REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

August 24, 2004

REVENUE MEMORANDUM ORDER NO. 42-2004

TO: **All Revenue Officials and Employees Concerned**

SUBJECT: **Guidelines and Procedures on the Grant of Honoraria to BIR personnel involved in procurement activities.**

I. OBJECTIVES:

This order prescribes the guidelines and procedures for the receipt of collections and grant of honoraria in accordance with Section 15 of RA 9184 (Government Procurement Reform Act) and National Budget Circular No. 2004-5 dated March 23, 2004.

II. POLICIES:

1. A separate account shall be opened and maintained at LBP exclusively for deposit of 50% of collections from payments of the following:

    a) sale of bid documents;
    b) fees from contractor/supplier registry;
    c) fees charged for copies of minutes of bid openings, BAC resolutions and other BAC documents;
    d) protest fees;
    e) liquidated damages; and
    f) proceeds from bid/performance security forfeiture.

2. A separate official receipt shall be issued to acknowledge payment.

3. A project that has been issued a Notice of Award and duly acknowledged by the supplier/contractor shall be considered a successfully completed procurement project.

III. GUIDELINES AND PROCEDURES:

A. Receipt and Recording of Collections:

1. BAC Secretariat:

a) Prepare billing statement for payment of fees for documents enumerated under item II.1;

b) Release bid documents/eligibility forms/minutes/resolutions to the bidder upon presentation of proof of payment.

2. Accounting Division/Finance Division (AD/FD):

a) Prepare order to accept payment in favor of supplier/contractor with the following accounting entries:

		DR	CR
Cash – collecting officer	102	xx	xx
Miscellaneous Income	678	xx	xx
Payment of Collection and Deposit			

b) Process and record Report of Collection in the Bureau's Regular Agency Book.

3. General Services Division/Administrative Division:

a) Open and maintain an account with LBP for the 50% of the collection under item II.1.

b) Issue separate official receipt corresponding to the 50% of the payment under item II.1 to be deposited to the account under item III.3.a and the other 50% to be remitted to the Bureau of Treasury.

c) Prepare and submit report of collection and deposit to AD/FD.

B. Requirements for Honoraria Entitlement.

To be entitled to honoraria, revenue personnel concerned must meet the following requirements:

1. Must be duly designated as chairman and members of the Bids and Awards Committee (BAC), the Technical Working Group and Secretariat covered by a Revenue Special Order.

2. Must have participated in any of the procurement activities enumerated under Section 12.1 of the IRR of RA No. 9184 for a particular contract, as certified by the Chair or Vice-Chair, Bids and Awards Committee.

3. Members of the secretariat who perform the attendant functions on an ad hoc basis as certified by the Chair or Vice-Chair, Bids and Awards Committee.

C. Honoraria Rates

1. The honoraria shall not exceed the rates indicated below per procurement project:

	Honorarium rate per project
BAC Chair	3,000
BAC Members	2,500
TWG Chair and Members	2,000

2. Honoraria received in a month should not exceed twenty five percent (25%) of the monthly basic salary.

3. The members of the BAC Secretariat who perform the attendant functions on an ad hoc basis may be paid honoraria at the same rate as the TWG Chair/Members.

D. Claim and Payment of Honoraria:

1. Payment of honoraria shall be on a monthly basis.

2. Payment of honoraria shall be made only for successfully completed procurement projects.

3. The BAC Chair or Vice-Chair shall be responsible for identifying the BAC Secretariat members entitled to receive honoraria in a specified project.

4. Box A of the Disbursement Voucher shall be signed by the BAC Chair or Vice Chair.

5. Disbursement voucher shall be supported with the following documents:

    a) Payroll

    b) Notice of award duly acknowledged by the supplier/ contractor.

    c) Certification from the Head, BAC Secretariat that the employees entitled to receive honoraria has participated in the procurement activities.

IV. LIMITATION CLAUSE:

1. Those who are receiving honoraria for their participation in procurement activities shall not be allowed to render overtime services with pay or overtime services to be compensated through time/days off work.

2. Members of the BAC Secretariat whose positions are in the Procurement Unit of the agency shall not be entitled to honorarium. Overtime services may be allowed subject to the guidelines under Budget Circular No. 10 dated March 29, 1996 and Section 1.d of Administrative Order No. 103 dated August 31, 2004.

V. EFFECTIVITY

This order shall govern the grant of honoraria effective March 23, 2004 in accordance with National Budget Circular No. 2004-5.

(Original Signed)
GUILLERMO L. PARAYNO, JR.
Commissioner of Internal Revenue