

CONTRACT No. 2014-21
DEPARTMENT OF BUDGET AND MANAGEMENT (DBM) ISO
9001:2008 QUALITY MANAGEMENT SYSTEM (QMS)
INITIAL CERTIFICATION AUDIT

THIS CONTRACT made and entered into by and between the following:

DEPARTMENT OF BUDGET AND MANAGEMENT, a government agency created by virtue of the laws of the Republic of the Philippines, with principal office address at General Solano St., San Miguel, Manila, represented herein by its Secretary, **FLORENCIO B. ABAD**, hereinafter called the "**DBM**";

- and -

CERTIFICATION INTERNATIONAL PHILIPPINES, INC., a corporation duly organized and existing under the laws of the Philippines, with office address at Unit 601, OMM-CITRA Building, San Miguel Avenue, Ortigas Center, Pasig City, represented by its Managing Director, **RENATO V. NAVARRETE**, hereinafter referred to as the "**SERVICE PROVIDER**".

W I T N E S S E T H:

WHEREAS, the DBM conducted a public bidding for the DBM ISO 9001:2008 Quality Management System (QMS) Initial Certification Audit and the bid of the Service Provider in the total amount One Million One Hundred Seventy Thousand Three Hundred Forty Pesos (P1,170,340.00) (hereinafter called the "Contract Price");

WHEREAS, the Notice of Award was issued to the Service Provider on September 11, 2014, and Supplier posted its performance security on September 17, 2014;

NOW, THEREFORE, for and in consideration of the foregoing premises, the parties hereby mutually stipulate and agree as follows:

1. In this Contract, words and expressions shall have the same meanings as are respectively assigned to them in the General and Special Conditions of Contract referred to in Annex D and E, respectively.
2. The following documents shall form and be read and construed as part of this Contract:

Annex A	-	Bid Form
B	-	Schedule of Requirements
C	-	Technical Specifications
D	-	General Conditions of Contract
E	-	Special Conditions of Contract
F	-	Notice of Award
G	-	Performance Security



3. In consideration of the payments to be made by the DBM to the Service Provider, the Service Provider hereby covenants with the DBM to provide the Goods and Services and to remedy defects therein in conformity with the provisions of the Contract.
4. The DBM hereby covenants to pay the Service Provider, in consideration of the provision of the Goods and Services and the remedying of defects therein, the Contract Price or such other sum as may become payable under the provisions of the contract at the time and in the manner prescribed by the Contract.

IN WITNESS WHEREOF, the parties hereto have signed this Contract on this 13th day of October, 2014 at Malacanang, Manila, Philippines.

DEPARTMENT OF BUDGET
AND MANAGEMENT

By:


FLORENCIO B. ABAD
Secretary

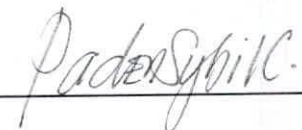
CERTIFICATION INTERNATIONAL
PHILIPPINES, INC.

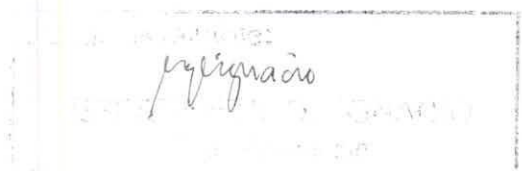
By:


RENATO V. NAVARRETE
Managing Director

SIGNED IN THE PRESENCE OF


CLOTILDE DRAPETE
Director, SPIB




DOBR# 01101012014-09-00 1668 A
9/16/2014



ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF MANILA) S.S.

BEFORE ME, a Notary Public for and in the City of _____, Philippines on this _____ day of _____, 2014 personally appeared the following:

NAME	VALID ID	VALID UNTIL
FLORENCIO B. ABAD	DBM ID NO. 3706	2014
RENATO V. NAVARRETE	PASSPORT NO. EBO265141	25 MAY 2015

known to me to be the same persons who executed the foregoing Contract and who acknowledged to me that the same is their free and voluntary act and deed and of the entities they respectively represent.

This CONTRACT for the Project "DBM ISO 9001:2008 Quality Management System (QMS) Initial Certification Audit" was signed by the parties and their material witnesses on each and every page thereof.

WITNESS MY HAND AND SEAL this 13TH day of OCTOBER, 2014.

