



Republic of the Philippines
OFFICE OF THE OMBUDSMAN
Agham Road, Diliman, Quezon City, 1104

**MINUTES OF THE PRE-BID CONFERENCE FOR THE
PUBLIC BIDDING FOR THE SUPPLY AND DELIVERY OF FIVE (5) UNITS
BRAND NEW MOTOR VEHICLES (VANS) REQUIREMENT (OSP) OF THE
OFFICE OF THE OMBUDSMAN
(PB 2018-29)**

**APPROVED BUDGET FOR THE CONTRACT:
SEVEN MILLION NINE HUNDRED SEVENTY FIVE THOUSAND PESOS
(PHP 7,975,000.00)**

December 04, 2018, Hearing Room, 2:30 P.M.

The Pre-Bid Conference started at 2:43 p.m. with an introduction of the following parties in attendance by Ms. Marjorie Hazel R. Cofino, Member, BAC Secretariat, to wit:

The Bids and Awards Committee:

AO MARIBETH T. PADIOS	- Chairperson
DIR. ADORIE T. CORNITO	- Vice-Chairperson
ATTY. JANET CABIGAS-VEJERANO	- Member

The Technical Working Group:

ATTY. REINER C. SADSAD	- Vice-Chairperson
ATTY. CEZAR M. TIROL II	- Member
MS. JOANNA MAE E. ALBERTO	- Member

BAC Secretariat:

MS. JOSEPHINE S. VARGAS	- Head
MS. MARJORIE HAZEL R. COFINO	- Member
MR. ROMMEL T. NAKANOMI	- Member
MS. JOAN DC. ESCALADA	- Member
MS. RONALYN S. CALAYO	- Member

Witness:

ATTY. EMILYN CRISTINA M. CASTILLO	- OMB Proper
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Observer:

MS. CANDY BRIGADE CRIZALDO	-COA
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Resource Person:

MS. MARISSA RABAGO UY, Division Chief	-BIR (VAT Credit Audit Division)
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Ms. Cofino announced that there were two (2) prospective bidders namely: 1) TOYOTA OTIS, represented by Mr. Jim Reyes and Mr. Leeroi Chris Pelicano; and, 2) NISSAN COMMONWEALTH, represented by Mr. Romeo Mallari.

Ms. Josephine S. Vargas, Head, BAC Secretariat, reported the following activities on the Office's compliance with the requirements of R.A. No. 9184:

- 1) The Invitation to Bid (ITB) was posted at the PhilGEPS, Ombudsman Website and BAC Bulletin Board on 22 November 2018.
- 2) Letters of Invitation for the Pre-Bid Conference, Opening of Bids and Post-Qualification were sent and received by the following Witnesses and Observers:

- a. Hon. Melchor Arthur H. Carandang (Overall Deputy Ombudsman, OODO)
- b. Atty. Kristine Joy M. Meñez-Macalalad (Assistant Ombudsman, OMB-
Proper)
- c. Mr. Crisanto S. Frianeza (Secretary General, Philippine Chamber of
Commerce Industry)
- d. Ms. Zenaida P. Alcantara (National President, Philippine Institute of Certified
Public Accountants)
- e. Ms. Marilyn R. Laurente (State Auditor IV, Audit Team Leader, COA)
- f. Mr. Gerhard G. Basco (OMBEA Representative).

With the presence of the Chairperson and two (2) Members of the Bids and Awards Committee and the Vice-Chairperson and two (2) Members of the Technical Working Group (TWG), a quorum to transact business was manifested by Ms. Vargas.

The Pre-Bid Conference was called to order by AO Maribeth T. Padios, BAC Chairperson. She then turned over the floor to the Technical Working Group for the discussion of the eligibility, technical component, financial component and post-qualification documents.

The TWG Vice-Chairperson, Atty. Reiner Sadsad, discussed the Invitation to Bid and eligibility requirements and also the requirements for post-qualification to be submitted by the bidder having the Lowest Calculated Bid.

Following this, AO Maribeth T. Padios, opened the floor to answer queries from the participants and encouraged them to ask questions. She reminded them that any further question after the Pre-Bid Conference will have to be in writing and addressed to the BAC Secretariat.

