



PUBLIC SAFETY MUTUAL BENEFIT FUND, INC.
No. 318-320 Boni Serrano Ave., cor 1st & 2nd West Sts., San Juan City
Telephone No. 726-8070, Fax No. 726-7250

Resolution No. 2010 – 125

ADOPTION OF THE PSMBFI PROCUREMENT/SERVICES OUTSOURCING SYSTEM

Whereas, there is a need for a transparent procurement of supplies, equipment and sourcing of services to support the PSMBFI operations;

Whereas, the Operating Policy and Procedures No. 007- 02 provides for the procurement policy of the company;

Whereas, the Management through the Organization and Screening Committee presented to the Executive Committee the amendment in the procurement policy to include:


- Guidelines on Accreditation and Prequalification
- Composition of Bids and Awards Committee
- Function of the Bids and Awards Committee
- Bidding Procedure

Whereas, the Executive Committee approved the recommendation of the Organization and Screening Committee;

Now, therefore, be it resolved, as it is hereby resolved, that the Board approves the amendment and adoption of the attached PSMBFI Procurement/Services Outsourcing System;

Be it resolved finally, that copies of this resolution be furnished the Chairman and the Vice Chairman of the Board of Trustees, the President, the Vice President, and the PSMBFI Management for reference and information.

Done in San Juan City this 8th day of December 2010.


DIR RAUL M. BACALZO
Chairman


DIR EDGARDO E. ACUÑA
Vice Chairman


DIR VICTOR B. BOCO JR.
President


DIR RODOLFO A. TOR
Vice President



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SYSTEM**


DIR RIZALDO A TUNGALA JR
Treasurer


DIR ROGELIO V. QUEJADA
Assistant Treasurer


DIR REY L LAÑADA
Trustee

DIR JAIME E MILLA
Trustee


DIR TEÓFILO S MELLIZA JR
Trustee


DIR ALEJANDRO T FLORES JR
Trustee


DIR CLARENCE V GUINTO
Trustee


DIR JOEL R GOLTIAO
Trustee


DIR ADOLFO V CABANSAL
Trustee


DIR HUSSIN J BASA
Trustee


DIR RAUL T LEGASPI
Trustee

Attested by:


ATTY ERICSON T VELASQUEZ
Corporate Secretary



PUBLIC SAFETY MUTUAL BENEFIT FUND, INC.
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OPERATING POLICY AND PROCEDURES
OPP NUMBER: 2010-001

PSMBFI PROCUREMENT/SERVICES OUTSOURCING SYSTEM

I. PURPOSE

To establish the policy and procedures for a proper and transparent procurement of supplies, equipment and sourcing of services to support the operations of the different departments and/or offices of PSMBFI.

II. POLICY

Supplies and equipment needed by the different departments and/or offices shall be procured in the required quantity and quality through a procurement process to enable the company, to maximize its capacity in accomplishing its mission. Services needed by the company shall likewise be sourced from service provider through approved guidelines.

III. SCOPE

This OPP covers the actions of all those concerned in the requisition, procurement, storage and issuance of all the supplies and equipment procured, issued and stored for use of departments and/or offices and the sourcing of services needed by PSMBFI.

IV. DEFINITION OF TERMS

1. **Table of Organization and Equipment (TOE)** - a tabulation of authorized allocations of personnel and equipment for every department and or office of PSMBFI in every Budget Year as approved by the Board of Trustees.
2. **Board of Trustees, PSMBFI (BOT)** - refers to the Board of Trustees of PSMBFI, a collegial body that exercises the corporate powers over the company.
3. **General Support Services Section (GSS)** - a section of the Admin & HR Department that provides general service support to the different PSMBFI departments/offices.
4. **Bids and Awards Committee (BAC)** - BAC Refers to the Bids and Awards Committee, which shall have the following functions: advertise and/or post the invitation to bid, conduct pre-procurement and pre-bid conferences, determine the eligibility of prospective bidders, receive bids, conduct the evaluation of bids, undertake post-qualification proceedings, and recommend awarding of contracts to the President for approval, further/submission to the Board of Trustees as the case may be.