Doc No 501 ;
Page No 103 ;
Book No 1 ;
Series of 2014.


ROWENA CANDICE M. RUIZ
NOTARY PUBLIC-MANILA
COMMISSION SERIAL NO 2014-166
UNTIL DECEMBER 31, 2016
ROLL NO. 49406, LBP LRN 05140
PTR NO 3038612/MANILA/APRIL 21, 2014
LEG. SERVICE, DBM
BLDG. 1. GROUND FLR..
GEN. SOLANO ST. MALACANANG
MANILA

Mr. Renato



BID FORM

Department of Budget and Management
 Bias and Awards Committee
 BAC Room, Ground floor
 DBM Building II, General Solario Street
 San Miguel, Manila

Gentlemen and/or Ladies:

Having examined the Bidding Documents including Bid Bulleting Numbers (insert number), the receipt of which is hereby duly acknowledged, we, the undersigned, offer to the DBM, our services for the project. "DBM ISO 9001:2008 QMS Initial Certification Audit" in conformity with the said Bidding Documents for the sum **ONE MILLION ONE HUNDRED SEVENTY THOUSAND THREE HUNDRED FORTY (P 1,170,340.00)** or such other sums as my be ascertained in accordance with the Schedule of Prices and made part of this bid.

ITEM	DELIVERABLES	%SHARE ON TOTAL COST	COST (inclusive of VAT)
1	Audit Plan and Audit Report for Stage1	30%	P351,102.00
2	Audit Report for Stage2	20%	P234,068.00
3	1 st Year Surveillance Audit Report	25%	P292,585.00
4	2 nd Surveillance Audit Report	25%	P292,585.00
	TOTAL	100%	P1,170,340.00

We undertake, if our Bid is accepted, to deliver the goods in accordance with the delivery schedule specified in the Schedule of Requirements.

If our Bid is accepted, we undertake to provide a performance security in the form, amounts, and within the times specified in the Bidding Documents.

We agree to abide by this Bid for the Bid Validity Period Specified in BDS provision for ITB Clause 18.2 and it shall remain binding upon us and may be accepted at any time before the expiration of that period.

Until a formal Contract prepared and executed, this Bid, together with your written acceptance thereof and your Notice of Award, shall be binding upon us.

We understand that you are not bound to accept the lowest or any Bid you may receive.


We certify/confirm that we comply with the eligibility requirements as per ITB Clause 5 of the Bidding Documents.

Dated this 19th of August,

RENATO V. NAVARRETE
 MANAGING DIRECTOR
 CERTIFICATION INTERNATIONAL

DBM BREAKDOWN OF CONTRACT PRICE

PRICE COMPONENT	AMOUNT IN PHILIPPINE PESO (Vat Inclusive)
STAGE 1 AUDIT (Audit Plan & Audit Report for Stage 1)	
Travel and Accommodation	P35,110.2
Audit Fees and Operational Cost	P315,991.8
SUB TOTAL	P351,102.00
STAGE 2 AUDIT(Audit Report for Stage 2)	
Travel and Accommodation	P23,406.8
Audit Fees, Operational Cost, and Certification fee	P210,661.2
SUB TOTAL	P234,068.00
FIRST SURVEILLANCE AUDIT	
Travel and Accommodation	P29,258.5
Audit Fees and Operational Cost	P263,326.5
SUB TOTAL	P292,585.00
SECOND SURVEILLANCE AUDIT	
Travel and Accommodation	P29,258.5
Audit Fees and Operational Cost	P263,326.5
SUB TOTAL	P292,585.00
TOTAL CONTRACT PRICE	P1,170,340.00


 RENATO V. NAVARRETE
 MANAGING DIRECTOR
 CERTIFICATION INTERNATIONAL

Section VI. Schedule of Requirements

The delivery schedule expressed as weeks/months stipulates hereafter a delivery date which is the date of delivery to the project site.

