

**[ GPPB RESOLUTION NO. 07-2005, April 01, 2005 ]**

**PROVIDING FOR THE RULES ON ADJUSTMENTS IN THE  
APPROVED BUDGET FOR THE CONTRACT**

WHEREAS, Republic Act No. 9184 (R.A. 9184), otherwise known as "Government Procurement Reform Act" and its Implementing Rules and Regulations Part A (IRR-A) took effect on January 26, 2003, and October 8, 2003 respectively;

WHEREAS, Section 7 of R.A. 9184 and its IRR-A provides that all procurement should be within the approved budget of the procuring entity and should be meticulously and judiciously planned. No government procurement shall be undertaken unless it is in accordance with approved Annual Procurement Plan (APP), which must be consistent with approved yearly budget. Further, it is stated that the Approved Budget for the Contract (ABC) for the contract shall be at all times consistent with the appropriations for the project;

WHEREAS, Section 5 (b) of R.A. 9184 defines ABC as *"The budget for the contract duly approved by the head of the procuring entity, as provided for in the General Appropriations Act (GAA) and/or continuing appropriations, in the case of national government agencies (NGAs); the corporate budget for the contract approved by the governing board, pursuant to Executive Order No. 518, series of 1979 (E.O. 518), in the case of GOCCs and GFIs, and Republic Act No. 8292 in the case of SUCs; and the budget approved by the Sanggunian in the case of LGUs. For purposes of, and throughout, this IRR-A, the terms "ABC", "Approved Budget for the Contract" and "Approved Budget" shall have the same meaning and shall be used interchangeably"*.

WHEREAS, in connection with this, Section 31 of abovementioned law provides that the ABC shall be the upper limit or ceiling for bids. Bids higher than the ABC shall be automatically disqualified. Accordingly, all procuring entities are required to indicate the amount of ABC for the project in the Invitation to Apply for Eligibility and to Bid (IAEB) and in the bidding documents to inform all prospective bidders of the ceiling for their bid price;

WHEREAS, in case failure of bidding where all bids exceed the ABC, the Bids and Awards Committee (BAC) shall modify the terms, conditions and specifications in the first bidding documents to change the scope of work or to adjust the procuring entity's cost estimates or specifications, Provided, that, the ABC shall be maintained;

WHEREAS, Section 35.3 of the IRR-A provides that should there occur a second failure of bidding, the procuring entity may enter into a negotiated procurement;

WHEREAS, if after two failed biddings, the procuring entity finds that there is a need to evaluate the responsiveness of the ABC, and decides to revise the ABC