

PRESCRIBING GUIDELINES FOR I.T. RESOURCE ACQUISITION IN GOVERNMENT

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SECTION 1. Declaration of Policy

Presidential Decree 1480 issued on June 11, 1978 provided for the restructuring of the National Computer Center and vested it among other things with the mandate ‘to formulate policies and prescribe standards on the acquisition and utilization of computers and related devices, data communications, information systems, and manpower development in support of national computerization objectives’.

On May 23, 1989, MO237 was issued by the President; “Further Liberalizing the Existing Procedural Guidelines for the Acquisition and Use of Information Technology Resources in Government.’

On October & November of 1993, NCC issued NCC MC93-3 ‘Prescribing Guidelines for Information Systems Planning in the Government’ and NCC MC 93-4 ‘Prescribing the Guidelines for the Acquisition of IT Resources in Government’.

It is hereby declared that it is the policy of the State to have an integrated government computerization program. There is also a pressing need to coordinate, integrate, modernize and fast track the implementation of all Information Technology (IT) related projects to achieve its vision of providing better services to the people.

There is also need to coordinate, integrate, modify and modernize the infrastructure policies, programs and projects speed up its implementation as well as enhance the planning and use of computer resources with high quality and cost efficiency as a major consideration.

On November 7, 1997, the Office of the President issued AO332 ‘Directing all Government Agencies and Instrumentalities including Local Government Units to Undertake Electronic Interconnection through the Internet to be known as the RP-Web. NCC was tasked together with NITC to issue guidelines for implementation of RP-Web.

The Department of Budget and Management (DBM) has issued National Budget Circular No. 463 dated January 20, 1999 providing for the Guidelines on 1999 Release of Funds. Section 3.3.2 of the said circular provides that ‘built in appropriation items can only be obligated by the agency under the current year’s budget subject to their compliance requirements.... c.) computers and other information technology equipment which need the clearance of the National Computer Center’.

NCC, guided by these objectives and in exercise of its mandate under Section 2b, 2c and 2g of PD 1480 and Sec. 6 of MO237, now issues this circular to guide the agencies in their acquisition program.

SECTION 2. Definition of Terms

For the purpose of this Circular, the following shall, unless the context indicates otherwise, have the following:

2.1 Information Technology (IT) — refers to the totality of the means employed to systematically collect, process,

store, present and share information in support of human intellectual activities. It encompasses the use of computer technology and telecommunications as well as any information and communication technology that deals with the integrated use of modern applications of computers, networks and of telecommunications in the provision of information and value added services.

Information Technology (IT) Resources — consist of:

2.1.1 Computer Systems which include hardware/software inclusive of data communications, networking equipment and such other peripherals and auxiliary equipment necessary to put the system into operational mode.

- Hardware components consist of one or more processors and peripherals devices connected to the processors.
- Peripherals devices include input devices, output devices, terminals, secondary storage devices, networking devices/communication equipment (hubs, routers, switches, etc.) and the operator's console.
- Auxillary equipment includes modems, multiplexers, automatic voltage regulators, uninterruptible power supply and other off-line devices such as data entry systems, microfilm units, decollators, bursters, binders, etc.

2.1.2 Databases which are computer-based collection of files maintained and which can be accessed by users within or outside the organization; and

2.1.3 IT Manpower Resources which include all IT personnel as well as consultancy/technical services related to the planning, development, implementation and maintenance of information systems and training.

2.2 Information Systems Strategic Plan (ISSP) — is a three to five-year computerization framework of an agency which embodies how the organization intends to utilize IT as a strategic tool in pursuit of its mission.

2.3 Information System — is a computer-based system which facilitates the storage, processing and retrieval of data for decision-making, planning, controlling/monitoring purposes.

2.4 I.T. Resources Acquisition — is a series of inter-related processes in the procurement of IT resources. It is normally characterized by competitive bidding unless in those cases enumerated in Executive Order 301, as allowed by the Commission on Audit (COA), where the Agency may enter into a negotiated contract. It also includes other procurement modes as contained in COA Resolution 97-004, 98-003 as well as in EO285 (s. 1987) and EO359 (s. 1989).

