

## **PRESCRIBING THE GUIDELINES ON THE PURCHASE OF EQUIPMENT**

*DBM NATIONAL BUDGET CIRCULAR NO. 438, January 11, 1995*

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### 1.0

#### Objectives

This Circular is being issued to prescribe guidelines on the acquisition of equipment in the national government with the following objectives:

1.1 Simplify and improve procedures in the purchase of equipment; and

1.2 Enable heads of agencies to acquire necessary equipment in time for the implementation of their respective programs and projects.

### 2.0

#### Definition of "Equipment"

For purpose of this Circular, "equipment" shall refer to those items provided under Section 378 of the Standard Government Chart of Accounts (SGCA) which includes furniture, fixtures, transport equipment, other equipment and books, the cost of which shall not be lower than the minimum amount prescribed by COA, whose serviceable life is more than one year and which add to assets of the government.

### 3.0

#### Preparation of Equipment Procurement Program

3.1 All agencies with programmed equipment outlays shall prepare an Annual Equipment Procurement Program (AEPP). The AEPP shall be part of the Work and Financial Plan that is annually submitted at the start of the fiscal year to the Department of Budget and Management for evaluation and approval. In the case of SUCs, the Regional Offices of DECS and DOH and Integrated Area Development Projects (IADPs), the AEPP shall be submitted to the DBM Regional Offices concerned.

3.2 In the preparation of the AEPP, the following guidelines shall be strictly adhered to:

#### 3.2.1

The AEPP shall be based on the programmed equipment outlay authorized in the General Appropriations Act, net of reserves, if any.

#### 3.2.2

Equipment intended for replacement of unserviceable items shall be supported by an Inventory and Inspection Report of Unserviceable Property as approved by the Agency Resident Auditor.

### 3.2.3

The request for authority to purchase a motor vehicle shall be supported by a duly accomplished inventory of existing motor vehicles and detailed justifications for the acquisition including deployment, user and specific activities for which the motor vehicle would be used.

### 3.2.4

The purchase of computers and other Information Technology (IT) equipment shall be subject to the guidelines and requirements of the National Computer Center.

### 3.2.5

The purchase of books intended as reference materials shall not exceed five (5) copies per title.

### 3.2.6

The purchase of the following equipment shall be subject to clearance/authority from appropriate agencies:

3.2.6.1 Communications equipment - clearance from the National Telecommunications Commission

3.2.6.2 Firearms - authority from the Firearms and Explosives Units of the Philippine National Police

3.3 Subject to review of the equipment requirements. DBM shall approve the AEPP, after which the funds for the purpose may be released. On this basis, agencies shall implement the equipment procurement program.

## 4.0

### Modification of Equipment List

4.1 The approved AEPP may be modified as result of agency reprioritization of its equipment requirements without prior approval by the DBM, provided that, the modification shall involve only those items not subject to prior clearance from competent authority. In the case of equipment items subject to prior clearance by competent authority, i.e., motor vehicles, computers, communications equipment, and firearms, authority shall first be secured prior to modification.

4.2 In the modification of the AEPP, priority shall be given to equipment items that are directly used in the substantive operations of the agency.

## 5.0

### Reporting Requirements

Agencies are required to submit to the Organization and Productivity Improvement Bureau and in the case of SUCs, DECS and DOH Regional Offices and IADPs, to the Regional Offices concerned of the Department of Budget and Management a report on the purchased equipment in the attached prescribed form within thirty (30) days after acquisition. Non-submission of this report shall be a basis for disapproval of equipment request for the succeeding fiscal year.

## 6.0

### Effectivity

This Circular shall take effect immediately.

Adopted: 11 Jan. 1995

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

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