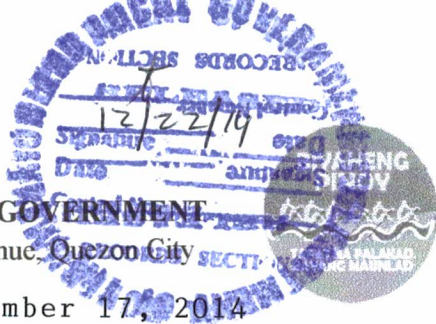




Republic of the Philippines
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT
DILG-NAPOLCOM Center, EDSA corner Quezon Avenue, Quezon City



December 17, 2014

MEMORANDUM CIRCULAR

NO. 2014 - 155

TO: ALL PROVINCIAL GOVERNORS, CITY MAYORS, MUNICIPAL MAYORS,
PUNONG BARANGAYS, DILG REGIONAL DIRECTORS, (AND OTHERS
CONCERNED

SUBJECT: GUIDELINES ON MOTOR VEHICLE ACQUISITIONS BY THE LGUs

In furtherance of Presidential Administrative Order No. 15 s. 2011, *Amending Administrative Order No. 233 s. 2008 entitled 'Reiterating the Prohibition on the Acquisition and Use of Luxury Vehicles and Directing Revisions of Guidelines on Government Motor Vehicles Acquisition,'* the following guidelines are hereby reiterated:

1. GENERAL GUIDELINES

1.1. No government funds shall be utilized for the purchase of motor vehicles, except:

1.1.1. When the motor vehicles will be used for the following purposes:

1.1.1.1. Those which are necessary for the transportation of patients or victims, e.g. medical ambulance, or for emergency purposes or calamity-related activities, e.g. fire trucks, rescue equipment;

1.1.1.2. Those which are required by the military and police or other enforcement agencies, e.g. patrol vehicles, armored vehicles, prisoner's van to maintain peace and order;

1.1.1.3. Those which are necessary in the interest of the public service, e.g. mass transportation vehicles, heavy equipment for road construction, cargo transport, farm machineries, waste management or environmental sanitation;

1.1.1.4. Those which are directly necessary in the business operations or government transactions of front-line agencies;

1.1.2. When the specifications of motor vehicles do not fall within the category of a "luxury vehicle" such as the motor vehicles enumerated in Section 9.0 of Administrative Order (AO) No. 233 s. 2008.

1.2. Pursuant to Budget Circular No. 2010-2 dated 1 March 2010, only the acquisition of base model vehicles, complete with manufacturer's specifications in terms of basic vehicle components and features limited to the essential aspects of construction and design without loss of functionality, shall be allowed. In case of customized/assembled vehicles, optional accessories/equipment shall be limited to those essential to meet the functional

requirements and those that would have been installed as basic vehicle components had these passed through production/assembly line.

- 1.3. In compliance with Section 18 of Republic Act 9184 (Procurement Act), motor vehicles intended to be purchased shall not contain a brand name.
- 1.4. LGUs must acquire at least fifty percent (50%) of their mobility requirements using alternative fuels, such as biofuel-ready vehicles that run on higher blends, flexi-fuel and natural gas, and solar and electric vehicles.
- 1.5. The acquisition and/or use of luxury vehicles (any motor vehicle exceeding the technical specifications of the types of vehicles enumerated in Item 2.3 hereof) for their operations, regardless of funding source, is prohibited.
- 1.6. Strict compliance with budgetary, procurement and auditing laws, regulations and standards shall be observed.
- 1.7. Within thirty (30) days from the completion of the procurement process, a written report on the acquisition by LGUs shall be submitted to DILG.

The written report shall contain details regarding the type, brand, engine displacement, quantity, price and seller of the purchased vehicle. A copy of the documentary requirements submitted to support the acquisition shall also be attached to the written report.

2. SOURCE OF FUNDS FOR THE ACQUISITION OF MOTOR VEHICLES

2.1. Motor vehicle purchases may be sourced from the following:

- 2.1.1. Unencumbered local funds;
- 2.1.2. National government funds under the General Appropriations Act;
- 2.1.3. Local Disaster Risk and Reduction Management Fund, provided that it shall be utilized in the acquisition of motor vehicles and equipment to be used exclusively for rescue and response activities (4 April 2014 Letter of DBM Undersecretary Luz M. Cantor); and
- 2.1.4. Twenty percent (20%) of the Internal Revenue Allotment for Development Projects to be utilized in the following:
 - 2.1.4.1. Purchase or repair of appropriate calamity-related rescue operations equipment;
 - 2.1.4.2. Purchase of post-harvest facilities such as farm or hand tractor with trailer, thresher and mechanical driers;
 - 2.1.4.3. Purchase of appropriate engineering equipment such as dump trucks, graders and pay loaders; and
 - 2.1.4.4. Purchase of garbage trucks and related equipment.

2.2. Loan proceeds cannot be utilized as funding source in the acquisition of motor vehicles (7 August 2014 Letter of the DBM Undersecretary Luz M. Cantor).

