



(CR: BLGS-2021-01-12-021)  
2021-01-18-145

Republic of the Philippines  
**DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT**  
DILG-NAPOLCOM Center, EDSA corner Quezon Avenue, Quezon City  
www.dilg.gov.ph



**MEMORANDUM CIRCULAR**  
**No. 2021- 004**

18 JAN 2021

**TO : ALL PROVINCIAL GOVERNORS, CITY AND MUNICIPAL MAYORS, PUNONG BARANGAYS, SANGGUNIAN MEMBERS, BARMN CHIEF MINISTER, BARMN MINISTER OF LOCAL GOVERNMENT, DILG REGIONAL DIRECTORS, AND OTHERS CONCERNED**

**SUBJECT : REVISED GUIDELINES ON MOTOR VEHICLE ACQUISITION BY LOCAL GOVERNMENT UNITS**

---

## **1. Background**

1. The Government Procurement Policy Board Resolution No. 20-2019 (dated September 5, 2019) on Approving the Delisting of Motor Vehicles in the list of common-use supplies and equipment of the Procurement Service delists the motor vehicles used for: (i) the exercise of executive functions; (ii) transport of personnel, equipment, supplies, products and materials; (iii) transport of sick and/or injured persons; (iv) patrol operations; and (v) fire-fighting operations from the list of common-use supplies and equipment of the Procurement Service;
2. Presidential Administrative Order No. 14, issued on December 10, 2018, entitled, "Consolidating and Rationalizing the Rules on the Acquisition of Government Motor Vehicles, Adopting a Centralized System of Procurement Therefor, and For Other Purposes" states that the National Government adopts a policy of procuring, in the most efficient and economic manner, motor vehicles that are cost-effective, fuel-efficient, and environment-friendly, and at par with improvements and developments in the automotive industry and relevant technology; and

3. Department of Budget Management Budget Circular No. 2019-2 dated March 4, 2019, with the subject, "Guidelines Implementing Certain Provisions of Administrative Order No. 14, s. 2018" provides for specific guidelines on: (1) Allowable engine displacements of motor vehicles that may be purchased by government agencies; and (2) Approving authorities for the acquisition of government motor vehicles.

## 2. Purpose

- 2.1. This Memorandum Circular is issued to reiterate, for emphasis, the relevant provisions of several issuances relating to the Purchase/Acquisition of Government Motor Vehicles, to streamline the process of issuance of authority to local government units (LGU) for the purchase of motor vehicles needing the authorization of the Secretary of the Department, and to delegate to the concerned DILG Regional Offices, the authority to review, approve, and issue authority for specific LGU requests.

## 3. Scope/Coverage

- 3.1. These guidelines shall cover LGU purchase of motor vehicles including those whose purchase requires an issued authority from the Department Secretary.

## 4. Definition of Terms

- 4.1. **Department** - shall refer to the Department of the Interior and Local Government.
- 4.2. **Luxury Vehicle** - refers to any motor vehicle with the following specifications:

Type of Luxury Vehicle	Specification
Car (sedan, or hatchback)	With an engine displacement exceeding 2500cc, if gasoline-fed; or 3500cc, if diesel-fed; and/or with an engine exceeding four (4)-cylinder

Passenger van or pick-up type vehicle	With an engine displacement exceeding 2500cc, if gasoline-fed; or 3000cc, if diesel-fed; and/or with an engine exceeding four (4)-cylinders
Asian/Crossover Utility Vehicle (AUV/CUV) or Multi-Purpose Vehicle (MPV)	With an engine displacement exceeding 2500cc, if gasoline-fed; or 2800cc, if diesel-fed; and/or with an engine exceeding four (4)-cylinders
Sports Utility Vehicle (SUV)	With an engine displacement exceeding 2700cc, if gasoline-fed; or 3000cc, if diesel-fed; and/or with an engine exceeding four (4)-cylinders

**4.3. Motor Vehicle** – for purposes of these guidelines, motor vehicles shall refer to:

4.3.1. Any self-propelled, four (4)-wheeled road vehicle, including, but not limited to, sedans, coupes, station wagons, convertibles, pick-ups, vans, assembled owner- or passenger-type jeeps/jitneys/jeepneys, sports utility vehicles (SUV), asian utility vehicles (AUV), crossover utility vehicles (CUVs), multi-cabs, and multi-purpose vehicles (MPVs);

4.3.2. Motorcycles;

4.3.3. Delivery trucks, fire trucks, dump trucks, and buses;

4.3.4. Heavy equipment, such as bulldozers, pay loaders, graders, forklifts, amphibian trucks, and cranes;

4.3.5. All-terrain vehicles, armoured vehicles and specific-purpose vehicles;

4.3.6. Aircraft; and

4.3.7. Motorized *bancas*, motorized boats, and sea-craft, as may be defined in relevant laws and issuances

## **5. Policy Content and Guidelines**

### **5.1. General Guidelines.**

5.1.1. All LGUs are prohibited from acquiring and/or using luxury vehicles, as defined under Item 4.2 of these guidelines, for their operations.

