

Philippine  
Public Highway  
SECRETARY

June 17, 1974

DEPARTMENT ORDER NO. 17  
Series of 1974

SUBJECT: Prescribing the general guidelines for the advertisement of projects, prequalification of bidders, opening of bids, and award of contracts.

Pursuant to the provisions of Section 79 (B) of the Revised Administrative Code and in the interest of public service, the following general guidelines are hereby prescribed and ordered adopted as bases for the advertisement of projects, prequalification of bidders, opening of bids, and award of contracts for the Department of Public Highways:

ADVERTISEMENT OF PROJECTS -

1. Advertisements for Invitation to Bids shall be published in any newspaper of general and nationwide circulation, two times extending over a period of three days for projects estimated at less than ₱1,000,000.00, and three times extending over a period of five days for projects estimated at more than ₱1,000,000.00.
2. The latest advertisement for Invitation to Bid shall be made to appear in the paper at least ten (10) days before the deadline for submission of the Pre C-2 papers.
3. Projects estimated at less than ₱100,000.00 maybe bid in the Office of the Highway Regional Director.

SUBMISSION OF AND DELIBERATION ON PREQUALIFICATION PAPERS

1. Prospective bidders shall submit Pre C-1 once every year which shall be valid up to the deadline for the filing of Income Tax Returns for the year immediately following its filing and which must include, among others, copies of the latest balance sheet and income tax return both stamped as duly received by the Bureau of Internal Revenue. Whenever necessary, annexes maybe attached to the prescribed Pre C-1 forms.
2. Prospective bidders shall submit the Pre C-2 for any project to be bid. The Pre C-2 must be submitted on the forms issued for the purpose by the Department of Public Highways on the date and at the time specifically stated in the advertisement for the Invitation to Bid. Whenever necessary, annexes may be attached to the prescribed Pre C-2 forms.

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3. Deadline for submission of prequalification papers shall be set at least twenty-five (25) days before the opening of bids.
4. Prequalification papers shall be submitted not later than five (5) o'clock in the afternoon of the deadline day.
5. Committee deliberation on prequalification papers shall be done at least ten (10) days before opening of bids.

PREQUALIFICATION OF PROSPECTIVE BIDDERS -

A. Legal requirements -

1. A prospective bidder shall be licensed per proper classification and category, for the current year as a contractor, by the Licensing Board, pursuant to Republic Act 4566. Joint ventures must be licensed as joint ventures.
2. A contractor who is an alien individual or enterprise with more than 30% foreign equity shall secure prior written authorization or clearance from the Board of Investments under Section 4 of R. A. 5455 as a prequalification for public bidding.
3. A contractor must submit, in compliance with Administrative Order No. 66,
  1. his latest Tax clearance from the Bureau of Internal Revenue.
  2. his latest clearance from the Bureau of Customs.
  3. his latest Court clearance that there is no criminal or civil case pending for non-payment of tax duty or undertaking with the government in the province or city where the prospective bidder filed his latest income tax return.

B. Financial requirements -

1. The net contracting capacity of prospective bidders shall be determined on the basis of the bidder's net worth as appears in the latest Balance Sheet stamped by the BIR, supported by his latest Income Tax Return, likewise stamped by the BIR, multiplied by 10, less the cost of unfinished on-going projects and new liabilities not reflected in his latest Balance Sheet.
2. When a contractor is a new partnership or a new corporation, the net contracting capacity shall be determined on the basis of their paid-up capital as certified by the Securities and Exchange Commission.