2.5 Build-Operate-and-Transfer (BOT) — a contractual arrangement whereby the project proponent undertakes the construction, including financing of a given facility, and the operation and maintenance thereof. The project proponent operates the facility over a fixed term during which it is allowed to charge facility users appropriate tools, fees, rentals and charges not exceeding those proposed in its bid or as negotiated and incorporated in the contract to enable the project proponent to recover its investment, and operating and maintenance expenses in the project. The project proponent transfers the facility to the government agency or local government unit concerned at the end of the fixed term which shall not exceed fifty (50) years. This shall include supply-and-operate situation which is a contractual arrangement whereby supplier of equipment and machinery for a given infrastructure facility, if the interest of the Government so requires operates the facility providing in the process technology transfer and training to Filipino nationals.

SECTION 3. Submission of Information System Development Plans (ISDPs)

3.1 An ISDP, which embodies the agency's plan of action for the year based on their approved 5-year Information Systems Strategic Plan (ISSP) shall be submitted to NCC not later than March 31 of every year as basis for monitoring IT acquisition vis-à-vis target accomplishments for the year. At the end of the third quarter of

each year, savings realized from MOOE can be realigned to capital outlay with DBM's approval. However, IT acquisition that are in line with the agency's compliance to AO332 (RPWeb) will not require prior DBM approval pursuant to Sec. 61 of RA 8745.

3.2 The ISDP shall also contain:

a)

An Annual I.T. Procurement Plan (AITPP) which provides the details of the I.T. resources to be procured (including software) and the corresponding Annual I.T. Budget (exclusive of consumables/supplies) for the year is prepared (please refer to Annex B1* to B4*). All IT resources in the AITPP must be Y2K compliant and shall be integrated with existing IT resources to form an enterprise-wide network that will link the agency to RP-Web. Section 61 of RA8745 (1999 GAA) shall govern all network-related expenses and the network diagram shall be presented in Annex C-4. Modifications to the AITPP shall only be made within the year based on the NCC-approved revisions to the ISDP

b)

A Start of the Year Inventory of IT Resources (please refer to Annex C1 to C4*), which together with the AITPP for the year shall be the agency's basis for requesting the succeeding year's IT budget. The Inventory must reflect all IT resources including those required from donations or acquisition from projects implemented.

3.3 For IT acquisition based on Special Projects not funded from regular agency appropriations (i.e. foreign assisted) the Project Plan is used as basis in lieu of the ISDP. At NCC's discretion, agency IS Planners/Chief Information Officers (CIOs) maybe asked to present their ISSPs/ISDP's in person before a review panel. Annex A-1* is to be prepared in this regard.

3.4 The ISDP must be in line with the strategic directions of the agency's approved ISSP. Where there is a change in phasing or priority of IT acquisitions, this must be reflected as an update in the agency's ISSP which must be approved by NCC (please refer to Annex A-2*).

3.5 The ISSP/ISDP documents must be signed by the Head of Agency, properly endorsed by the Agency IS Planner and Agency CIO. For GOCCs, the ISSP/ISDP must have been approved by their Governing Boards. For LGUs who opt to submit ISSP/ISDP. It must have been approved by the legislative body. At the end of the year, the IT resources acquired must be submitted to NCC. It must be used to update the Start of the Year inventory to produce the next Year's Starting Inventory.

SECTION 4. I.T. Resources Acquisition in Relation to MO237 & LOI 1380

Agencies are required to submit the ISSPs to NCC and to their respective Department for harmonization with the Department ISSP. The Department's certification that such acquisition is in line with the Department ISSP shall be used as basis for NCC's approval of IT acquisition in connection with implementation of department-wide information systems or sector-wide systems.

Section 2 of LOI 1380 which states:

'The acquisition of microcomputers and associated peripherals and software, which equipment is hereby classified as ordinary office equipment similar to typewriters and calculators, by government agencies and other entities, including government-owned and controlled corporations, shall no longer require prior individual clearance from the National Computer Center, provided that the value of the computer equipment to be acquired by the entity within the fiscal year does not exceed two million pesos.'

and Section 3 of LOI 1380 which states::

'Government Agencies and other entities are hereby authorized to use any savings for any fiscal year out of their budgetary appropriations for current operating expenditures, other than those for salaries and wages, for the purpose of acquiring computer equipment, including peripherals, during the fiscal year in which the savings are realized provided the value of the computer equipment to be obtained out of savings for each fiscal year by the entity shall not exceed two million pesos.'

shall continue to be in force and will govern acquisition of computer systems in relation to Section 2 of MO237 which states that:

'The acquisition of microcomputers and associated software and peripherals by a government Agency or other entity shall not require prior individual clearance from the National Computer Center provided that this is in line with its Information Systems Development Plan which has been approved earlier by the Department of Budget and Management. The acquisition of minicomputers systems and mainframe computer systems shall, however, continue to require prior individual clearance from the National Computer Center.'

