



REPUBLIC OF THE PHILIPPINES
Department of Budget and Management
Building I, General Solano Street, San Miguel, Manila

BUDGET CIRCULAR

NO. 2004-5
March 23, 2004

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

SUBJECT: Guidelines on the Grant of Honoraria to Government Personnel Involved in Government Procurement

1.0 PURPOSE

Section 15 of RA 9184 (Government Procurement Reform Act) provides:

"Section 15. Honoraria of BAC Members - The Procuring Entity may grant payment of honoraria to the BAC members in an amount not to exceed twenty five percent (25%) of their respective basic monthly salary subject to availability of funds. For this purpose, the Department of Budget and Management (DBM) shall promulgate the necessary guidelines."

This Budget Circular (BC) is issued to provide the guidelines on the grant of honoraria to government personnel involved in government procurement in accordance with said provision of law.

2.0 COVERAGE

This Circular shall apply to all national government agencies, and its instrumentalities, including Local Government Units (LGUs), State Universities and Colleges (SUCs), and Government-Owned and Controlled Corporations (GOCCs).

3.0 RATIONALE

Honoraria is a form of compensation granted to individuals owing to the performance of task(s) and/or involvement in activity(ies) beyond their regular functions. Equity calls for equal performance of substantially similar duties, with substantially similar degrees of responsibility and accountability. Propriety dictates that only persons who have successfully completed their tasks and/or participated in accomplished activity(ies) ought to be compensated.

4.0 GUIDELINES

4.1 The chairs and members of the Bids and Awards Committee (BAC) and the Technical Working Group (TWG) may be paid honoraria only for successfully completed procurement projects. The honoraria shall not exceed the rates indicated below per procurement project:

	<i>Honorarium rate Per procurement project</i>
BAC Chair	3,000
BAC Members	2,500
TWG Chair and Members	2,000

- 4.2 The total amount of honoraria received in a month may not exceed twenty five percent (25%) of the monthly basic salary.
- 4.3 To be entitled to honoraria, personnel should be duly designated as members of the BAC or the TWG by the head of the department/agency concerned.
- 4.4 The members of the BAC Secretariat who perform the attendant functions on an ad hoc basis may likewise be paid honoraria at the same rate as the TWG Chair/Members, subject to the same regulations.
- 4.4.1 The members of the BAC Secretariat whose positions are in the Procurement Unit of the agency shall not be entitled to honoraria. The payment of overtime services may be allowed however, subject to the guidelines under Budget Circular (BC) No. 10 dated March 29; 1996.
- 4.5 Heads of government entities are prohibited from paying honoraria to personnel involved in procurement activities outside of those covered herein.
- 4.6 By reason of jurisprudence, a Department Undersecretary or Assistant Secretary who concurrently serves in the BAC, in whatever capacity, shall not be entitled to honoraria.
- 4.7 In lieu of honoraria, the payment of overtime services may be allowed for the administrative staff such as clerks, messengers and drivers supporting the BAC, the TWG and the Secretariat for procurement activities rendered in excess of official working hours.
- 4.7.1 The payment of overtime services of these personnel shall be in accordance with the guidelines under BC No. 10.
- 4.8 Those who are receiving honoraria for their participation in procurement activities shall no longer be paid overtime pay for procurement activities rendered in excess of official working hours.

5.0 FUNDING SOURCE

Agencies may retain fifty percent (50%) of their collections 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;
- Liquidated damages; and
- Proceeds from bid/performance security forfeiture.

The amount retained shall be exclusively used for the payment of the honoraria authorized herein which shall not exceed 25% of the monthly salary of the employee entitled thereto and overtime pay as provided in 4.1 and 4.7. Any excess of the retained amount over the actual payments at the end of the year shall be remitted to the National Treasury.

6.0 SAVING CLAUSE

Cases not covered by the provisions of this Circular shall be referred to the Secretary of Budget and Management for resolution.

7.0 EFFECTIVITY

This Circular shall take effect immediately.

(Signed)
EMILIA T. BONCODIN
Secretary