

Department of Transportation and Communications  
**PUNONGHIMPILAN TANOD BAYBAYIN NG PILIPINAS**  
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Manila

O/CG-4/CGAO

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STANDING OPERATIONS PROCEDURES  
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**GUIDELINES IN PROVIDING LOGISTICAL SUPPORT/PROCUREMENT OF PCG  
REQUIREMENT TO HPCG STAFF OFFICES, PCG MAJOR UNITS  
AND PCG DISTRICTS/STATIONS**

I. REFERENCES:

- A. AFPM 4-2 Revised 1994 re- AFP Procurement System
- B. HPCG SOP Number 03-99 dtd 23 July 1999
- C. HPCG SOP Number 02-95 dtd 24 July 1995
- D. COA Circular # 97-002 dtd 10 February 1997

II. PURPOSE AND SCOPE:

This SOP prescribes the guidelines and procedures in providing logistical support to HPCG Staff Offices, PCG Major Units and PCG Districts/Stations

III. DEFINITIONS OF TERMS:

- 1. HPCG Staff Offices - refer to all HPCG Central, Special, Technical and Personal Staffs.
- 2. Logistical Support - refers to supplies, materials, equipment, services and other administrative supports being provided to HPCG staff offices, PCG Major Units and PCG Districts and Stations
- 3. *Program of Expenditure (POE)* – refers to the document that contains the itemized listing of the end-users' quarterly scheduled expenditure based on the budgetary allocations as programmed by the Program Directors concerned.
- 4. *Over-The-Counter Purchase (OCP)* - refers to the emergency mode of procurement involving cash payment for low-value and urgent supplies, materials and non-personal services requirements.
- 5. *Special Disbursing Officer (SDO)* – one duly designated to designated to disburse funds intended for a specific type of expense, purpose or nature of transaction for a limited period of time.
- 6. Program Director - refers to the functional staff officer and a member of the traditional military headquarters general and coordinating staff who prepares the

functional objectives and, monitors the implementation of the control programs peculiar to his staff responsibility.

7. *Responsible Supply Officer (RSO)* – an organic uniformed or civilian employee of PCG duly authorized to inspect and record all items procured through over-the-counter purchase (OCP) by their Units.
8. *Cash Advances* – are those granted on the explicit authority of the Head of Agency to duly designated SDOs for legally authorized purpose. Funds obligated for cash advances shall be based on the object classifications/codes allocated to each District or Major Unit during a given period.
9. *Cash Book* – is a record of all transactions involving the units' allocated funds being maintained by SDOs.
10. *Operating Program and Budget (OPB)* – refers to the document that contains the objectives, control programs for resources and functions, budget proposal or program of expenditures. It is called Preliminary OPB when presented with budget estimates and proposal for justification. It is referred to as Final OPB when used as control document for execution within the budgetary constraints. Fragmented OPBs are submitted as revisions between the Preliminary and Final OPB.
11. *RIV* – a form of documents duly signed by the supply officer and certified by COs, of units to draw supplies/materials from supply office and will trigger the procurement process if found not available.
12. *Procurement Planning and Programming* - is the means by which the efforts of Program Director's/Program Manager's on items subject for procurement are conducted as early as practicable in order to obtain required items of requisite quality, quantity, on time, and at the lowest reasonable price.
13. *Requirement Determination* – The Farola Supply Bodega (FSB) is one of the sources of material requirement with the usage data it generates based on the RIV of the units (CGOF for Units Afloat, HQC for HPCG Staff Offices, Units Commander/District Commanders for Major Units and CG Districts). The concerted efforts of every units for the preparation of the planned material requirements plays a crucial role in this effort. Procurement Planning process considering the lead time necessary for planned material requirement is followed. When the items are drawn from FSB, effort is made to replace the same.
14. *Initiation of Procurement or Solicitation Process* – The stage is the initiation of procurement or solicitation process. It actually begins when the procurement offices receives a notification of requirement in the form of a procurement directive from the logistics staff offices concerned. The pre-solicitation stage culminates in the preparation of the solicitation package and this varies depending upon the mode of procurement use, be it public bidding, negotiations or emergency purchase. Under each mode, the modified procedures are briefly described to the next subject.

