



Republic of the Philippines
Department of Health
OFFICE OF THE SECRETARY

September 30, 1996

ADMINISTRATIVE ORDER
No. 35 s. 1996

SUBJECT: DOH CENTRAL OFFICE MODIFIED PROCUREMENT SYSTEM

Per Memorandum from Philippine President dated 22 May 1996, a Review Committee on Procurement System and Procedures was created to formulate specific standards and initiate measures to improve the Department's procurement system and procedures.

The formulation of this modified procurement system is an end result of the findings and recommendations of the said Review Committee and subsequent staff work. The following principles serve as guides: maximum transparency and strict accountability, while trying to achieve optimum efficiency and effectiveness; decentralization of procurement without sacrificing control; optimizing rank and file personnel representation; ensuring the system can withstand public scrutiny; and making sure that transactions are advantageous to the government. In consultation with the various Offices and Services involved in the procurement of goods and services within the Central Office, the DOH Modified Procurement System hereby sets in place, its structure, terms and conditions and function, and responsibility delineation as follows:

I. STRUCTURE

The DOH Modified Procurement System shall be complemented by these Committees/Teams at the Central Office as follows:

1. Three (3) Prequalification, Bids and Awards Committees (PBAC):

1.1 PBAC for Drugs and Medicines, Health/Medical Supplies, Materials and equipment;

1.2 PBAC for Office Supplies, Materials, Equipment and Vehicles, Technical Assistance and Contractual Services, Repair and Maintenance of Equipment and Vehicles (above 50,000 pesos) and Repair of Facilities (above 50,000 but below 100,000 pesos);

1.3 Central Office Infrastructure Prequalification Bids and Awards Committee (COIPBAC) for Capital Outlay Contracts, and Repair and Maintenance of Facilities above 100,000 pesos.

2. The first two PBACS will be supported by the following:

2.1 Two (2) Technical Evaluation and Acceptance Committees (TEAC) composed of the Technical Evaluation Committee, and the Inspection and Acceptance Team that is, one for each PBAC; and

2.2 Two (2) Open Market Price Monitoring Teams (OMPMT), that is, one for each PBAC.

3. The COIPBAC will be supported by the following teams:

3.1 Prequalification Team

3.2 Technical Evaluation Team

3.3 Price Monitoring Team

4. A DOH Suppliers Accreditation Committee

5. A DOH Price Monitoring Committee

6. An Inspection Team for all purchases made through cash advance and other transactions as described in Section II.12 and job orders as described in Section II.11 including those described in Section II.13 (Refer to Department Order 234-0 s. 1996 dated July 22,1996)

The two PBACs, the COIPBAC and the DOH Suppliers Accreditation Committee shall be headed by an Assistant Secretary. The DOH Price Monitoring Committee is the sole responsibility of the Financial Operations and Frontline Service Audit (FOFLSA) and therefore shall be managed by its Head and implemented by its staff.

The first two PBACs shall have the following non-voting members: a Non—government Organization representative, the Director/Division Chief of PLS, a Legal Officer from the Office for Legal Affairs (OLA) and a FOFLSA Representative. In the COIPBAC however, the Legal Officer is a voting member.

A Secretariat composed of staff from the major Offices/Services and representatives from the Procurement and Logistics Service (PLS) shall also support the PBACs, except for COIPBAC whose secretariat shall be from OLA and OHFSR.

II. TERMS AND CONDITIONS

Coverage of this procurement system at the Central Office are goods and services that are utilized by the Central Office and those requiring bulk procurement for both GOP and foreign funded projects. Procurement of all other goods and services shall be decentralized to the end-users namely at the regional level or the hospitals. Administrative Order No. 29 dated July 31, 1996 defines the

procurement functions delegated to the retained hospitals.

2. Except for the FOFLSA, membership to each of the Committees/Teams have a maximum of one year unless terminated by the Secretary of Health.

3. The procurement committee members are designated by the Secretary of Health and their membership shall be covered by a Department Order. Department Order No. 203-B s. 1996 dated July 3, 1996 and Department Order No. 234-O s. 1996 dated July 22, 1996 specify the members of the various Committees/Teams from July 4, 1996 to to June 30, 1997.

4. Each Committee is functionally independent from each other for check and balance.

5. The Chairpersons of the PBACs shall have the authority and power to appoint the members of the TEAC from the pool of TEAC members, as well as other experts identified by the PBAC Chairperson or from the OMPMT as the case may be to perform technical evaluation or inspection and acceptance of goods. This shall be done only after each bidding and a PBAC Order shall be issued to this effect. The OMPMT may only be designated to perform inspection and acceptance of goods. Those performing technical evaluation shall not be involved in the inspection and acceptance of goods and services.