5. **Purchasing Officer** – The Supervisor of the General Support Service (GSS) under the Administration and HR Department who is in charge of the processing of the requisition for the purchase of goods and engagement of services to contractors and service providers under expressed authority from the management.
6. **Requisition Form No. 1 (RF1)** – refers to the form used in initiating the procurement / issuance of consumable supplies and materials.
7. **Requisition Form No. 2 (RF2)** – refers to the form used in initiating the procurement of fixtures, machinery, equipment, and computer-related items.
8. **Emergency Purchase** - refers to a circumstance in which an immediate purchase or purchasing decision is necessary to prevent a serious delay, which delay reasonably could result in a danger to life, damage to property, or suspension of the provision of an essential service. It is a procurement of supplies and materials sourced from realigned budget so as not to hamper the operations of a unit and/or department of PSMBFI. This can be done through a process of informal or negotiated bidding.
9. **Re-ordering Point** – refers to stock level of supplies, showing a reminder to the Supplies Specialist that stock of supplies is low.
10. **Exclusive Distributorship** – is the supplier that solely distributes a certain product/brand in the country.
11. **Canvass** - an inquiry, by letter or telephone, addressed to service providers/ suppliers for services/prices of supplies and equipment that the company would like to purchase.
12. **Bidding** - the process wherein the suppliers/service providers submit their quotation/prices.
 - a.) **Informal Bidding** – a bidding/canvass made through telephone or window shopping/walk in.
 - b.) **Formal Bidding** – a bidding/canvass made through sealed bidding, for procurement of goods and services.
 - c.) **Negotiated Bidding** – a bidding process undertaken due to two (2) failure of bidding, time constraints, and emergency in nature.
13. **Bidding Documents** – refer to the documents issued by the procuring entity as the basis for bids, furnishing all information necessary for a prospective bidder to prepare a bid for goods, projects and/or services required by the procuring entity.
14. **Bid** – refers to the signed offer or proposal submitted by a supplier, manufacturer, distributor, contractor in response to the bidding invitation.
15. **Contract** – the agreement entered into between PSMBFI and the supplier/service provider, as recorded in the contract form signed by both parties, including all attachments and appendices thereto, and all documents incorporated by the reference therein.
16. **Contract Price** – the price payable to the supplier/service provider under the contract for the full and proper performance of its contractual obligations.

17. **Warranty** – a document that provides security and assurance that the goods or equipment procured are brand new, unused and of current model and in good working condition.
18. **Bidder's Bond** – the performance security in the total amount of 30% of the contract price to be furnished by the successful bidder on or before the signing of the contract and to be released upon completion of the contractual obligation.
19. **Abstract of Canvass** - the tabulation of the prices quoted by suppliers' for items to be purchased.
20. **Purchase Order (PO)** - accomplished by the Supply Specialist addressed to the supplier, listing all the items to be purchased.
21. **Delivery Receipt (DR)** - containing the list of goods/items delivered by supplier to the company.
22. **Official Receipt (OR)** - indicates the quantity and corresponding amount of purchased items.
23. **Issuance Voucher for Consumables** – document or form that covers issuance of consumable items.
24. **Memorandum Receipt (MR)** - a document to record issuance and receipt of and custody of a non-consumable company property for which the receiver shall be accountable.
25. **Certificate of Accreditation** – a written document issued by PSMBFI to qualified supplier/service provider, allowing him/her to transact business with the company.
26. **Acceptance Committee** – refers to the committee that shall verify the quantity, physical features and compliance with other specifications required by PSMBFI. (Acceptance Committee is composed of Managers of Internal Audit and Accounting Departments or their representatives).
27. **Negotiated Procurement/Outsourcing of Services** – refers to the procurement/outsourcing of services that occurs after a failure of bidding. It involves negotiation in the procurement of needed goods and items and services, between PSMBFI and the supplier/service provider.
28. **Service Provider** – refers to a contractor that provides services to the company.

V. GUIDELINES

1. Procurement of supplies and equipment and sourcing of services shall be made only with suppliers/service providers accredited to transact business with PSMBFI.

GUIDELINES ON ACCREDITATION AND PRE-QUALIFICATION
(SEALED BIDDING)

a. Requirement /Proof of Existence and Operation

General/Mandatory Requirement

1. Business Permit
2. Sec Registration or DTI
3. ITR
4. Audited Financial Statement (2 years)

Compliance /Secondary Requirement

1. Company Profile
2. List of Inc.
3. List of Clients
4. Location MAP

b. Quantitative (90%)

1. No. of years of existence (20%)	21 yrs	100%
	17	95
	13	90
	9	85
	5 to 4	80
	3 to 1	75
2. No of employees (20%)	100	100%
	90	99
	80	98
	70	97
	60	96
	50	95
	40	94
	30	93
	20	92
	10	91
	below 10	75
3. Company net worth for previous year's (30%)		
More than Double of the procured amount	200%	100%
	150%	90
	100%	80
	50%	75
4. Company net income for previous year (20%)		
More than double of the procured amount	200%	100%
	150%	90
	100%	80
	50%	75

c. Qualitative (10%)

Qualitative factors are taken into consideration such as feedback from known clients, reputation in the industry, organizational structure and track record in the industry.

