

**NPM No. 015-2019**

4 June 2019

**HEADS OF PROCURING ENTITIES**

Re: **Procurement of Motor Vehicles under Administrative Order (AO) No. 14, series of 2018**<sup>1</sup>

**Dear Sir/Madam:**

In anticipation of requests for clarification on, or exemption from, the application of AO No. 14, we are issuing this clarificatory opinion to guide all procuring entities (PEs) in the centralized procurement of motor vehicles by the Procurement Service (PS).

At the outset, we note that the Government Procurement Policy Board (GPPB) has issued the following resolutions in the implementation of the centralized procurement of motor vehicles:

GPPB Resolution		Subject
Number	Date	
21-2018	18 October 2018	Approving the inclusion of specified motor vehicles in the list of Common-Use Supplies and Equipment of the PS.
08-2019	22 April 2019	Authorizing the Department of Budget and Management (DBM) and the PS to issue specific procedural guidelines in the operationalization of the centralized procurement of motor vehicles under AO No. 14.

For its part, the DBM issued Budget Circular Nos. 2019-2<sup>2</sup> and 2019-3.<sup>3</sup>

<sup>1</sup> Entitled "Consolidating and Rationalizing the Rules on the Acquisition of Government Motor Vehicles, Adopting a Centralized System of Procurement Therefor, and for other Purposes," dated 10 December 2018.

<sup>2</sup> Entitled "Guidelines Implementing Certain Provisions of AO No. 14, S. 2018," dated 4 March 2019.

<sup>3</sup> Entitled "Guidelines to Implement the Centralized Procurement of Government Motor Vehicles Pursuant to AO No. 14, S. 2018," dated 16 May 2019.

## Preliminary Requirements

Prior to the procurement of motor vehicles, PEs shall observe the usual planning and budgeting prescribed by existing laws and regulations in accordance with Section 8 of AO No. 14, s. 2018. Accordingly, PEs shall incorporate the funds necessary for the procurement of government motor vehicles in their respective annual or corporate operating budgets, or appropriation ordinances.<sup>4</sup> Furthermore, PEs shall ensure compliance with the recommendation and approval requirements prescribed under Section 5 of AO No. 14, s. 2018.<sup>5</sup>

## Scope and Coverage

Section 2 of AO No. 14 covers the procurement of motor vehicles by all national government agencies under the Executive Branch, including government-owned and/or controlled corporations, government financial institutions, state universities and colleges, and local government units.

The centralized procurement by the PS shall cover motor vehicles use for the following purposes, hereinafter referred to as “Covered Motor Vehicles”:

- (a) Exercise of executive functions;
- (b) Transport of personnel, equipment, supplies, products and materials;
- (c) Transport of sick and/or injured persons;
- (d) Patrol operations; and
- (e) Firefighting operations.<sup>6</sup>

Motor vehicles of specific uses not mentioned above may be identified by the DBM Secretary for inclusion in the centralized procurement through the PS.<sup>7</sup>

On the other hand, the following are expressly exempted from the centralized procurement of motor vehicles under AO No. 14:

- (a) motor vehicles used exclusively for the internal and external safety or defense of the State and require highly specialized and customized specifications, such as military trucks and tanks used in combat operations, and heavy armored fighting vehicles;<sup>8</sup> and
- (b) motor vehicles which are to be used in foreign posts, the procurement of which in the country of assignment/deployment is deemed more practical and economical.<sup>9</sup>

Any request for exemption from the application of AO No. 14, on the centralized procurement of motor vehicles by the PS, shall be submitted by the requesting PE for the consideration and approval of the Office of the President.

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<sup>4</sup> Section 8 of AO No. 14, s. 2018.

<sup>5</sup> Section 6 of AO No. 14, s. 2018

<sup>6</sup> *Ibid.*

<sup>7</sup> Section 3.5 of DBM Budget Circular No. 2019-3.

<sup>8</sup> Section 3.4 of DBM Budget Circular No. 2019-3.

<sup>9</sup> Section 3.6 of DBM Budget Circular No. 2019-3.

## Ongoing Procurement

PEs are guided by the following in determining whether their procurement of Covered Motor Vehicles is included in the centralized procurement by the PS, thus:

- (a) PEs which posted the Invitations to Bid (IB) for the Covered Motor Vehicles on or before **4 June 2019**, the date of the effectivity of the Circular, may proceed with their respective procurement activities.
- (b) PEs which have not posted their IBs for the Covered Motor Vehicles on or before **4 June 2016** shall procure the same with the PS.
- (c) Re-posting of IBs for the Covered Motor Vehicles after **4 June 2019**, as a result of a failed bidding or termination of contract, shall be considered a new procurement activity and shall likewise be covered by the centralized procurement of motor vehicles by the PS.

In fine, PEs may only proceed with their procurement activities if the IBs for the Covered Motor Vehicles have been posted on or before **4 June 2019**. After said date, all Covered Motor Vehicles, including those re-posted due to failure of bidding or termination of contract, shall be procured from the PS.

As a final point, the centralized procurement of the Covered Motor Vehicles by the PS under AO No. 14 does not preclude PEs from engaging the services and expertise of the PS as a procurement agent under Section 7.3.3(a)<sup>10</sup> of the 2016 revised Implementing Rules and Regulations of Republic Act No. 9184 for the bidding of other motor vehicles.

For the information and guidance of all.

*(Sgd.)*  
**ROWENA CANDICE M. RUIZ**  
Executive Director V

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<sup>10</sup> In order to hasten project implementation, PEs which may not have the proficiency or capability to undertake a particular procurement, as determined by the Head of the Procuring Entity concerned, may outsource the procurement tasks by:

- a) Requesting other Government of the Philippines agencies to undertake such procurement for them, through the execution of a memorandum of agreement containing specific arrangements, stipulations and covenants, in accordance with government budgeting, accounting and auditing rules;