Item	Description	Deliverable	Delivery Schedule
2014			
1	Submission of an Audit Plan, Completion of Stage 1 Audit, and Submission of Stage 1 Audit Report	Audit Plan and Stage Audit 1 Report	From receipt of the Notice to Proceed but not later than September 30, 2014
2	Completion of Stage 2 Audit, and Submission of Stage 2 Audit Report	Stage 2 Audit Report	Not later than October 31, 2014
3	Issuance of ISO 9001:2008 Certificate to the DBM	ISO 9001:2008 Certificate	Within 7 calendar days from receipt of Stage 2 Audit Report without non-conformities; or in case of non-conformities, submission by the DBM Overall QMR of the corrective action plan that is determined by the Certification Body (CB) as compliant
2015			
4	Completion of 1st Year Surveillance Audits, and Submission of 1st Year Surveillance Audit Report	1st Year Surveillance Audit Report	In accordance with the surveillance program issued by the CB which should not be later than 12 months from the last day of the conduct of the Stage 2 Audit
2016			
5	Completion of 2nd Year Surveillance Audits, and Submission of 2nd Year Surveillance Audit Report	2nd Year Surveillance Audit Report	In accordance with the surveillance program issued by the CB which should not be later than 12 months from the last day of the conduct of the 1st Year Surveillance Audits

Note: Delivery Schedule may be adjusted in cases of force majeure or fortuitous event as described in GCC Clause 22 or in other justifiable circumstances subject to the approval of the Overall QMR.

I hereby certify to comply and deliver all the above requirements.

CERTIFICATION INTERNATIONAL
PHILIPPINES, INC.

Name of Company/Bidder

RENATO V. NAVARRETE

Signature Over Printed Name of
the Authorized Signatory

AUGUST 29, 2014

Date

1400

Section VII. Technical Specifications

Bidders must state either "Comply" or "Not Comply" or any equivalent term in the column "Statement of Compliance" against each of the individual parameters of each "Specification". Please do not just place check in the bidder's "Statement of Compliance".

ITEM/DESCRIPTION	BIDDER'S STATEMENT OF COMPLIANCE
The CERTIFICATION BODY is, at the minimum, a Department of Trade and Industry - Philippine Accreditation Office (DTI-PAO) Accredited Certification Body with PNS ISO/IEC 17021:2011 to provide Quality Management Systems (QMS) certification to ISO 9001:2008 for L75: Public Administration scope.	COMPLY
<p>The CERTIFICATION BODY shall conduct ISO 9001:2008 Certification Audit of the DBM QMS being implemented by all the Bureaus/Services/Offices (B/S/O) in the Department and issue the corresponding Certificate for the purpose. The Certification procedure to be used is that of Multiple Sites thru Sampling Method following the IAF Mandatory Document 1:2007. The following sites 1/ shall be covered by the audit procedure:</p> <p><u>1. Central Office</u></p> <p>a. Office/Service</p> <ol style="list-style-type: none"> 1. Office of the Secretary 2. Internal Audit Service 3. Administrative Service 4. Financial and Management Service 5. Training and Information Service 6. Information and Communications Technology Systems Service 7. Corporate Planning and 	COMPLY

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Reforms Service 8. Legal Service b. Bureaus 1. Systems and Productivity Improvement Bureau 2. Organization, Position Classification and Compensation Bureau 3. Fiscal Planning Bureau 4. Budget and Management Bureau (BMB) – A 5. BMB - B 6. BMB – C 7. BMB - D 8. BMB - E 9. BMB - F 10. BMB - G 11. Budget Technical Service	COMPLY
ITEM/DESCRIPTION	BIDDER'S STATEMENT OF COMPLIANCE
<u>II. Regional Offices (ROs)</u> a. National Capital Region (NCR) RO b. RO No. I c. Cordillera Administrative Region (CAR) RO d. RO No. II e. RO No. III f. RO No. IV-A g. RO No. IV-B h. RO No. V i. RO No. VI j. RO No. VII k. RO No. VIII l. RO No. IX m. RO No. X n. RO No. XI o. RO No. XII p. RO No. XIII	COMPLY
The CERTIFICATION BODY shall have adequate technical and management capability in conducting the audit.	COMPLY

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The CERTIFICATION BODY shall have the capacity to deploy the necessary number of key experts per site.	COMPLY
The CERTIFICATION BODY shall submit documents as stated in Section VI. Schedule of Requirements.	COMPLY
The CERTIFICATION BODY shall coordinate with the DBM Overall Quality Management Representative (QMR) on all matters relating to contract implementation.	COMPLY
The CERTIFICATION BODY or any person/entity connected to the DBM certification audit shall maintain strict confidentiality of the final audit results and shall disclose the same only upon clearance of DBM Overall QMR.	COMPLY
The CERTIFICATION BODY shall, within fifteen (15) days from the end of contract, turn over to the DBM Overall QMR all documents pertaining to the implementation of this project, such as, but not limited to, pending documentary requests within its custody or control or within the custody or control of any person/entity operating on its behalf.	COMPLY

Note: See Annex A for complete details of number of DBM Personnel as of July 15, 2014. In the actual implementation of the Project, the number of DBM personnel may differ from such initial headcount as indicated in Annex A.

