



Office of the Associate Vice Chancellor
for Campus Services

22 October 2015

*Approved: 11/9/2015
Dr. R. Suplido*

MEMORANDUM

FOR : **BR. RAYMUNDO B. SUPLIDO FSC**
President

THRU : *✓* **DR. GERARDO C. JANAIRO**
Chancellor
Gerardo

[Signature]
BR. ROBERTO O. CASINGAL FSC
Executive Director, RMCA

FROM : **EDWIN P. SANTIAGO**
Vice Chancellor for Administration
[Signature]

[Signature]
KAREN R. HEBRON
Associate Vice Chancellor for Campus Services

[Signature]
ELVIRA D. TANG
Director, Procurement Office

SUBJECT : **REFORMS IN THE PROCUREMENT PROCESS**

After a series of meetings with various stakeholders, we are recommending the following reforms in the procurement process:

Count	Proposed Changes	Intended Effects
1	Creation of a Procurement Committee	This committee will serve as an oversight committee to monitor the operations of the Procurement Office and other related offices in relation to procurement matters.
2	Increase of the amount covered by the Bids Committee from amounts over P250,000 to amounts over P300,000.	The current level of P250,000 as biddable amount has been in place since the late 1980s. Increasing the level will result to faster processing time as these transactions will fall outside the more stringent bid process.



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Count	Proposed Changes	Intended Effects
3	<p>Streamlining of the list of signatories for final approval of items purchased through the Bids Committee, as follows:</p> <p><u>Above P1,000,000</u> Bids Committee members + Chancellor + President</p> <p><u>P300,000 to P1,000,000</u> Bids Committee members</p>	<p>This change is in line with the signing authority for PRS and will facilitate the process in terms of having fewer signatories, as opposed to the current practice that all transactions of the Bids Committee, regardless of amount, require the signature of both the President and the Chancellor.</p>
4	<p>Establishment of standing procurement agreements with established suppliers for frequently-purchased items such as office supplies, facilities supplies and materials, etc.</p>	<p>This will significantly reduce ordering costs and carrying costs of the University by having standing agreements with established suppliers for the University to draw supplies and materials, as needed, through the Procurement Office. Payment will be on a regular interval (e.g., every month) as opposed to being on a per-transaction basis.</p> <p>This arrangement is currently being implemented for the supply of printer inks, toners and other supplies.</p>
5	<p>Maintenance of a revolving fund of P50,000 for facilities management</p>	<p>This will ease the burden on the Procurement Office for small-amount items that are needed urgently.</p>
6	<p>Increase in the credit limit of the corporate credit card from P500,000 to P1,000,000</p>	<p>Currently, the credit limit is insufficient to cover transactions using credit cards (e.g., online transactions). This results to a waiting time for subsequent transactions until the credit line has been replenished through our payment (done only every month when the credit card billing has been made available).</p>
7	<p>Mandatory provision of a petty cash fund for all offices</p>	<p>This will remove the small-amount transactions from the procurement process of the University without compromising internal control.</p>
8	<p>Revision of the Materials Requisition Form (MRF) to include an electronic-tracking system, critical procurement guidelines and reminders, and other critical information</p>	<p>The inclusion of critical procurement guidelines and reminders will result to higher compliance rate from the requesting party. This, in turn, will facilitate the processing of the request.</p> <p>The inclusion of other critical information, such as fund owner, etc. will enable the Procurement Office to handle other steps, rather than going back and forth to the different offices, thereby facilitating the process. The electronic tracking will increase accountability of individuals and offices involved in the procurement process.</p>



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for R. [Signature]

Count	Proposed Changes	Intended Effects
9	Restriction in the schedule for receiving MRFs by the Procurement Office to only twice per week (Tuesday and Friday)	This move will consolidate the requests into fewer days allowing the Procurement Office staff to be more efficient in their tasks due to do homogeneous work. Also, it will consolidate items for procurement which can result to lower ordering costs and may result to bulk discounts.
10	Removal of the budget inquiry step in the procurement process	The budget inquiry step was recently added to ensure that the request has been included in the budget. This step does not ensure that the funds is able to cover the amount needed for the purchase. From the records, only about 5% of the requests do not have a corresponding budget. Removing this step will significantly lessen the procurement timeline in processing the request without compromising the financial process.
11	Charging of a service charge of P1,000 per item for unbudgeted items, chargeable against departmental funds.	With the removal of the budget inquiry step, the procurement process will be open to canvassing requests which may not have funds available. This is the 5% of the total number of requests. The service charge is intended to discourage this practice from being done and to increase financial responsibility among the offices.
12	Requirement of the technical evaluation as an attachment to the MRF upon submission to the Procurement Office Removal of the technical specification inquiry step in the procurement process	Currently, the technical evaluation is done after the MRF has been submitted to the Procurement Office. This causes delay as the coordination of the technical specifications involves three (3) offices – the requesting office, the Procurement Office and the technical evaluation office. Under the proposed change, the process will be faster as coordination will be done directly between the requesting office and the technical evaluation office. The Procurement Office will include information in the MRF as to the appropriate office where the technical evaluation will be done.
13	Exemption from the technical evaluation step transactions that comply with standard specifications	Rather than making each and every request go through technical evaluation, requested items that comply with standard specifications released by technical evaluation offices may immediately proceed to the next step, thereby facilitating the process.
14	Revision of 3-supplier canvassing requirement, as follows: Above P50,000 – 3 suppliers P10,000 to P50,000 – 2 suppliers Below P10,000 – 1 supplier	Currently, the procurement of all items requires canvassing from three suppliers, regardless of amount. Consistent with the materiality principle in accounting, relaxing the requirement, depending on the amount, will facilitate the procurement process.



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Count	Proposed Changes	Intended Effects
15	Transfer of preparation of PRS from the requesting office to the Procurement Office	This will significantly improve the procurement process by reducing the PRS preparation time currently done by the requesting office. This change, however, will not affect the required signatories for the PRS.
16	Revision of signatories of the Purchase Order, as follows: <u>P50,000 and below</u> Director, Procurement Office or Asst. Director, Procurement Office <u>P50,001 and above</u> Director, Procurement Office or Asst. Director, Procurement Office + Vice Chancellor Administration or AVC for Campus Services	This change will facilitate the issuance of the Purchase Order without compromising internal control.

These proposed reforms are intended to eventually reduce significantly the procurement process period. Once approved, the Procurement Office may proceed with its internal reorganization to enhance these reforms. The Procurement Committee, on the other hand, will monitor the implementation.

Before the end of the academic year, the reforms are projected to stabilize the procurement process that will enable the Procurement Office to determine a commitment period for most of the procurement requests.

We hope for your approval. Thank you.

Approved: 11/9/2015
Mr. D. Anglibo Jr