
	Section	Document Reference Code	
	QUALITY PROCEDURES		Rev. No.
	Subsection (QP 3) Quality Procedure Purchasing	Page 1 of 11	

1.0 PURPOSE

- 1.1 The main objective of purchasing is summarized as the procurement of goods and services in the right quantity of the right quality at the right source at the right place.
- The right quantity is that which considers the minimum and maximum levels if stocks maintained on the stockroom to ensure that project requirements are met.
 - The right quality is the least costly material/goods or contract services which will fully meet specification. Where QA applies, this must be considered at every stage of the procurement process.
 - The right time for materials is when goods are delivered either for urgent use/installation or stock ahead of the lead – in period. The right time for contract services meets the specific requirements and recognizes the preparation periods before work off – site so that operations are continuously carried out.
 - The right source is the supplier or contractor who can consistently satisfy orders and contracts placed and who will cooperate to maintain good working relationships and ensure progressive future development.
 - The right price is that leading to the least total cost consistent with satisfying the required specifications.

2.0 SCOPE

- 2.1 This procedure shall apply to the Supply and Property Division (SPD) and all other units of the **Authority** processing documents associated with purchasing.
- 2.2 The functions of the SPD regarding are as follows:
- To ensure the conduct of the bidding process from the publishing of the invitation to bid up to the awarding of P.O./Contract.

	Section	Document Reference Code	
	QUALITY PROCEDURES		Rev. No.
Subsection	(QP 3) Quality Procedure Purchasing	Page 2 of 11	

- To procure materials and contract services which are deemed necessary for all those activities associated with the requirements of operating and office units.
- To coordinate with operating units to ensure that reorder periods and reorder quantities are properly considered when making requisitions.
- To ensure prompt delivery and equitable distribution of materials, and appropriate storage for the same.
- To maintain a system for evaluating the suitability and performance of contracts and major supplies.


3.0 PROCEDURE

3.1 General

- 3.1.1 All suppliers of MMDA shall be evaluated and included in the Approved Suppliers List effective July 2000, and only those included in the list shall be invited to offer quotations for the procurement of any product, or services.
- 3.1.2 All requisitions shall be done through processing and funding of Purchase Requests, and the same shall be approved by the Chairman.
- 3.1.3 The delivery of supplies/materials/services shall only be authorized by a duly processed and approved Purchase Order/Contract.
- 3.1.4 The requisitioning unit shall acknowledge receipt of delivered goods/services and the same shall be subjected to inspection by the appropriate unit.

3.2 Processing of Requisition

- 3.2.1 All requisitions for supplies/materials or services shall be made through Purchase Requests (PR) which shall originate from the requisitioning officer of the unit.

	Section	Document Reference Code	
	QUALITY PROCEDURES		Rev. No.
Subsection (QP 3) Quality Procedure Purchasing	Page 3 of 11		

3.2.2 The requisition shall consist of the following documents:

- Request for Obligation and Allotment (Accounting Form No. 124)
- Purchase Request (LGU Form No. 05)
- One Canvass Paper (Form Ref. QF/09)
- Abstract of Quotation (Form Ref. QF/10)

3.2.3 Upon receipt of the P.R., the SPD shall assign a P.R. number, check the prices against price index and conduct canvass of the items listed. The SPD then gathers data/information on the submitted Abstract of Quotation

3.2.4 The Chief of the SPD signs the P.R. and forwards it to the Budget Operation Service (BOS) to check fund allocation. The BOS releases advise of allotment and signs the ***Request for Obligation and Allotment.***


3.2.5 The ROA is then forwarded to Treasury Division to determine cash availability and thereafter is forwarded to the Accounting Division.

3.2.6 The Accounting Division certifies obligation of allotment and processes the PR. PRs exceeding the legal amount will be forwarded to the Assistant General Manager for Finance and Administration as to availability of funds and countersigns it.

3.2.7 The General Manager the recommends the PR for the Chairman's approval.

3.3 Processing of Purchase Orders/Contracts

3.3.1 Once the P.R. is approved, the SPD conducts the appropriate made of procurement. Purchases may be made thru negotiated sale, public bidding or from duly licensed manufacturer/exclusive distributors, or through canvass.

	Section	Document Reference Code	
	QUALITY PROCEDURES		Rev. No.
Subsection	(QP 3) Quality Procedure Purchasing	Page 4 of 11	

- 3.3.2 Procurement of products or services with estimated costs of more than Php 1,000,000 will be subjected to bidding and those below this amount shall be subjected to canvass.

The SPD will be responsible for the conduct of the bidding including but not limited to preparation of the Invitation to Bid, publishing Invitation to Bid, conducting actual bidding, preparation of committee resolution, Notice of Awards, PO/Contracts.

- 3.3.3 Procurement of supplies may be made without the benefit of public bidding in the following modes:

- Personal Canvass

Procurement of supplies may be effected after shopping of at least three (3) responsible suppliers. However, the purchase shall not exceed the amount specified in Sec. 438, Art. 4 of GAAM.


