

GUIDELINES ON THE ACQUISITION AND RENTAL OF MOTOR VEHICLES

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1.0

Purpose

This Circular is being issued to:

- 1.1 Provide guidelines in the application of existing policies on the acquisition and rental of motor vehicles; and
- 1.2 Prescribe specifications for motor vehicles allowed to be purchased for government use.

2.0

General Policy

It is the policy of the government to ensure the efficient and effective use of government motor vehicles. For this purpose, motor vehicles to be acquired shall be limited to those deemed necessary and appropriate for the officials authorized to use official transport vehicles or for the performance of functions or activities requiring transport mobility.

3.0

Specific Policies

3.1 Restrictions on the Use of Funds - Pursuant to Section 14, General Provisions, FY 1995 General Appropriations Act (R.A. 7845), no government funds shall be utilized to purchase motor vehicles, except: (a) medical ambulances, military and police patrol vehicles, other utility vehicles, road construction equipment, motorized bancas, and those used for mass transport when necessary in the interest of the public service, upon authority of the department or agency head and the Secretary of the Department of Budget and Management , and (b) those authorized by the President, the Senate President, the Speaker of the House of Representatives, or the Chief Justice of the Supreme Court.

3.2 Official Vehicles and Transport - Likewise, Section 34, General Provisions, FY 1995 General Appropriations Act, provides that government motor transportation may be used by the following officials:

- a. The President of the Philippines;
- b. The Vice-President;
- c. The President of the Senate;
- d. The Speaker of the House of Representatives;
- e. The Chief Justice of the Supreme Court;
- f. The Secretaries, Undersecretaries and officials of equivalent rank;

- g. The Presiding Justice of the Court of Appeals;
- h. Ambassadors, Ministers Plenipotentiary and Consuls in charge of Consulates, in their respective stations abroad;
- i. The Chief of Staff, the Vice-Chief of Staff and the Commanding Generals of the major services of the Armed Forces of the Philippines;
- j. The Heads of Constitutional Commissions; and
- k. Those who may be specifically authorized by the President of the Philippines, the President of the Senate with respect to the Senate, and the Speaker with respect to the House of Representatives, with costs chargeable to the appropriations authorized for their respective offices.

3.3 Limitation on Rental of Motor Vehicles - Section 76, Chapter 7, Book Vi of Executive Order No. 292 (Administrative Code of 1987) provides that no appropriations authorized in the General Appropriations Act shall be used for renting motor transport equipment for a continuous period of more than fifteen days, except as may be authorized by the Secretary of Budget and Management.

4.0

Authority to Purchase

4.1 National government agencies (NGAs), government-owned and/or controlled corporations (GOCCs) and local government units (LGUs) may purchase the following types of vehicles chargeable against their respective appropriations upon approval by the Agency Head and the Secretary of Budget and Management:

- medical ambulances
- military and police patrol vehicles
- fire trucks
- road construction equipment such as graders, payloaders, dump trucks , road rollers, etc.
- motorized bancas
- mass transport when necessary in the interest of public service
- motorcycles
- other utility vehicles with locally manufactured chassis and body, and with engine displacement of not more than 1600cc for gasoline and 2500cc for diesel. (Examples are Asian Utility Vehicles and other locally assembled and fabricated jeepneys/vehicles of similar design or configuration.)

4.2 The purchase of the following motor vehicles is subject to the approval of the President:

- cars or sedans
- passenger vans/wagons and other service vehicles with fully imported chassis and body
- pick-ups and all-terrain vehicles with fully imported chassis and body, and four- wheel drive
- aircrafts and seacrafts

4.3 In lieu of the approval by the President, the purchase of motor vehicles in the Legislative and Judicial Branches of government is subject to the approval of the Senate President, Speaker of the House of Representatives or Chief Justice of the Supreme Court, as the case may be.