Section 3.6 of Executive Order No. 125 has transferred the authority to approve (ISSPs/ISDPs) from DBM to NCC, thus the IT resource acquisition relative to the Information Systems Development Plan shall be approved by NCC at the start of the fiscal year in line with National Budget Circular No. 463. Sections 2 and 3 of LOI 1380 can only be invoked in the context of the NCC-approved ISDP (Annual IS Implementation Plan)

SECTION 5. Procedure for Information Technology Resources Acquisition

5.1 Coverage

All government agencies shall implement IT acquisition activities, irrespective of fund sources in accordance with this circular and its successor guidelines insofar as applicable provisions are concerned. Information Technology resource acquisition for Foreign-assisted Projects and BOT projects defined under RA 6957 as amended by RA 7718 shall likewise be governed by this circular unless these are clearly contrary to the provisions of the Republic Acts, Presidential Decrees or equivalent laws/statutes or international agreements, its implementing rules and regulations governing its implementation in which case the latter applies. In any case, NCC must be duly notified by the Head of Agency of its official position. If NCC does not receive any notification, it is understood that the IT acquisition is governed by this circular. Any unjustified violation of this circular shall be required by the Corporation's Governing Boards/Department of Budget & Management (regarding budget planning/execution) and the Commission on Audit (regarding post audit) in relation to their existing circulars, rules and regulations governing IT acquisition.

5.2 Preferred Acquisition Mode

In the financing of IT resources acquisition, preference is given in the following order:: BOT and its operating variants, Grants, Counter-trade, Foreign Loans and the General Fund as the last option.

5.3 Creation of the Prequalification Bids and Awards Committee for Information Technology Resources (PBAC-ITR)

The PBAC-ITR shall be created as separate distinct body from the agency's regular PBAC in view of the highly technical nature of IT goods and services it will procure. It shall handle all IT acquisitions that require agency PBAC actions regardless of the procurement mode. In the case of procurement coursed through the Procurement Service (PS) under EO 285 and 359 and COA's Government Purchase Information System (GPIS) under COA Resolution No. 98-003, the same should still be in line with the AITPP and the technical specifications must be in

conformity with the agency's ISDP.

The agency-created PBAC-ITR shall be composed of, but not limited to, the following:

a)

Chairman — at least a third ranking Executive Officer in the Agency

b)

Member — An Agency planning officer knowledgeable with the technical aspects or requirements of the project.

c)

Member — The Chief Information Officer (CIO) of the Agency concerned.

d)

One Member from a major User Department of the Agency concerned. If acquisition in relation to a department-wide or sector-wide IS, this member can be sourced from within the department or sector.

e)

Member — A qualified IT Professional from other government agency who is not attached to the procuring agency, as required under Sec. 5 of MO237 dated May 23, 1989 (voting).

f)

Member — An officer knowledgeable in legal matters.

g)

Member — IT Professional in the government sector in NCC's official Roster of Government IT Professionals.

h)

Observer — A representative from the Commission on Audit and agency Internal Audit Unit (non-voting)

The PBAC-ITR Chairman and the members must have thorough knowledge of NCC's IT acquisition guidelines. They shall attend update seminars at NCC at the start of the year and whenever there are new guidelines to implement. The PBAC-ITR Chairman shall prepare an annual report to NCC on the significant milestones accomplished in the PBAC-ITR according to their PBAC-IT Calendar. The agency then proceeds to formalize the creation of PBAC-ITR through an office order, mandating the compliance to NCC IT resource acquisition guidelines and other applicable guidelines.

