REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

August 14, 2020

REVENUE MEMORANDUM ORDER NO. 29- 2020

SUBJECT : **Prescribing the Guidelines and Procedures in the Conduct of Pre-Repair Inspection and Inspection and Acceptance of Delivered Goods and Services, Infrastructure Projects and Consulting Services in the Bureau of Internal Revenue**

TO : **All Internal Revenue Officials, Employees and Others Concerned**

BACKGROUND

Revenue Memorandum Order No. 19-2013 was issued to, among others, split the National Office Inspection and Acceptance Committee (IAC) into two (2) separate committees, the Inspection Committee and the Acceptance Committee. This was done primarily to strengthen check and balance in the conduct of inspection and acceptance of delivered goods and services. In furtherance thereof, splitting of the Regional IAC and adoption of parallel guidelines and procedures with that of the National Office is necessary.

I. OBJECTIVES

A. To amend pertinent provisions of Revenue Memorandum Order No. 45- 2011 dated October 26, 2011, as amended.

B. To split the Inspection and Acceptance Committee (IAC) into separate committees namely:
   1. Inspection Committee (IC)
   2. Acceptance Committee (AC)

C. To institute proper internal safeguards and controls on deliveries.

D. To determine the necessity and/or extent of repair / rehabilitation / renovation and work to be done on IT and non-IT equipment, building facilities and vehicles as well as the replacement of parts thereof.

E. To ensure that the correct quantity and quality of goods / services rendered as specified in the Purchase Order (PO) / Job Order (JO) /Agency Procurement Request (APR) / Request for Printing and Binding (RPB) and Contract and other documents are delivered, inspected, verified and found in order.

F. To define and delineate the duties and responsibilities of different Offices involved.

G. To ensure timely submission of complete supporting documents relevant to the preparation of the Inspection and Acceptance Report (IAR).

H. To ensure compliance with COA circulars and memoranda corresponding to inspection and acceptance of deliveries of Goods and Services.

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II. SCOPE

A. Goods and Services

1. Information Technology/Infrastructure deliverables such as but not limited to the following:
   - Software Licenses / Contracts / Certificates
   - Hardware / Equipment
   - Reports
   - Manuals
   - Systems Documentation
   - Application / System Software
   - IT Related Service

2. Non-IT deliverables such as but not limited to the following:
   - Equipment
   - Supplies
   - Spare Parts
   - Construction Materials

3. Vehicles
4. Building Facilities
5. Services Rendered

B. Infrastructure Projects

1. Building Construction
2. Repair/Rehabilitation/Renovation of Building Facilities (major)

C. Consulting Services

1. Management Services
2. IT Related Services

III. Organization

A. National Office

The Inspection Committee and the Acceptance Committee in the National Office shall be composed of the following officials:

1. Inspection Committee

Chairperson : Assistant Commissioner, Internal Affairs Service (IAS)
Vice-Chairperson : HREA, IAS
Members :

- Chief, Procurement Division (Proc Div.)
- Chief, General Services Division (GSD)

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- Two (2) Representatives from Information Systems Group (ISG)
- One (1) Representative from Internal Investigation Division (IID)
- Other Members to be recommended by the Chairperson, Inspection Committee, and approved by the Commissioner of Internal Revenue (CIR)

Secretariat : As recommended by the Chairperson, Inspection Committee and approved by the CIR

2. Acceptance Committee

Chairperson : Chief, Property Division
Co-Chairperson : Chief, Network Management and Technical Support Division (NMTSD)
Vice Chairperson : Assistant Chief, Property Division
Co-Vice Chairperson : Chief, Computer Operations Network and Engineering Division, National Office Data Center (CONED-NODC)

Members :

- Chief, Warehousing and Distribution Section Property Division
- Chief, Technical Support Section, NMTSD
- Chief, Technical Support Section Revenue Data Center (RDC)
- Additional members to be recommended by the Chairperson, Acceptance Committee, and approved by the CIR

Secretariat : As recommended by the Chairperson, Acceptance Committee and approved by the CIR

B. Regional Office

The Inspection Committee and Acceptance Committee in the Regional Office (RO) shall operate similarly as their counterpart in the NO and shall be composed of the following officials:

1. Inspection Committee

Chairperson : Chief, Regional Investigation Division (RID)
Vice-Chairperson : Assistant Chief, RID
Members :

