your attention is about the budget. Under Republic Act No. 238, municipal budgets are no longer subject to the approval of the Provincial Treasurer; hence, salary increases of municipal personnel may go into effect upon approval of the budget by the municipal council. However, payment of the salary increases therein authorized shall not be effected until the approval of such salary increases by the Department of Finance is received even if the corresponding appointments were already approved by the authorities concerned. This requirement also applies to newly created position and the salary increases of provincial and city employees. In this connection, attention is invited to Section 648 of the Revised Manual of Instructions to Treasurers.

In the matter of salaries of auditor's personnel this regulation has invariably been observed by this Office. That is why in submitting recommendation to fill newly created positions and to give salary increases to members of office personnel, you should always see to it that said recommendation be accompanied with the approval of the corresponding appropriation by the Finance Secretary. And do not make your recommendee work until you are so advised by the Central Office.

In this connection, mention may also be made of the matter relative to the abolition of the bonus and the giving of the corresponding amount as an automatic salary increase which is authorized to national employees under Republic Act No. 320. While this is not applicable to local governments, the policy has been adopted to extend the same privilege to local government employees and laborers, if the corresponding appropriation has been approved by the Department of Finance and subject to the condition that the instructions and regulations prescribed for national employees under Memorandum Circular dated June 29, 1948 of the Executive Secretary are complied with.

Another matter which I believe merits a little mention in this gathering is the application of Republic Act No. 218 extending the leave privileges to temporary employees and laborers. In submitting leave of applications of the auditor's personnel for approval of the Central Office, it is desired that mention be made of the date of their appointment, and the number of days and dates of leave enjoyed with or without pay from July 1, 1947, for proper determination if the applicant is entitled to the leave applied for with or without pay.

It is desired to mention also something about bonding of accountable officers. Once a year, provincial and city auditors are required to submit a report on the sufficiency of the bonds of accountable officers. It would be haphazard verification if there is no

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in the provinces, cities or municipalities are subordinate employees of the National Library, and should be appointed by the Secretary of Public Instruction. This opinion, however, involves branches of the National Library to the maintenance of which the province, city, or town merely contributes by appropriating funds to pay the salaries of some of the employees in such branch and to defray other expenses. (See 2nd Par., Op. 131, s. 1940.) The public libraries which are the subject of this query are, on the other hand, not branches of the Bureau of Public Libraries but are separate libraries established and operated exclusively by the town, province, or city and supported wholly by local funds.

Convincing proof that not all public libraries are intended to be subject to the supervision of the Bureau of Public Libraries is found in the contrast between the provisions relative to the Bureau of Education and those referring to the Bureau of Public Libraries. Section 909 of the Revised Administrative Code provides: "To the Bureau of Education (changed to Bureau of Public Schools by Executive Order No. 94, Sec. 83) is committed the administration of the public school system and the supervision of the general school interests of the Philippine Islands x x x." The terms "public school system" and "general school interests" are used without qualification in this section, and are broad enough to cover all public schools in the Philippines. All public schools consequently fall within the supervision of the Bureau of Public Schools. In contrast, nowhere in the Revised Administrative Code or any other law is there found a provision similar to section 909 granting the Bureau of Public Libraries general superintendence over all libraries established at public expense. On the contrary, as already previously shown, a number of provisions in the Revised Administrative Code exist which give evidence

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of insuring the correctness of such verification. For this purpose it is suggested that provincial treasurers as well as city treasurers be requested to submit all requests for bonding to the provincial or city auditor concerned for comment before they are sent to the Treasurer of the Philippines. The Provincial or City Auditor will record such applications in "Bond Index" card obtainable from the Bureau of Printing. Each card is for each bondable position which can be determined from the approved planillas or budgets. The status of each request for bonding should once in a while be ascertained from the provincial or city treasurer to see whether the same has been approved already by the authorities concerned.

The operation of the provincial or city garage as required by Executive Order No. 172, series of 1938, as amended, may also be mentioned. All government land transportation except those purchased from the road and bridge fund should be kept in the provincial or city garage and operated under the garage system. Exception from this requirement was sought from time to time and the request has invariably been recommended for disapproval. Provincial and city auditors are therefore expected to see to it that the said motor vehicles are operated by the district or city engineers concerned under the garage system. In this connection it should be stated that in view of the amendment by Executive Order No. 51, series of 1947, the rate to be set aside as reserve for the acquisition of new cars to replace the old ones should be ₱0.05 per kilometer for automobile and ₱0.0375 per kilometer for jeep.

of an intent to permit the establishment of public libraries removed from the authority of the Bureau of Public Libraries.

For the foregoing reasons, the query is answered in the affirmative.

(Sgd.) ROMAN OZAETA
Secretary of Justice