The IT Professional member must be drawn from the Official Registry published by NCC and must satisfy all other requirements as stipulated in this section. The IT Professional, together with the Agency's PBAC-ITR shall develop an evaluation criteria and methodology together with the formal specifications and such other documents relevant to the bidding process. Furthermore, the IT Professional must not have any professional connection or commercial transactions with any of the prospective bidders. The IT Professional shall sit as a voting member of the PBAC-ITR of the agency that commissioned his services. Whenever possible, there should only be one (1) IT Professional for the year.

All IS Planners and Chief Information Officers (CIOs) are required to attend update seminars on IT resource acquisition at NCC in order to qualify as PBAC-ITR members and eventual enlistment in the Official Registry of IT Consultants and Professionals.

A PBAC-ITR Secretary shall be appointed by the PBAC-ITR Chairman to record the minutes of the meetings and keep all records of the PBAC-ITR.

5.4 Responsibility of the PBAC-ITR

The PBAC-ITR herein created shall be responsible for all the aspects of the pre-bidding and bidding process including, among others, the preparation and issuance of Request for Proposal (RFP) and bid documents, determination of evaluation criteria and methodology, the conduct of pre-qualification of bidders/proponents and pre-bid conference, bidding, evaluation of bids, recommending the awarding of contracts, and documentation of all phases of the awarding procedure for historical recording.

It shall also be responsible for preparing a resolution for the Bid Award and may recommend to the Head of Agency to negotiate the terms of the award in the best interest of the Government.

5.5 Quorum

A quorum of the PBAC-ITR shall be composed of simple majority of all voting members of the Committee. The Chairman shall vote only in case of a tie.

5.6 Creation of Technical Evaluation Committee (TEC)

A Technical Evaluation Committee shall also be created to be responsible for the preparation of Request for Proposal (RFP), study and evaluation of the bids in accordance with the predefined evaluation criteria and methodology. The approved ISDP shall be the main basis for the formulation of the RFP. The TEC shall be composed of the IT Professional as Chairman, members from the Agency with technical knowledge of consultancy, training services, hardware/software and data communication capabilities being bidden out and the appropriate skills in the preparation of evaluation methodologies.

5.7 Applicable Guidelines for IT Consultancy Services

External consultants/consultancy firms maybe tapped to assist the agency in the following areas:

a)

ISSP Formulation

b)

Request for Proposal Formulation

c)

Bid evaluation

d)

Contract Negotiation

e)

Acceptance

f)

Project/Contract Implementation

g)

Project Management

The consultants/consultancy firms to be hired must have been previously entered in NCC's Official Registry. Those who are listed as IT Consultants may provide services to government agencies on IS Strategic Planning, Project Management, Systems Integration, IS/IT Program Audit and other similar undertakings. Those who are listed as IT Professionals may provide assistance to government agencies on IT Resource Acquisition, specifically on formulation of RFP, development of Bid Evaluation methodology, and assistance in other bidding activities. An individual cannot act as both a Consultant and IT Professional for a particular bid in an agency.

The acquisition of IT consultancy services in connection with infrastructure projects implemented under the B-O-T law (RA7718) and PD 1594 must follow the NEDA Guidelines on the Hiring of Consultants per Sec. 3 of EO 164 (s. 1987), otherwise bid evaluation for IT services/consultants shall be governed by NCC guidelines.

5.8 NCC Guidelines in Relation to EO 302

This circular provides the IT resource acquisition guidelines for IT goods and services while EO 302 prescribes the general rules for acquisition of common supplies, goods and services. In system integration bids that include non-IT components, the relevant evaluation guidelines, criteria-setting procedures from EO 302 maybe adopted especially in areas where NCC guidelines are not provided.

5.9 Exemption from Individual Clearances

Individual clearances are not required when:

a)

The acquisition of microcomputers, and associated peripherals and software within the fiscal year does not exceed PhP 2.0 million, provided for in LOI No. 1380.

b)

The acquisition of microcomputers, and associated peripherals and software using savings realized for any fiscal year out of the agency's current operating expenditures during the fiscal year in which the savings are realized does not exceed PhP 2.0 million as provided for in LOI No. 1380.

c)

Agency has faithfully complied with existing NCC Memorandum Circulars and IT acquisition is based on the approved ISDP/AITPP.

d)

Agency has procured IT resources from PS/GPIS and technical specifications are still consistent if not superior to the one specified in AITPP as certified by the IT Professional.

e)

LGUs opt not to prepare ISSP as basis for their acquisitions but use their AITPP as basis instead. All other provisions of this circular are optional for LGUs except Sections 6 & 7 in view of their autonomy under RA 7160 (Local Government Code).

f)

In case where IT resources are to be acquired solely for education, training and/or research and development purposes, the Agency shall classify these acquisitions appropriately under the Category Education/Training

Program under the Annual ISDP.