- Assistant Chief, Collection Division
- 2 members to be recommended by the Chairperson, Inspection Committee and approved by the Regional Director

Secretariat : As recommended by the Chairperson, Inspection Committee and approved by the Regional Director

2. Acceptance Committee

Chairperson : Chief, Administrative & Human Resource Management Division (AHRMD)
Vice-Chairperson : Assistant Chief, AHRMD
Members :

- Section Chief, General Services Section

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- Section Chief, Procurement, Accountable Forms & Property Section
- Additional members to be recommended by the Chairperson, Acceptance Committee, and approved by the Regional Director

Secretariat : As recommended by the Chairperson, Acceptance Committee and approved by the Regional Director

C. Sub-Committee

For far-flung/remote areas which covers Island District Offices and District Offices requiring travel by land of 200 kilometers distance or at least four (4) hours continuous travel from Regional Offices.

1. Inspection Sub-Committee

Chairperson : Asst. Revenue District Officer
Members :

- Section Chief, Collection Section
- Section Chief, Assessment Section
- Other member to be recommended by the Chairperson, Inspection Sub-Committee and approved by the Regional Director

Secretariat : As recommended by the Chairperson, Inspection Sub-Committee and approved by the Regional Director

2. Acceptance Sub-Committee

Chairperson : Revenue District Officer
Members :

- Chief, Administrative Section
- Additional members to be recommended by the Chairperson, Acceptance Sub-Committee, and approved by the Regional Director

Secretariat : As recommended by the Chairperson, Acceptance Sub-Committee and approved by the Regional Director

IV. Guidelines and Policies

The following guidelines and policies shall be observed in carrying out the activities pursuant to this Order.

A. Inspection Committee

1. The IC shall act as an independent unit.

2. In the absence of official properly designated in the plantilla position of the abovementioned offices the Commissioner/Regional Director may appoint any official of the same or next lower rank/level who shall act as IC Chairperson/Member until such time that an official shall have been officially designated.

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3. In case of prolonged absences of the Chairperson or any member, they shall designate their authorized representatives, not lower than the next in rank position/item than that to be represented, duly approved by the Commissioner/ Regional Director.

4. Property inspection is an auditing technique which aids the Property Inspector in his constitutional duty to examine, audit and settle all accounts pertaining to the expenditures of funds and/or uses of property. It requires the Inspector no less than an ocular verification of the existence and condition of the property under inspection. It provides an ample safeguard against attempts of suppliers or contractors to defraud the Government thru short or substandard deliveries or projects. (Sec. 1- COA Manual of Property Inspection 1979).

4.1. Pre-Repair Inspection

4.1.1. Pre-Repair Inspection shall be conducted on IT and non-IT equipment, vehicles and building facilities requested for repair / rehabilitation / renovation/ replacement of unit/parts by concerned offices of the Bureau.

4.1.2. Pre-Repair inspection shall be conducted only upon receipt of duly accomplished Request for Pre-Repair Inspection (Annex "A") from the concerned offices of the Bureau. The request shall be accompanied by a picture of the facility/equipment to be replaced/repaired. (COA Circular No. 2012-001 dated June 14, 2012).

4.1.3. Requisitioning unit/office shall prepare Request for Pre-Repair Inspection and Purchase Request except in cases involving repair / rehabilitation / renovation/ replacement of unit/parts which shall be prepared by concerned offices of the Bureau. However, for island districts the Request for Pre-Repair Inspection and Purchase Request shall be prepared by the Administrative Section (RDO).

4.1.4. The IC and Sub-committee shall conduct actual pre-repair inspection and sign the Pre-Repair Inspection document (Annex "A").

4.1.5. Procurement Division (NO) /Collection Division (RR) /Collection Section (RDO) shall check whether cost of repair is economical or not (not greater than 30% of the current market price) (COA Circular No.85-55A).

4.2. **Inspection of Deliveries**

4.2.1. Actual inspection shall be conducted only upon receipt of duly accomplished Request for Inspection (Annex "B") from Chief, Property Division (PropD) (NO)/ Chief, AHRMD (RR)/ Section Chief, Administrative Section (AdmS) (RDO) or concerned project proponent. For the procurement of goods (services) and infrastructure projects, pictures (if applicable) of the completed work shall be attached.

