

REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF INTERNAL REVENUE**  
Quezon City

May 28, 2018

**REVENUE MEMORANDUM ORDER NO. 25-2018**

**SUBJECT : Prescribing the Guidelines and Procedures in the Conduct of Pre-Repair Inspection and Inspection and Acceptance of Deliveries of Goods and Services, Infrastructure Projects and Consulting Services in the Bureau of Internal Revenue**

**TO : All Internal Revenue Officials, Employees and Others Concerned**

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**BACKGROUND**

In line with the directive of the present government to streamline the processes and documentary requirements, the existing procedures of the inspection and acceptance committee are reviewed/revisited.

**I. OBJECTIVES**

1. To amend the guidelines and procedures provided under RMO No. 45-2011.
2. To split the Inspection and Acceptance Committee (IAC) into separate committees namely:
  - a. Inspection Committee (IC)
  - b. Acceptance Committee (AC)
3. To institute proper internal safeguards and controls on deliveries.
4. To determine the necessity and/or extent of repair / rehabilitation / renovation and work to be done on IT and non-IT equipment, building facilities and vehicles as well as the replacement of parts thereof.
5. To ensure that the correct quantity and quality of goods / services rendered as specified in the Purchase Order (PO) / Job Order (JO) /Agency Procurement Request (APR) / Request for Printing and Binding (RPB) and Contract and other documents are delivered, inspected, verified and found in order.
6. To define and delineate the duties and responsibilities of different Offices involved.
7. To ensure timely submission of complete supporting documents relevant to the preparation of the Inspection and Acceptance Report (IAR)

**II. SCOPE**

Goods and Services

- 1.1 Information Technology/Infrastructure deliverables such as but not limited to the following:
  - Software Licenses / Contracts / Certificates
  - Hardware / Equipment
  - Reports
  - Manuals
  - Systems Documentation
  - Application / System Software
  - IT Related Service
- 1.2 Non-IT deliverables such as but not limited to the following:
  - Equipment
  - Supplies
  - Spare Parts
  - Construction Materials
- 1.3 Vehicles
- 1.4 Building Facilities
- 1.5 Services Rendered

#### Infrastructure Projects

##### 2.1 Building Construction

##### 2.2 Repair/Rehabilitation/Renovation of Building Facilities (major)

#### Consulting Services

##### 3.1 Management Services

##### 3.2 IT Related Services

### **III. Organization**

#### **A. National Inspection Committee**

The Inspection Committee (IC) in the National Office (NO) shall be composed of the following officials:

Chairperson - Assistant Commissioner, Planning and Management Service (PMS)

Vice-Chairperson - Head Revenue Executive Assistant, PMS

- Members
1. Chief, Procurement Division (Proc Div.)
  2. Chief, General Services Division (GSD)
  3. Two (2) Representatives from Information Systems Group (ISG)
  4. One (1) Representative from Internal Investigation Division (IID)
  5. Other Members that may be appointed by the Commissioner

Secretariat - As recommended by the Chairperson, Inspection Committee and approved by the Commissioner of Internal Revenue (CIR)

#### **B. Regional Inspection Committee**

The Inspection Committee in the Regional Office (RO) shall operate similarly as their counterpart in the NO and shall be composed of the following officials:

Chairperson - Chief, Regional Investigation Division (RID)

Vice-Chairperson – Assistant Chief, Regional Investigation Division

- Members
1. Assistant Chief, Administrative & Human Resource Management Division (AHRMD)
  2. Assistant Chief, Collection Division
  3. Other member that may be appointed by the Regional Director

Secretariat - As recommended by the Chairperson, Regional Inspection Committee and approved by the Regional Director (RD)

Inspection Sub-Committee – For far-flung/remote areas which covers Island District Offices and District Offices requiring travel by land of 200 kilometers distance or at least four (4) hours continuous travel from Regional Offices.