6. For goods that require technical expertise such as vehicles, computers, x-ray equipment. drugs etc., a technical staff such as a mechanical engineer, a computer professional or a pharmacist as the case may be shall become a member of the Technical Evaluation Committee as well as the Inspection and Acceptance Teams.

7. All goods and services that require technical expertise should be cleared with Services having such expertise or mandate to perform such activity. This includes specification and acceptance of goods. These goods should pass the technical testing required by these offices, also called Clearing Services. To wit:

7.1 Computers and related equipment, softwares, local and wide area networks, information technology solutions, computer-based systems development and other related technical assistance
Management Advisory Service

7.2 Communication and hospital equipment - Hospital Maintenance Service (Also refer to Administrative Order No.21 s. 1996 dated July 4, 1996)

7.3 X—ray and related radiation emitting equipment and devices - Radiation Health Service

7.4 Office equipment and supplies repair and maintenance of equipment and vehicles, batteries and tires (including related supplies and parts), and minor repairs of facilities (wear and tear only) -
General Services

7.5 Major facilities repair and maintenance and construction works as a means to check against the

master plan of DOH Central Office including electrical water supply, structural works, Health Infrastructure Service (Refer to Administrative order No. 2-D s. 1996 dated February 19,1996, Guidelines for the Implementation of 1996 Physical Plant Maintenance for Retained Hospitals and Health Facilities Offices and all Other Buildings of the DOH).

7.6 Printing services supplies and equipment audio visual supplies and equipment — Public Information and Health Education Service

7.7 Drugs and medicines - Bureau of Food and Drugs

8. Provisions for and testing of goods specifically drugs and medicines as stipulated in Title 7, Chapter 1, Articles 17 and 18 of the Government Accounting and Auditing Manual (GAAM), Volume 1 shall be strictly enforced except for antibiotics. Exemption from the above provisions on waiving test require official statement from the Commission on Audit as officially requested by the Department of Health per Section 483 provisions of Title 7, Chapter 1, Article 18 of GAAM Volume 1.

9. For technical services and repair of equipment, the Service end—users with the assistance of the Clearing Services as stated in Section III.7.6. will be responsible for the acceptance of the services rendered.

10. For capital outlay contracts and repair of facilities, inspection of work done will be conducted by the Health Infrastructure Service for contracts over 100,000 pesos or General Services for contracts below 100,000 pesos.

11. Repair of equipment and vehicles and repair and maintenance of facilities below or equal to 50,000 pesos shall be processed by the Service end-user and General Services. This transaction are not subject to PBAC action but subject to government rules and regulations that relate to it.

12. Supplies and materials below or equal to 1,000 pesos per item that are urgently needed should be charged to the cash advance of the Services.

13. Supplies and materials amounting less than or equal to 10,000 pesos which are procured from exclusive distributors will be processed by the Service end-user based on existing rules and regulations. These transactions are not subject to PBAC action but are subject to government rules and regulations that relate to it.

14. Canvassing of goods and services below or equal to 10,000 pesos will be processed by the Service end-user based on existing rules and regulations of at least three vendors. However, canvassing of goods above 10,000 pesos but below 50,000 pesos will be processed by the Canvassing Officers of PLS. These transactions are not subject to PBAC action but are subject to government rules and regulations that relate to it.

15. The procurement schedule is as follows . All late requests shall be processed in the next

procurement schedule. In case of amendments or addition to the Annual Procurement Plan (APP) and Requisition and Issuance Voucher (RIV), the supplemental APP with the corresponding RIV must be approved by the Undersecretary concerned. These must be submitted a month before each bidding schedule.



III. FUNCTIONS AND RESPONSIBILITIES

1. END-USERS

1.1 Prepare the preliminary Service APP every third quarter of the preceding year in tandem with the budget preparation period;

1.2 Secure clearance on the specification of goods and/or plan relative to established overall plan or framework (e.g. computers, IT infrastructure) from the Clearing Services concerned as stated in Section II.7;

1.3 Upon approval of the budget by the Department of Budget and Management and given budget ceiling for each Service, revise and finalize Service APP;

1.4 Ensure completeness and accuracy of specifications; any amendments to the Service APP shall have the approval of the Undersecretary concerned;

1.5 Prepare RIV including distribution list by major grouping and in alphabetical order. Separate RIVs should be prepared for the following:

- a. Common office supplies available at the PS, DB,
- b. Computer equipment and peripherals
- c. Computer supplies
- d. Drugs and Medicines
- e. Hardware Supplies
- f. Hospital/laboratory equipment
- g. Medical equipment and parts
- h. Medical supplies
- i. Repairs and maintenance of equipment
- j. Repairs and maintenance of medical equipment
- k. Repairs and maintenance of vehicles
- l. Office equipment
- m. Printing services

- n. Printing supplies
- o. Supplies and parts of office equipment (e.g. photocopier, typewriter, mimeographing machine, etc)
- p. Tools
- q. Vehicle supplies
- r. Others (specify)

1.6 Submit final APP as approved by the Undersecretary concerned and the RIVs to PLS with distribution list;

1.7 Submit APP in hard and soft copy to PLS. Failure to submit will result to non-inclusion in the total DOH Annual Procurement Plan and delayed procurement of request.

1.9 Must participate in the bidding, technical evaluation, inspection and acceptance of goods or services requested;

a. Prepare Specific Terms and Conditions for items requested to be part of the bid documents, and submit to PLS.

b. For goods, provide certification that money is available.

c. For technical assistance, prepare Terms of Reference, justification and secure certificate on availability of funds and other pertinent documents needed as stipulated in the Manual of Standard Operating Procedures for the Prequalification, Evaluation and Awards for Technical/Consulting Services and submit to the PBAC Secretariat concerned for processing.

d. Recommend members to the TEAC, then serve as Service end-user member of the TEAC.

e. For emergency purchases, Service end-user Director should provide a certification that the goods for procurement warrant emergency purchase before processing of request.

1.10 Canvass and process all repair and maintenance of facilities and repair and maintenance of equipment and vehicles below or equal to 50,000 pesos with General Services; and

1.11 Approve and sign procurement documents as needed per administrative order on delegation of authority.

2. OFFICE OF THE UNDERSECRETARIES

2.1 Approve the various Service APPs and amendments under his/her jurisdiction.

2.2 Approve the mode of procurement other than through public bidding and instruct PBAC accordingly; and

2.3 Approve and sign procurement documents and vouchers as stipulated by the Administrative Order on the Delegation of Authority.

3. FINANCE SERVICE

3.1 Inform Offices/Services of the monthly status of their budget, particularly for supplies and materials;

3.2 Certify availability of funds for all transactions;

3.3 Prepare all the necessary financial documents needed for procurement as may be required (e.g. opening of letter of credit);

3.4 Facilitate payment of supplies in coordination with the Service end-user and PLS; and

3.5 Coordinate with PLS and Service end-user.

4. OFFICE FOR LEGAL AFFAIRS

4.1 Provide a Legal Officer to the various procurement committees and DOH Suppliers Accreditation Committee;

4.2 Provide legal advise during the pre—bid, bidding and deliberation of bids;

4.3 Review all contracts as a result of the bidding or negotiations; and

4.4 Whenever applicable, further provide legal services in cases of complaints.

5. PROCUREMENT AND LOGISTICS SERVICE

5.1 Consolidate the APP of the various major Offices/Services into one DOH APP by major grouping as stated in Section III.1.5;

5.2 Categorize goods and services based on commonalities and specifications;

5.3 Check completeness and accuracy of specification of goods and service and return to Service end-user if incomplete. Also, check if goods are cleared by the concerned Clearing Services as stated in Section II.7;

5.4 Prepare initial categorisation of goods and submit to PBAC including RIVs

5.5 Inform the service end-users the mode of purchase based on the approval made by the PBAC concerned. If through public bidding, forward RIVs to PBAC.

5.6 Provide the Open Market Price Monitoring Team (OMPMT) the list of items to be bidded for price monitoring;

5.7 Finalise the bidding schedule as stated in Section II.14 and in coordination with the PBAC Secretariat as stated in Section III.9;

5.8 Prepare Invitation to Bid and other bid documents for goods and services amounting to 50,000 pesos and above;

5.9 Publish notice of biddings in coordination with the respective PBAC Secretariat;

5.10 Provide technical assistance in the Pre-bid Conference. It shall

undertake the following: prepare the venue; inform Service end-users and prospective bidders; notify members of the PBAC including non-voting members and Service end-user; get attendance and issue Bid Bulletin prepared by the PBAC Secretariat and approved by the PBAC Chairperson;