2. Procurement of equipment must adhere with the Company's Development Plan and the acquisition cost of which must be provided in the current year's budget.

3. COMPOSITION OF BIDS AND AWARDS COMMITTEE (BAC)

- a. For P200,000.00 and below. (There shall be 5 members of the BAC which shall be composed of five (5) department managers.

Chairman:	Manager, Investment Department
Vice Chairman:	Manager, Accounting Department
Secretary	Manager, Admin and HR Department
Member:	Manager, Marketing Department
Member:	Manager, Information Tech Department

- b. For more than P200,000.00

Chairman :	Vice President
Vice Chairman:	General Manager
Secretary:	Manager, Admin and HR Department
Member:	Manager, Insurance Department
Member:	Manager, Treasury Department

There will be a recomposition of the BAC membership after two years to be approved by the Board.

a.) Functions of Bids and Awards Committee

- 1.) Advertise and/or post the invitation to bid
 - 2.) Conduct pre-procurement and pre-bid conferences
 - 3.) Determine the eligibility of prospective bidders
 - 4.) Receive and evaluate bids
 - 5.) Recommend to Top Management and Board of Trustees the award/ cancellation of the contract.
- b) In the event that a member of the BAC is the concerned requisitioner, subject individual shall inhibit himself / herself from the deliberation of the BAC. In the absence of the Chairman, BAC, a member will be appointed to preside over the meeting.
- c) To enhance the transparency of the bidding process, Internal Audit Department representative is required to stand as witness on the bidding process, awarding of contract and ascertainment of the quantity and physical feature of the deliveries or base on the specification required by PSMBFI.
- d) One Supervisor is invited to witness the bidding process and awarding of contract.
- e) A provisional member who has the knowledge, experience and/or expertise relevant to the procurement may be included in the BAC during that particular deliberation.

4. Approving Authority for Procurement:

For regular purchases

Manager, Admin & HR Dept.	P50,000.00 or less
President	P 50,001.00 to P 200,000.00
Excom	P200,000.00 to P500,000.00
Board of Trustees	P 500,000.00 or more

For emergency purchase

Manager, Admin & HR Dept.	₱10,000.00 or less
President	₱10,001.00 up

5. The procurement, receiving and paying functions should not be performed by the same individual. The procurement procedures should give assurance that:
 - a. Quantity ordered corresponds with the quantity stated on the invoice and items received.
 - b. Goods of standard/required quality are at the lowest price.
 - c. All purchases are properly authorized, supported with certificate of non-availability of requested materials.
 - d. All goods being paid for have been received in good order.
6. Receipt, Storage and Issuance of materials and supplies.
 - a. The Supply/Storage clerk, receiving section of GSS should be as organizationally detached as much as possible from the requisitioning and procurement responsibilities.
 - b. Adequate storage space properly enclosed and protected should be provided; the supply/storage clerk should take care of the upkeep of the storage area.
 - c. Reports of supplies received and issued shall be made promptly. Supply/Storage Clerk, prepares the inventory report and submits same to the Accounting Department.
 - d. Inventory of consumable supplies shall be done monthly and periodically to establish the proper re-ordering point for the items to be maintained on stock. Inventory records should be kept by the GSS Supervisor and the Data/Budget Specialist of the Accounting Department, other than the storage keeper.
 - e. Since procurement of consumable goods or supplies placed on-stock at the GSS has the prior approval of the management and carried under the current year's budget, issuance of such supplies and/or goods shall no longer require the approval of the management. Accomplished Requisition Form from concerned department/office shall be the basis of issuance.
 - f. Procurement of Non-Consumable goods shall likewise be (RF-1) carried under the current years budget and accumulated requisition form (RF-2) from the concerned department office shall be the basis of procurement and / or issuance.
7. Procurement of goods from the previous winning bidder (repeat order) shall be resorted to, only, when there arises a need to replenish goods procured under a contract previously awarded through competitive bidding, provided all the following conditions are present:

- a) The unit price must be equal or lower than that provided in the original contract.
 - b) The repeat order does not result in splitting of requisition or purchase orders.
 - c) The repeat order does not exceed 75% of the quantity of each item of the original contract.
 - d) The repeat order is allowed if made within a period of 6 months from the date of original contract.
8. Negotiated Procurement shall be allowed only in the following instances:
- a) The procurement is immediately/urgently needed by the company and for unprogrammed activity.
 - b) Two failed biddings for the items/services.
 - Any of the conditions below shall result in failed bidding
 - 1. If only one supplier submitted quotation/requirement during specified period.
 - 2. No supplier attended the final bidding.
 - 3. If the offered price by all the bidders is higher than the allocated budget.
 - 4. If the suppliers do not meet the required specifications of the company.
 - c) If the supplier is a sole/exclusive distributor, the supplier should submit certification of sole/exclusive distributorship, and after the authenticity of the distributorship of the said company has been checked.
 - d) The conduct of the negotiated procurement shall be processed by the GSS/AHRD and shall be witnessed by the Internal Audit Department.

