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## PRACTICES AND CHALLENGES IN THE IMPLEMENTATION OF REPUBLIC ACT 9184 IN LOCAL GOVERNMENT UNITS

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### ABSTRACT

Republic Act 9184 and its Implementing Rules and Regulations (IRR), also known as the Government Procurement Reform Act (GPRA) 2003, guide the Philippine government procurement system to ensure transparency, competitiveness, and accountability in the government's procurement of goods, infrastructure projects, and consulting services. This study aimed to determine the practices and challenges in the implementation of Republic Act 9184 in the local government units in Oroquieta City. This study used a quantitative and descriptive survey design to assess the practice and challenges of implementing Republic Act 9184 in selected local government units in Misamis Occidental. The study's respondents included members of the Bids and Awards Committee, BAC-TWG, and Provisional BAC members (unit heads). The researcher adapted a standardized questionnaire from the Dagohoy et al. (2023) study. The results showed that local government units in Misamis Occidental rated their government procurement practices as "always practiced," indicating a high level of consistency. The Bids and Awards Committee faced significant challenges during the procurement process, placing it in the "much challenging" category. The researcher highly recommends that Local government units and municipalities may continue to prioritize and enhance their use of electronic procurement methods. Second, to address the issue of substandard items, the committee could enhance their supplier vetting process to select only reputable and high-quality vendors for procurement. Lastly, the committee should conduct regular reviews of past procurement projects to identify areas for improvement and continuously improve the procurement process.

**KEYWORDS:** practices, challenges, RA 9184, local government unit

### 1. INTRODUCTION

Republic Act (RA) 9184, also known as the Government Procurement Reform Act of 2003, contains the current legislative framework. Republic Act 9184 and its Implementing Rules and Regulations (IRR), also known as the Government Procurement Reform Act (GPRA) 2003, guide the Philippine government procurement system. The Government Procurement Reform Act (GPRA) 2003 became law on January 10, 2003. On October 8, 2003, September 2, 2009, and August 25, 2016, the

Implementing Rules and Regulations (IRR) underwent several revisions. Section 3 of RA 9184 provides the governing principles of transparency, competitiveness, streamlined procurement processes, accountability, and public monitoring (Castañeda et al., 2023).

The purpose of Republic Act 9184, also known as the Government Procurement Reform Act, is to ensure transparency, competitiveness, and accountability in the government's procurement of goods, infrastructure projects, and consulting services. It provides guidelines for the procurement process, including contract planning, awarding, and implementation, as well as resolution of related disputes. The act aims to streamline and standardize government procurement practices, promoting efficiency and integrity in public funds. Additionally, it establishes the Government Procurement Policy Board (GPPB) to oversee and implement the act's provisions, ensuring its effective enforcement across government agencies.

As a result, Republic Act 9184 has had a significant impact on local government units (LGUs) by providing guidelines and standards for transparent, competitive, and accountable procurement processes. The act ensures that the procurement of goods, infrastructure projects, and consulting services within LGUs follows a streamlined and standardized approach, promoting efficiency and integrity in public funds. By adhering to the practices of RA 9184, LGUs can enhance their procurement processes, minimize corruption risks, and foster fair competition among suppliers and contractors. Additionally, the act aims to improve the overall governance and service delivery of LGUs by establishing clear procedures for planning, awarding, and implementing contracts, ultimately benefiting the constituents and the community. However, compliance, capacity, and resource constraints may impact the full realization of the act's objectives within LGUs, indicating areas where further support and guidance may be required.

The main challenges the local government units (LGUs) face in implementing Republic Act 9184 include compliance, capacity, and resources. The complexity of RA 9184's procurement process, which necessitates strict adherence to the act's provisions, may pose compliance challenges. First, capacity constraints may stem from the need for trained personnel and expertise to navigate the procurement procedures and requirements effectively. Top executives must promptly address organizational challenges when they identify capacity constraints (Cabaron, 2023). This is also to ensure that the organization can continue to meet procurement needs effectively. It may involve reallocating resources, investing in training and development programs to build procurement capabilities, or exploring new strategies and partnerships to overcome limitations. In addition, resource limitations, such as budget constraints and access to technology and infrastructure, can hinder the full implementation of RA 9184 within LGUs. These challenges have an impact on LGUs' ability to fully realize the act's objectives, indicating areas where further support and guidance may be required to address these obstacles and enhance the effectiveness of procurement processes within the local government context.