5.11 During the bidding, it shall undertake the following: accept bid proposals for stamping and numbering; get attendance of all those present; check submitted bid proposals against the distribution list and the list of required documents; safe keeping of the bidders bond and prepare the Abstract of Bids;

5.12 Endorse copies of bid documents to PBAC and COA and the third copy;

5.13 Issue approved Notice of Award to winning bidders;

5.14 Inform the awardee(s) on the amount of performance bond and submission of such;

5.15 Prepare and process Purchase Orders and contracts for the signature of respective officials;

5.16 Schedule delivery and prepare Notice of Delivery, and provide a copy to the respective PBAC Secretariat for the Inspection and Acceptance Team;

5.17 Inform the COA Inspection Committee and Service end-user when goods are delivered;

5.18 Conduct inspection of goods together with the inspection and Acceptance Team during deliveries;

5.19 Prepare request for inspection by COA and the DOH Inspection and Acceptance Team;

5.20 Prepare voucher and gather all required documents with the end-user for the voucher preparation and payment;

5.21 Distribute goods to end-users including shipping to the field offices/hospitals based on the end-user distribution list;

5.22 Maintain a file of all bidding documents; and

5.23 Maintain a computer-based Logistics Management Information System to facilitate updating and access of information on DOH procurements.

6. DOH ACCREDITATION COMMITTEE

6.1 Regularly review annual accreditation criteria and improve these based on the requirements of the Service end—users and government rules and regulations;

6.2 Categorize suppliers according to capitalization, networth and other defined criteria such as product/services provided, working capital facilities and equipment, track record and capacity to enter into contract;

6.3 Conduct evaluation of suppliers based on documents required and submitted;

6.4 Conduct unannounced inspections of suppliers for purposes of accreditation only;

6.5 Prepare and issue a Certificate of Accreditation to qualified DOH suppliers;

6.6 Maintain a computer-based Suppliers Accreditation System to facilitate updating and access of information on DOH suppliers;

6.7 Prepare, update and publish semi-annually the list of accredited suppliers; and

6.8 Disseminate list of accredited suppliers to PBAC, PLS, RHOs and retained hospitals.

7. FINANCIAL OPERATIONS AND FRONTLINE SERVICE AUDIT

7.1 Permanently serve as the DOH Price Monitoring Committee;

a. Conduct quarterly price monitoring based on COA, DTI and PS, DBM price list, bulk biddings conducted by the central office and retained hospitals and monitoring and commercial price surveys on selected drugs and medicines conducted by the BFAD and National Drug Policy Program, on the following items:

- Drugs and medicines regularly procured by DOH
- Common office supplies and equipment
- Common medical laboratory and dental supplies and equipment

- Common construction supplies and materials

b. Maintain a computer—based Price Monitoring System to facilitate updating and access of information on prices of goods including those from the OMPMT;

c. Prepare, update and publish quarterly price list; and

d. Disseminate the price list to PBAC, PLS, RHOs and retained hospitals

7.2 Observe and assess the process undertaken during the pre-bidding and bidding conferences and other meetings of the PBAC, if necessary, if these are within government rules and regulations or funding agency requirements, and suggest improvements; and

7.3 Conduct regular spot audit of DOH Modified Procurement System and suggest improvements.

8. PREQUALIFICATIONS, BIDS AND AWARDS COMMITTEES

8.1 Decide on mode of procurement based on the quantity of goods requisitioned, price involved, and government rules and regulations including the procurement requirement of the funding agency;

8.2 If through public bidding, the PBAC shall undertake the following:

a. Set the category of suppliers to quantify for each item to be bidder;

b. Set the bidding criteria and include this if any to the pre-prepared Bid Documents. See that the specifications are in accordance with the approved RIV;

c. Approve bid advertisement;

d. Conduct Pre-bid Conference on the scheduled date. If there is anything taken in the Pre—bid Conference that is confirmed by both PBAC and Suppliers, issue the Bid Bulletin prior the bidding date, and inform those who were not able to attend the Pre-bid Conference; and

e. Conduct public bidding for bulk purchases, negotiate purchase or process canvass for Central Office goods and services as the case may be on scheduled time, date and place.