5.10 All bidding documents submitted to the NCC for review must be properly substantiated, approved and signed by all members of the PBAC-ITR which includes the IT Professional. Dissenting opinions by any member must be documented and included in the PBAC-ITR Resolution.

SECTION 6. Accreditation of IS/IT Solution Providers

All IS/IT Solution Providers that wish to participate in Government Bidding are required to submit pertinent documents to NCC for accreditation. IT companies not accredited with NCC or with expired accreditation are not allowed to participate in any Government Bidding for the acquisition of IT resources. Until such time that Accreditation Committees have been formed, registration at NCC will be required in lieu of the formal accreditation requirement.

SECTION 7. Announcement of IT Acquisition

Upon effectivity of this Circular, a copy of all announcements for ongoing and forthcoming IT acquisition made in accordance with the COA publication requirement shall be furnished the National Computer Center through the e-mail or fax. Agencies who have corporate Internet accounts shall, in addition to publishing it in their PBAC bulletin board in the official Agency website, send the above report to the Official NCC E-mail Address. For transparency purposes, NCC shall publish in its website the summary information of the latest status of bid notices and agency's compliance to clearance requirements.

SECTION 8. Bidding Process

All rules and regulations pertinent to government bidding shall apply in the procurement of IT resources. However, there are certain features as defined hereunder, which must be observed during the bidding of IT resources.

8.1 Prequalifications of Bids

At the Agency's option, prior to the issuance of the final specifications for Request for Proposal (RFP), the PBAC-ITR may require prospective bidders/proponents to submit business papers pertinent to the prequalification process as prescribed by the COA over and above those prescribed by NCC for accreditation purposes.

8.2 Issuance of Bid Notices

For transparency purposes, the RFP must comply with the publication requirements of the Government. In addition, NCC will also publish all bid notices in its web site. The evaluation criteria and methodology that will be used by the Agency should also be included in the RFP. The RFP must always be in line with agency's approved ISDP. The procuring Agency shall provide sufficient number of copies of the RFP to the NCC or send them electronically for distribution to IT associations and/or IS/IT Solution Providers.

The RFP is mainly addressed to prospective bidders/proponents and highlights the business, technical and legal issues that must be included in the final contract and provides all the information needed by the bidders/proponents to prepare the following: announcement, statement of ground rules, technical description and specifications, bidding schedule and bid proposal instruction. (Refer to Annex E* for details.)

The invitation should specify that bidders/proponents may obtain of the pre-bid documents from the procuring Agency on a specified date, place and time at least a week before the pre-bid conference to give time for them to read and react to the specifications.

Adequate time, must be provided for in the submission of bid proposals by the proponents. The formulation of IT

resources proposals may take one (1) month to three (3) months depending on the complexity of the Agency's requirements.

8.3 Pre-bid Conference

A pre-bid conference shall be held in the presence of the pre-qualified bidders to clarify matters arising from the bid documents and the specifications/requirements of the Agency including the evaluation methodology. This is the appropriate forum for the bidders/proponents to register any protest/request for revisions to the specifications. Questions may be sent beforehand but these, together with the answers, must be read aloud during the Pre-bid Conference. Copies of proceedings/minutes of the pre-bid conference should be sent to the proponents/bidders and properly acknowledged them. The minutes of the pre-bid conference shall officially form part of the bidding procedures documents. The RFP, when finalized, shall be the basis of the PBAC-ITR in drawing up the bid evaluation criteria which will be announced before the opening of the bids.

As a general policy, there should be a categorical declaration of mandatory and desirable requirements to guide the bidders/proponents in proposal preparation. There should be no arbitrary declaration of mandatory requirements unless it is absolutely necessary and justified.

Weights for each criterion should be assigned commensurate to its relative importance to the Agency's requirements.