Therefore, the purpose of this study is to assess the implementation practices and challenges of RA 9184 within the local government unit. The study will be helpful for local government unit procurement administrators as evidence of the need for multifaceted action to strengthen compliance with the Philippines' RA 9184 Procurement Act.

## 2. LITERATURE REVIEW

This study illustrates how the provisions of the 2016 Revised Implementing Rules and Regulations of Republic Act No. 9184, also known as the Government Procurement Reform Act, are in line with the GOP's commitment to advancing good governance and its efforts to uphold the values of accountability, transparency, equity, efficiency, and economy in its procurement process. The study is governed by Section 3 of this IRR (Magtalas et al., 2019). The GOP's policy is that, with the exception of what is stated in Rule XVI of this IRR, competitive bidding must be applied to the procurement of goods, infrastructure projects, and consulting services in order to ensure transparency and competition.

The variables of the study were extracted from Republic Act 9184 and its implementing Rules and Regulation (IRR), namely:

1. Procurement Planning;
2. Procurement by Electronic Means and the PhilGEPS;
3. Preparation of Bidding Documents and Invitation to Bid;
4. Post-qualification and award, Implementation and Termination of the Contract; and
5. Alternative Methods of Procurement.

**2.1 Procurement Planning.** The procuring entity must meticulously and wisely plan all purchases within the specified budget. The Annual Procurement Plan (APP) will only include those items deemed essential for effectively carrying out governmental activities by government budgetary discipline measures (RA 9184 of the IRR, Rule 2, and Section 7). Effective procurement practices in the nation's local government institutions depend critically on careful preparation for this significant expense. Proper planning for this vast expenditure is an essential element of good procurement in the country's local government systems. The primary goal of procurement is to provide high-quality goods and services in precise quantities and of appropriate quality, as required by open, equitable competition (Awanyo, 2019). The delivery must occur at the specified time and location. Therefore, securing such goods and services at competitive prices requires accurate planning and the involvement of several stakeholders (Basheka, 2008). Procurement planning, according to James (2004), cited by Apiyo and Mburu (2014), aims to address the following issues: what should be purchased, when, where, and when will resources be available? How will a timely purchase or failure impact the user of the item(s), the entity that will be purchasing and disposing of the purchase, and how efficient is the procurement

process? and which parties will be involved?

**2.1.1 Procurement by Electronic Means and the PhilGEPS.** Republic Act No. 9184, also known as the "Government Procurement Reform Acts," established the Philippine government through its procurement guidelines and Implementing Rules and Regulations. It promotes transparency in procurement, allowing citizens to access government transactions (such as opportunities, awards, and disbursements) through the Philippine Government Electronic Procurement System (PhilGEPS) (Magtalas et al., 2019). According to RA 9184, Rule III, Section 8, the PhilGEPS is the principal and authoritative source of information about government procurement. Setyadiharja et al. (2014) concluded that a solid political will effectively follows the creation of e-procurement systems to reduce corruption and improve quality in the procurement of goods and services.

**2.1.2 Preparation of Bidding Documents and Invitation to Bid.** Bidding documents prepared by the procuring entity following the Government Procurement Policy Board (GPPB): 1.) The Government Procurement Policy Board (GPPB) prohibits the use of brand names. Finally, the BAC must meet at least once for bid contracts with an authorized budget of one million pesos (P1,000,000.00) or higher (Duyan et al., 2020). Moreover, as per Rule VI, Section 17.3 of RA 9184, the concerned BAC is required to make the bid documents available to prospective bidders for a sufficient amount of time to review them and prepare their bids, starting from the moment the invitation to bid or request for expression of interest is first advertised or posted and ending when the bids must be submitted and received.