15. *Funding* - Constitutes the third stage and it entails a fiscal process relating to procurement which is technical and circumscribed by both statutory and administrative control.
16. *Delivery and Payment* - Delivery of items or services procured starts as soon as the procuring agency or procurement offices serves the PO/WO to the dealer/supplier/contractor who immediately effects the delivery to the end-user or requisitioning units.
17. *Public Bidding* – It is a mode of procurement wherein the acquisition of particular item is open to public by publication in media instruments. It shall be required on purchases of supplies, materials, equipment in excess of P 100,000.00 except as otherwise provided for in Ex-O # 301, s-87.
18. *Negotiated Contract* – A mode of procurement which does away with the requirements of public bidding and is authorized only in selective and meritorious justification and limited situations.
19. *Bids and Awards Committee (BAC)* – A committee composed of 4 to 5 officers who is also responsible in deliberating all the bids submitted by bonafide and responsible dealers/contractors. This committee after considering all the terms and specifications of the bid award the contract to the most advantageous offer.

IV. POLICIES:

1. All requests for logistical and other administrative support from HPCG Staff Offices and Major Units shall emanate from each program directors in a form of a disposition form and upon approval will go to the CG-4 office for preparation of necessary procurement documents and attached RIV marked "NA". The prepared documents will be forwarded to CG-6 for allocation of funds then to the Chief Accountant for concurrence then to CSPCG for endorsement to the DCPCG and finally to CPCG for approval. (*Annex A*)
2. The Headquarters Commandant (HQC) shall execute the Requisition Issue Vouchers (RIV) in close coordination with the concerned HPCG program Directors who have cognizance of the following activities indicated below:

<u>Activity</u>	<u>Cognizant Program Directors</u>
a. QM Supplies & Materials	CG-4
b. QM Supplies & Materials (72-100 CPF)	-do-
c. QM Equipment Maintenance	-do-
d. Vehicle Spare Parts	-do-
e. Vehicle Repairs	-do-
f. POL	-do-
g. Command and Staff	CG-6
h. Other activities – As deemed necessary	Concerned Program Directors

3. Procurement activities of PCG units shall be in accordance with the approved procurement program and limited to those that are in direct support to approved

activities/projects as incorporated in the approved PCG Operating Program Budget.

4. All HPCG Staff offices shall present RIVs to Farola Supply Bodega for verification if available in stock and for certification if not available or not in stock. CG-4 in close coordination with Commander, Coast Guard Support Facility approved the request if available and prepare procurement documents if not available.
5. The Philippine Coast Guard has the right to choose its own means and sources of supply. In order to ensure a bonafide and responsible dealers and contractors, all dealers before transacting business with PCG should be duly accredited. Accreditation requirements (*Annex F*) is then submitted to Coast Guard Procurement Officer subject for verification and authenticity by CG-2.

V. RESPONSIBILITIES:

1. Commanding Officer, HQC

- a. Primarily responsible in providing sustained logistical support to HPCG Staff Offices thru timely requisition issue vouchers (RIV) submitted by HPCG Program Directors and forwarded to CG-4 for final disposition of documents.
- b. Prepares the HPCG Quarterly POE for bulk (local) procurement of supplies and services based on the consolidated requests of HPCG Staff Offices and the budgetary allocations as programmed by the HPCG Program Directors. Said documents shall be forwarded to CG-4 then CPCG for approval prior implementation.
- c. Ensures that urgently needed supplies and services not included in the approved HPCG POE which are being requested for OCP or other mode of emergency procurements are not available in stock or not within the capability of PCG repair facility prior processing same for local procurement.

2. HPCG Staff

- a. AC of S, CG-4 – Shall be the primary adviser of CPCG on logistics management and shall monitor and conduct periodic evaluation of the HPCG Logistics System and initiate appropriate measures in order to maintain or even improve the efficiency of the system.
- b. AC of S, CG-6 – Shall support fund requirements based on the approved Procurement Program and shall institute appropriate budgetary controls in coordination with CG-4.
- c. AC of S, CG-3 - Shall initiate appropriate staff action to modify the present PCG organization in accordance with the concept of an Integrated Logistics Support System.

- d. The Coast Guard Internal Auditor (CGIA) – Shall institute appropriate management evaluation reviews and audit to ensure adherence to prescribed procurement policies and procedures and shall ensure judicious utilization of government fund resources.
3. CO Major Units/District Commanders - shall designate their SDO's with minimum rank of LT likewise they shall designate their respective responsible Supply Officers (RSO) who shall inspect and record all items procured thru OCP. Likewise from their respective Bids and Awards Committee for the conduct of bidding of items to be procured, and Technical and Acceptance Committee for the inspection and acceptance of items delivered. Member of said committees must be officers or senior enlisted personnel who are not assigned with the Logistics, Budget and Fiscal, and Procurement Office of the Districts/Major Units.
4. Chief Accountant, PCG – Shall obligate all cash advances granted to SDOs. He/She shall see that cash advances for a particular year are not used to pay expenses of other years.