5.1.2. LGUs are encouraged to dedicate a percentage of their vehicular requirements to the purchase of motor vehicles using alternative fuel types, such as bio fuels, *flexi-fuel*, natural gas, and solar and electric powered, subject to the limitations prescribed under this Memorandum Circular;

5.1.3. All LGUs' with proposed acquisition of motor vehicles that are not under the approving authority of the Local Chief Executive must seek prior approval from the Secretary of Budget and Management, the Office of the President, or the Secretary of the Interior and Local Government, on specific motor vehicles as may be authorized pursuant to Item 5.3 hereof.

5.1.4. In compliance to Section 18 of Republic Act No. 9184 (Government Procurement Act), all motor vehicles intended to be purchased shall not contain a brand name;

5.1.5. Strict compliance with budgetary, procurement and auditing laws, regulations and standards shall be observed; and

5.1.6. The LGUs, within thirty (30) days from the completion of the procurement process, shall submit a written report on the acquisition to the concerned DILG Office that issued the authority. 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.

5.1.7. All concerned are reminded of the policy that no post-purchase authority shall, or could be issued by this Department.

## **5.2. Sources of Funds for the Acquisition of Motor Vehicles.**

5.2.1. Funds for motor vehicle purchases may be sourced from the following:

5.2.1.1. Unencumbered local funds that are free from obligation or not yet obligated, but are intended for a specific purpose, which may include unobligated loan proceeds in the local treasury taken-up in the books of the LGU as trust fund, for the fulfillment of an obligation or purposes in which the loan was contracted and approved. Other local unencumbered funds, include, but are not limited, to the following:

5.2.1.1.1. Local Disaster Risk and Reduction Management Fund provided, that it shall be utilized in the acquisition of motor vehicles and heavy equipment to be exclusively used for response and rescue/relief activities in its Annual or Supplemental Budget, and/or supported by a current Sanggunian Resolution on the utilization of unexpended fund balances in previous years;

5.2.1.1.2. Portion of the twenty percent (20%) generated from the collection of building permit fees and other charges under the National Building Code (Presidential Decree No. 1096), pursuant to DPWH-DILG Joint Memorandum Circular No. 001, dated July 4, 2013;

5.2.1.1.3. Portion of the twenty percent (20%) LGU share generated from the collection of fire permits pursuant to the Fire Code Revenues under the DOF-DBM-DILG Joint Circular No. 2015-01 dated February 12, 2015;

5.2.1.1.4. Cash awards and prizes from award-giving national government agencies or government-controlled

corporations, among others, except if there is an intended purpose of such prize as condition thereof by the awarding body;

5.2.1.1.5. Loan proceeds from lending institutions, provided that the terms and conditions must be specified in the loan agreement entered into by and between the LGU and the lending institution, and is supported by a sanggunian resolution as per DILG Memorandum Circular No. 2015-52, dated May 11, 2015;

5.2.1.1.6. Per Family Payment Rate (PFPR) or PhilHealth Capitation Trust Fund, supported by a local Ordinance or Resolution (PhilHealth Circular No. 010 dated March 14, 2012); and

5.2.1.1.7. Donations from private entities forming part of the LGU's local funds.

5.2.1.2. National government funds under the General Appropriations Act (GAA), such as, but not limited to, Performance Challenge Fund, Local Government Support Fund-Assistance to Municipalities (LGSF-AM) or Other Financial Assistance to LGUs, among others.

5.2.2. A portion of the twenty percent (20%) of the Internal Revenue Allotment for Development Projects, may be utilized in the acquisition of ambulances or any of the following heavy equipment (but not for motor vehicles), pursuant to DILG-DBM Joint Memorandum Circular No. 2017-1, issued on February 22, 2017:

5.2.2.1. Purchase of post-harvest facilities such as, farm or hand tractor with trailer, thresher and mechanical driers;

5.2.2.2. Purchase of appropriate engineering equipment such as, dump trucks, graders and pay loaders; and

5.2.2.3. Purchase of garbage trucks and related environmental sanitation equipment.

### **5.3. Approving Authorities by Fund Source(s).**

#### **5.3.1. National Government Funds under the GAA including the LGSF-AM**

5.3.1.1. **The Secretary of Budget and Management** for the acquisition of motor vehicles, and heavy equipment, which shall also include multi-cabs, as defined under the DBM-DILG Joint Memorandum Circular No. 2019-2 dated December 18, 2019.