Chairperson - Asst. Revenue District Officer

- Members
1. Section Chief, Collection Section
  2. Section Chief, Assessment Section
  3. Other member that may be appointed by the Regional Director

#### **IV. Guidelines and Policies**

The following guidelines and policies shall be observed in carrying out the activities pursuant to this Order.

1. The IC shall act as an independent unit.
2. In the absence of official properly designated in the plantilla position of the abovementioned offices, the Commissioner/Regional Director may appoint any official of the same rank/level who shall act as IC Chairperson/Member until such time that an official shall have been officially designated.
3. In case of prolonged absences of the Chairperson or any member, they shall designate their authorized representatives, not lower than the next in rank position/item than that to be represented, duly approved by the Commissioner/ Regional Director.
4. Property inspection is an auditing technique which aids the Property Inspector in his constitutional duty to examine, audit and settle all accounts pertaining to the expenditures of funds and/or uses of property. It requires the Inspector no less than an ocular verification of the existence and condition of the property under inspection. It provides an ample safeguard against attempts of suppliers or contractors to defraud the Government thru short or substandard deliveries or projects. (Sec. 1- COA Manual of Property Inspection 1979)

#### **4.a. Pre-Repair Inspection**

1. Pre-Repair Inspection shall be conducted on IT and non-IT equipment, vehicles and building facilities requested for repair / rehabilitation / renovation/ replacement of unit/parts by concerned offices of the Bureau.
2. Pre-Repair inspection shall be conducted only upon receipt of duly accomplished Request for Pre-Repair Inspection (Annex "A") from the concerned offices of the Bureau. The request shall be accompanied by a picture of the facility/equipment to be replaced/repared. (COA Circular No. 2012-001 dated June 14, 2012)
3. Requisitioning unit/office shall prepare Request for Pre-Repair Inspection and Purchase Request except in cases involving repair / rehabilitation / renovation/ replacement of unit/parts which shall be prepared by concerned offices of the Bureau. However, for island districts the Request for Pre-Repair Inspection and Purchase Request shall be prepared by the Administrative Section (RDO).
4. The IC and Sub-committee shall conduct actual pre-repair inspection and sign the Pre-Repair Inspection document (Annex "A").
5. Procurement Division (NO) /Collection Division (RR) /Collection Section (RDO) shall check whether cost of repair is economical or not (not greater than 30% of the current market price) (COA Circular No.85-55A).

#### **4.b. Inspection of Deliveries**

1. Actual inspection shall be conducted only upon receipt of duly accomplished Request for Inspection (Annex "B") from Chief, Property Division (PropD) (NO)/ Chief, AHRMD (RR)/ Section Chief, Administrative Section (AdmS) (RDO) or concerned project proponent. For the procurement of goods (services) and infrastructure projects, pictures (if applicable) of the completed work shall be attached.
2. Inspection shall be conducted only on deliveries of goods and services rendered that are properly receipted for and accepted by concerned Property/Supply Officer and other concerned offices.
3. Inspection should be made, as a general rule, in the site specified in the order, after the deliveries have been duly received by the Bureau. Under no circumstances shall inspection be conducted in the premises of the supplier. Exceptional transaction shall be covered by a Memorandum of Agreement (MOA) between the Bureau and the supplier as approved by the Commission on Audit (COA).
4. Inspection and Acceptance Report (IAR) (Annex "C") must state the items actually inspected and conclusive remarks on findings and recommendation relative to inspection conducted. In case of deviation, the concerned proponent shall prepare a certification indicating the justification relative to the inspected goods/services which do not conform

with the approved specifications subject for approval of the one who signed the PO/JO/contract.