PARTICULARS	ISSUES RAISED BY THE BIDDERS	BAC/TWG REPLY
ELIGIBILITY AND TECHNICAL COMPONENTS	NISSAN COMMONWEALTH (Mr. Romeo Mallari): We have a new model which is higher than your required specifications, about 380mm longer. Our vehicle is 5,080mm in length and its height is 2,940mm.	TWG (Atty. Reiner Sadsad): The TWG suggested to the BAC that the TWG convene first to discuss the bidder's concern.
	We can also make a vehicle in a 12 or 15-seater capacity. The 12-seater has more leg room. The seats are also reclining and not bench-type unlike the ordinary 15-seater which are bench-type and without headrest.	BAC (AO Maribeth T. Padios): Your comment shall be for the consideration of the TWG. The BAC will just issue a Supplemental / Bid Bulletin, if necessary.
	What is your color requirement for the vehicle? For the particular model that we are offering, we only have the White color as we order the vehicle from Japan.	TWG (Atty. Reiner Sadsad): We have no requirement for the color yet. We will take note of your comments.

ELIGIBILITY AND TECHNICAL COMPONENTS	<p>TOYOTA OTIS (Mr. Leeroi Chris Pelicano):</p> <p>Our product is compliant with the technical specifications except for the Maximum Torque. Your specifications state “<i>Must have at least 300Nm @ 2000-25000 rpm.</i>”</p> <p>Our vehicle can generate 300Nm at 1,200-2,400 rpm.</p>	<p>TWG (Atty. Sadsad):</p> <p>The TWG will consider your comments and suggestions.</p>
	<p>NISSAN COMMONWEALTH (Mr. Mallari):</p> <p>For the torque in the rpm, this is the maximum right? So (anything) lower than this is acceptable?</p>	<p>TWG (Atty. Sadsad):</p> <p>Yes. But we will consider all your comments on the technical specifications.</p>
	<p>TOYOTA OTIS (Mr. Pelicano):</p> <p>So if ever it is lower, it would be acceptable?</p>	

Dir. Adorie Cornito, Vice Chairperson introduced Ms. Marissa Rabago Uy from the Credit Audit Division of the Bureau of Internal Revenue to explain some matters on the pricing since it has been noticed that the price offered to the government is much higher than the retail price.

Ms. Uy showed a sample computation for the bidders, based on the contract price of P7,975,000.00:

Invoice amount	7,975,000.00
Less: VAT	<u>854,464.29</u>
Selling Price	7,120,535.71
Less:	
5% Withholding of Final VAT	
(7,120,535.71 x 5%)	356,026.79
1% Withholding of Income Tax	
(7,120,535.71 x 1%)	<u>71,205.35</u>
	<u>427,232.14</u>
	<u>7,547,767.86</u>

Ms. Uy explained that in case of a bid price of P7,975,000.00, we have to remove the 12% in order to arrive at the selling price (P7,120,535.71). The Final VAT withheld is P356,026.79 and Income Tax withheld is P71,205.35. After deducting these withholding taxes, the amount payable to the supplier of goods is P7,547,767.86. And since these are just withholding taxes, it is only an advance payment to be made by the government agency for the income as well as the VAT liability of the supplier of goods. In this sense, actually there was no “reduction.” There was just a reduction in the amount received by the supplier but regardless of whether one is a private or a public buyer, the same computation applies.

Question:	Answer:
NISSAN COMMONWEALTH (Mr. Mallari): So what is the total percentage of the	BIR (Ms. Uy): We have Revenue Memorandum Circular No. 23-2007 dated 20 March 2007. Based

withholding tax?	<p>on this regulation, we have to withhold 5% for final withholding tax for VAT and 1% for income tax or a total rate of 6%. But these withholding taxes are just advance payments.</p> <p>The 5% and 1% should be based on the selling price of 7,120,535.71 and not on the invoice price of 7,975,000.00, which is VAT inclusive.</p>
<p>TWG (Atty. Sadsad):</p> <p>The TWG conducted a study about the prices of vehicles. We went to various dealerships, checked their websites and showrooms and we observed that their government prices are higher than their Standard Retail Prices (SRP). Why is there a difference?</p>	<p>BIR (Ms. Uy):</p> <p>As what I have already previously mentioned, regardless of whether the buyer is an individual or a government entity, the price should be the same.</p>
<p>BAC (AO Padios):</p> <p>With due respect to our prospective bidders, can we at least be clarified on how you come up with the selling price for government entities? Why is there such a difference?</p> <p>BIR (Ms. Uy):</p> <p>These taxes are just only withheld by the government agency to be given actually to the BIR as advance payment. The Ombudsman will just be advancing to the BIR. There will be no loss on the part of the supplier.</p>	<p>TOYOTA OTIS (Mr. Pelicano):</p> <p>On our part, I do not know exactly the computation but I have also inquired about the government price vs. private price and their explanation is that it is based on "unrecoverable tax."</p> <p>NISSAN COMMONWEALTH (Mr. Mallari):</p> <p>Based on my personal opinion, the reason why the "government price" is higher is mainly because of the difficulty in collecting payments from government agencies. We do not know when we will be paid. The average time of payment of government agencies is 3 months. There are government agencies who can pay promptly but others cannot.</p> <p>Other reasons, I think, are the cost of the bidding documents, documentation, and notarization of contracts. Some agencies even require 6 copies.</p>
<p>BAC (AO Padios):</p> <p>Is there a way to vary the practice of government price vs. private price?</p>	<p>NISSAN COMMONWEALTH (Mr. Mallari):</p> <p>For private accounts, we do not include in the invoice the payment to the LTO, tint, matting, and seat cover. While in government accounts, we have to include these in the invoice because we will not get paid.</p> <p>All expenses in government accounts are included in the invoice.</p>
<p>BAC (Dir. Cornito):</p> <p>We have a clarification on the free 3-year</p>	<p>NISSAN COMMONWEALTH (Mr. Mallari):</p>