I hereby certify to comply with all the above Technical Specifications.

CERTIFICATION INTERNATIONAL
PHILIPPINES, INC.

Name of Company/Bidder

RENATO V. NAVARRETE

Signature Over Printed Name of
the Authorized Signatory

AUGUST 29, 2014

Date

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General Conditions of Contract

1. Definitions

1.1. In this Contract, the following terms shall be interpreted as indicated:

- (a) "The Contract" means the agreement entered into between the Procuring Entity and the Supplier, as recorded in the Contract Form signed by the parties, including all attachments and appendices thereto and all documents incorporated by reference therein.
- (b) "The Contract Price" means the price payable to the Supplier under the Contract for the full and proper performance of its contractual obligations.
- (c) "The Goods" means all of the supplies, equipment, machinery, spare parts, other materials and/or general support services which the Supplier is required to provide to the Procuring Entity under the Contract.
- (d) "The Services" means those services ancillary to the supply of the Goods, such as transportation and insurance, and any other incidental services, such as installation, commissioning, provision of technical assistance, training, and other such obligations of the Supplier covered under the Contract.
- (e) "GCC" means the General Conditions of Contract contained in this Section.
- (f) "SCC" means the Special Conditions of Contract.
- (g) "The Procuring Entity" means the organization purchasing the Goods, as named in the SCC.
- (h) "The Procuring Entity's country" is the Philippines.
- (i) "The Supplier" means the individual contractor, manufacturer distributor, or firm supplying/manufacturing the Goods and Services under this Contract and named in the SCC.
- (j) The "Funding Source" means the organization named in the SCC.
- (k) "The Project Site," where applicable, means the place or places named in the SCC.
- (l) "Day" means calendar day.
- (m) The "Effective Date" of the contract will be the date of receipt by the Supplier of the Notice to Proceed or the date provided in the Notice to Proceed. Performance of all obligations shall be reckoned from the Effective Date of the Contract.

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- (n) "Verified Report" refers to the report submitted by the Implementing Unit to the Head of the Procuring Entity setting forth its findings as to the existence of grounds or causes for termination and explicitly stating its recommendation for the issuance of a Notice to Terminate.

2. Corrupt, Fraudulent, Collusive, and Coercive Practices

2.1. Unless otherwise provided in the **SCC**, the Procuring Entity as well as the bidders, contractors, or suppliers shall observe the highest standard of ethics during the procurement and execution of this Contract. In pursuance of this policy, the Procuring Entity:

- (a) defines, for the purposes of this provision, the terms set forth below as follows:
- (i) "corrupt practice" means behavior on the part of officials in the public or private sectors by which they improperly and unlawfully enrich themselves, others, or induce others to do so, by misusing the position in which they are placed, and it includes the offering, giving, receiving, or soliciting of anything of value to influence the action of any such official in the procurement process or in contract execution; entering, on behalf of the Government, into any contract or transaction manifestly and grossly disadvantageous to the same, whether or not the public officer profited or will profit thereby, and similar acts as provided in Republic Act 3019.
 - (ii) "fraudulent practice" means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of the Procuring Entity, and includes collusive practices among Bidders (prior to or after bid submission) designed to establish bid prices at artificial, non-competitive levels and to deprive the Procuring Entity of the benefits of free and open competition.
 - (iii) "collusive practices" means a scheme or arrangement between two or more Bidders, with or without the knowledge of the Procuring Entity, designed to establish bid prices at artificial, non-competitive levels.
 - (iv) "coercive practices" means harming or threatening to harm, directly or indirectly, persons, or their property to influence their participation in a procurement process, or affect the execution of a contract;
 - (v) "obstructive practice" is
 - (aa) deliberately destroying, falsifying, altering or concealing of evidence material to an administrative proceedings or investigation or making false statements to investigators in order to materially impede an

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administrative proceedings or investigation of the Procuring Entity or any foreign government/foreign or international financing institution into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the administrative proceedings or investigation or from pursuing such proceedings or investigation; or

(bb) acts intended to materially impede the exercise of the inspection and audit rights of the Procuring Entity or any foreign government/foreign or international financing institution herein.

