



REPUBLIC OF THE PHILIPPINES
City of San Carlos, Negros Occidental
OFFICE OF THE SANGGUNIANG PANLUNGSOD

EXCERPTS FROM THE MINUTES OF THE REGULAR SESSION OF THE SANGGUNIANG PANLUNGSOD HELD ON THE 15TH DAY OF JUNE, 2017 AT 4:15 P.M. AT THE SP SESSION HALL, THIS CITY

PRESENT:

Hon. RENATO Y. GUSTILO,	Vice Mayor/Presiding Officer
“ BENITO Y. GUSTILO, JR.	SP Member
“ CHRISTOPHER PAUL S. CARMONA,	SP Member
“ MARI-CAR O. QUISUMBING,	SP Member
“ JOSE CARLOS L. VILLARANTE,	SP Member
“ VICTORIANA C. CABILI,	SP Member
“ MARK E. CUI,	SP Member
“ WILMER L. YAP,	SP Member
“ JONIE S. UY,	SP Member
“ ALEXANDER Y. ONGTIAOBOK,*	SP Member
“ CARLITO S. LASTIMOSO,	SP Member (ABC Representative)

*came late

ABSENT: on official business

Hon. CLINT S. MANSUETO, SP Member

ORDINANCE NO. 17-29

AN ORDINANCE REVISING THE SAN CARLOS CITY HOSPITAL CONSIGNMENT SYSTEM

Introduced by: Hons. YAP, CARMONA, VILLARANTE AND ONGTIAOBOK

WHEREAS, the City Government seeks to continuously improve the processes and operations of the San Carlos City Hospital and undertakes effort to upgrade the structure, facilities and medical services for the welfare of its stakeholders;

WHEREAS, the consignment system is not a mode of procurement nor listed as one of the modes of procurement as embodied under RA 9184 or the procurement law aside from the fact that there is no fund allotment or obligation for the consigned items;

WHEREAS, this consignment system was carefully studied by the City Hospital determined to upgrade and boost the operational effectiveness and efficiency of its system;

WHEREAS, the proceeding provisions are in conformity to the city's development agenda and cognizant to the principle of local autonomy pursuant to RA 7160 wherein the government units are empowered to create their own sources of revenues, enter into joint ventures, either governmental or corporate powers, as embodied under the Local Government Code (RA 7160);

WHEREAS, furthermore, the same are found to be technically, legally, economically and socially feasible and therefore significantly beneficial to the city as a whole;

NOW THEREFORE, be it ordained by the Sangguniang Panlungsod of the City of San Carlos, Negros Occidental, in regular session that:

SECTION 1. TITLE - This ordinance shall be known as the "REVISED SAN CARLOS CITY HOSPITAL CONSIGNMENT SYSTEM".

SECTION 2. SCOPE AND COVERAGE - This ordinance shall cover the San Carlos City Hospital under the supervision and management of the Local Government of San Carlos City, Negros Occidental.

SECTION 3. DEFINITION OF TERMS – As used in this ordinance, the following terms are herein defined:

- a. Consignor – a duly registered supplier that undertakes to place its goods (medicines/drugs, medical and surgical supplies) on consignment basis with the City Hospital;
- b. Consignee – the City Government of San Carlos City, Negros Occidental, through the San Carlos City Hospital;
- c. Consignment/consignment System – a method of assuring availability of stocks wherein a consignor places its goods (medicines/drugs, medical and surgical supplies) at the City Hospital;
- d. Competitive Bidding – as used in this ordinance refers to a method of determining the Consignor which is open to participation by any interested party and which consists of the following processes: advertisement, pre-bid conference, eligibility screening of prospective consignors, receipt and opening of bids, evaluation of bids, post-qualification, and award of contract;
- e. Registration Certificate – a certificate issued by the City of San Carlos which grants authority to a supplier to competitively participate in the consignment;
- f. Consigned goods or items – are drugs and medical and surgical supplies, which the consignor delivers to the consignee under the consignment system;
- g. Replenishment Goods – are drugs and medicines, supplies and other consigned items which the consignor delivers to the consignee as replenishment for those sold by the consignee or as replacement to delivered goods, which expiration date results to a remaining shelf-life not allowed by consignee or as replacement to delivered goods, which deterioration are beyond the control of the consignee;
- h. Consignment Request (CR) – is a list of items requested by the Consignee to be placed under the Consignment System;
- i. Consignment Offer – a letter of offer or an offer in writing by the Consignor stating therein his interest to enter into consignment agreement with the city, the quantity, specifications, desired quality and price of the items he intends to supply;
- j. Consignment Order (CO) – an accomplished form, which directs the consignor to effect the delivery of the specified drugs and medical and surgical supplies, with the corresponding required quantities and specifications as determined by the consignee within the specific period of time;
- k. Consignment Agreement- the contract that shall be entered into between the consignee and a responsive consignor whose drugs and medical and surgical supplies were determined as having the lowest calculated bid who participated in the Public Bidding which shall embody the specifications, quality, quantity and price that shall be agreed upon by the consignor and consignee.

