

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

October 26, 2011

REVENUE MEMORANDUM ORDER NO. 45-2011

SUBJECT : Prescribing the Guidelines and Procedures in the conduct of Pre-Repair Inspection and Inspection and Acceptance of deliveries of Goods and Services in the Bureau of Internal Revenue

TO : All Internal Revenue Officials, Employees and Others Concerned

I. Background

Inspections are conducted for the purpose of establishing actual receipt of items purchased by the requisitioning agency or the actual construction of an infrastructure project and determining whether such items received/projects constructed conform with standards/specifications/policies/ governing them.

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)

II. Objectives

1. To institute proper internal safeguards and controls of IT and non-IT equipment, vehicles and building facilities for repair, goods delivered and services rendered.
2. 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.
3. To ensure that the correct quantity and quality 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.

4. To define and delineate the duties and responsibilities of different Offices involved.
5. To improve the timely submission of complete supporting documents relevant to the preparation of the Inspection and Acceptance Committee Report.

III. Organization

A. National Office Committee

The Inspection and Acceptance Committee in the National Office shall be composed of the following officials:

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| Chairman | - Assistant Commissioner, Policy and Planning Service (PPS) |
| Members | : 1. Chief, Procurement Division (PD)
2. Chief, General Services Division (GSD)
3. Concerned Project Proponent (PP) |

B. Revenue Regional Office Committee

The Inspection and Acceptance Committee in the Revenue Regional Office shall operate similarly as their counterpart in the National Office and shall be composed of the following officials:

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| Chairman | - Chief, Special Investigation Division (SID) |
| Members | : 1. Assistant Chief, Administrative Division (AdmD)
2. Assistant Chief, Collection Division
3. Concerned Project Proponent |

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

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| Chairman | - Asst. Revenue District Officer |
| Members | : 1. Section Chief, Administrative Section
2. Section Chief, Collection Section
3. Revenue District Officer (as Project Proponent) |

In the absence of official properly designated in the plantilla position abovementioned, the Commissioner/Regional Director may appoint any official of the same rank/level who shall act as IAC Chairman/Member until such time that an official shall have been officially designated.

In case of prolonged absences of the Chairman or any member, they shall designate their authorized representatives duly approved by the Commissioner/Regional Director.

IV. Guidelines and Policies

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

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 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.
3. Requisitioning unit/office shall prepare Request for Pre-Repair Inspection and Purchase Request except in cases involving repair/renovation/rehabilitation of building facilities which shall be prepared by GSD (NO)/ Administrative Division(RR). However, for island districts the Request for Pre-repair Inspection and Purchase Request shall be prepared by the Administrative Section(RDO).
4. The IAC/IAC 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).

B. Inspection of Deliveries

1. Actual inspection shall be conducted only upon receipt of duly accomplished Request for Inspection (Annex "C") from Chief, General Services Division/Asst. Chief, Administrative Division/ Section Chief, Administrative Section.
2. Inspection shall be conducted only on deliveries of goods and services rendered that are properly received 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 accepted 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 Committee (IAC) Report (Annex "B") must state items actually inspected and conclusive remarks on findings and recommendation relative to inspection conducted. If quantity and/or specifications are not in order or deliveries are not complete, indicate notation on the IAC Report that the deliveries are not in conformity with the quantity and/or specifications provided under the approved PO/JO/APR/RPB/Contract.
5. The IAC representative shall affix his signature over printed name and indicate the date of inspection in the original Delivery Receipt (DR)/Sales Invoice (SI)/Service Invoice/Charge Invoice (CI).
6. The Inspection and Acceptance Committee (IAC) shall act as an independent unit.
7. 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. 55-2000.
8. Purchase of item whose cost is less than ₱15,000.⁰⁰ 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 the Chairman, Inspection and Acceptance Committee only. The inspection undertaken shall be indicated on the face of the invoice or delivery receipt and the Purchase Request (PR).

9. The Requisitioning Officer shall be held accountable for failure to return/surrender to GSD(NO)/AdmD(RR)/Administrative Section(RDO) the waste materials such as destroyed spare parts, components and other materials considered scrap due to replacement. (Sec. 63 of Manual of the NGAS) .
10. The Chairman and Members, Inspection and Acceptance Committee (IAC) shall simultaneously conduct the inspection of deliveries.
11. GSD (NO) /Administrative Division (RR)/Administrative Section(RDO) shall invite COA to witness the inspection of items delivered pursuant to Section 6.06 of COA Circular 95-006.(Annex "D").
12. IAC sub-committee shall be created in Regional Offices with Island District Offices/ District Offices requiring travel by land of at least four (4) hours from Regional Offices to facilitate inspection for projects amounting to ₱20,000.⁰⁰ in said district office.