- Emergency Purchase

This may be allowed in cases where the need for supplies, materials, furniture, equipment or repair of an equipment is exceptionally urgent or absolutely indispensable to prevent immediate danger to, or loss of, life and/or property, or to avoid detriment to the public service.

- Negotiated Purchase

In cases where public bidding has failed for two (2) consecutive times and no suppliers or dealers are qualified for the award. The agency may undertake the procurement of supplies by negotiated purchase regardless of amount.

- Procurement from Duly Licensed Manufacturers and Exclusive Distributors

	Section	Document Reference Code	
	QUALITY PROCEDURES		Rev. No.
Subsection	(QP 3) Quality Procedure Purchasing	Page 5 of 11	

Procurement may be directly from duly licensed manufacturers in cases of supplies of Philippine manufacturer or origin and in case there are two (2) or more manufacturers of the supplies desired.

- Procurement from Exclusive Philippine Agents or Distributors


Procurement of supplies or property of foreign origin may be made directly from the exclusive or reputable Philippine distributors or agents provided that a certification from the distributor attested by the foreign or local principal that he is the exclusive manufacturer or dealer and that there are no sub – dealers selling at lower prices.

- Purchase through the Central Procurement Service, the Procurement Service under the Department of Budget and Management.
- Purchase from other Philippine Government Agencies and Foreign Governments

Procurement may be made direct from government entities producing supplies to fill the needs of the government or through foreign government entities with which the Philippine maintains diplomatic relations.


- Purchase Through Repeat Orders

This is a procurement where an agency buys from the same supplier the same items at the same prices in addition to the quantity in the original contract subject to the conditions specified in the Sec. 448 art. 10 of GAAM.


	Section	Document Reference Code	
	QUALITY PROCEDURES		Rev. No.
	Subsection (QP 3) Quality Procedure Purchasing	Page 6 of 11	

3.3.4 The P.O./Contract must contain information but not limited to the following:

- P.O. Number
- Date of P.O., Revision Status
- Complete Name of Supplier
- Complete Address of Supplier
- Information whether the supplier is a manufacturer or exclusive distributor; registered with SEC, DTI or both.
- Telephone and fax number of supplier, if any.
- Date of Delivery/Delivery Period
- Complete Item Name
- Complete detailed item specification including accessories, i.e. narrative description, size/dimension/volume, model, use of item, color, capacity, horsepower, voltage, gauge, kind of equipment where spare part is to be used, whether replacement or original (for spare parts), number of spare parts, type and classification of material, brand new or second hand, etc.
- Price (individual unit price; if lot price any document showing the detailed breakdown of the cost).
- Unit of measure when it is not universally accepted, indicate number of weight or lineal measures, i.e. if stated as per “roll”, indicate the number of yards/meter per roll; if per “box”, state number/pcs. contents; if per “bag”, how many pounds or kilos.

	Section	Document Reference Code	
	QUALITY PROCEDURES		Rev. No.
	Subsection (QP 3) Quality Procedure Purchasing	Page 7 of 11	

- Quantity or number of units
 - Brand name. If no brand, state “none”
 - Country of manufacture or origin of item, i.e. local (RP), or if foreign origin, specify country.
 - Terms, i.e. COD, n/30 days, etc.
 - Mode of procurement, i.e. public bidding, canvass, negotiated sale, and such other authorized modes. If “repeat order”, indicate previous Purchase Order and date which was used as basis.
 - Taxes paid by the Authority, i.e. VAT, etc. If taxes are period by supplier, do no indicate.
 - Taxes paid by the Authority, i.e. VAT, etc. If taxes are period by supplier, do not indicate.
 - Signature of Issuing Officer.
- 3.3.5 P.O. / Contracts amounting to P 25,000.00 and below are coursed through the Accounting Service for signature as to fund availability. If in excess of this amount, this will be forwarded to the Office of the Assistant General Manager for Finance and Administration for fund availability/certification.
- 3.3.6 The General Manager then recommends to the Chairman approval of the P.O. for comments, the Supplier/Contractor is required to affix his signature prior to signing of the Chairman.
- 3.3.7 The approved P.O./Contract is issued by the PSMD to the winning/successful bidder/supplier. The Supplier/Contractor is then required to post the necessary performance bond.


	Section	Document Reference Code	
	QUALITY PROCEDURES		Rev. No.
	Subsection (QP 3) Quality Procedure Purchasing	Page 8 of 11	

3.4 Delivery, Receipt and Processing of Voucher

- 3.4.1 The winning/successful bidder/supplier shall deliver the goods, supplies/materials as required in the **Authority's** P.O. The delivery is evidenced by a certificate of acceptance signed by the end – user and copy furnished the COA.
- 3.4.2 Upon receipt of the deliver, the requisitioning office prepares a request for inspection. The inspection shall be conducted by the Technical Property Inspection Group.
- 3.4.3 After the inspection, the requisitioning office prepares and signs box A of the voucher which will be forwarded to the Accounting Division for processing and review.
- 3.4.4 The Assistant General Manager for Finance and Administration will sign the voucher and send it to the General Manager for signature. Voucher above the legal amount will then be recommended for approval of the Chairman.
- 3.4.5 The approved voucher is sent to the Treasury Division which prepares the check and check vouchers. These will be recorded in the check register and Record of Check Issued (RCI).
- 3.4.6 Checks prepared will be countersigned by the Assistant General Manager for Finance and Administration and passed to the General Manager for approval. Checks exceeding the legal amount will be signed and approved by the Chairman.
- 3.4.7 The Accounting Division will prepare accountant's advice of check disbursement upon the Chairman's approval. Checks will then be forwarded to Treasury Division for final release.