SECTION 4. COMMITTEE / OFFICES. The following committees are essential for the effective implementation of the San Carlos City Hospital Consignment System.

- a. The Bids and Awards Committee (BAC) shall have the following functions:
 - 1. Registration of consignors, suppliers, manufacturers and dealers in accordance with existing laws and policies.
 - 2. Posting of the City's intention to consign certain items and/or consignment request.
 - 3. Advertise items for consignment.
 - 4. Conduct the public bidding and post qualification evaluation with the end-user in accordance with RA 9184.
 - 5. Recommends awards to the City Mayor for the Consignment Order.

b. The City Hospital Consignment Oversight Committee:

1. Membership. The membership of this committee shall be composed of the ff:

Chairperson: City Mayor
Vice-Chair : SP Chairman, SP Committee on Hospital Services
Members : Chief of Hospital
Chairman, Therapeutic Committee
Representative, Bids and Awards Committee
City Treasurer
Internal Audit Unit
City Accountant
City Legal Officer
General Services Officer

Secretariat: *Procurement Division, City Hospital*

2. Functions

- 2.1 Formulate specific guidelines or the Implementing Rules and Regulations (IRR) for the continuing improvement of the Consignment System.
- 2.2 Monitor implementation of the Consignment System
- 2.3 Formulate innovative policies for adoption and approval by the Sangguniang Panlungsod.

c. The City Hospital Therapeutic Committee:

1. Composition. The Therapeutic Committee shall be composed of the following:

Chairman: Assistant Chief Hospital
Members: One Doctor per Medical Department of the City Hospital
Pharmacist
Nurse designated by the Chief of Hospital
Secretariat: *Head of the Procurement Division*

The Committee may call upon the end user (head of every division of the City Hospital) of the requested drugs and medical and surgical supplies and the Head of the Pharmacy during the deliberation of the specifications, quantity, suggested price and other desired qualities of such requested items.

2. Functions. The Therapeutic Committee shall have the following functions:

- a. Consolidation of submitted list of items to be consigned
- b. Screening and finalization of the specifications, quantity, quality, price of the items and other requirements prior to the preparation of the consignment request.
- c. Approve the listing of medicines, drugs, medical and surgical supplies that are to be consigned.
- d. Submit the list of items to be consigned to the Hospital Consignment Committee for the preparation of the Consignment Request.
- e. Such other duties and functions as the Ordinance may require to be performed by the Committee.
- f. Set a standard qualification in order to have good quality medicines as to bio assay and bio equivalent.

3. Administrative Support. The Procurement Division of the San Carlos City Hospital shall serve as the main support unit of the Therapeutic Committee.

d. Hospital Consignment Committee

There shall be created a Hospital Consignment Committee that is responsible for the implementation of San Carlos City Hospital Consignment System.

Membership:		
Chairperson	:	Chief of Hospital
Members	:	Chairman, Therapeutic Committee
		Procurement Division
		Finance Division (inventory)

SECTION 5. GENERAL GUIDELINES

- a. Compliance to existing laws, rules and regulations on accounting, auditing and procurement shall be primordial and strictly observed in the implementation of this ordinance and the consignment system as herein adopted shall be harmonized with said laws, rules and regulations.

The Consignor shall be determined through competitive bidding following the procedure provided for by Republic Act 9184.

- b. **Registration.** Registration of suppliers, manufacturers and consignors of drugs and medical and surgical supplies to be consigned shall be undertaken by the Bids and Awards Committee

Only DOH-BFAD Registered Suppliers and who complied with the eligibility requirements pursuant to RA 9184 for registration with the BAC, thru the BAC Secretariat, shall be allowed to participate in the Drug Consignment System.

