



REPUBLIC OF THE PHILIPPINES

Department of Budget and Management

Building I, General Solano Street, San Miguel, Manila

BUDGET CIRCULAR

NO. 2007 - 3

November 29, 2007

TO : Heads of Departments, Bureaus, Offices and Agencies of the National Government Including State Universities and Colleges, Government-Owned or Controlled Corporations, Local Government Units; and All Others Concerned

SUBJECT : AMENDMENTS TO CERTAIN PROVISIONS OF BUDGET CIRCULAR (BC) NO. 2004-5A RE: GUIDELINES ON THE GRANT OF HONORARIA AND OVERTIME PAY TO GOVERNMENT PERSONNEL INVOLVED IN GOVERNMENT PROCUREMENT

1.0 Purpose

- 1.1 To amend item no. 6.1 of BC 2004-5A which provides the funding source for payment of honoraria and overtime pay to government personnel involved in government procurement as authorized under Republic Act No. 9184 (Government Procurement Reform Act), as follows:
 - Honoraria - for Chairs and Members of the Bids and Awards Committee (BAC) and the Technical Working Group (TWG); and,
 - Overtime Pay - for administrative staff supporting the BAC and TWG.
- 1.2 To identify additional funding source for payment of honoraria and overtime pay to the aforementioned personnel; and
- 1.3 To revise other related provisions of BC No. 2004-5A (i.e., items 6.3 and 6.4) in order to clarify the manner of payment of said benefits.

2.0 Coverage

This Circular shall apply to all national government agencies (NGAs) including state universities and colleges (SUCs), government-owned or controlled corporations (GOCCs) and local government units (LGUs).

3.0 Guidelines

- 3.1 The amount necessary for payment of honoraria and overtime pay authorized under BC No. 2004-5A dated October 7, 2005 shall be sourced from the following:
 - 3.1.1 Collections from successfully completed procurement projects limited, however, to activities prior to awarding of contracts to winning bidders:
 - Proceeds from sale of bid documents;
 - Fees from contractor/supplier registry;
 - Fees charged for copies of minutes of bid openings, BAC resolutions and other BAC documents;
 - Protest fees; and
 - Proceeds from bid security forfeiture.
 - 3.1.2 Savings realized from the current year specific budget of the agency under the General Appropriations Act (GAA).
 - 3.1.3 In the case of GOCCs, savings from the DBM-approved corporate operating budgets.
 - 3.1.4 In the case of LGUs, savings from the local budgets approved by their respective Sanggunian subject to the pertinent provisions of R. A. 7160 (Local Government Code of 1991).
- 3.2 Savings refer to portions or balances of agencies' budgets as referred to in items 3.1.2, 3.1.3 and 3.1.4 above, free from any obligation or encumbrance which are:
 - 3.2.1 still available after the completion or final discontinuance or abandonment of the work, activity or purpose for which the appropriation is authorized;
 - 3.2.2 arising from unpaid compensation and related costs pertaining to vacant positions and leaves of absences without pay; and
 - 3.2.3 realized from the implementation of collective negotiation agreements which resulted in improved systems and efficiencies and thus enabled an agency to meet and deliver the required or planned targets, programs and services at lesser cost.
- 3.3 In the use of savings, priority shall be given to augmentation of the amounts set aside for mandatory expenditure items provided under the General Provisions of the General Appropriations Act (GAA). It is understood that the use of agency savings for payment of honoraria and overtime pay for procurement activities shall be made only after satisfying said mandatory expenditure items.

- 3.4 The manner of payment of honoraria and overtime pay to entitled government personnel to be charged against collections from successfully completed procurement projects (activities prior to awarding of contracts to winning bidders) enumerated under **item 3.1.1** and savings cited under **item 3.2** of this Circular shall be in accordance with item no. 6.2 of BC No. 2004-5A, except use of savings by national government agencies which shall follow the General Provision of the GAA on the disbursement of funds, i.e.; through the National Treasury and/or authorized servicing banks under the Modified Disbursement Scheme.
- 3.5 In cases of deficiency in collections from procurement activities and non-availability of agency savings, the amount of honoraria and overtime pay shall be adjusted proportionately for all those entitled thereto.

4.0 Saving Clause

All other provisions of BC No. 2004-5A not inconsistent with this Circular shall remain in force and effect.

5.0 Effectivity

This Circular shall take effect immediately.


ROLANDO G. ANDAYA, JR.
Secretary