(b) will reject a proposal for award if it determines that the Bidder recommended for award has engaged in any of the practices mentioned in this Clause for purposes of competing for the contract.

2.2. Further the Funding Source, Borrower or Procuring Entity, as appropriate, will seek to impose the maximum civil, administrative and/or criminal penalties available under the applicable law on individuals and organizations deemed to be involved with any of the practices mentioned in GCC Clause 2.1 (a).

3. Inspection and Audit by the Funding Source

The Supplier shall permit the Funding Source to inspect the Supplier's accounts and records relating to the performance of the Supplier and to have them audited by auditors appointed by the Funding Source, if so required by the Funding Source.

4. Governing Law and Language

4.1. This Contract shall be interpreted in accordance with the laws of the Republic of the Philippines.

4.2. This Contract has been executed in the English language, which shall be the binding and controlling language for all matters relating to the meaning or interpretation of this Contract. All correspondence and other documents pertaining to this Contract exchanged by the parties shall be written in English.

5. Notices

5.1. Any notice, request, or consent required or permitted to be given or made pursuant to this Contract shall be in writing. Any such notice, request, or consent shall be deemed to have been given or made when received by the concerned party, either in person or through an authorized representative of the Party to whom the communication is addressed, or when sent by registered mail, telex, telegram, or facsimile to such Party at the address specified in the SCC, which shall be effective when delivered and duly received or on the notice's effective date, whichever is later.

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- 5.2. A Party may change its address for notice hereunder by giving the other Party notice of such change pursuant to the provisions listed in the SCC for GCC Clause 5.1.

6. Scope of Contract

- 6.1. The GOODS and Related Services to be provided shall be as specified in Section VI. Schedule of Requirements.
- 6.2. This Contract shall include all such items, although not specifically mentioned, that can be reasonably inferred as being required for its completion as if such items were expressly mentioned herein. Any additional requirements for the completion of this Contract shall be provided in the SCC.

7. Subcontracting

- 7.1. Subcontracting of any portion of the Goods, if allowed in the BDS, does not relieve the Supplier of any liability or obligation under this Contract. The Supplier will be responsible for the acts, defaults, and negligence of any subcontractor, its agents, servants or workmen as fully as if these were the Supplier's own acts, defaults, or negligence, or those of its agents, servants or workmen.
- 7.2. Subcontractors disclosed and identified during the bidding may be changed during the implementation of this Contract, subject to compliance with the required qualifications and the approval of the Procuring Entity.

8. Procuring Entity's Responsibilities

- 8.1. Whenever the performance of the obligations in this Contract requires that the Supplier obtain permits, approvals, import, and other licenses from local public authorities, the Procuring Entity shall, if so needed by the Supplier, make its best effort to assist the Supplier in complying with such requirements in a timely and expeditious manner.
- 8.2. The Procuring Entity shall pay all costs involved in the performance of its responsibilities in accordance with GCC Clause 6.

9. Prices

- 9.1. For the given scope of work in this Contract as awarded, all bid prices are considered fixed prices, and therefore not subject to price escalation during contract implementation, except under extraordinary circumstances and upon prior approval of the GPPB in accordance with Section 61 of R.A. 9184 and its IRR or except as provided in this Clause.
- 9.2. Prices charged by the Supplier for Goods delivered and/or services performed under this Contract shall not vary from the prices quoted by the Supplier in its bid, with the exception of any change in price resulting from a Change Order issued in accordance with **GCC** Clause 29.