3. AUTHORITY TO PURCHASE VEHICLES

3.1. LGU AUTHORITY. All Provincial Governors, City Mayors, Municipal Mayors and Punong Barangays are authorized to approve the acquisition of the following vehicles to be sourced from their unencumbered local funds:

- 3.1.1. Specific-purpose vehicles, such as medical ambulances, military and police patrol vehicles, armored vehicles, prisoners' vans and fire trucks;
- 3.1.2. Heavy equipment such as road construction equipment, cargo transport equipment, farm machineries, waste management/environmental sanitation equipment, and similar vehicles/equipment;
- 3.1.3. Locally-assembled owner- or passenger-type jeep;
- 3.1.4. Motorized bancas/boats;
- 3.1.5. Vehicles for mass transport when necessary in the interest of public service; and
- 3.1.6. Motorcycles and tri-wheel vehicles.

3.2. APPROVING AUTHORITY OF THE DBM. Local Government Units (LGUs) shall seek the approval of the Secretary of Budget and Management for the acquisition of the vehicles enumerated in the aforementioned Item 3.1, sourced from the national government funds under the General Appropriations Act.

3.3. APPROVING AUTHORITY OF DILG. LGUs shall seek the approval of the Secretary of Interior and Local Government (SILG) for the acquisition of the following motor vehicle, regardless of source of funds:

- 3.3.1. Car (sedan or hatchback) with engine displacement not exceeding 2200cc, if gasoline-fed or 3000cc, if diesel-fed;
- 3.3.2. Passenger van or pick-up type vehicle with an engine displacement not exceeding 2200cc, if gasoline-fed or 3000cc, if diesel-fed;
- 3.3.3. Crossover/Multi-Purpose/Asian Utility Vehicle (CUV/MPV/AUV) with an engine displacement not exceeding 2000cc, if gasoline-fed or 2500cc, if diesel-fed;
- 3.3.4. Sports Utility Vehicle (SUV) with an engine displacement not exceeding 2700cc, if gasoline-fed or 3000cc, if diesel-fed;

3.3.5. All types of aircrafts; and

3.3.6. All types of seacrafts not otherwise classified under Item 3.1.4 hereof.

4. DOCUMENTARY AND PROCEDURAL REQUIREMENTS IN THE ISSUANCE OF AUTHORITY TO PURCHASE MOTOR VEHICLES

4.1. In order to necessitate the smooth processing of the requests for the approval/issuance of the authority to purchase motor vehicles, the following documents, in original and/or certified true copy, shall be submitted:

4.1.1. Local Chief Executive (LCE)'s letter request stating the type of vehicle to be purchased, number and specification of motor vehicles and the purpose and deployment for which such vehicles will be used;

4.1.2. Certification of Availability of Funds by the Local Accountant or Head of the Accounting Unit, or in his/her absence, the Local Treasurer or Budget Officer;

4.1.3. Local ordinance/resolution approving such purchase; and

4.1.4. Updated inventory/accounting of all existing motor vehicles showing their status/conditions/worthiness (e.g. good, fair, repairable or unserviceable) duly certified by Property/Supply Officer. (Form A – Updated Vehicle Inventory, attached)

4.1.4.1. Provided that if the requesting LGU has previously submitted to DILG an updated inventory for the current calendar year, there is no need to re-submit the inventory.

4.2. For motor vehicle acquisitions requiring authority from the DILG, all Regional Offices shall follow the checklist of the aforementioned documentary requirements and accordingly make the initial determination and review on whether the requesting LGU has submitted all the required documents within three (3) days from submission of request.

4.3. The Regional Office shall inform the requesting LGU of any lacking documentary requirements within 3 days from initial review.

4.4. The Regional Office shall ensure that all the documentary requirements are complete upon indorsement to the Central Office, Bureau of Local Government Supervision (BLGS).

4.5. In instances when the LGUs directly submit their Requests for Authority to Purchase Motor Vehicles to the Central Office, the BLGS shall review the same and make the appropriate action, either by referring the request to the SILG for approval if the documentation is complete, to the Department of the Budget and Management for motor vehicle acquisitions which require the approval of the said office, or by informing the requesting LGUs within 3 days from receipt thereof the deferment of approval subject to the compliance of the documentary requirements.

4.6. Approval of requests with complete documentation by the SILG will take no longer than 5 days from receipt thereof.

4.7. Procedure/Timeline of Activities

To facilitate the processing of LGU requests requiring authority from the DILG on motor vehicle acquisitions, all LCEs concerned are encouraged to strictly observe the following procedure:

| LEVEL | ACTIVITY | TIMELINE | DOCUMENTS TO BE SUBMITTED/ ACTION TO BE TAKEN |
|---|--|--|---|
| LOCAL GOVERNMENT UNITS (LGU) | PREPARATION OF LGU REQUEST | | SUBMISSION TO THE DILG REGIONAL OFFICE OF THE FOLLOWING DOCUMENTS: 1. LCE's letter request; 2. Certification of Availability of Funds (Accountant/Treasurer/ Budget Officer) 3. Ordinance/resolution approving such purchase 4. Updated inventory/accounting of all existing motor vehicles |
| DILG REGIONAL OFFICES (RO) | INITIAL REVIEW AND EVALUATION AND INFORM LGUs OF LACKING DOCUMENTS IN CASE OF NON-COMPLIANCE OF REQUIREMENTS | WITHIN 3 DAYS UPON RECEIPT | |
| | INDORSEMENT TO BLGS IN CASE OF COMPLETE DOCUMENTATION | WITHIN 1 DAY UPON INITIAL REVIEW | |
| BUREAU OF LOCAL GOVERNMENT SUPERVISION (BLGS) | REVIEW AND RECOMMEND APPROPRIATE ACTION <ul style="list-style-type: none"> • FROM RO: • DIRECTLY FILED WITH CENTRAL OFFICE (CO) (OSEC/BLGS) | <p>WITHIN 1 DAY UPON RECEIPT</p> <p>WITHIN 3 DAYS UPON RECEIPT</p> | <p>1. REFER TO OSEC FOR SILG SIGNATURE IN CASE OF COMPLETE DOCUMENTATION/ RECOMMENDED FOR APPROVAL</p> <p>2. REFER TO DBM FOR MOTOR VEHICLE ACQUISITIONS WHICH NEED DBM APPROVAL (COPY FURNISHED LGU)</p> <p>3. INFORM THE LGUs OF LACKING DOCUMENTS AND DEFERMENT OF SILG APPROVAL SUBJECT TO THE COMPLIANCE OF THE REQUIREMENTS</p> |
| OFFICE OF THE SECRETARY (OSEC) | APPROVAL OF REQUEST WITH COMPLETE DOCUMENTATION; RELEASE OF AUTHORITY TO PURCHASE TO REQUESTING LGU (COPY FURNISHED BLGS) | WITHIN 1 DAY UPON RECEIPT OF BLGS RECOMMENDATION | |

ALL DILG Regional Directors are directed to cause the widest dissemination of this Memorandum Circular to LGUs within their respective areas of jurisdiction.

This Memorandum Circular takes effect immediately.

For strict compliance of all concerned.


MAR ROXAS
Secretary



DILG-OSEC OUTGOING 14-05655

**CHECKLIST OF REQUIREMENTS IN THE ISSUANCE OF
AUTHORITY TO PURCHASE MOTOR VEHICLES**

| | | |
|---|------------------|---|
| DATE OF LETTER REQUEST | | |
| DATE RECEIVED | | |
| NAME LOCAL CHIEF EXECUTIVE | | |
| REQUESTING LOCAL GOVERNMENT UNIT | | |
| A. DOCUMENTARY REQUIREMENTS <i>(in original and/or certified true copy)</i> | COMPLETE | INCOMPLETE <i>(Specify the deficiencies.)</i> |
| 1. Local Chief Executive's letter request stating the type of vehicle to be purchased, number and specification (engine displacement, number of cylinders and type of fuel) of motor vehicles and the purpose and deployment for which vehicles will be used. | | |
| 2. Certification of Availability of Funds by the Local Accountant or Head of the Accounting Unit, or in his/her absence, the Local Treasurer or Budget Officer. (Please check if the fund source is allowed as stated in MC No. _____) | | |
| 3. Local ordinance/resolution approving such purchase. | | |
| 4. Updated inventory/accounting of all existing motor vehicles showing their status/conditions/worthiness (e.g. good, fair, repairable or unserviceable) duly certified by Property/Supply Officer. | | |
| B. TECHNICAL DESCRIPTION OF MOTOR VEHICLE | COMPLIANT | NON-COMPLIANT |
| 1. Car (sedan or hatchback) with engine displacement not exceeding 2200cc, if gasoline-fed or 3000cc, if diesel-fed. | | |
| 2. Passenger van or pick-up type vehicle with an engine displacement not exceeding 2200cc, if gasoline-fed or 3000cc, if diesel-fed. | | |
| 3. Crossover/Multi-Purpose/Asian Utility Vehicle (CUV/MPV/AUV) with an engine displacement not exceeding 2000cc, if gasoline-fed or 2500cc, if diesel-fed. | | |
| 4. Sports Utility Vehicle (SUV) with an engine displacement not exceeding 2700cc, if gasoline-fed or 3000cc, if diesel-fed. | | |
| 5. All types of aircrafts. | | |
| 6. All types of seacrafts not otherwise classified under Item 3.1.4 of MC No. _____. | | |
| REMARKS/ACTION TO BE TAKEN | | |
| PREPARED BY | | |

For the use of BLGS and Regional Office (DILG)

Republic of the Philippines
 Name of the Local Government Unit

UPDATED INVENTORY/ACCOUNTING OF ALL EXISTING MOTOR VEHICLES
 As of _____

| No. | Type of vehicle | Make | Plate No. | Acquisition Date | Acquisition Cost | Office | Accountable Officer | Status/Condition/ Worthiness (Good/Fair/Repairable/ Unserviceable) |
|-----|-----------------|------|-----------|------------------|------------------|--------|---------------------|---|
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Certified true and correct:

Signature over Printed Name
 of the Property/Supply Officer