8.4 Receipt of the Bids

A Secretariat, to provide administrative support to the PBAC-ITR, shall also be formally assigned to assist, among others, in receiving the bids. A checklist of documents to be received is prepared at the date, time and place as indicated in the RFP. The Secretariat shall also account for the submitted items by the bidder/proponent and ensure that it is acknowledged properly. Bidders have the responsibility to submit all the required documents. Bid documents having incomplete attachments shall not be received.

The deadline for the submission of bids is explicitly defined by the Agency and an official clock is designated as the basis for receiving bids. In a two (2) envelope system, the procedure for receiving the bids is as follows:

- a) Financial Envelope — The Financial Envelope is received and recorded by the Secretariat. These are then signed by the corresponding bidder/proponent across the seal flap and co-signed by the other bidders/proponents who are present. The sealed and signed envelopes are then placed/deposited for safekeeping with the Secretariat until its date of opening.
- b) Technical Envelope. The Technical Envelope is also received and recorded accordingly by the Secretariat. Once received, the envelope is opened in the presence of the other bidders, and the original copy of the technical proposal is signed on every page each of the PBAC-ITR members. The signed original copy is then placed/deposited for safekeeping with the Secretariat. The remaining copies are forwarded to the Technical Evaluation Committee (TEC) for evaluation.

8.5 Opening of Bids

The Agency must adhere to the prescribed COA procedures for opening of bids witnessed by the COA Resident Auditor and the Agency's Internal Audit Unit. It must be made publicly before all bidder's authorized representatives and the salient features of each bid are tabulated in a board for everybody to witness. The duly designated and authorized representatives of each bidder/proponent are asked to confirm the contents of their respective technical envelopes as they are opened and publicly announced by the PBAC-ITR. In the case of the financial envelope, the performance bond is checked for sufficiency.

8.6 Evaluation of Bids

Evaluating a proposal for IT resources is different from those pertaining to general office equipment and services. There are a lot of features among different brands together with the differences in the configuration based on the proposal of the bidders/proponents. Therefore, adherence to the published evaluation criteria and methodology must be strictly observed and announced before the actual opening of the bids.

As a general rule, benchmarking shall not be used as qualifying criteria or as a sole basis for short listing of bids. However, it may be used as one of the evaluation criteria to validate claims of overall system performance relative to Agency requirements. Further, only facts explicitly stated in the proposal should be used as bases for scoring. Inferences are not allowed, except when these are confirmed by subsequent formal clarification by PBAC-ITR and responded to formally by the vendor when the vendor fails to give a response to a request for clarification within a reasonable period of time, the TEC can rate them zero for the criteria.

As soon as the evaluation commences, the TEC should respect confidentiality and observe proper code of ethics during the bidding. While in session, no questions are to be entertained unless approval is granted by the PBAC-ITR for resolution and documented accordingly. Clarification letters must emanate from the PBAC-ITR and must be addressed to the bidders/proponents.

The TEC should keep all evaluation worksheets in strict confidence and should only be shown to the PBAC-ITR. All technical features/components that are included in the bid proposals and which were correspondingly scored must be included in the cost proposal. If the bidder/proponent did not include it in the cost proposal, bidder/proponent is penalized with a cost equivalent to the highest submitted by the other bidders/proponents for that feature/component.

Following the evaluation as indicated in the guiding evaluation criteria and methodology, the technical evaluation. The result is presented by the TEC to the PBAC-ITR for review and acceptance. After the acceptance, the ranking of bidder/proponent on their technical proposals may be announced before the Financial Envelope is opened in the presence of the bidders/proponents. After the evaluation of the costs, the technical scores are integrated with the financial scores to establish the final scores and ranking of the bids.

Bid Evaluation criteria must be based on the final version of the RFP. Copy of the bid documents containing the technical specifications and with the evaluation criteria and methodology shall be forwarded to the NCC for review. These are then endorsed back to the Agency Head together with NCC's evaluation for appropriate action. The evaluation methodology is shown in Annex D.

8.7 Awarding of Bids

The PBAC-ITR, based on the TEC's evaluation report, prepares an evaluation report and a recommendation for a Bid Award signed by all the members. However, before submitting the recommendation to the Head of the Agency, the PBAC-ITR sends a copy of the recommendation/evaluation results to NCC for technical review.

