



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO STREET, SAN MIGUEL, MANILA



BUDGET CIRCULAR

No.: 2019-3
May 16, 2019

To : All Heads of Departments and Agencies in the National Government, Including State Universities and Colleges (SUCs), Government-Owned or -Controlled Corporations (GOCCs), and Government Financial Institutions (GFIs); Chief Executives of Local Government Units (LGUs); and All Others Concerned

Subject : **GUIDELINES TO IMPLEMENT THE CENTRALIZED PROCUREMENT OF GOVERNMENT MOTOR VEHICLES PURSUANT TO ADMINISTRATIVE ORDER NO. 14, S. 2018**

1.0 Purpose

This Circular is being issued pursuant to Section 9(b) of Administrative Order (AO) No. 14 dated December 10, 2018¹ which directs the Government Procurement Policy Board (GPPB) to issue rules and regulations to effectively implement the centralized procurement of government motor vehicles, and consistent with GPPB Resolution No. 08-2019 dated April 22, 2019² which provides that the Department of Budget and Management (DBM) or Procurement Service (PS), as the case may be, shall issue the specific rules, regulations, and guidelines for the operationalization of the centralized procurement of motor vehicles as common-use supply and equipment, as well as the transitory provisions of AO No. 14, s. 2018, to include the date of the implementation of the centralized procurement of motor vehicles.

2.0 Coverage

This Circular shall apply to all national government agencies (NGAs) under the Executive Branch and its instrumentalities, including SUCs, GOCCs, and GFIs; and LGUs.

¹ Consolidating and Rationalizing the Rules on the Acquisition of Government Motor Vehicles, Adopting a Centralized System of Procurement Therefor, and for Other Purposes

² Authorizing the Department of Budget and Management (DBM) and the Procurement Service (PS) to Issue Specific Procedural Process for the Operationalization of a Centralized Procurement of Motor Vehicles

3.0 General Guidelines

- 3.1 The procurement of motor vehicles for use by NGAs, GOCCs, GFIs, SUCs, as well as LGUs, shall remain subject to the recommendatory and approval requirements prescribed under AO No. 14, s. 2018, and Budget Circular (BC) No. 2019-2 dated March 4, 2019³ which was issued to provide the specific guidelines of said AO on the allowable engine displacements of motor vehicles that may be purchased by government agencies, and the approving authorities for the acquisition of the same.
- 3.2 Consistent with AO No. 14, s. 2018 and GPPB Resolution No. 21-2018 dated October 18, 2018⁴ approving the inclusion of motor vehicles in the list of common-use supplies and equipment of the PS, the procurement of motor vehicles approved for acquisition by the relevant authority under any of the following purposes shall be conducted in a centralized manner through the PS, in accordance with the pertinent provisions of Republic Act No. 9184 (*Government Procurement Reform Act*) and its implementing rules and regulations, and other relevant laws and issuances:
- 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.
- 3.3 Pursuant to BC No. 2019-2, the typology, classification, and specifications, as well as the intended use and/or user for the above-mentioned motor vehicles, as indicated under BC No. 2017-1 dated April 26, 2017,⁵ and which are not inconsistent with the former, shall continue to be applied until superseded.
- 3.4 Motor vehicles that are used exclusively for the internal and external safety or defense of the State and require highly specialized and customized specifications shall be exempted from the centralized procurement through the PS. Examples of these vehicles are military trucks and tanks used in combat operations, and heavy armored fighting vehicles.
- 3.5 The Secretary of Budget and Management may identify and include motor vehicles of specific uses not mentioned under Section 3.2 of this Circular which shall be subject to the centralized procurement through the PS. The inclusion of said uses shall be covered by separate issuances/s for the purpose.

³ Guidelines Implementing Certain Provisions of Administrative Order No. 14, s. 2018

⁴ Approving the Inclusion of Motor Vehicles in the List of Common-Use Supplies and Equipment of the Procurement Service

⁵ Amending Budget Circular No. 2016-5 Entitled, "Revised Guidelines on the Acquisition and Use of Government Motor Vehicles dated August 22, 2016"

- 3.6 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, shall likewise be exempted from the centralized procurement through the PS, subject to GPPB Resolution No. 28-2017 dated July 31, 2017.⁶
- 3.7 Government agencies are not restricted or prohibited from engaging the services and expertise of the PS in procuring their motor vehicle requirements for uses other than those enumerated under Section 3.2 of this Circular.

4.0 **Transitory Guidelines**

- 4.1 Agencies which have posted their Invitations to Bid for motor vehicles enumerated under Section 3.2 hereof ***on or before the date of the effectivity*** of this Circular are allowed to proceed with their respective procurement activities for said acquisition.
- 4.2 Motor vehicle acquisition, wherein the Invitation to Bid is for posting after the date of the effectivity of this Circular, shall be covered by the centralized procurement through the PS.
- 4.3 Re-posting of Invitation to Bid after the effectivity date of this Circular, as a result of failed bidding or termination of contract, shall be considered a new procurement activity, thus, shall be covered by the centralized procurement through the PS.

5.0 **Documentary Basis for Procuring Motor Vehicles**

- 5.1 The confirmation letters issued by the DBM to the agencies to confirm their respective budgets included in the National Expenditure Program (NEP) shall serve as their "authority to purchase motor vehicle/s" or APMV, provided that said letter, or its attachment, contains the following information, among others:
- a. Intended use and/or user;
 - b. Quantity;
 - c. Cost; and
 - d. Motor vehicle classification and specifications.
- 5.2 On the other hand, an APMV from the DBM shall still be required in the following cases:
- a. The funding for the motor vehicle to be acquired are from prior years' appropriations;

⁶ Approving the Guidelines for the Procurement of Goods and Services, Infrastructure Projects, and Consulting Services to be Procured and Performed Overseas

- b. The confirmation letter referred to in Section 5.1 hereof did not provide the details of the motor vehicle/s for acquisition, such as those issued to GOCCs without budgetary support from the National Government, and SUCs;
 - c. The government entities were not issued confirmation letters referred to in Section 5.1 hereof during the budget preparation phase, such as in the case of LGUs; and
 - d. The acquisition of motor vehicle/s by the agency will deviate from the details in the confirmation letter, e.g., change in intended use and/or user, and/or specifications.
- 5.3 For requests for acquisition of motor vehicle/s which are for recommendation by the DBM and subsequent approval by the Office of the President (OP) as provided under Section 5(d) of AO No. 14, and Sections 4.5 and 4.6 of BC No. 2019-2, the confirmation letter referred to in Section 5.1 hereof shall already serve as the DBM's recommendation for the purpose. Accordingly, the agency concerned shall submit the request directly to OP appending the DBM-issued confirmation letter.

6.0 **Repeal**

The provisions of other circulars and issuances that are not consistent with this Circular are hereby superseded accordingly.

7.0 **Effectivity**

This Circular shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.


JANET B. ABUEL
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