4.2.2. Inspection shall be conducted only on deliveries of goods and services rendered that are properly receipted for and accepted by concerned Property/Supply Officer and other concerned offices.

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4.2.3. Inspection should be made, as a general rule, in the site specified in the order, after the deliveries have been duly received by the Bureau. Under no circumstances shall inspection be conducted in the premises of the supplier. Exceptional transaction shall be covered by a Memorandum of Agreement (MOA) between the Bureau and the supplier as approved by the Commission on Audit (COA).

4.2.4. Inspection and Acceptance Report (IAR) (Annex "C") must state the items actually inspected and conclusive remarks on findings and recommendation relative to inspection conducted. In case of deviation, the concerned proponent shall prepare a certification indicating the justification relative to the inspected goods/services which do not conform with the approved specifications subject for approval of the one who signed the PO/JO/contract.

4.2.5. The IC representative shall affix his signature beside printed name and indicate the date of inspection in the original Delivery Receipt (DR)/Sales Invoice (SI)/Service Invoice/Charge Invoice (CI).

4.2.6. Inspection of accountable forms delivered by Bangko Sentral ng Pilipinas (BSP), APO Production Unit, Inc. (APO) and National Printing Office (NPO) shall be supervised and controlled by the Committee to Supervise the Printing of Specialized Accountable Forms pursuant to Revenue Memorandum Order No. 14-2015 dated June 24, 2015.

4.2.7. Purchase of item whose cost is less than P15,000.00 and paid out of Petty Cash Fund by authorized Special Disbursing Officer or advanced by any official in the National Office/Regional Office/RDO authorized to buy supplies/materials from their own cash advances shall be inspected by any authorized member of the Inspection Committee upon receipt of goods for inspection from the Special Disbursing Officer. The inspection undertaken shall be indicated on the face of the invoice or delivery receipt.

4.2.8. The Requisitioning Officer shall be held accountable for failure to return/surrender to Property Division (PropD) (NO) / AHRMD (RR) / AdmS (RDO) the waste materials such as worn out spare parts, components and other materials considered scrap due to replacement. (Sec. 63 of Manual of the NGAS).

4.2.9. PropD (NO) / AHRMD (RR) / AdmS (RDO) and concerned project proponent shall invite COA to witness the inspection of items delivered pursuant to Section 6.06 of COA Circular 95-006 (Annex "D").

4.2.10. IC sub-committee created in Regional Offices with Island District Offices/ District Offices requiring travel by land of 200 kilometers distance or at least four (4) hours from Regional Offices shall facilitate inspection for projects amounting to P15,000.00 in said district office.

4.2.11. All photocopies of supporting documents shall be properly authenticated by the concerned originating office.

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B. Acceptance Committee

1. The AC shall act as an independent unit.

2. In the absence of an official properly designated in the plantilla position of the abovementioned offices, the Commissioner/Regional Director may appoint any official of the same or next lower rank/level who shall act as AC Chairperson/Member until such time that an official shall have been officially designated.

3. In case of prolonged absences of the Chairperson or any member, they shall designate their authorized representatives, not lower than the next in rank position/item than that to be represented, duly approved by the Commissioner/Regional Director.

4. For deliveries in the National Office pertaining to supplies and other items for stock and distribution and other non-IT Resources, the Chairperson of the Acceptance Committee shall be the signatory for the "Acceptance" portion of the IAR. However, for contract deliverables pertaining to IT Resources, the signatory shall be the Chief, NMTSD, in his capacity as Co-Chairperson of the Acceptance Committee.

5. Acceptance of accountable forms delivered by Bangko Sentral ng Pilipinas (BSP), APO Production Unit, Inc. (APO) and National Printing Office (NPO) shall be undertaken by the Chief, Accountable Forms Division.

V. Procedures

A. Inspection Committee

The concerned officer shall be responsible for the following:

1. Pre-repair Inspection

1.1. Requisitioning Unit

1.1.1. Prepare letter request to ACIR, Administrative Service, Attention: PropD/ GSD (NO) / Regional Director, Attention: Chief, AHRMD (RR) for repair/renovation/rehabilitation/replacement of unit/parts;

1.1.2 Coordinate with the following offices:

- PropD/GSD/AHRMD/AdmS
  – For Non-IT equipment, vehicles and building facilities for repair/renovation/rehabilitation/ replacement of unit/parts

- Service Desk, NMTSD (NO) /RDC (RR)
  – For IT equipment and facilities for repair/ renovation/ rehabilitation/ replacement of unit/parts

1.1.3. Prepare and sign Request for Pre-Repair Inspection (Annex "A") and Purchase Request;

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1.1.4. Submit Request for Pre-Repair Inspection to IC. Pictures before the repair should be attached (if applicable); and,

1.1.5. Return /surrender to PropD/AHRMD/AdmS within one (1) day upon inspection, the waste materials such as worn out spare parts, components and other materials considered scrap due to replacement.