VI. PROCEDURES:

1. The whole procurement process of the PCG as in any other government agency started from the following:
  - a. procurement planning/programming
  - b. requirement determination
  - c. initiation of procurement or solicitation process
  - d. procurement funding
  - e. delivery of goods/services and payment of contract obligation
2. The mode of procurement being utilized by PCG in obtaining supplies/materials, equipment and services are the following:
  - a. Public Bidding
  - b. Negotiation
  - c. Emergency Purchase

a. Public Bidding:

The acquisition of particular items in this mode of procurement is open to the Public by publication in media instruments. This is required on purchase of supplies, materials and equipment in excess of P100,000.00 except as otherwise provided for in EX.O #301-S-87. By public advertisements, bidding therefore should be strictly open, public and competitive which is assured by publication and the transparency of the procedures. Contracts are generally awarded to the most advantageous offer. Factors like lowest price quoted that the bidder is responsible and has complied with the terms and specifications of the invitations to bid and time element for the performance of the proposed work are the basis in the consideration of an award.

The procedures prescribed in the conduct of Public Bidding:

1. The Procurement Office of the procuring agency concerned will prepare the invitation to BID (ITB) or notice to BID (NTB) containing the following:
  - (a) List of supplies, materials, equipment and/or services to be purchased;
  - (b) Specifications of the supplies, materials and equipment to be purchased or the form of services required;
  - (c) Terms and conditions of the specified procurement activity;
  - (d) Format of Bidder's offer to duly signed by the Bidder;
  - (e) Declaration that the PCG reserves the right to reject any or all Bids or Waive any defect and any informality therein;
  - (f) Period of delivery of the merchandise or performance of the service called for;
  - (g) The date, time and place for opening of bids;
  - (h) The date, time, place and manner for submission of bids; and
  - (i) The requirement for bidder's bond.
2. The Chairman of the Bids and Awards Committee (BAC) shall notify all members of said committee of the date and time of bidding.
3. For each bid offered, the Special Disbursing Officer (SDO) shall receive from the bidder the required bidder's bond and issue the corresponding receipts for such.
4. On the specified date, bids shall be opened in the presence of the members of the BAC, the bidders and a COA representative. The COA representative shall sign on every bid together with at least two other initials from any of the bidders present, as witnesses to the public conduct of the bidding.
5. The BAC shall then deliberate on all the bids. In case of conflict, the votes of the majority of the members shall prevail. Deliberation of the BAC shall be briefly but concisely noted in dissenting and attested to by all members present. The objection of dissenting members shall be properly entered in the minutes of the deliberation. The committee finally prepare the abstract of bids, to be signed by all its members. The award is then submitted to the Procurement Officer for preparation of a Purchase Order/Work Order or contract.

6. If the awardee is not the lowest complying bidder, proper explanation on the recommendation should be given. Should the lowest price obtained be considered not reasonable or is exorbitant, such fact should be stated and the bidding shall be declared a failure.

The awards is then submitted to the Procurement Officer for preparation of an purchase order/work order or contract and go to the usual flow of a PO/WO (*Annex B and C*). (Narrative Flow Chart – Annex D)

b. Negotiation:

Procurement through negotiation on the other hand, does away with the strongest requirements of public bidding and is authorized only in selective and meritorious justification for entering into a negotiated purchase shall be allowed under any of the following situations:

- (1) Whenever the supplies are urgently needed to meet an emergency which may involve the loss of, or danger to, life and/or property;
- (2) Whenever the supplies are to be used in connection with a project or activity which cannot be delayed without causing detriment to the public service;
- (3) Whenever the materials are sold by an exclusive distributor or manufacturer who does not have sub-dealers selling at lower prices and for which no suitable substitute can be obtained elsewhere at more advantageous terms to the government;
- (4) Whenever the supplies under procurement have been unsuccessfully placed on bid for at least two consecutive times, either due to lack of bidders or the offers received in each instance were exorbitant or non-conforming to specifications;
- (5) In cases where it is apparent that the requisition of the needed supplies through negotiated purchase is most advantageous to the government to be determined by the department head concerned and;
- (6) Whenever the purchase is made from an agency of the government.

