



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF JUSTICE  
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## MEMORANDUM CIRCULAR NO. 2023-1

FOR : ALL CLIENT GOVERNMENT OWNED OR CONTROLLED  
CORPORATIONS

RE : REITERATING THE POLICY ON THE OGCC REVIEW OF  
CONTRACTS BEFORE EXECUTION

DATE : 10 JANUARY 2023

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As the principal law office of government owned or controlled corporations (GOCCs),<sup>1</sup> the Office of the Government Corporate Counsel (OGCC) reviews all proposed contracts,<sup>2</sup> to the end that the legal rights and interests of the government are protected and served under the terms and conditions of the agreement. GOCCs have the corresponding duty<sup>3</sup> under the law<sup>4</sup> to refer draft contracts to OGCC before they are signed by the proper signing authority.

Accordingly, the OGCC reiterates the strict implementation of the policy that proposed contracts must be referred to OGCC for review before

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<sup>1</sup> Section 10, Chapter 3, Title III, Book IV, Executive Order 292.

<sup>2</sup> Section 1, para. 2 of Republic Act 6000, An Act to Amend Certain Sections of Republic Act 2327, as Amended by Republic Act 3838, Entitled "An Act to Declare the Position of Government Corporate Counsel Distinct and Separate from that of the Solicitor General, Provide for his Appointment and Salary, and Appropriate the Necessary Funds Therefor, and for Other Purposes."

<sup>3</sup> *Ibid.*

<sup>4</sup> Also, Section 4.3 of the Governance Commission for GOCCs Memorandum Circular 2018-02 provides, "GOCCs shall ensure that **all agreements entered by them** including, but not limited to, those involving Major Development Projects and Major Contracts, shall not be grossly disadvantageous to the government. **The required favorable legal opinion and/or contract review by the Office of Government Corporate Counsel (OGCC) shall be secured by the GOCC before entering into said agreements.** (Emphasis ours.)



they are signed. As such, **any and all requests for review of contracts already executed or performed will be returned without action.**

In case of contracts with any foreign or multinational corporation, partnership, firm, entity, or association, involving PhP500,000.00 and above or the equivalent thereof in foreign currency, the same shall be submitted to OGCC for review.<sup>5</sup> Otherwise, Letter of Instruction 1096, Series of 1980, instructs that "the contract shall not be valid and binding and the Commission on Audit (COA) is directed to disapprove the disbursement of funds."<sup>6</sup> Furthermore, any officer or employee of a GOCC who fails or refuses to secure the review of such contract with any foreign entity shall be *prima facie* presumed to have entered into a contract or transaction manifestly and grossly disadvantageous to the government for purposes of prosecution under Republic Act 3019, as amended.<sup>7</sup>

GOCCs are enjoined to refer to OGCC their draft contracts or agreements together with all supporting documents to enable this Office to make a thorough and timely review of the contract. Relatedly, GOCCs are reminded to give consideration to the requirements of the ISO's 20-working day period for this Office's contract review *vis-a-vis* their target date for contract signing.

Please be guided accordingly.

  
**ROGELIO V. QUEVEDO**  
Government Corporate Counsel

Copy Furnished:

Department of Justice  
Commission on Audit  
Governance Commission for GOCCs  
Office of the Ombudsman

<sup>5</sup> Section 1, Letter of Instruction 1096, series of 1980.

<sup>6</sup> Section 2.

<sup>7</sup> Section 3, *Ibid.*