1.2. Service Desk, NMTSD (NO)/RDC(RR)

1.2.1. Conduct actual pre-repair inspection of IT equipment and facilities for repair/renovation/rehabilitation/ replacement of unit/parts;

1.2.2. Check and determine the necessity of repair and the extent of the damage;

1.2.3. Determine reasons for breakdown, whether due to fair wear and tear or negligence;

1.2.4. Coordinate with Project Proponent (PP) if property is still covered by warranty;

1.2.5. Prepare, sign and attach Service Report to the Request for Pre-Repair Inspection; and,

1.2.6. Forward the Request for Pre-Repair Inspection to Member, IC (NO)/ AHRMD(RR)/ AdmS (RDO) within one (1) working day from the conduct of actual pre-repair inspection.

1.3. Members - IC

1.3.1. Conduct actual pre-repair inspection / evaluation;

1.3.2. Check and determine the necessity of repair and the extent of the damage;

1.3.3. Determine reasons for breakdown, whether due to fair wear and tear or negligence;

1.3.4. Coordinate with PP if property is still covered by warranty;

1.3.5. Check whether cost of repair is economical or not (not greater than 30% of the current market price) (COA Circular No. 85-55A);

1.3.6. Validate the findings in the Request for Pre-Repair Inspection; and,

1.3.7. Sign and forward the Request for Pre-Repair Inspection to Chairperson, IC (NO)/RID(RR)/ARDO(District) within three (3) working days from the conduct of actual pre-repair inspection except for major repairs amounting to 1,000,000.00 and below requiring submission of drawings, lay-out & estimates within fifteen (15) working days.

1.4. Chairperson - IC

1.4.1. Affirm the findings in the Request for Pre-Repair Inspection; and,

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1.4.2. Sign and forward the Request for Pre-Repair Inspection to Assistant Commissioner, Administrative Service (NO)/Regional Director (RR) together with the Purchase Request within one (1) working day.

2. Inspection of Deliveries

2.1. Requisitioning Unit

2.1.1. Prepare, sign and forward Request for Inspection to the Chairperson, IC and Commission on Audit (COA) together with the original DR/ SI/ ServI/ BI/ BS/ CI/ SOA and certified true copy of PO/ JO/ APR/ RPB/TOR/Contract within twenty-four (24) hours from receipt of deliveries.

2.2. Inspection Committee Secretariat (ICS)

2.2.1. Receive from PropD/GSD/NMTSD/PP (NO) / AHRMD (RR) / AdmS (District) the Request for Inspection together with the original DR/ SI/ ServI/ BI/ BS/ CI/ SOA and certified true copy of PO/JO/ APR/ RPB/TOR/ Contract;

2.2.2. Receive original Certificate and /or Waste Material Report;

2.2.3. Validate the accuracy and completeness of documents necessary for processing the Inspection and Acceptance Report. In case of discrepancies, prepare Reference Slip/Memorandum for signature of Chairperson, IC returning the documents to PropD/GSD/NMTSD/PP (NO) / AHRMD (RR) / AdmS (District) / PP for appropriate action;

2.2.4. Prepare Transmittal Slip, Inspection and Acceptance Report (IAR) and Chronology of Events (COE) within twenty-four (24) hours upon receipt of Request for Inspection including attachments; (Annex "E");

2.2.5. Stamp "INSPECTED" in the original DR/SI/ServI/BI/BS/CI/SOA and request the inspectors to affix his/her signature beside printed name and indicate the date of inspection;

2.2.6. Forward the signed Transmittal Slip with the complete docket (IAR, Request for Inspection including all supporting documents) to assigned/concerned Inspectors; and,

2.2.7. Forward the approved / signed IAR by the Chairperson, Inspection Committee together with the complete docket to the Chairperson/Co-Chairperson, Acceptance Committee.