10. Payment

- 10.1. Payments shall be made only upon a certification by the Head of the Procuring Entity to the effect that the Goods have been rendered or delivered in accordance with the terms of this Contract and have been duly inspected and accepted. Except with the prior approval of the President no payment shall be made for services not yet rendered or for supplies and materials not yet delivered under this Contract. Ten percent (10%) of the amount of each payment shall be retained by the Procuring Entity to cover the Supplier's warranty obligations under this Contract as described in GCC Clause 17.
- 10.2. The Supplier's request(s) for payment shall be made to the Procuring Entity in writing, accompanied by an invoice describing, as appropriate, the Goods delivered and/or Services performed, and by documents submitted pursuant to the SCC provision for GCC Clause 6.2, and upon fulfillment of other obligations stipulated in this Contract.
- 10.3. Pursuant to GCC Clause 10.2, payments shall be made promptly by the Procuring Entity, but in no case later than sixty (60) days after submission of an invoice or claim by the Supplier.
- 10.4. Unless otherwise specified in the SCC, the currency in which payment is made to the Supplier under this Contract shall be in Philippine Pesos.

11. Advance Payment and Terms of Payment

- 11.1. Advance payment shall be made only after prior approval of the President, and shall not exceed fifteen percent (15%) of the Contract amount, unless otherwise directed by the President or in cases allowed under Annex "D" of RA 9184.
- 11.2. For Goods supplied from abroad, the terms of payment shall be as follows:
 - (a) On Contract Signature: Ten percent (10%) of the Contract Price shall be paid within sixty (60) days from signing of the Contract and upon submission of a claim and a bank guarantee for the equivalent amount valid until the Goods are delivered and in the form provided in Section VIII. Bidding Forms.
 - (b) On Delivery: Seventy percent (70%) of the Contract Price shall be paid to the Supplier within sixty (60) days after the date of receipt of the Goods and upon submission of the documents (i) through (vi) specified in the SCC provision on Delivery and Documents.
 - (c) On Acceptance: The remaining twenty percent (20%) of the Contract Price shall be paid to the Supplier within sixty (60) days after the date of submission of the acceptance and inspection certificate for the respective delivery issued by the Procuring Entity's authorized representative. In the event that no inspection or acceptance certificate is issued by the Procuring Entity's authorized representative within forty five (45) days of the date shown on the delivery receipt the

Supplier shall have the right to claim payment of the remaining twenty percent (20%) subject to the Procuring Entity's own verification of the reason(s) for the failure to issue documents (vii) and (viii) as described in the SCC provision on Delivery and Documents.

- 11.3. All progress payments shall first be charged against the advance payment until the latter has been fully exhausted.

12. Taxes and Duties

The Supplier, whether local or foreign, shall be entirely responsible for all the necessary taxes, stamp duties, license fees, and other such levies imposed for the completion of this Contract.

13. Performance Security

- 13.1. Within ten (10) calendar days from receipt of the Notice of Award from the Procuring Entity but in no case later than the signing of the contract by both parties, the successful Bidder shall furnish the performance security in any the forms prescribed in the ITB Clause 33.2.
- 13.2. The performance security posted in favor of the Procuring Entity shall be forfeited in the event it is established that the winning bidder is in default in any of its obligations under the contract.
- 13.3. The performance security shall remain valid until issuance by the Procuring Entity of the Certificate of Final Acceptance.
- 13.4. The performance security may be released by the Procuring Entity and returned to the Supplier after the issuance of the Certificate of Final Acceptance subject to the following conditions:
- (a) There are no pending claims against the Supplier or the surety company filed by the Procuring Entity;
 - (b) The Supplier has no pending claims for labor and materials filed against it; and
 - (c) Other terms specified in the SCC.
- 13.5. In case of a reduction of the contract value, the Procuring Entity shall allow a proportional reduction in the original performance security, provided that any such reduction is more than ten percent (10%) and that the aggregate of such reductions is not more than fifty percent (50%) of the original performance security.

14. Use of Contract Documents and Information

- 14.1. The Supplier shall not, except for purposes of performing the obligations in this Contract, without the Procuring Entity's prior written consent, disclose this Contract, or any provision thereof, or any specification, plan, drawing,

this Contract, or any provision thereof, or any specification, plan, drawing, pattern, sample, or information furnished by or on behalf of the Procuring Entity. Any such disclosure shall be made in confidence and shall extend only as far as may be necessary for purposes of such performance.

- 14.2. Any document, other than this Contract itself, enumerated in GCC Clause 14.1 shall remain the property of the Procuring Entity and shall be returned (all copies) to the Procuring Entity on completion of the Supplier's performance under this Contract if so required by the Procuring Entity.