5. The IC representative shall affix his signature beside printed name and indicate the date of inspection in the original Delivery Receipt (DR)/Sales Invoice (SI)/Service Invoice/Charge Invoice (CI).
6. Inspection of accountable forms delivered by Bangko Sentral ng Pilipinas (BSP), APO Production Unit, Inc. (APO) and National Printing Office (NPO) shall be supervised and controlled by the Committee to Supervise the Printing of Specialized Accountable Forms pursuant to Revenue Memorandum Order No. 14-2015 dated June 24, 2015.
7. Purchase of item whose cost is less than P15,000.00 and paid out of Petty Cash Fund by authorized Special Disbursing Officer or advanced by any official in the National Office/Regional Office/RDO authorized to buy supplies/materials from their own cash advances shall be inspected by any authorized member of the Inspection Committee upon receipt of goods for inspection from the Special Disbursing Officer. The inspection undertaken shall be indicated on the face of the invoice or delivery receipt.
8. The Requisitioning Officer shall be held accountable for failure to return/surrender to Property Division (PropD) (NO) / AHRMD (RR) / AdmS (RDO) the waste materials such as worn out spare parts, components and other materials considered scrap due to replacement. (Sec. 63 of Manual of the NGAS).
9. PropD (NO) / AHRMD (RR) / AdmS (RDO) and concerned project proponent shall invite COA to witness the inspection of items delivered pursuant to Section 6.06 of COA Circular 95-006 (Annex "D").
10. IC sub-committee created in Regional Offices with Island District Offices/ District Offices requiring travel by land of 200 kilometers distance or at least four (4) hours from Regional Offices shall facilitate inspection for projects amounting to P15,000.00 in said district office.
11. All photocopies of supporting documents shall be properly authenticated by the concerned originating office.

## **V. Procedures**

The concerned officer shall be responsible for the following:

### **A. Pre-Repair Inspection**

#### **1. Requisitioning Unit**

- 1.1 Prepare letter request to ACIR, Administrative Service, Attention: PropD/ GSD (NO) / Regional Director, Attention: Chief, AHRMD (RR) for repair/renovation/rehabilitation/replacement of unit/parts;
- 1.2 Coordinate with the following offices:

#### 1.2.1 PropD/GSD/AHRMD/AdmS

- For Non-IT equipment, vehicles and building facilities for repair/renovation/rehabilitation/ replacement of unit/parts.

#### 1.2.2 Service Desk, Network Management & Technical Support Division (NMTSD) (NO )/Revenue Data Center (RDC) (RR)

- For IT equipment and facilities for repair/ renovation/ rehabilitation/ replacement of unit/parts.

1.3 Prepare and sign Request for Pre-Repair Inspection (Annex “A”) and Purchase Request;

1.4 Submit Request for Pre-Repair Inspection to IC. Pictures before the repair should be attached (if applicable); and,

1.5 Return /surrender to PropD/AHRMD/AdmS within one (1) day upon inspection, the waste materials such as worn out spare parts, components and other materials considered scrap due to replacement.

### **2. Service Desk, NMTSD (NO)/RDC(RR)**

2.1 Conduct actual pre-repair inspection of IT equipment and facilities for repair/renovation/rehabilitation/ replacement of unit/parts.

2.2 Check and determine the necessity of repair and the extent of the damage;

2.3 Determine reasons for breakdown, whether due to fair wear and tear or negligence;

2.4 Coordinate with Project Proponent (PP) if property is still covered by warranty;

2.5 Prepare, sign and attach Service Report to the Request for Pre-Repair Inspection; and

2.6 Forward the Request for Pre-Repair Inspection to Member, IC (NO)/ AHRMD(RR)/ AdmS (RDO) within one (1) working day from the conduct of actual pre-repair inspection.

### **3. Members, IC (NO) / AHRMD (RR) /AdmS (RDO)**

3.1 Conduct actual pre-repair inspection / evaluation;

3.2 Check and determine the necessity of repair and the extent of the damage;

3.3 Determine reasons for breakdown, whether due to fair wear and tear or negligence;

3.4 Coordinate with PP if property is still covered by warranty;

3.5 Check whether cost of repair is economical or not (not greater than 30% of the current market price) (COA Circular No. 85-55A).