- c. **Items to be consigned.** Consigned items (drugs and medical and surgical supplies) shall be based from the submitted list of items from the Therapeutic Committee of the City Hospital which shall convey the generic names and description of all the essential drugs and medicines intended for consignment without indicating a specific brand. Drugs and medicines must be covered by an appropriate Certificate of Product Registration (CPR), Bio Analysis and Certificate of Good Manufacturing Practice as determined by the Therapeutic Committee.
- d. **Selling Price.** A mark up of not more than thirty percent (30%) of the consigned price may be imposed provided that the selling price of the consigned item/s to the public shall be in no case higher than the prevailing price of the same items in the local private pharmacies and outlets within the immediate administrative and operational boundaries of responsibility of the consignee's pharmacy where these items are intended to be sold.
- e. **Fund Management.** Income generated from the sales of the consigned items shall be used in the payment of dispensed or utilized consigned items after the inventory shall have been conducted. Revenue generated from the program shall be deposited in the Revolving Fund-Medicines & Drugs created under Ordinance No. 14-20, Series of 2014 and revenue generated from the consignment of drugs and medicines may be used for the purpose stated in the said ordinance. The Mayor, through the recommendation of the Hospital Consignment Oversight Committee, shall issue an executive order to further enhance the fund management of the consignment system.
- f. **Utilization of Income.** The accumulated income raised from the consignment system shall be utilized in upgrading hospital operations, drugs and medical and surgical supplies subject to the provisions provided by law under the Government Auditing and Accounting Manual except for the following expenses:
1. Personal Services (Salaries & Wages & Other Personnel Benefits);
 2. Travelling Expenses of Employees;
 3. Training and Seminar Expenses;
- g. **Quality Check.** The consigned items may be subjected to random sampling, inspection and testing by the consignee and other appropriate support agencies and submit the same to the Bureau of Food and Drugs and other regulating agencies to ensure quality checks of stocks and compliance to specifications without cost on the part of the consignee;

- h. Product Covered.** The items to be consigned shall be based on the Consignment Order duly signed by the City Mayor. All consignment deals should be covered by a Consignment Agreement signed by the City Mayor as authorized herein in accordance with the Implementing Rules and Regulations (IRR) prescribed/promulgated by the City Hospital Consignment Oversight Committee (CHCOC) or the Hospital Consignment Committee (HCC);
- i. Effectivity of Offers/ Orders and Re-orders.** The prices, unit, quantity and specifications of the items as offered by the consignors and duly specified in the Consignment Order shall be effective without changes for a duration of six (6) months reckoned from the acceptance of the items delivered by the Consignor with his consent however, is allowed to deliver additional stocks at the same price with and beyond the six (6) month period upon issuance of a New Consignment Order by the consignee. Either party who may terminate the agreement and withdrawal of consigned items shall only be done upon service of at least thirty (30) days prior notice.
- j. Title.** The ownership of, and legal and beneficial title of the products shall be the consignor's until the products have been used, dispensed or sold by the consignee. The consignee shall be responsible for the care and custody of the items delivered by the consignor.
- k. Delivery.** Deliveries of items for consignment shall be in accordance with the terms and conditions specified at the Consignment Order. Unless specified in the CO, delivery shall be done within fifteen (15) calendar days from receipt of the consignment order. Failure to deliver within the specified period without justifiable reason shall cause the cancellation of the CO.

The products, especially the medicines and drugs, delivered to the consignees shall be covered by a corresponding Stocks Delivery Slip (SDS) issued by the consignor and receipt shall be acknowledged by an authorized representative of the consignee containing the following information:

- i. Name of Consignor
 - ii. Date of the Stock Delivery Slip
 - iii. Stock Delivery Slip Number
 - iv. Consignment Order Number
 - v. Name of Consignor or his representative effecting the delivery
 - vi. Description of Items
 1. Generic Name
 2. Dosage Form
 3. Strength
 4. Batch Number/Lot Number
 5. Manufacturing Date
 6. Expiration Date
 7. Assay Report
 - vii. Sub-packing unit
 - viii. Quantity
 - ix. Unit
 - x. Unit Price
 - xi. Total Price
 - xii. Other Applicable description
- l. Inventory and Payment.** For purpose of paying the consignor, the consignee shall conduct inventory of items sold thirty (30) days from the date of delivery of acceptance of the items and every thirty (30) days thereafter. The inventory process however, may be attended by the representative of the consignor. Processing of payment shall commence immediately after inventory of items sold and the payment shall be done on or before thirty (30) days from the date of every inventory.
- m. Sale/ Dispensing of Items.** The consignee shall provide appropriate storage facilities for the products and shall observe the "First Expiry First Out" rule in the use and dispensing or sale of the same.

The concerned medical personnel are directed to ensure the prescription of drugs and supplies available at the hospital pharmacy. A memorandum to ensure compliance of this provision shall be issued by the City Mayor, which shall provide, among others, for administrative sanctions against erring personnel.