**2.1.3 Post-qualification and award, Implementation and Termination of the Contract.** The lowest calculated bidder (LCB) shall be subject to post-qualification by Section 34, Rule X, of this IRR to determine its responsiveness to the eligibility and bid requirements. Should post-qualification determine the lowest calculated bid to be post-qualified, the bidder will receive the contract as the lowest calculated and responsive bid (LCRB). The procedure under Section 34 (Section 12.1 of RA 9184) also applies in cases of post-disqualification of the LCB. Following the bid opening, a post-qualification evaluation will focus on the lowest-bidding supplier. The Technical Working Group will confirm the legitimacy and authenticity of their eligibility documents, as well as their performance in fulfilling prior contracts using their past clients or customers. If they make it through the post-qualification phase, they will proceed to the awarding step (Magtalas et al. (2019)

**2.1.4 Alternative Methods of Procurement.** Alternative modes of procurement such as limited source bidding, direct contracting, repeat order, shopping, and negotiated procurement are allowed in certain cases in order to promote economy and efficiency. While these alternative modes provide flexibility, transparency and fairness remain essential. Proper documentation and adherence to guidelines are crucial to ensure efficiency and prevent misuse. (GPRA,2016 and GPPB). The

following are some of the alternative procurement methods:

- **Limited Source Bidding:** In this method, the procuring entity invites a **limited number of pre-qualified suppliers** to submit bids. It's typically used when there are only a few qualified suppliers for a specific product or service. The goal is to ensure competition while streamlining the process.
- **Direct Contracting:** Also known as **single-source procurement**, this method involves directly awarding a contract to a specific supplier without competitive bidding. It's applicable when there's only one qualified supplier, emergency situations, or specialized services.
- **Repeat Order:** This mode allows procuring entities to place additional orders with an existing supplier based on a previously awarded contract. It's useful for routine purchases or when there's a need for consistency in goods or services.
- **Shopping:** Shopping is a simplified procurement method where entities directly purchase goods from a supplier. It's suitable for low-value items or when there's no need for complex bidding processes.
- **Negotiated Procurement:** In certain cases, negotiation with suppliers is allowed. This method is used when standard procurement methods are impractical or when there's a need for flexibility. It involves discussions with potential suppliers to arrive at mutually beneficial terms.

### 3. METHODOLOGY

This study used a quantitative and descriptive survey design to assess the practice and challenges of implementing Republic Act 9184 in selected local government units in Misamis Occidental. The researcher conducted this study on selected local government units in District 1, Misamis Occidental. The study's respondents included members of the Bids and Awards Committee, BAC-TWG, and Provisional BAC members (unit heads). The researcher utilized a standardized questionnaire, adapted from Dagohoy et al. (2023), to conduct research on public procurement processes in local government units and the challenges they face. The researcher obtained informed consent from those who agreed to complete the survey. The researcher strictly confidentially kept all their responses, and neither the local government unit nor State University had access to the survey.

### 4. RESULT AND DISCUSSION

**Table 1: Government Procurement Practices of Local Government Units**

Indicators	Means	Description
Procurement Planning	4.86	Always Practiced
Procurement by Electronic Means	4.89	Always Practiced
Preparation of Bidding Documents and Invitation to	4.79	Always Practiced
Post-qualification and award, Implementation and	4.85	Always Practiced
Alternative Methods of Procurement	4.42	Always Practiced
Gen. Mean	4.76	Always Practiced

The summary result in Table 1 suggests that the Local Government Unit and Municipality of Misamis Occidental prioritize and regularly use electronic means for their procurement processes. This indicates a level of efficiency and modernization in their procurement practices. Although alternative procurement methods received a slightly lower mean rating, they are still considered to be always practiced by the respondents. Although the Local Government Unit and Municipality of Misamis Occidental prefer electronic means, they are willing to use other methods when needed. Overall, the mean rating of 4.76 "always practiced" indicates a high level of consistency in their procurement practices. This suggests that the Local Government Unit and Municipality of Misamis Occidental are committed to following established procedures and ensuring transparency in their procurement processes. Furthermore, it is critical that the human resources in charge of e-procurement are highly competent at using digital technology. Carretero et al. (2017), cited by Cabaron (2023), remarked that digital competence involves using digital technologies to develop new digital innovations.