At the procuring agency's option, a Post-Evaluation procedure shall be undertaken by the PBAC-ITR before the awarding of the bid(s) as an additional step to determine the capability of the winning bidder(s) to deliver the IT resources being acquired. This post-evaluation effort shall include, but not limited to, the following:

- sufficient cash flow as duly certified to have been audited by a Certified Public Accountant;
- available human resources and equipment verified by the PBAC-ITR against the official documents submitted by the bidder;
- notarized certification duly attested to by the concerned government agency for contracts of similar size, value,

or complexity; and

- a Letter of Guarantee from the supplier(s) of the winning bidder(s) that the items for procurement are readily available in terms of the quality and the quantity requirement to be submitted to the PBAC-ITR.

Upon satisfaction of these post-evaluation requirements, the PBAC-ITR's recommendation and NCC's endorsement are forwarded to the Head of Agency for the awarding of the bid. The PBAC is not limited to recommending the award to one (1) bid for as long as the proper justification and relative merits and ranking are submitted to the Head of Agency. Upon approval of the recommendation(s), a Notice of Award(s) is/are sent to the winning bidder/proponent. Letters of regret are also sent to the losing bidders.

8.8 Drawing-Up of Contract

The Agency and the winning bidder/proponent shall formulate the contract terms based on the bid proposal. Under no condition shall substitution of technical specifications be allowed unless the substituted brand/model is technically superior and the cost is less than or equal to the original financial bid. A certification from the IT professional must be secured in this regard. In cases where the bidder/proponent promises to deliver additional features at no cost to the Agency, this shall not be used as basis for substituting items with a different functionality. Any functionally equivalent substitution must always have in mind the best interest of the Government.

The following stipulations, terms and conditions, among others, shall clearly appear in every contract or order:

- Office against which the account shall be charged;
- Name and address of the Contractor;
- Office from which the payment shall be collected;
- Complete description and specifications of the computer systems and/or services;
- Quantity and unit price of the items to be delivered;
- Shipping terms and directions and other conditions of delivery;
- Provisions on penalties for late or no deliveries;
- Conditions regarding importations, if any;
- Period of delivery;
- Amount and duration of the performance bond, if necessary; and
- Date of effectivity and termination of the contract.
- Service Level expectations
- IPR issues
- Acceptance

The draft contract is sent to NCC for review and endorsement to Head of Agency prior to contract signing.

8.9 Contract Signing

After the contract have been agreed upon by both parties, a formal signing is held between the Head of Agency and the Chief Executive Officer of the winning bidder/proponent.

SECTION 9. Clearance Requirements

Unless otherwise justified by the Head of Agency; IT acquisitions must strictly be in accordance with the AITPP. Once NCC makes an endorsement of ISDP and AITPP, the agency's COA Resident Auditor need only require NCC clearance for acquisition of IT resources not included in the AITPP. No clearance shall be issued relative to the requirement of National Budget Circular No. 463 unless the following requirements stipulated in this circular are fully complied with:

9.1 One time requirement at the start of the year:

a)

Copy of NCC endorsement of ISSP.

b)

Compliance to Sec. 5.3 of this Circular as evidenced by a copy of Office Order reconstituting the PBAC-ITR mandating the use of NCC guidelines in the procurement process.

c)

Annual I.T. Procurement Plan (AITPP) based on the approved ISSP (Annex B1-B4).

d)

PBAC-ITR Calendar (Schedule of Activities)

e)

Start of the Year IT Resources Inventory Report (Annex C1-C4)

f)

List of projected IT resource acquisition re compliance to AO332 (RP-Web)

g)

List of projected IT resource acquisition re Y2K Compliance & Remediation Plans per RA8747.

9.2 Requirement for individual clearances (whichever is applicable under the acquisition stage):

a)

Justification of the individual clearance

b)

Technical Specifications of the IT Resources to be procured

c)

Chronology of Events for acquisitions processed by the PBAC-ITR (for multiple biddings during the year).

d)

Copy of NCC endorsement of annual ISDP

e)

Request for Proposal or equivalent document

f)

PBAC-ITR Resolution for Award or equivalent document

g)

Draft contract or equivalent document

h)

Bid Bulletins

i)

Other Prequalification Documents

SECTION 10. Endorsement of Draft Contracts

10.1 Submission of Draft Contracts

The following draft contracts are required to be submitted to NCC for review pursuant to Section 8.8 of this circular:

a) All IT solution integration contracts

b) Contracts awarded through public bidding 10 million and above.