3.6 Validate the findings in the Request for Pre-Repair Inspection

3.7 Sign and forward the Request for Pre-Repair Inspection to Chairperson, IC (NO)/RID(RR)/ARDO(District) within three (3) working days from the conduct of actual pre-repair inspection except for major repairs amounting to 1,000,000.00 and below requiring submission of drawings, lay-out & estimates within fifteen (15) working days.

### **4. Chairperson, IC**

4.1 Affirm the findings in the Request for Pre-Repair Inspection;

- 4.2 Sign and forward the Request for Pre-Repair Inspection to Assistant Commissioner, Administrative Service (NO)/Regional Director (RR) together with the Purchase Request within one (1) working day.

## **B. Inspection of Deliveries**

### **1. Requisitioning Unit**

- 1.1 Prepare, sign and forward Request for Inspection to the Chairperson, IC and Commission on Audit (COA) together with the original DR/ SI/ Servi/ BI/ BS/ CI/ SOA and certified true copy of PO/ JO/ APR/ RPB/TOR/Contract within twenty-four (24) hours from receipt of deliveries;

### **2. Inspection Committee Secretariat (ICS)**

- 2.1 Receive from PropD/GSD/NMTSD/PP (NO) / AHRMD (RR) / AdmS (District) the Request for Inspection together with the original DR/ SI/ Servi/ BI/ BS/ CI/ SOA and certified true copy of PO/JO/ APR/ RPB/TOR/ Contract;
- 2.2 Receive original Certificate and /or Waste Material Report;
- 2.3 Validate the accuracy and completeness of documents necessary for processing the Inspection and Acceptance Report. In case of discrepancies, prepare Reference Slip/Memorandum for signature of Chairperson, IC returning the documents to PropD/GSD/NMTSD/PP (NO) / AHRMD (RR) / AdmS (District) / PP for appropriate action;
- 2.4 Prepare Transmittal Slip, Inspection and Acceptance Report (IAR) and Chronology of Events (COE) within twenty-four (24) hours upon receipt of Request for Inspection including attachments; (Annex "E")
- 2.5 Stamp "INSPECTED" in the original DR/SI/Servi/BI/BS/CI/SOA and request the inspectors to affix his/her signature beside printed name and indicate the date of inspection;
- 2.6 Forward the signed Transmittal Slip with the complete docket (IAR, Request for Inspection including all supporting documents) to assigned/concerned Inspectors;
- 2.7 Forward the approved / signed IAR by the Chairperson, Inspection Committee together with the complete docket to the Chairperson/Co-Chairperson, Acceptance Committee.

### **3. Member, IC / AHRMD /AdmS**

- 3.1 Inspect and verify items as to quantity and conformity with the specifications based on the DR/ SI/ Servi/ BI/ BS/ CI/ SOA and approved PO/JO/APR/RPB/TOR/Contract, within three (3) working days from receipt of Request for Inspection;
- 3.2 Verify / Check waste materials such as worn out spare parts, components and other materials considered scrap due to replacement/fair wear & tear;

- 3.3 Affix Inspector's signature beside printed name and indicate the date of inspection on the original DR/ SI/ Servi/ BI/ BS/ CI/ SOA;
- 3.4 Sign the IAR over printed name

#### **4. Vice-Chairperson, IC**

- 4.1 Review and initial on the transmittal Slip;
- 4.2 Review and initial on the Reference Slip/Memorandum returning the Request for Inspection (including all supporting documents) w/ discrepancies;
- 4.3 Review and sign Chronology of Events;
- 4.4 Review and initial in the IAR; and

#### **5. Chairperson, IC**

- 5.1 Assign Inspectors to conduct actual inspection;
- 5.2 Sign Reference Slip/Memorandum returning the Request for Inspection (including all supporting documents) w/ discrepancies;
- 5.3 Review and sign the IAR within one (1) working day from receipt.

### **VII. Repealing Clause**

This supersedes RMO No. 45-2011 and all revenue issuances and/or portions that are inconsistent herewith.

### **VIII. Effectivity**

This Order takes effect immediately.

(Original Signed)  
**CAESAR R. DULAY**  
Commissioner of Internal Revenue