8.3 Review documents and select bidder who has met prequalification requirements based on Section III.8.2.a;

8.4 Select from TEACs, and OPMTs and include experts from other offices who will separately evaluate, and accept and inspect goods delivered and issue a PBAC Order to this effect;

8.5 Endorse bidding documents of prequalified bidders to the technical Evaluation Committee (TEC) for technical evaluation;

8.6 Review the Technical Evaluation Report and recommend approval of lowest evaluated bidder to Undersecretary concerned and/or Secretary of Health; and

8.7 Endorse approved Notice of Award to PLS for issuance.

9. PBAC SECRETARIAT

9.1 Prepare draft bidding schedule in coordination with PBAC and PLS;

9.2 Coordinate with PLS bidding dates and publications;

9.3 Prepare pre-bidding minutes and bid bulletin, and submit approved bid bulletin to PLS for issuance;

9.4 Assist the PLS representative(s) during biddings in accepting bid proposals for stamping and numbering; and entering of bid prices in the Abstract of Bid sheet upon announcement of the PBAC Chairperson;

9.5 Prepare and file bid minutes;

9.6 Draft the issuance of the TEAC as selected by the PBAC and issue this to the staff concerned;

9.7 Endorse the bid documents to the TEC upon the instruction of the PBAC;

9.8 Prepare minutes of the meetings and resolutions during the deliberations;

9.9 Prepare Notice of Award for approval by the Undersecretary concerned as recommended by PBAC, then endorse to PLS for issuance. A separate Administrative Order on the Delegation of Authority identifying signatories shall be issued to this effect;

9.10 Endorse all bidding documents to PLS for safekeeping; and

9.11 Provide other clerical and custodial support to the PBAC.

10. TECHNICAL EVALUATION AND ACCEPTANCE COMMITTEE

a. Establish the technical evaluation and acceptance criteria and submit to PBAC for approval;

- b. Evaluate bid proposals based on approved technical evaluation criteria; and
- c. Prepare and submit Technical Evaluation Report to PBAC for final decision.

10.2 INSPECTION AND ACCEPTANCE TEAM

- a. Conduct technical inspection or acceptance of goods and services delivered at the Central Office based on the result of the TEC evaluation;
- b. Together with the PLS and end-user, conduct inspection during delivery of goods; and
- c. Prepare and submit Inspection and Acceptance Report to PLS if there are no negative findings. Otherwise, submit this to PBAC for decision.

11. TEAC SECRETARIAT

- 11.1 Receive and check for completeness of bid documents and make a report to the TEC; and
- 11.2 Provide clerical and custodial support to TEAC.

12. OPEN MARKET PRICE MONITORING TEAM

- 12.1 Conduct open market price monitoring during the bidding of goods in at least three representative establishments;
- 12.2 Prepare and submit Open Market Price Monitoring Report to the PBAC and FOFSLA which shall include establishment name, address, contact person, telephone/fax number and price; and
- 12.3 Conduct technical inspection or acceptance of goods and services delivered at the Central Office based DOH required specifications as needed.

13. CENTRAL OFFICE INFRASTRUCTURE PREQUALIFICATION BIDS AND AWARDS COMMITTEE

By virtue of Presidential Decree 1594, the COIPBAC shall be responsible for the conduct of prequalification, bidding and evaluation of bids anti recommending award of contracts relating to constructions.

13.1 Prequalification Team

- a. Receive letter of intent from bidders;
- b. Evaluate documents of prospective bidders;
- c. Conduct inspection of on-going projects of prospective bidders; and
- d. Prepare and submit Prequalification Report to the COIPBAC.

13.2 Technical Evaluation Team

- a. Evaluate the bid proposals of the three lowest responsive bidders endorsed by COIPBAC;
- b. Perform computational analysis and comparison with the Approved Agency Estimate; and
- c. Prepare and submit Technical Evaluation Report to the COIPBAC.

13.3 Price Monitoring Team

- a. Collate standard list of construction materials;
- b. Conduct price canvass of construction materials every 45 days; and
- c. Submit price list to COIPBAC, Health Infrastructure Service and the DOH Price Monitoring Team.

14. DOH CLEARING SERVICES (identified in Sections II.7, II.11 to II.13)

14.1 Review and approve supplies and equipment specifications or repair and maintenance specifications construction specifications;

14.2 Provide technical input in technical evaluation and acceptance;

14.3 Perform required technical testing based on industry standards before acceptance of goods;

14.4 Ensure purchase of said goods are within the technical standards and plans of the DOH;

14.5 Assist in the preparation of Special Provisions for biddings; and

14.6 For civil works under capital outlay, this must have the approval of the Health Infrastructure Service.

The Administrative Order No. 4 series 1995 creating the Central Committee on Procurement

Systems and all other orders and issuances inconsistent with this Administrative Order are hereby rescinded.

This Administrative Order takes effect immediately.

CARMENCITA NORIEGA REODICA, M.D., M.P.H., CESO II
Secretary of Health