V. **Procedures**

The Inspection and Acceptance Committee (IAC) shall be responsible for the following:

A. **Pre-Repair Inspection**

1. **Requisitioning Unit**
 - 1.1 Prepare letter request to ACIR, Admin Service, Attention : GSD(NO)/Regional Director (RR) for repair/renovation/rehabilitation of office facilities;
 - 1.2 Coordinate with the following offices :
 - 1.2.1 GSD/AdmD/Administrative Section
 - For Non-IT equipment, vehicles and building facilities for repair/renovation/rehabilitation.
 - 1.2.2 Help Desk, System Support Division (SSD) (NO only)
 - For IT equipment and facilities for repair/ renovation/ rehabilitation.
 - 1.3 Prepare and sign Request for Pre-Repair Inspection (Annex "A") and Purchase Request;
 - 1.4 Submit Request for Pre-Repair Inspection to the Member, IAC (GSD/Help Desk, SSD/AdmD/Administrative Section); and,
 - 1.5 Return /surrender to GSD/AdmD/Administrative Section within one (1) day, the waste materials such as destroyed spare parts, components and other materials considered scrap due to replacement.

2. Help Desk, SSD

- 2.1 Conduct actual pre-repair inspection of IT equipment and facilities for repair/renovation/rehabilitation;
- 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 Determine 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 to Member, IAC (GSD/AdmD/Administrative Section) within one (1) working day from the conduct of actual pre-repair inspection.

3. Member, IAC (GSD/Administrative Division/Administrative Section)

- 3.1 Check the property card to ascertain government ownership of the property;
- 3.2 Conduct actual pre-repair inspection of Non-IT equipment, vehicles and building facilities for repair/renovation/rehabilitation;
- 3.3 Check and determine the necessity of repair and the extent of the damage;
- 3.4 Determine reasons for breakdown, whether due to fair wear and tear or negligence;
- 3.5 Determine if property is still covered by warranty;
- 3.6 Prepare, sign and attach Service Report to the Request for Pre-Repair Inspection (If applicable); and,
- 3.7 Forward to Member, IAC (PD/Collection Division/Collection Section) within three (3) working days from conduct of actual pre-repair inspection except for major repairs amounting to ₦ 500,000.⁰⁰ and below requiring submission of drawings, lay-out & estimates, fifteen (15) working days.

4. Member, IAC (Procurement Division/ Collection Division/Collection Section)

- 4.1 Receive the Request for Pre-repair Inspection;
- 4.2 Conduct actual pre-repair inspection/evaluation together with the representative of the Chairman, IAC within one (1) working day upon receipt of the Pre-Repair Inspection Report;

- 4.3 Check whether cost of repair is economical or not (not greater than 30% of the current market price);
- 4.4 Validate the findings in the Pre-repair Inspection Report;
- 4.5 Initial/sign the Pre-Repair Inspection Report; and,
- 4.6 Submit to Chairman, IAC for approval within one (1) working day.

5. Chairman, IAC

- 5.1 Conduct actual pre-repair inspection/evaluation within one (1) working day upon receipt of the Pre-Repair Inspection Report;
- 5.2 Affirm the findings in the Pre-repair Inspection Report;
- 5.3 Sign/approve within one (1) working day the Pre-Repair Inspection Report; and,
- 5.4 Forward to Assistant Commissioner, Administrative Service/Regional Director (or his duly authorized representative) together with the Purchase Request for approval.

B. Inspection of Deliveries

- 1. Member-IAC(GSD/Administrative Division/Administrative Section)**
 - 1.1 Prepare, sign and forward Request for Inspection to the Chairman and Members, IAC and Commission on Audit (COA) together with the photocopies of DR/SI/Servl/CI and PO/JO/APR/RPB/Contract within twenty-four (24) hours from receipt of deliveries;
 - 1.2 Inspect and verify items as to quantity and conformity with specifications based on the DR/SI/Servl/CI and approved PO/JO/APR/RPB/Contract, within three (3) working days upon receipt of Request for Inspection;
 - 1.3 Receive from Member, IAC (PP) Request for Inspection together with the photocopies of DR/SI/Servl/CI;
 - 1.4 Stamp "INSPECTED" the original DR/SI/Servl/CI and request the inspectors to affix his/her signature over printed name and indicate the date of inspection;
 - 1.5 Affix Inspector's signature over printed name and indicate the date of inspection on the original DR/SI/Servl/CI;
 - 1.6 Receive all original DR/SI/Servl/CI together with the signed Technical and Acceptance Report from Project Proponent;
 - 1.7 Receive from Requisitioning Unit waste materials such as destroyed spare parts, components and other materials considered scrap due to replacement.