3. A cash deposit, in the form of a certified check issued by a reputable bank, equivalent to 5% of the estimated cost of the project, shall be required of prospective bidders for projects estimated at less than one (1) million pesos. Prospective bidders for projects estimated at more than one (1) million pesos shall not be required to submit cash deposits.
  4. Prospective bidders shall submit a credit line from a reputable bank in an amount equivalent to 10% of the estimated cost of project. Such credit line shall specifically state that it shall remain until released by the government.
  5. Prospective bidders shall authorize the Secretary of Public Highways to inspect and verify any certified check (cash deposit) and credit line submitted with the Pre C-2.
- C. Equipment requirements -
1. A contractor's equipment shall be listed in his Pre C-1 statement stating therein the serial number and location of each piece of equipment. Any equipment listed without any serial number and location shall be considered non-existent.
  2. For purposes of prequalification, a prospective bidder's equipment capability shall be determined on the basis of the equipment documents he must submit to satisfy the minimum equipment requirement for the project he is applying for prequalification to bid. The equipment covered by the documents submitted shall be checked against the list of equipment submitted for prequalification and any equipment not listed in the Pre C-1 statement shall be considered not owned by the bidder; except in cases when the equipment has been recently purchased.
- D. Technical organizational requirement -
1. A contractor or prospective bidder must have sufficient experience relevant to the construction of the project he seeks to prequalify to bid for, otherwise the contractor shall not be prequalified.
  2. If the contractor is not a civil engineer he shall engage the services of a qualified and licensed civil engineer with sufficient relevant experience who is not engaged in any on-going project as Resident Engineer who will supervise the construction of the project he wants to bid for.
  3. The contractor shall engage the services of a Foreman with sufficient and relevant experience who is not engaged in any on-going project to manage the prosecution of the project he wants to bid for.



4. A prospective bidder who previously failed to properly perform or complete on time, contracts for the prosecution of any infrastructure project of the Department of Public Highways or the defunct Bureau of Public Highways shall not be prequalified.

#### BIDDING

1. Bids for public bidding shall be submitted by the contractor or his authorized representative, otherwise the bid shall not be accepted for public opening and shall be considered void.
2. Contractors who submit their bids in the proposal book shall be presumed to have read, and to be in complete accord with, the provisions stated therein.
3. Late Bids or Bid proposals not submitted on or before the time set for opening of bids shall not be accepted or considered.

#### BOND

1. Bidders in any public bidding for any infrastructure project shall post a Bidder's Bond of not less than five (5%) percent of the bidders bid price and said bidders bond shall form part of the bid papers without which a bid shall be declared non-complying and therefore not valid.
2. The lowest complying bidder shall post a Performance Bond of not less than thirty (30%) percent of the contract price which shall form part, and shall be a requisite for the approval, of any contract for the construction of any infrastructure project of the Department of Public Highways. The performance bond shall be released upon acceptance of the project.

#### AWARD OF CONTRACT

1. The lowest complying bidder may be awarded a contract if his total bid is within ten (10%) percent over the government estimate provided that no unit bid price exceeds government estimate plus twenty (20%) percent.
2. The lowest complying bidder who submits a total bid price greater than government estimate plus ten (10%) percent and unit bid prices greater than government estimate plus twenty (20%) percent shall be given the option to reduce his bid prices to the limits prescribed herein. In case the lowest complying bidder is not willing to exercise his option, the second lowest bidder may be given the option. The third lowest bidder may likewise be entitled to the same privilege granted the first and second bidders upon refusal of the first two.



3. If the three lowest bidders are not willing to reduce their bids as stipulated in the next preceding paragraph, the project may be re-advertized or the same undertaken by administration.
4. In case of a tie of the lowest complying bids, the award shall be decided by drawing lots to be conducted by the Committee on Evaluation and Award in the presence of the tied bidders or their authorized representative.
5. In case of discrepancies in the amount expressed in arabic numerals and that expressed in words in a bid proposal, the amount expressed in words shall prevail.
6. Any bid lower than the government estimate by more than twenty (20%) percent shall be rejected. However, the Committee on Awards, may, in its discretion award the project to a bidder who submits a bid lower than twenty (20%) percent, but not lower than twenty-five (25%) percent below the government estimate, if, in the opinion of the Committee and justification by the bidder concerned, such award shall be for the best interest of the government.
7. The Government shall reserve the right to reject any or all bids, to waive any informality in the bids received and to disregard any bid which is obviously unbalanced.

This order shall take effect immediately.

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BALTAZAR AQUINO  
Secretary  
*[Handwritten signatures and initials]*