5.3.1.2. The DBM shall, likewise, be the authority to decide on specific cases not falling within the express authority of the LGU or the DILG to approve.

#### **5.3.2. Unencumbered local funds**

5.3.2.1. **Local Chief Executives** (i.e., Provincial Governors, City Mayors, Municipal Mayors, and Punong Barangays) for the acquisition of the following motor vehicles and heavy equipment, based on the specification limitations set forth in Presidential Administrative Order No. 14 and DBM Budget Circular No. 2017-1 (dated December 10, 2018 and April 26, 2017, respectively):

5.3.2.1.1. Specific-purpose vehicles, such as, medical ambulances, military and police patrol vehicles, armoured vehicles, prisoner's vans, and fire trucks;

5.3.2.1.2. Heavy equipment such as, road construction equipment, cargo transport equipment, farm machineries, waste management or environmental sanitation equipment, and other similar vehicles/equipment;

5.3.2.1.3. Locally-assembled owner- or passenger-type jeep;

5.3.2.1.4. Motorized *banca* and/or motorized boats;

5.3.2.1.5. Vehicles for mass transport when necessary in the interest of public service; and

5.3.2.1.6. Motorcycles and tri-wheel vehicles.

5.3.2.2. The purchase of multi-cabs shall be treated as an exemption to the authority of the LGU to approve regardless the source of funds for the purchase of the same are unencumbered local funds.

**5.3.3. *Regardless of Fund Source***

5.3.3.1. ***The Office of the President*** for the acquisition of all types of aircrafts, and sea-crafts, upon the favorable endorsement of the Department of Budget and Management;

5.3.3.2. ***The Secretary of the Interior and Local Government (SILG)*** or his duly authorized representative for the acquisition of cars, passenger vans, pick-up type vehicles, AUV, CUV, MPV, SUV, and/or multi-cabs not falling under the authority of any other office or person under Item 5 of these guidelines, and/or as maybe qualified by the following provisions:

5.3.3.2.1. That the vehicle to be purchased is not a luxury vehicle as defined under these guidelines;

5.3.3.2.2. That the purchase of MPV utilizing Local Government Support Funds-Other Financial Assistance to Local Government Units (LGSF-FA to LGUs) shall be limited to engine displacement not exceeding 1500cc for gasoline-fed, or 2500cc for diesel-fed, in conformity with Item 3.5 of DBM-DILG JMC No. 2019 dated December 18, 2019.

5.3.3.2.3. That the acquisition of multi-cabs shall be chargeable against local unencumbered funds, and/or the LGSF-FA, and shall have an engine displacement not exceeding 1000cc, diesel or gasoline fed, and not exceeding 3-cylinder.

5.3.3.2.4. That the acquisition of SUVs shall be strictly in accordance with the provisions under DBM Budget Circular No. 2017-1, dated April 26, 2017, as amended by Presidential Administrative Order No. 14, S. 2018,



and by Budget Circular No. 2019-2, dated March 4, 2019.

5.3.3.3. **Delegated Authority of Concerned DILG Regional Directors.** The authority of the SILG under item 5.3.3.2 is hereby delegated to the Department's Regional Directors with regard to requests coming from component cities, municipalities, and barangays within their respective areas of jurisdiction.

5.3.3.4. The concerned office of the Department shall, upon review of the LGU request, and upon determination that the same does not fall under the authority of the Department, endorse the same to the appropriate national government agency or its regional office for their appropriate action, or return the request to the LGU if it falls within its authority.