- 1.8 Prepare, sign and attach Waste Material Report to the IAC Report;
- 1.9 Prepare, initial and sign the "ACCEPTANCE" box of the Inspection and Acceptance Committee (IAC) Report with the original DR/SI/Servl/CI within twenty-four (24) hours from inspection; and,
- 1.10 Forward to IAC, Member (PD /Collection Division/Collection Section).

2. Member-IAC (PP)

- 2.1. Coordinate with General Services Division/Administrative Division/Administrative Section for direct deliveries made by Supplier/Contractor;
- 2.2. Prepare, sign and forward Request for Inspection to the Chairman and Members, IAC and Commission on Audit (COA),together with the photocopies of DR/SI/Servl/CI /Contract for goods/services directly delivered to them within twenty-four (24) hours from receipt of contract;
- 2.3. Inspect and verify items as to quantity and conformity with specifications based on the DR/SI/Servl/CI and approved PO/JO/APR/RPB/Contract, within three (3) working days upon receipt of Request for Inspection;
- 2.4. Counter-sign acceptance of goods delivered by affixing his/her signature over printed name and indicate the date of receipt to the original DR/SI/Servl/CI;
- 2.5. Prepare and sign Technical and Acceptance Report within two (2) working days from the conduct of actual inspection of deliveries; and,
- 2.6. Forward to IAC, Member (GSD/AdmD/Administrative section).

3. Member-IAC(Procurement Division/ Collection Division/Collection Section)

- 3.1 Receive from Member, IAC (GSD/AdmD/Administrative Section) Request for Inspection together with the photocopies of DR/SI/Servl/CI;
- 3.2 Inspect and verify items as to quantity and conformity with specifications based on the DR/SI/Servl/CI and approved PO/JO/APR/RPB/Contract, within three (3) working days upon receipt of request for inspection;

- 3.3 Affix Inspector's signature over printed name and indicate the date of inspection on the original DR/SI/Servl/CI;
- 3.4 Receive from Member, IAC (GSD/AdmD/Administrative Section) the signed "ACCEPTANCE" box of the IAC Report;
- 3.5 In case of deficiency / non- conformity with the specifications /terms and conditions, return within one (1) working day the IAC report to GSD/AdmD/Administrative Section for appropriate action;
- 3.6 Initial the "INSPECTION" box of the IAC Report within twelve (12) working hours from receipt of IAC Report from GSD/AdmD/Administrative Section ;
- 3.7 Forward to Chairman, IAC for approval; and,
- 3.8 Furnish advance copy of the approved IAC Report to Accounting Division and COA for recording.

4. Chairman-IAC

- 4.1 Receive from Member, IAC (GSD/AdmD/Administrative Section) Request for Inspection together with the photocopies of DR/SI/Servl/CI;
- 4.2 Inspect and verify items as to quantity and conformity with specifications based on the DR/SI/Servl/CI and approved PO/JO/APR/RPB/Contract, within three (3) working days upon receipt of Request for Inspection;
- 4.3 Affix Inspector's signature over printed name and indicate the date of inspection on the original DR/SI/Servl/CI;
- 4.4 Receive from Member, IAC (PD/Collection Division/Collection Section) the signed "ACCEPTANCE" box of the IAC Report;
- 4.5 In case of deficiency / non- conformity with the specifications /terms and conditions, return within one (1) working day the IAC report to GSD/AdmD/Administrative Section for appropriate action;
- 4.6 Receive from Member, IAC (GSD/AdmD/Administrative Section) the corrected / revised IAC Report;
- 4.7 Evaluate the corrected / revised IAC Report;
- 4.8 Affix signature on the original SI/Servl/CI;
- 4.9 Approve the "INSPECTION" box of the IAC Report within twelve (12) working hours from receipt of IAC Report from PD; and,
- 4.10 Forward approved IAC Report to PD/AdmD/Administrative Section .

VI. **Repealing Clause**

This Order supersedes all revenue issuances and/or portions that are inconsistent thereof.

VII. **Effectivity**

This Order takes effect upon approval hereof.

(Original Signed)
KIM S. JACINTO-HENARES
Commissioner of Internal Revenue