2.3. Members - IC

2.3.1. Inspect and verify items as to quantity and conformity with the specifications based on the DR/ SI/ ServI/ BI/ BS/ CI/ SOA and approved PO/JO/APR/RPB/TOR/Contract, within three (3) working days from receipt of Request for Inspection;

2.3.2. Verify / Check waste materials such as worn out spare parts. components and other materials considered scrap due to replacement/fair wear & tear;

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2.3.3. Affix Inspector's signature beside printed name and indicate the date of inspection on the original DR/ SI/ Servl/ BI/ BS/ CI/ SOA; and,

2.3.4. Sign the IAR over printed name

2.4. Vice-Chairperson - IC

2.4.1. Review and initial on the transmittal Slip;

2.4.2. Review and initial on the Reference Slip/Memorandum returning the Request for Inspection (including all supporting documents) w/ discrepancies;

2.4.3. Review and sign Chronology of Events;

2.4.4. Review and initial in the IAR.

2.5. Chairperson - IC

2.5.1. Assign Inspectors to conduct actual inspection;

2.5.2. Sign Reference Slip/Memorandum returning the Request for Inspection (including all supporting documents) w/ discrepancies; and,

2.5.3. Review and sign the IAR within one (1) working day from receipt.

B. Acceptance Committee

1. Acceptance Committee Secretariat (ACS)

1.1. Receive Inspection and Acceptance Report (IAR) signed by the Chairperson, Inspection Committee, together with, but not limited to the following documents:

a. Original Delivery Receipt
b. Original Sales Invoices/Billing Invoice/Statement of Account
c. Authenticated Copy of Purchase Order/Job Order/Contract/APR
d. Original Request for Inspection

Additional attachments, if applicable;
a. Original Certificate of Completion and Acceptance
b. Official Certificate of Job Completion
c. Original Certificate of Service Performance
d. Original Warranty

1.2. Forward the IAR together with the attached documents to the members for their validation/comments and initial;

1.3. Prepare Reference Slip forwarding the report of the AC on discrepancies/inconsistencies;

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1.4. Forward the approved/signed Reference Slip and Report on discrepancies/inconsistencies to the Project Proponent/ Inspection Committee for appropriate action;

1.5. Forward the approved/signed IAR by the Chairperson/Co-Chairperson, Acceptance Committee, to the Property Division/AHRMD; and,

1.6. Furnish copy of the approved IAR to Accounting and COA for recording purposes.

2. Members - AC

2.1. Receive IAR from Acceptance Committee Secretariat together with the attached documents for validation;

2.2. Validate IAR and the attached documents;

2.3. Prepare and initial the Report on discrepancies/inconsistencies found for approval/signature of the AC Chairperson/Co-Chairperson;

2.4. Affix initial under the name of the Chairperson, Acceptance Committee, appearing in the "ACCEPTANCE" box of the IAR within one (1) working day from its receipt; and,

2.5. Forward IAR to the Chairperson/Vice-Chairperson, Acceptance Committee, for approval.

3. Vice-Chairperson - AC

3.1. Review documents and initial under the name of the Chairperson, Acceptance Committee, appearing in the "ACCEPTANCE" box of the IAR within one (1) working day from its receipt;

3.2. Review and initial Reference Slip and Report on discrepancies/ inconsistencies prepared by the AC Secretariat and Members, respectively;

3.3. Forward IAR/Reference Slip and Report of discrepancies/ inconsistencies to the Chairperson, Acceptance Committee for appropriate action; and,

3.4. Act and assume the responsibilities of the Chairperson during prolonged absences of the latter until such time that the designated authorized representative shall have been approved by the Commissioner/Regional Director (IV. Guidelines and Policies, Section 3).

4. Chairperson - AC

4.1. Review documents and sign the "ACCEPTANCE" box of the IAR within one (1) working day upon receipt of the Inspection and Acceptance Report;

4.2. Sign Reference Slip and Report on discrepancies/ inconsistencies prepared by the AC Secretariat and Members, respectively; and,

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4.3. Forward approved IAR/Reference Slip and Report on discrepancies/inconsistencies to AC Secretariat.

VI. Repealing Clause

This supersedes all issuances or portions thereof inconsistent herewith.

VII. Effectivity

This order shall take effect immediately.

CAESAR R. DULAY
Commissioner of Internal Revenue

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