- n. **Agency/ Assignment.** Consignor shall not assign any of its rights or obligations under the consignment system without prior consent of the consignee.
- o. **Force Majeure, Pilferage and Theft.** Neither party shall be liable for any failure to perform its obligations under the consignment system where such failure is due to Force Majeure or acts of nature or any cause beyond the reasonable control of the parties. Where applicable, the party affected shall make reasonable efforts to comply with its obligations. In case of loss arising from the pilferage and/or theft while in the custody of the consignee, the consignee shall be liable for the monetary value of the lost or stolen item. Losses of consigned items before acceptance in writing by the consignee shall be shouldered by the consignor.
- p. **Authority and Capacity of the Consignor.** A consignor who enters in consignment agreement with the City must show that:
 - 1. It is duly authorized by law to enter into consignment agreement,
 - 2. Its products are manufactured according to specifications and standards and in compliance with the laws;
 - 3. The products are duly registered and approved by regulatory agencies for public use, such as, Bureau of Food And Drugs and other appropriate licensing/regulatory agencies.
 - 4. Its products are not misbranded or adulterated within the meaning of the Food, Drug and Cosmetics Act, the Consumer Act etc., and;
 - 5. Its products have expiry dates of at least one (1) year from the date of delivery.
- q. **Recall of Consigned Items.** Should any of its products be banned by the competent authorities or has expired or has been declared not suited for use and dispensing, the consignor has the obligation to inform the consignee and recall the items at no cost to the latter. The consignee has also the right to inform the consignor and cause the withdrawal of banned, reclassified and expired items declared unfit for use and consumption without cost on its part.

Warranty: The provision on warranties under Articles 1545 to 1569 of the New Civil Code shall be applicable by incorporation into the contract of consignment. The items to be consigned (like medicines/drugs, medical and surgical supplies shall be subject to an express or implies warranties, and the non-fulfillment of such warranties shall constitute "**breach of the contract.**"

- r. **Legal Claims and Venue of Action.** The consignor shall hold the consignee free and harmless from, and shall be solely responsible for, any claim, action, suit, cost of expenses, and damages and liabilities arising from or in connection with, or resulting from the use of the consigned goods. Furthermore, the venue for any legal action or suit arising from the consignment of goods shall be exclusively in San Carlos City only.
- s. **Submission of Annual Report.** The Hospital Consignment Committee shall submit to the City Mayor and copy furnished SP Committee on Hospital Services report regarding the status of the consignment system implementation every second Friday of January of the succeeding year.

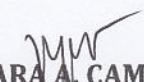
SECTION 6. AUTHORITY TO SIGN CONSIGNMENT REQUEST (CR) AND CONSIGNMENT ORDER (CO) - The City Mayor is authorized to sign the Consignment Request, Consignment Order, and Consignment Agreement (CA) as stipulated herein.

SECTION 7. FINAL PROVISIONS - In the event that any provision of this ordinance, or application of such provision to any circumstance, is held invalid by competent court or agency, the remaining provisions shall not be affected thereby.

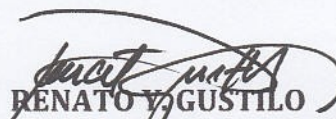
SECTION 8. EFFECTIVITY. This ordinance shall take effect on the day after compliance of the required 10-day posting of the approved ordinance in the bulletin at the entrance of the City Hall and in at least two (2) conspicuous places within San Carlos City. The posting shall have commenced not later than five (5) days after its approval.

ENACTED: JUNE 15, 2017, by the affirmative votes of Hons. BYGUSTILO, JR., CARMONA, QUISUMBING, VILLARANTE, CABILI, CUI, YAP, UY, ONGTIAOBOK AND LASTIMOSO.

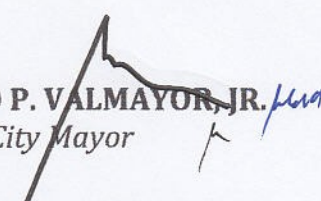
I hereby certify to the correctness of the foregoing ordinance which was duly enacted by the Sangguniang Panlungsod during its regular session held at the SP Session Hall this city on June 15, 2017.


BARBARA A. CAMPO
Local Legislative Staff Officer V
OIC/SP Secretariat

**ATTESTED AND CERTIFIED
TO BE DULY ADOPTED:**


RENATO Y. GUSTILO
Vice Mayor/Presiding Officer

APPROVED ON 19 JUN 2017, 2017


GERARDO P. VALMAYOR, JR.
City Mayor