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Republika ng Pilipinas
PAMBANSANG PANGASIWAAN NG PATUBIG
(National Irrigation Administration)
Lungsod ng Quezon

MC # 48, s. 1982

MEMORANDUM CIRCULAR

T O : THE ASSISTANT ADMINISTRATORS; DEPARTMENT DIRECTORS; REGIONAL IRRIGATION DIRECTORS; PROJECT MANAGERS; PROVINCIAL IRRIGATION ENGINEERS; IRRIGATION SUPERINTENDENTS; PROJECT ENGINEERS; CHIEF CORPORATE ACCOUNTANT AND REGIONAL/PROJECT ACCOUNTANTS; CORPORATE AUDITOR AND REGIONAL/PROJECT AUDITORS AND ALL OTHERS CONCERNED
National Irrigation Administration

SUBJECT : SCO-COA Joint Memorandum Circular No. 1, s. 1982, Re: Supply Open-End Order Contracts

For the information and guidance of all concerned, quoted in full hereunder is the SCO-COA Joint Memorandum Circular No. 1, s. 1982, regarding Supply Open-End Order Contracts, otherwise known as "SCO" system which is designed to reduce the supplies and equipment expenditures of the government:

"Republic of the Philippines
Supply Coordination Office Commission on Audit

SCO-COA Joint Memorandum
Circular No. 1, S. 1982

T O : All Heads of Ministries, Bureaus and Agencies of the National Government, Managing Heads of Government Owned or Controlled Corporations and Local Governments, Supply/Procurement/Property Officers and COA Auditors, and All Others Concerned

SUBJECT : Supply Open-End Order (SOO) Contracts

In order to reduce the supplies and equipment expenditures of the government, all heads of government agencies and all others concerned are hereby advised of the implementation of the "Supply Open-End Order" system, hereafter referred to as the "SOO", by the Supply Coordination Office.

1. Termination of the Direct Order and Payment System (DOPS). The President in his memorandum of 21 July 1981, directed the suspension of the Direct Order and Payment System until a review of its operation has been undertaken and completed. However, the suspension was lifted and the DOPS contracts had been allowed to remain valid until their expiration dates. In lieu of the DOPS contracts, the President approved on 14 October 1981 the subsequent issuance of the

S00 Contracts as recommended in the 1st Indorsement dated 7 October 1981 of the General Services Administration. Henceforth, the S00 system is made effective and the Direct Order and Payment System is thereby terminated.

22. Basic Features of the Supply Open-End Order System

This S00 system is a procurement device, designed to determine the lowest level of prices at which the government may be willing to purchase its requirements for supplies and equipment, through competitive public bidding or through such other price determination measures that may be applied, as the Director of Supply may deem necessary, to benefit the best interest of the government. The Operation of the S00 system has the following basic features:

- a) the S00 price is not a ceiling price; rather, it is a fixed floor price determined through competitive public bidding or through such other measures that may be necessary to determine the price most advantageous to the interest of the government. As a matter of policy, the S00 price is equal to the winning bid price or lower, as other price determination measures may be applied under such conditions when the resultant price of competitive bidding is prejudicial to the best interest of the government, as may be determined by the Director of Supply;
- b) Purchase of Government Supplies and Equipment. Supplies and equipment requirements of government agencies shall, as far as practicable, be purchased only from the stores of the Supply Coordination Office as the stocks may be available or from the holder of the S00 contracts. In no case, shall government supplies and equipment be purchased from other sources, when the stocks are available in the stores of Supply Coordination Office or when such supplies and equipment are covered by the S00 contracts, except on such conditions where the application of other modes of procurement is most practicable, as maybe determined by the head of the requisitioning agency.
- c) Meantime that the store systems of the Supply Coordination Office are being established, and until further instructions of the Director of Supply, the S00 system shall operate through the direct transactions between the end-user agency and the S00 holder on the requisitioning process, quantity determination, delivery and acceptance, and payment of supplies and equipment covered by the S00 contracts, except as provided in Section 7 of this circular.
 - 1) the end-user government agency shall requisition supplies and equipment in such quantities as may be needed, directly from the S00 contract holder;
 - 2) payment of supplies and equipment delivered by the S00 contract holder shall be made directly by the requisitioning agency.

3. Dissemination of SOO contracts. The Supply Coordination Office shall, through a coordinated effort with the Commission on Audit, furnish all government agencies concerned with the relevant copies of the SOO contracts or any information pertaining thereto, as may be necessary.
4. Disbursement of Payments. The government agencies concerned shall disburse payments for the supplies and equipment purchased from SOO holders or from the stores of the Supply Coordination Office, within seven (7) days upon acceptance of delivery.
5. Prohibited Transactions With DOPS Contracts.
In no case, shall any government agency entertain any new transactions involving the terminated DOPS contracts.
6. Participation of the Commission on Audit.
The Commission on Audit participated in the issuance of this joint memorandum circular to signify its approval of the system and to facilitate its proper implementation. SOO contract prices, however, are solely determined by the Supply Coordination Office through public bidding or other modes of procurement. The Commission on Audit does not participate in such price determination Council.
7. Purchases through the Procurement Service.
Pending the integration of the Procurement Service into a procurement system to be implemented by the General Services Administration through the Supply Coordination Office, government agencies may continue to purchase their needs through the Procurement Service in accordance with existing guidelines adopted by the Procurement Council.
8. Implementation: Procedural rules and regulations shall be issued by the Supply Coordination Office to implement the provisions of this Circular and to put into operation the Supply Open-End Order System.

(SGD.) Brig. Gen. EUSTAQUIO V. MEIM (Ret)
Director, Supply Coordination
Office

(SGD.) FRANCISCO S. TANTUICO, JR.,
Acting Chairman
Commission on Audit

April 1, 1982"

For this purpose, all officials and employees directly involved in the implementation of this system are enjoined to take necessary steps to comply with the provisions of this circular.

(SGD.) FIORELLO R. ESTUAR
Administrator

August 24, 1982