3.5 Verification of Delivered/In – Process Product


- 3.5.1 Where the **Authority** elects to verify the products at supplier premises, the verification and product release requirements shall be documented in the P.O. Such verification shall not be used as evidence of effective control of quality by the supplier.

	Section	Document Reference Code	
	QUALITY PROCEDURES		Rev. No.
Subsection	(QP 3) Quality Procedure Purchasing	Page 9 of 11	


- 3.5.2 Where required the Supply Officer shall ensure that the supplier submits the necessary ITP for approval by the **Authority** for the product being supplied. The QMR shall undertake review of all sub -contractors' ITPs to nominate hold and witness points where source inspection at supplier's premises is required.
- 3.5.3 When specified in the contract, the SPD or nominated representative shall be afforded the right to verify at supplier's premises or upon receipt by the **Authority** that the purchased product conforms to specified requirements. Verification made by the Authority shall neither absolve the supplier from responsibility of providing acceptable product nor shall preclude subsequent rejection.

3.6 Evaluation of Suppliers/Contractors

- 3.6.1 The SPD shall be responsible for selecting suppliers/contractors who are capable of meeting the requirements of the contract.
- 3.6.2 Suppliers shall be selected based on their capability to satisfy the requirements of appropriate specifications. The same shall apply to participants in public biddings.
- 3.6.3 Capability of suppliers shall be established based on one or combination of following:
- assessment and evaluation of suppliers' quality system and capability. Quality questionnaire and/or on – site assessment is required.
 - suppliers' past history of the same or similar supplies. Annual review if supplier files indicates any apparent problems with particular suppliers;
 - certification of suppliers' quality system by a recognized certification authority. Certificate shall be obtained where possible;

	Section	Document Reference Code	
	QUALITY PROCEDURES		Rev. No.
Subsection	(QP 3) Quality Procedure Purchasing	Page 10 of 11	

- published experience of other contractors or customers. Review brochures submitted and if required obtain reference from the referees;
 - evaluation of the product samples; and
 - other reasons, e.g., monopoly suppliers and customer/brand preference.
- 3.6.4 The **Authority** shall ensure that the product being procured satisfies the specified requirements by control of suppliers through surveillance, audits, document reviews and incoming inspection.
- 3.6.5 It is **Authority's** responsibility to evaluate the capability of existing supplier/contractor based on the tools/forms stated in the procedure and to determine the supplier/contractor compliance to the requirements of **ISO 9001:2008**.
- 3.6.6 Evaluation of new suppliers/contractors is made by sending Supplier **Quality Assurance Questionnaire** to the suppliers/contractors for them to fill up.
- 3.6.7 Upon receipt of accomplished questionnaire, the Supply Officer or designated staff shall then make an assessment of the suppliers/contractors compliance to the **Authority's** requirements.
- 3.6.8 An approval rating will then be given to the supplier/contractor and inclusion in the Approved Suppliers List.
- 3.6.9 The suppliers list shall be recommended by the Chief of the SPD and approved by his immediate supervisors. The Supply Officer shall obtain necessary assistance from the end – user in the selection of suppliers.
- 3.6.10 The list of Approved Suppliers shall be updated semi – annually, while assessment of suppliers shall be undertaken annually.

	Section	Document Reference Code		
	QUALITY PROCEDURES		Rev. No.	Eff. Date
	Subsection (QP 3) Quality Procedure Purchasing	Page 11 of 11		

3.7 Amendments to Purchase Orders/Contracts:

- 3.7.1 Amendment by reduction of the quantity called for in the purchase order or contract may be allowed provided the supplier's request is based on justifiable reasons and the requisitioning department or office offers no objection. The request for amendment shall be approved by the Bids and Awards Committee.
- 3.7.2 Amendment by substitution of supplies or property called for under the purchase order or contract may be approved by the Bids and Awards Committee if the interest of the government is not prejudiced and the items offered as substitute are of equal or better in quality and the contract price is not increased by reason of the substitution.
- 3.7.3 Any amendment to a contract initiated either verbally or formally, shall be received accordingly and all relevant information and changer incurred must be relayed to the end – user and the SPD.

4.0 DOCUMENTATION (as attached)

- 4.1 Purchase Request**
- 4.2 Request for Obligation and Allotment**
- 4.3 Canvass Paper**
- 4.4 Disbursement Voucher**