After considering all the above situation the procurement documents follow the same flow of a PO/WO (*Annex B and C*). (Narrative Flow Chard – Annex D)

c. EMERGENCY PURCHASE:

This mode of procurement is resorted to by PCG UNITS under extraordinary circumstances, when the need for the supplies, materials equipment and services are exceptionally urgent or indispensable to prevent immediate danger to or loss so life or property or to avoid serious detriment to the public service during which there is no materials time to procure them

through public bidding in the usual manner. It shall be conducted under the authority of the appropriations act without the benefit of formal bidding, pursuant to Executive Order Nr, 302, S-1940, within the ceiling allocated.

**CATEGORIES OF EMERGENCY PURCHASE:**

- 1) Emergency Purchase Pursuant to EXO #302, S-1940 – The Emergency purchase of materials and service covered under EO # 302, s-40 maybe used to undertake procurement of Bulk or high value items of supplies, materials or equipment, or hire contractual services for emergency repair of equipment or maintenance repair, rehabilitation or construction of facilities below P 100,000.00 without the benefit of public bidding.
- 2) Over-The-Counter Purchase (OCP): - Emergency procurement of supplies and materials, and services in cash not exceeding P 15,000.00 for each item of expense.

Over-The-Counter Purchase is authorized under the following conditions:

- (a) The Over-The-Counter Purchase (OCP), shall be used only in the cash purchase of small, low value and urgent requirements for supplies, materials and non-personal services that are unpredictable and emergency in nature;
- (b) The maximum amount for each item of disbursement that can be paid by cash should not be more than P 15,000.00 at any one time. The aggregate total for the month shall not exceed 30% of the unit's Maintenance and other Operating Expenses (MOE) under the following Object Class: 04 (Repair) and Maintenance of National Government Facilities); 06 (Other Services); 07 (Supplies and Materials); and 17 (Maintenance of Motor Vehicles used for Official and employees, except POL);
- (c) In view of the approval of signing authority of CPCG from P 50,000.00 to 5M, the signing authority on the logistical support extended to HPCG Staff Offices through OCP of CG-4, CSPCG, the Deputies and CPCG are as follows:

<u>Approving Authority</u>	<u>Amount</u>
1. CG-4	P 2,000 and below
2. CSPCG	2,000 to 4,000
3. Deputy for Admin	4,001 to 6,000
4. Deputy for Operation	6,001 to 8,000
5. CPCG	8,001 to 15,000

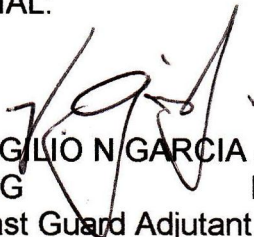
- (d) Only duly appointed or designated SDOs may perform disbursing functions. Officers and employees who are given cash advance for official travel need not be designated as Disbursing Officers.

- (e) The SDOs of different CG Units shall file the DVs of their cash advances in accordance with policies and their monthly MOOE allocations duly indorsed by the Unit Commander.
- (f) The SDO shall liquidate his cash advance in accordance with COA Circular Nr. 97-002 dtd 10 Feb 97 (*Annex F*).
- (g) All transactions shall be supported by invoice/receipts and recorded in the prescribed cash book. The SDO shall clear his cash advances by submitting the receipts/invoices duly inspected and signed by the RSO, abstract of OCP, Certificate of Emergency Purchase and RIV.
- (h) The OCP shall be subjected to inspection by the representative of the commission on audit. At the first opportunity, the official or invoice receipt and/or the waste materials shall be shown to the COA representative for his inspection and notation of the receipt.
- (i) The OCP, shall not be used for disbursement of salaries and wages commutation of leave and travelling expenses.
- (j) The designated Special Disbursing Officer and/or Procurement Officer is authorized and shall maintain imprest funds in an amount not to exceed his monthly limit of OCP to be used as a revolving fund for OCP purchase of supported units. Such Imprest Funds shall be replenish at least once a month.
- (k) All OCP procurement shall be subject to existing accounting and auditing rules and regulations.

VII. EFFECTIVITY: This SOP shall take effect upon publication.

BY COMMAND OF REAR ADMIRAL DE LEON, AFP:

OFFICIAL:

  
 VIRGILIO N GARCIA JR  
 LTJG PN  
 Coast Guard Adjutant

ELPIDIO B PADAMA  
 CAPT PN(GSC)  
 Chief of Staff, PCG

ANNEXES:

- A - Flow Chart Request for Availability of Funds
- B - Flow of Procurement Documents (Supplies & Materials)
- C - Flow of Procurement Documents (Services)
- D - Narrative Flow Chart of PO/WO
- E - Liquidation Flow Chart of SDO
- F - Accreditation Requirements