5.0

Type, Classification and Specifications

5.1 The type, classification and specifications of motor vehicles which may be authorized to be purchased shall be in accordance with the Motor Vehicle Classification and Specifications Guide (MVCSG) prescribed under Annex A of this Circular.

5.2 The Department of Budget and Management reserves the right to reduce and/or alter type and specifications of the proposed motor vehicles from a higher to a lower model/category to conform with the MVCSG and what is considered economical, cost-effective and more appropriate to the needs of the requesting agency and the resources of the government.

6.0

Cost of Acquisition

6.1 The cost of the motor vehicle authorized to be purchased shall be based strictly on the type and specifications approved for the motor vehicle.

6.2 The purchase of the motor vehicle shall be subject to the pertinent accounting and auditing rules and regulations.

7.0

Modes of Acquisition

7.1 Motor vehicles may be acquired through outright purchase wherein brand new motor vehicles are paid for on a single, lump-sum basis.

7.2 Alternatively, motor vehicles may be assembled, (usually owner-typed jeeps and AUV-type vehicles) utilizing locally fabricated chassis and body and fitted with surplus/reconditioned engine.

However, regardless of whether the funding source is capital outlay or maintenance and other operating expenses, acquisition by assembly shall be subject to the approval by the agency head and the Secretary of Budget and Management and may be resorted to when any of the following conditions are satisfied:

- Where a brand new utility vehicle is not available in the locality, or if available, the cost is prohibitive because of distance from the nearest market source; or
- Where an assembled vehicle is deemed more durable as the design and type of parts used are made suitable to the road condition/terrain in the locality such as in remote barangays/municipalities.

8.0

Entitlement to Official Vehicles

8.1 In addition to those specifically authorized by law as stated under Section 3.2 hereof, the following officials are entitled to official transport vehicles subject to the approval of the President:

- Assistant Secretaries (SG 29) and officials with equivalent rank. For this purpose, the rank equivalence is based primarily on salary grade (SG) and applies to officials occupying regular positions identified in the:
 - a. Personal Services Itemization (PSI), in the case of NGAs;

- b. Staffing pattern approved by DBM, in the case of GOCCs; and
- c. Position Allocation List (PAL) maintained by the Compensation and Position Classification Bureau-DBM, in the case of LGUs.

- Bureau Directors, Department-wide and bureau-wide Regional Directors, and Executive Directors and other directors who are heads of bureau-level organizational units identified in the PSI.

8.2 An official entitled or authorized to use an official transport shall be allowed only one (1) motor vehicle. However, a Cabinet Secretary or an official holding a position of equivalent rank may be allowed a back-up vehicle for security personnel. Acquisition of the additional vehicle for security personnel is subject to the approval of the need for a security detail by the Secretary of the Interior and Local Government upon the recommendation of the Director-General of the Philippine National Police.

9.0

Replacement of Motor Vehicles

9.1 Motor vehicles may be replaced under the following conditions:

9.1.1 For high official function cars/sedans, passenger vans/wagons, and other service vehicles — If the motor vehicle is at least seven (7) years old and has traveled at least 175,000 kms.

9.1.2 For utility vehicles — If the utility vehicle is at least five (5) years old and has traveled at least 150,000 kms.

9.1.3 Replacements may also be allowed even before the conditions in 9.1.1 and 9.1.2 above are met, when:

- The vehicle, for justifiable reasons, is declared as unserviceable, in which case, a duly accomplished Inventory and Inspection Report of Unserviceable Property shall be submitted together with the request for replacement, or
- The average annual cost of recurring repair/reconditioning during the immediate past two (2) years is at least thirty percent (30%) of the current price of a new similar unit. In this case, a statement of recurring repair/reconditioning expenses for the two-year period prepared by the chief accountant and certified by the agency head shall accompany the request.

10.0

Submission of a Motor Vehicles Inventory

10.1 Within sixty (60) days from the effectivity of this Circular, all NGAs, GOCCs and LGUs shall submit an up-to-date, accurate and complete (including those in the central, regional and other field offices) INVENTORY of their motor vehicles using the Motor Vehicles Inventory Form - Annex B (with sample entries)[*] to the Department of Budget and Management, attention the ORGANIZATION AND PRODUCTIVITY IMPROVEMENT BUREAU.