VI-A. PROCUREMENT PROCEDURE

1. On Consumables (Supplies and Materials) (Flowchart number "1")

Generally, procurement of consumable supplies and materials is made quarterly based on the submitted list of requirements by the different offices/departments. Concerned department / office submits its request for supplies and materials to GSS using RF-1 (Flowchart number "1"). Stock level is being maintained and periodic inventory is done to determine the fast, slow and non moving items, thus, establish the proper re-ordering point for each group of items.

In cases where there would be need for consumable supplies or materials not available on stock, the following procedures shall be observed. (Flowchart number "2")

- a. The requesting department or office shall use RF1 in requesting for consumable supplies and materials. All forms from the requesting department/office shall likewise indicate the approved/remaining budget for such items.
- b. A canvass among accredited suppliers shall be made by GSS for quotation of prices, after which an abstract of canvass shall be prepared and submitted by GSS to the Bids and Awards Committee.
- c. After the Bids and Awards Committee had identified the winning supplier (one that quoted right and good quality items at lowest price), the abstract of canvass shall be submitted for President's approval.
- d. Once approved, the Purchase Order (PO) is prepared and sent to winning supplier.
- e. The delivered items shall be inspected by the acceptance committee, prior to actual receipt by GSS/AHRD and issuance to requesting office/department base on the approved requisition system.

2. On Non Consumables (FFE) (Flowchart number "2")

- a. The requesting department or office shall use RF2 in requesting for furniture, fixtures, machinery, equipment and computer- related items.
- b. For computer-related items, the requesting department shall transmit the procurement request through IT Department for the latter's recommendation as to specifications and other technical requirements.
- c. After the IT Department had made the recommendation, the procurement request is then processed by GSS, AHRD and a canvass among accredited suppliers is made for prices quotation, after which an abstract of canvass is prepared and submitted to concerned Bids and Awards Committee.
- d. After the BAC had identified the winning supplier the abstract of canvass is submitted for President's approval. For the amount exceeding P200,000.00, the procurement request, together with the abstract of canvass, is submitted to the Board of Trustees (BOT) for approval.
- e. Once approved (either by the President or the Board of Trustees), the P.O. is prepared and sent to the winning supplier.

The delivered items shall be inspected by the acceptance committee, prior to the actual receipt by GSS, AHRD and issuance to requesting office or department.

3. ON ITEMS WITHOUT AVAILABLE STOCKS:

In the event that the requested items are out of stock, GSS shall certify such fact and the procurement procedures for either consumables or non-consumables are observed. The procurement of items without available stocks could be through the following conditions:

- a. **EMERGENCY PURCHASE: (Flowchart number "3")**

Note: Subject of emergency purchases shall not be more than P100,000.00.

1. In case of emergency purchase, the requesting department shall first certify such fact of urgent need prior to submission of the necessary requisition form to the GSS. The GSS shall then send canvass for price quotation to accredited suppliers or any other available supplier to determine the lowest price and the supplier who can immediately supply the urgently needed items. GSS shall certify the procedures undertaken for such emergency purchase indicating the manner and means employed in arriving at the recommended price, quality and quantity, and supplier;
2. GSS shall then, recommend approval of the purchase to the Manager, ADMIN/HR Dept if the amount is not more than P10,000.00, otherwise approval of the President is required.
3. Once approved, GSS prepares the purchase order for the procurement of the items. If disapproved, the same is returned to the requesting department/office for its information and further action. (Flowchart number "4")

b. PURCHASE FROM EXCLUSIVE DISTRIBUTOR: (Flowchart number "4")