All unsigned IT contracts 10 million and above as of the effectivity of this circular must be submitted to NCC for review.

10.2 Renewal of Contracts

Section 4 of MO237 dated May 23, 1989 states:

'The renewal of contracts for leased or rented Information Technology equipment, software and services, including maintenance service agreements shall no longer require approval from the National Computer Center provided there are no significant changes in the terms of the contract. A copy of the renewal of the contract must, however be submitted to the National Computer Center'.

Any change in the scope of IT services or quantity of IT resources to be delivered is considered significant, hence the draft contract must be submitted to NCC for endorsement to the Head of Agency.

10.3 Negotiated Contracts

Draft IT contracts above 10 million pesos but below 50 million pesos that are being negotiated that have not gone through public bidding under Section 1 (c) and 1(d) of EO301 dated July 26, 1987 require NCC endorsement to the Head of Agency.

All IT contracts signed after October 26, 1998 but before the effectivity of this circular shall be furnished the National Computer Center.

10.4 RP-Web related contracts

All signed contracts entered into by the agency in relation to its compliance of AO332 as authorized by Sec. 61 of 1998 & 1999 GAA and subsequent GAA including those for Internet Service Providers and leased lines and related communications services from telecommunication carriers shall be submitted to the National Computer Center.

SECTION 11. Transitory Provisions

Agencies that do not have endorsed ISSPs/ISDPs that have not announced their bid as of the effectivity date of this circular must seek clearance from NCC before commencing with its bidding activities. Bids that have been awarded before the effectivity of this circular must adhere to the clearance requirements of NCC MC93-3 and MCC93-4 as amended by NCC MC97-1.

Upon the effectivity of this circular, all on-going bids may continue with the process but all pertinent bid documents shall be submitted to NCC for review, endorsement and/or approval and for clearance purposes.

SECTION 12. Classification of IT Equipment and Supplies

Effective May 22, 1997, the Commission on Audit (COA) has issued Circular No. 97-003. ACCOUNTING GUIDELINES ON THE ACQUISITION, MAINTENANCE AND DISPOSITION OF INFORMATION TECHNOLOGY RESOURCES, addressed to all Heads of the Departments, Bureaus, Agencies and other Offices of National Government; Provincial Governors, City and Municipal Mayors; Managing Heads of Government-Owned and/or Controlled Corporations; Provincial, City and Municipal Treasurers; Chief Accountants/Heads of Accounting Units; COA Assistant Commissioners and Directors, Head of COA Auditing Units and Others Concerned. The following are its highlights:

Sec. 2.3 Information Technology Supplies and Materials — refer to all expendable IT resources for use in connection with government IT operations and with life expectancy of less than one year.

Sec. 2.4 Semi-Expendable Information Technology Supplies, Accessories, Peripherals and Property — refer to all semi-expendable IT resources for use in connection with government IT operations having a value of less than P10,000 but with life expectancy of more than one year.

Sec. 2.5 Information Technology Equipment — refer to IT resources for use in connection with government IT operations having a value of P10,000 and above with life expectancy of more than one year.

Sec. 3.3 Pre-loaded software, such as, but not limited to operating systems which are included in the cost of computer hardware shall be treated as part of the cost of hardware. Software separately purchased shall be recorded as Maintenance and Other Operating Expenses (MOOE) under expense object Supplies and Materials, IT Software (3-07-300)

SECTION 13. Audit of Acquisitions

The agency should have all the required approvals/certifications/authorizations/clearance from NCC/other competent authorities in conformity with the government accounting and auditing rules and regulations relative to the acquisition of IT resources for post-audit purposes of the Commission on Audit.

SECTION 14. Repealing Clause

NCC MC 93-4, NCC MC 97-1, IT Advisory 97-01, 97-02, 97-03, 97-04 and 97-05 are hereby repealed.

SECTION 15. Effectivity

This Memorandum Circular shall take effect November 29, 1999.

(SGD.) RAMON IKE V. SEÑERES

Director General

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

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