10.2 The agencies concerned shall ensure the completeness and accuracy of the Inventory as this will be a ONE-TIME submission and that the information contained therein will constitute a data base on which all future actions on motor vehicles will be based/referred to. All agencies concerned shall inform the Organization and Productivity Improvement Bureau of all new acquisitions as well as disposal of old motor vehicles to update the data base.

10.3 NGAs, GOCCs and LGUs which have no motor vehicles shall accomplish and submit the Motor Vehicles Inventory Form just the same, indicating thereon that the NGA/GOCC/LGU has no motor vehicle.

10.4 Requests of NGAs/GOCC/LGUs without the Motor Vehicles Inventory required under this Circular shall be returned without action.

11.0

Supporting Documents to Requests

11.1 All requests for authority to purchase motor vehicles submitted to the Department of Budget and Management shall be duly approved/endorsed by the head of the NGA, GOCC or LGU, and shall be accompanied by:

11.1.1 The duly accomplished Motor Vehicles Inventory Form required under 10.0 above, if none had been submitted yet.

11.1.2 Certification of fund source and availability, as follows:

- Equipment Outlay in the General Appropriations Act and/or other authorized appropriation source, in the case of NGAs; or
- A certification that the purchase of the motor vehicle has been previously authorized under the corporate operating budget approved by the President, in the case of GOCCs; or
- A certification by the local Treasurer that funds are available for the purpose together with a copy of the Sanggunian Resolution endorsing the purchase and citing pertinent provision(s) in the local Appropriations Ordinance authorizing funds therefor, in the case of LGUs.

11.1.3 The number, type, specifications and cost of requested vehicle.

11.1.4 User-official, deployment by organizational unit, and/or activities/purposes for which the vehicle will be used.

11.2 In the case of replacement units, a duly accomplished Inventory and Inspection Report of Unserviceable Equipment covering the vehicle intended to be replaced shall be submitted in addition to the requirements under Section 11.1 above.

12.0

Rental of Motor Vehicles

12.1 Heads of Agencies are authorized to rent motor transport equipment for a continuous period not exceeding fifteen (15) days chargeable against agency appropriations under the following circumstances/situations:

- Where the motor vehicle will be used in the performance of agency functions, such as investments promotion, foreign affairs, international trade and tourism, that require transportation services for agency official guests/visitors;
- Where the motor vehicle will be used in conventions, seminars, athletic/sports events and similar gatherings wherein the nature of the gathering requires the travel or transport of participants from one location to another;
- Where the motor vehicle will be used by a Presidential ad-hoc body/agency mandated to perform a specific task within a specific period. In which case, motor vehicle rental is deemed more economical, expedient and convenient than outright purchase;
- Where the motor vehicle will be used in urgent and/or emergency cases such as in search and rescue operations during natural or man-made disasters or calamities; and

- Under other situations similar to the above.

12.2 Rental of motor vehicles/transport equipment for a continuous period of more than fifteen (15) days may be allowed, subject to the approval by the Secretary of Budget and Management.

12.3 Information Requirements — Requests for authority to rent shall be accompanied by the following:

- Detailed justification for the rental of the motor/transport vehicle(s) proposed, including the duration of the specific program, project and activity for which the motor vehicle(s) will be rented;
- The number, type and specifications of vehicle(s) to be rented, and the proposed rate(s);
- Period of rental of the motor vehicle(s); and
- Certifications of fund source and availability.

13.0

Effectivity

This Circular shall take effect immediately.

Adopted: 24 Nov. 1995

(SGD.) SALVADOR M. ENRIQUEZ, JR.
Secretary

[*] Text available at Office of the National Administrative Register, U.P. Law Complex, Diliman, Quezon City.

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