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MEMORANDUM CIRCULAR

NO. 41
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**T O : All Heads of Offices, Bureaus, Services and Units (OBSUs)
DSWD Central and Field Offices and Attached Agencies**

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

RATIONALE

An honorarium 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 compensation for performance of substantially similar duties, with substantially similar degrees of responsibility. Propriety dictates that only persons who have successfully completed their task(s) and/or participate in accomplished activity(ies) ought to be compensated.

The Department of Budget and Management issued Budget Circular No. 2004-5 on 23 March 2004 to provide guidelines on the grant of honoraria to government personnel involved in government procurement in accordance with Section 15 of Republic Act No. 9184 (Government Procurement Reform Act of 2003):

“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 basic monthly salary subject to availability of funds. For this purpose, the Department of Budget and Management (DBM) shall promulgate the necessary guidelines.”

OBJECTIVE

This Circular is issued to provide guidelines on the grant of honoraria to DSWD personnel involved in government procurement in accordance with the provisions of RA No. 9184 and DBM-BC No. 2004-5.

COVERAGE

This Circular shall apply to DSWD Central and Field Offices and to its attached agencies.

OPERATING GUIDELINES

As embodied in the DBM Circular, the following shall serve as the operating guidelines for the provision of honoraria:

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 which refers to the point where there is a successful and completed awarding of a contract to a winning bidder.
2. The honoraria shall not exceed the rates indicated below per procurement project:

	Honorarium Rate Per Procurement Project
BAC Chair	P 3,000
BAC Members	P 2,500
TWG Chair and Members	P 2,000

3. The total amount of honoraria received in a month may not exceed twenty five percent (25%) of the members' monthly basic salary.
4. To be entitled to honoraria, the personnel concerned should be duly designated as members of the BAC or the TWG by the head of the department/agency concerned.
5. The members of the BAC Secretariat who perform the attendant functions on an ad hoc basis¹ may likewise be paid honoraria at the same rate as the TWG Chair/Members, subject to the same regulations.
6. 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 provisions of Administrative Order No. 103 as implemented by Joint CSC-DBM Circular No. 2 dated 4 October 2004 on Non-Monetary Remuneration for Overtime Services Rendered.
7. By reasons of jurisprudence (Supreme Court ruling under GR 83896 dated 22 February 1991), a Department Undersecretary or Assistant Secretary who concurrently serves in the BAC, in whatever capacity, shall not be entitled to honoraria.
8. In lieu of honoraria, the payment of overtime services may be allowed for the administrative staff such as the clerks, messengers and drivers supporting the BAC, the TWG and the Secretariat for procurement activities rendered in excess of official working hours. (The payment of which shall be in accordance with the above-mentioned Joint CSC-DBM Circular No.2).

¹ Special assignment in addition to regular functions

9. 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.
10. The head of the agency is prohibited from paying honoraria to personnel involved in procurement activities outside of those covered herein.
11. Payment of honoraria for the members of the BAC and the TWG shall be on attendance basis and shall be subject to the existing accounting and auditing rules and regulations. Full amount shall be given for complete attendance/participation for the duration of the successfully completed procurement process. For incomplete attendance, deduction shall be made accordingly based on the number of process conducted which shall be given to his/her alternate member.

FUNDING SOURCE

Amount needed for this purpose shall be sourced from the fifty percent (50%) portion of the collections from the sale of bid documents; fees from contractor/supply 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, which amount shall be retained and deposited on a separate current account to Land Bank of the Philippines for the purpose.

Pursuant to the provisions of Budget Circular No. 2004-5, the other fifty percent (50%) shall be remitted to the National Treasury.

EFFECTIVITY

This Circular shall take effect immediately.

Issued in Quezon City this 5th day of November 2004.


CORAZON N. JULIANO-SOLIMAN
Secretary

A CERTIFIED COPY:


CARMELITA F. ZAPRA
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