LTO Registration and seat cover. Isn't it that you do not put any specific price?	Actually on the accounting side, we include them in the price.
BAC (Dir. Cornito): So LTO Registration is not included specifically in the invoice but only in the total amount?	NISSAN COMMONWEALTH (Mr. Mallari): Yes, Mam. We put them in the Sales Order in your case, in the Bid Form.
BAC (Dir. Cornito): With regard to the payment, if the OR/CR can be forwarded to us, we can pay. How long can you give the OR/CR?	NISSAN COMMONWEALTH (Mr. Mallari): After you sign the Invoice, we will get the Police Clearance which takes about 10 days, depending upon the availability of the signatory, then to the LTO which also takes about 10 days, also depending upon the availability of the signatory.
BAC (Dir. Cornito): In the Office of the Ombudsman, the payment is about 30 or 60 days once you submit the complete documentary requirements. We assure you of prompt payment upon the submission or the completion of the documentary requirements.	NISSAN COMMONWEALTH (Mr. Mallari): Yes, the period is ideal especially with the BAC. Our problem is with the Accounting where we follow-up with the payment.
BAC (AO Padios): Have you had any experience that you varied such price (for government agencies)?	NISSAN COMMONWEALTH (Mr. Mallari): The final price comes from our office. Based on experience, no, we do not vary. We have a standard price for government agencies.
BAC (AO Padios): How about Toyota Otis?	TOYOTA OTIS (Mr. Pelicano): The same experience, Mam. We handle big government agencies and the government price is never the same with the retail price, for the same reason – the cost of value of money.
BAC (Dir. Cornito): In the Office of the Ombudsman, we will give you the documentary requirements that you need to submit for faster processing of payments. Our OPCR/IPCR requires us not to incur delay in payments.	NISSAN COMMONWEALTH (Mr. Mallari): Another cause of delay is on the Inspection and Acceptance. This is the usual delayed process in government agencies.
NISSAN COMMONWEALTH (Mr. Mallari): This is a question to the BIR Resource Person – should you really deduct the 6%?	BIR (Ms. Uy): Yes. If not, the agency will be accountable and there is a personal liability on the part of the person who failed to withhold.

At this point Ms. Uy asked to be excused from the proceedings. AO Padios then thanked Ms. Uy for accepting BAC's invitation even on short notice.

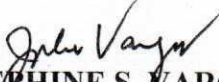
Atty. Tirol then proceeded to explain the contents of Ombudsman Bid Form No. 2A (Financial Proposal).

The BAC Secretariat then showed a short video on how the bidders should prepare their bids for submission.

On a final note, the representatives of the two (2) prospective bidders manifested that they would like to request the extension of the delivery period from 45 calendar days to **60 calendar days**. The TWG and the BAC noted the said request and assured the bidders that all matters discussed in the Pre-Bid Conference will be taken into consideration. A Supplemental/Bid Bulletin will then be issued, if necessary.

There being no more queries, the Pre-Bid Conference for the Public Bidding for the Supply and Delivery of Five (5) Units Brand New Motor Vehicles (Vans) for the for the Office of the Ombudsman (PB 2018-29) was adjourned at 3:58 P.M.

Prepared and attested by:


JOSEPHINE S. VARGAS
Head, BAC Secretariat

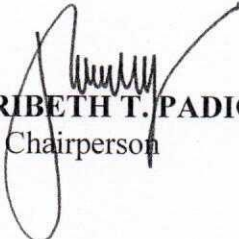
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