



Republic of the Philippines
Department of Education
Region X
SCHOOLS DIVISION OF TANGUB CITY



May 9, 2024

Division Memorandum
No. 192, s. 2024

INTERNAL CONTROL POLICY ON WARRANTY SECURITIES

To: Asst. Schools Division Superintendent
Schools Division Personnel
Public Elementary and Secondary School Heads
Teachers
Bids & Awards Committee (BAC), BAC Secretariat, BAC Technical Working Group (TWG)
All Others Concerned

1. The Division of Tangub City issues the enclosed Internal Control Policy on Warranty Securities. This is pursuant to Section 62.1 of the Revised IRR of RA 9184. To wit:

For the procurement of Goods, in order to assure that manufacturing defects shall be corrected by the supplier, a warranty security shall be required from the contract awardee for a minimum period of three (3) months, in the case of Expendable Supplies, or a minimum period of one (1) year, in the case of Non-expendable Supplies, after acceptance by the Procuring Entity of the delivered supplies. The obligation for the warranty shall be covered by either retention money in an amount equivalent to at least one percent (1%) but not to exceed five percent (5%) of every progress payment, or a special bank guarantee equivalent to at least one percent (1%) but not to exceed five percent (5%) of the total contract price. The said amounts shall only be released after the lapse of the warranty period or, in the case of Expendable Supplies, after consumption thereof: Provided, however, that the supplies delivered are free from patent and latent defects and all the conditions imposed under the contract have been fully met.

2. The Warranty Security Bond agreed upon by all BAC Members is 1% for every 5 Thousand Pesos and above Lowest Calculated Quotation (LCQ). This Warranty Security Bond can only be claimed after the span of 3 months for Supplies and 1 year for equipment after delivery has been made.

3. This policy aims to establish the threshold, conditions and specifications on warranty securities for the procurement of goods.



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4. These guidelines shall be effective immediately and shall remain enforce and in effect in all the procurement of goods.
5. Immediate dissemination of and strict compliance with this policy is directed.

SHAMBAEH A. ABANTAS-USMAN, PhD, CESO VI
Schools Division Superintendent