1. Whether the procurement is a regular or emergency purchase, if the available supplier is an exclusive distributor, GSS shall indicate in the Requisition Form the fact that the available supplier is an exclusive distributor together with the purchase price from the said supplier. GSS shall also require the supplier to submit proof of exclusive distributorship.
2. Once the exclusive distributorship has been established, regular procurement procedures are observed up to the approval of the request. Upon approval, GSS prepares purchase order.
3. Based on the PO, the supplier delivers the quantity and quality of goods as required by PSMBFI.
4. GSS submits the delivery to the Acceptance Committee (composed of: Managers, Internal Audit and Accounting Department or their representatives) for verification of quantity and other specifications; the acceptance stamp will be affixed on every invoice receipt and signed by the members of the committee.
5. GSS receives the delivered items for storage and/or issuance. Non-consumable items are recorded in the Property Book and issued on Memorandum Receipts, if the non-consumable item is worth P 3,000.00 or more; Consumables are recorded in stock cards and issuances are tallied in a monitoring work sheet as basis for the monthly consumption report.
6. GSS shall prepare a disbursement voucher approved by the President for payment of the procured supplies, furniture and equipment, while the supplier issues a corresponding Official receipt for the payment made by PSMBFI. (Flowchart number "5")

VI-B. BIDDING PROCEDURE

1. On BID Invitations

- a. Prior to the issuance of the INVITATION TO BID, the BAC shall hold a pre-procurement conference to assess the readiness of the procurement in terms of confirming the availability of funds and relevant documents. This pre-procurement conference shall result in the firming up of the INVITATION TO BID, which shall contain, among others:
 - 1.) A brief description of the subject of procurement
 - 2.) Criteria to be applied on the subject procurement
 - 3.) Date, Time and Place for the submission, receipt, and opening of the BIDS.
 - 4.) Terms and condition of payment.
 - 5.) Plant/site visit to verify the existence of the company
 - 6.) The approved budget for the contract/goods/services to be procured;
 - 7.) The period of availability of the bidding documents, and the place where those may be secured.
 - 8.) The contract duration; and,
 - 9.) Such other necessary information deemed relevant by PSMBFI.
- b. No bidder shall be allowed to participate in the final bidding unless he/she attended /participated in the pre-bidding stage.
- c. After the Pre-Procurement Conference, the invitation to bid shall be published in order to ensure the widest possible dissemination thereof such as, but not limited to posting within company premises, publication in newspapers of general circulation, and on the PSMBFI web site, if available.
- d. A Pre bid conference/meeting shall be conducted by the BAC to discuss all the requirements needed for the said bidding; and, to clarify and address the bidder's questions on the requirements, terms and conditions, and specifications stipulated in the bidding documents, such as:

- SEC registration
- DTI Business name
- Mayor's permit
- Municipal licenses
- Tax Identification Number
- Audited Financial Statements (updated)
- Bidder's Bond

2. On BIDS Opening and After Bidding Phase

The BAC shall open all bids at the time, date and place specified in the bidding invitation in the presence of the participants. After the Bidding, the following actions shall be undertaken:

- a) **Inspection and Testing** – the company or its representative (IAD, Accounting and AHRD) shall inspect and/or test all the goods to confirm their conformity with the contract specifications. Suppliers are required to submit sample of the goods under procurement for verification in accordance with required specifications.
- b) **Notice and Execution of the Award** - within 15 days after declaration and determination of the result of the bids, the BAC, through its Chairman, shall give notice and execution of awards to the most reasonable bid. The BAC Chairman shall endorse the winning bidder to the President/PSMBFI Board of Trustees for approval.
- c) **Preparation of Contract** - the BAC shall notify the bidder that his bid has been accepted, then the BAC shall send the contract form to the bidder, incorporating therein all supposed agreements between the PSMBFI and winning bidder, to include the termination of said contract as a result of any of the following conditions:
 1. If the supplier cannot deliver the goods at the time stipulated in the contract.
 2. If the supplier violates the terms and conditions agreed upon by both parties.
 3. If the documents submitted are found to be fake/irregularly signed or prepared.
 4. If the goods delivered by the supplier are not in accordance with the required specifications.

3. On Non compliance with the Contract

PSMBFI shall demand the winning bidder to comply with the agreed stipulations. BAC shall make such revocation of accreditation and blacklisting of the bidder without prejudice to any legal action that PSMBFI may take under the circumstances.

In the case of non-compliance with the contract, the suppliers/service providers shall be required to submit a letter of explanation and documents that will justify the reason for non-compliance with the contract.

4. On Price escalation

The Purchase Order or Contract maybe cancelled for the following reasons:

- a. Price increase before the approval of the P.O. or Contract;
- b. Price increase due to fortuitous or unexpected event;
- c. Quality of the ordered product/goods and services has been reduced due to price increase.
- d. Delay on delivery.

VII.EFFECTIVITY:

This Operating Policy and Procedure shall be effective upon approval. Any existing policy inconsistent with this policy shall be rescinded or modified accordingly.

Approved:



DIR VICTOR B BOCO
President PSMBFI