#### **5.4. Documentary and Procedural Requirements for the Issuance of Authority to Purchase Motor Vehicles.**

5.4.1. Prior to the issuance of authority to purchase motor vehicles, the following documents, in original and/or certified true copy, shall be submitted to the concerned DILG Municipal/City/Provincial Field Office:

5.4.1.1. Local Chief Executive (LCE)'s letter request stating the number and specific type of vehicle to be purchased, including specifications (i.e., engine displacement, fuel use as to gasoline- or diesel-fed, and number of cylinders), the purpose and deployment for which such vehicle(s) will be used, and official email address where the approved Department Authority may be sent, upon approval;

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

5.4.1.3. Certified true copy of an Ordinance approving such purchase (i.e., first two and last pages of the said Ordinance and the page indicating the appropriated amount, per vehicle, to be purchased), and/or current

Sanggunian Resolution on fund utilization in case of trust funds such as, unexpended DRRM fund balances from the previous year(s), and funds transferred/donated to the requesting-LGU from higher-level LGUs, government corporations, etc.;

5.4.1.4. In cases of LGU requests utilizing loan proceeds as funding source, a certified true copy of the loan agreement between the LGU, and the lending institution, supported by an appropriate sanggunian resolution; and

5.4.1.5. Updated (current calendar year) inventory/accounting of all existing motor vehicles showing their status/conditions/worthiness (e.g., good, fair, repairable or unserviceable) duly certified by the LGU's Property/Supply Officer. Provided that the same shall not be required if the requesting LGU has already submitted a copy of the same to the concerned DILG office.

5.4.2. All Regional Directors shall review the submitted documents based on the provisions of these guidelines, as to substance, to determine:

5.4.2.1. Whether or not the requested purchase needs the authority of the Department; and

5.4.2.2. If Department authorization is required, the completeness, and adequacy of the submitted documentary requirements.

5.4.3. Within three (3) working days after receipt of the LGU request, the concerned DILG Regional Office shall assess the same and:

5.4.3.1. Notify the LGU if the nature of the request does not need an authorization from the Department or if the same lacks any documentary requirement/s;

5.4.3.2. Approve the request if it complies with all the requirements of these guidelines, and falls within the delegated authority of the regional director; or

- 5.4.3.3. After ensuring that all requirements as set forth under these guidelines are complied with, endorse the same to the DILG Central Office, through the Bureau of Local Government Supervision (BLGS), if the requesting LGU is a province, highly urbanized city, or an independent component city.
- 5.4.4. Direct submissions of requests for authority to purchase to the Central Office is highly discouraged. In the event the LGU submits it directly, the BLGS shall, without making any preliminary assessment on the same, endorse it to the concerned regional office for their appropriate action, in addition, the LGU shall lose the benefit of the hasty disposition of requests as provided for under item 5.4.3 of these guidelines.
- 5.4.5. Requests endorsed by the DILG Regional Offices to the Central Office that do not comply with the preceding sections of these guidelines shall automatically be disapproved, and returned to them. The regional office concerned shall be accountable for any delays that this shall cause to the processing of the LGU request and shall assume full accountability for any, and all complaints filed relative to the same.
- 5.4.6. Authorization from the SILG or his duly authorized representative, of requests of provinces, HUCs, and ICCs with complete documentation shall be released by the Department's Central Records Section via PhilPost. An advance copy shall be sent through the concerned Regional Office through CRS-DMS, and the LGU official email address while the original copy is in transit.

## 6. Monitoring and Evaluation

- 6.1. DILG Regional Offices are directed to submit to the Central Office, every quarter, a report on all instances of violations of LGUs within their areas of jurisdiction, relative to the purchase of motor vehicles. Subsequently, the regional offices are directed to submit a summary of all requests processed by their office, the status of such requests, and the compliance of LGUs with the submission of reports under 5.1.6 of these guidelines.

**6.2.** The Bureau of Local Government Supervision, shall submit a quarterly report to the Secretary of all requests processed by the Department, and all recorded violations of LGUs.

## **7. Sanctions**

**7.1.** Violations of any of the provisions of these guidelines may be used as basis by the Department or any persons concerned in the filing of appropriate cases against erring officials, and personnel subject to existing laws, rules, and regulations.

## **8. Dissemination**

**8.1.** All DILG Regional Directors and the BARMM Minister of Local Government are hereby directed to cause the widest dissemination of this Memorandum Circular within their respective areas of jurisdiction.

## **9. Effectivity**

**9.1.** This Memorandum Circular shall take effect immediately.

## **10. Repealing Clause**

**10.1.** All rules, regulations, orders, or circulars inconsistent or contrary to the provisions of this Memorandum Circular, are hereby repealed or modified accordingly.

## **11. Feedback**

**11.1.** For related queries, kindly contact the DILG Bureau of Local Government Supervision at Tel Nos. (02) 8876-3454 loc. 4203 or 4205, or at email address at blgs.apmv@gmail.com

## **12. Approving Authority**

  
**UNDERSECRETARY BERNARDO C. FLORECE, JR.**  
Officer-In-Charge



DILG-OSEC 01182021-010