Electronic procurement methods have become increasingly popular in recent years due to their ability to streamline processes, reduce paperwork, and enhance accountability (Al-Bahri et al., 2020). By consistently utilizing electronic means for procurement, local government units and municipalities are likely to be able to improve the speed and accuracy of their procurement processes, as well as reduce the risk of corruption or favoritism in the awarding of contracts. Government procurement practices must prioritize transparency and efficiency to ensure the effective and ethical utilization of public resources. Moreover, Feriansyah et al. (2023) defined e-procurement as the online procedure for getting products and services from the government. It is transparent and open to the public, ensuring a fair process for government procurement of products and services.

**Table 2. Challenges Encountered by the Procurement Officers in the Procurement Practices**

Challenges	AWV	Description
1. Subpar standard items	3.86	Much Challenging
2. Preparation of required documents	3.58	Much Challenging
3. Preparation of Technical Specification	3.72	Much Challenging
4. Lack of prospective suppliers	3.75	Much Challenging
5. Lack in training and seminars	3.68	Much Challenging
6. Implementation of Rules and Regulation / Internal Policy	3.81	Much Challenging
7. Failed Bidding	3.65	Much Challenging
8. Composing the Terms of Reference	3.67	Much Challenging
9. Canvassing / Market Study	3.75	Much Challenging
10. Bidding Timeline and schedule	3.70	Much Challenging
Mean	3.72	Much Challenging

The study's results, presented in Table 2, show that the BAC (Bids and Awards Committee) faced significant challenges during the procurement process, with a grand mean of 3.72, placing it under the "much challenging" category. The highest-rated challenge was the sub-par standard items, with a mean of 3.86, indicating that this issue is particularly problematic for the BAC. This implies that the procurement process may face potential issues if the quality of the items fails to meet the desired standards. Additionally, the BAC identified the implementation of rules, regulations, and internal policies as a major challenge, with a mean score of 3.81, suggesting that adhering to existing guidelines and policies may pose difficulties. This could potentially lead to delays or complications in the procurement process. Finally, a mean score of 3.58 rated the preparation of required documents as difficult. This suggests that ensuring all necessary documentation is in order and properly prepared may be a significant hurdle for the BAC during the procurement process.

Overall, these results highlight the various challenges faced by the BAC during the procurement process, which could impact its efficiency and effectiveness. Finding ways to address these challenges and improve processes may be crucial to ensuring successful procurement outcomes. Gomez et al. (2020) found significant challenges encountered by the BAC during the procurement process. Issues with the procurement process may arise if the quality of the items procured does not meet the required standards. According to a study by Gabiana et al. (2013), the bidding process encountered constraints that significantly affected it and the approval of a few projects. Observations show that even with strict adherence to the competitive bidding process, certain factors can still cause delays in serving the general public.

## 5. CONCLUSION AND RECOMMENDATION

The procurement practices of the local government units in Misamis Occidental are generally considered to be consistently practiced, with a composite mean score of 4.76. Electronic procurement received the highest mean score, indicating that this method is particularly effective. Additionally, the Bids and Awards Committee encountered numerous challenges during the procurement process, categorizing the overall difficulty level as "much challenging." The most significant obstacles were the subpar standard items and the preparation of required documents. These challenges highlight the need for improvements in the procurement process to ensure efficiency and effectiveness in future endeavors.

Based on the study's findings and conclusion, the researcher highly recommends: (1) Local government units and municipalities may continue to prioritize and enhance their use of electronic procurement methods. This approach has proven to be particularly effective, as reflected in the survey results. By leveraging technology in procurement processes, organizations can improve efficiency, transparency, and accountability in their operations. Additionally, it may be beneficial for other LGUs and municipalities to study and adopt the best practices of those with high scores in this area to further improve their procurement practices. (2) To address the issue of substandard items, the committee could enhance their supplier vetting process to select only reputable and high-quality vendors for procurement. This can help prevent delays and issues with the quality of items received. Lastly, (3) the committee should conduct regular reviews of past procurement projects to identify areas for improvement and continuously improve the procurement process. Additionally, gathering feedback from stakeholders, including staff members and suppliers, can provide valuable insights on how to enhance the process moving forward.

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