15. Standards

The Goods provided under this Contract shall conform to the standards mentioned in the Section VII. Technical Specifications; and, when no applicable standard is mentioned, to the authoritative standards appropriate to the Goods' country of origin. Such standards shall be the latest issued by the institution concerned.

16. Inspection and Tests

- 16.1. The Procuring Entity or its representative shall have the right to inspect and/or to test the Goods to confirm their conformity to the Contract specifications at no extra cost to the Procuring Entity. The SCC and Section VII. Technical Specifications shall specify what inspections and/or tests the Procuring Entity requires and where they are to be conducted. The Procuring Entity shall notify the Supplier in writing, in a timely manner, of the identity of any representatives retained for these purposes.
- 16.2. If applicable, the inspections and tests may be conducted on the premises of the Supplier or its subcontractor(s), at point of delivery, and/or at the goods' final destination. If conducted on the premises of the Supplier or its subcontractor(s), all reasonable facilities and assistance, including access to drawings and production data, shall be furnished to the inspectors at no charge to the Procuring Entity.
- 16.3. The Procuring Entity or its designated representative shall be entitled to attend the tests and/or inspections referred to in this Clause provided that the Procuring Entity shall bear all of its own costs and expenses incurred in connection with such attendance including, but not limited to, all traveling and board and lodging expenses.
- 16.4. The Procuring Entity may reject any Goods or any part thereof that fail to pass any test and/or inspection or do not conform to the specifications. The Supplier shall either rectify or replace such rejected Goods or parts thereof or make alterations necessary to meet the specifications at no cost to the Procuring Entity, and shall repeat the test and/or inspection, at no cost to the Procuring Entity, upon giving a notice pursuant to GCC Clause 5.
- 16.5. The Supplier agrees that neither the execution of a test and/or inspection of the Goods or any part thereof, nor the attendance by the Procuring Entity or its representative, shall release the Supplier from any warranties or other obligations under this Contract.
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17. Warranty

- 17.1. The Supplier warrants that the Goods supplied under the Contract are new, unused, of the most recent or current models, and that they incorporate all recent improvements in design and materials, except when the technical specifications required by the Procuring Entity provides otherwise.
- 17.2. The Supplier further warrants that all Goods supplied under this Contract shall have no defect, arising from design, materials, or workmanship or from any act or omission of the Supplier that may develop under normal use of the supplied Goods in the conditions prevailing in the country of final destination.
- 17.3. In order to assure that manufacturing defects shall be corrected by the Supplier, a warranty shall be required from the Supplier for a minimum period specified in the SCC. The obligation for the warranty shall be covered by, at the Supplier's option, either retention money in an amount equivalent to at least ten percent (10%) of every progress payment, or a special bank guarantee equivalent to at least ten percent (10%) of the Contract Price or other such amount if so specified in the SCC. The said amounts shall only be released after the lapse of the warranty period specified in the SCC; provided, however, that the Supplies delivered are free from patent and latent defects and all the conditions imposed under this Contract have been fully met.
- 17.4. The Procuring Entity shall promptly notify the Supplier in writing of any claims arising under this warranty. Upon receipt of such notice, the Supplier shall, within the period specified in the SCC and with all reasonable speed, repair or replace the defective Goods or parts thereof, without cost to the Procuring Entity.
- 17.5. If the Supplier, having been notified, fails to remedy the defect(s) within the period specified in GCC Clause 17.4, the Procuring Entity may proceed to take such remedial action as may be necessary, at the Supplier's risk and expense and without prejudice to any other rights which the Procuring Entity may have against the Supplier under the Contract and under the applicable law.

18. Delays in the Supplier's Performance

- 18.1. Delivery of the Goods and/or performance of Services shall be made by the Supplier in accordance with the time schedule prescribed by the Procuring Entity in Section VI. Schedule of Requirements.
- 18.2. If at any time during the performance of this Contract, the Supplier or its Subcontractor(s) should encounter conditions impeding timely delivery of the Goods and/or performance of Services, the Supplier shall promptly notify the Procuring Entity in writing of the fact of the delay, its likely duration and its cause(s). As soon as practicable after receipt of the Supplier's notice, and upon causes provided for under GCC Clause 22, the Procuring Entity shall evaluate the situation and may extend the Supplier's time for performance, in which case the extension shall be ratified by the parties by amendment of Contract.

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- 18.3. Except as provided under GCC Clause 22, a delay by the Supplier in the performance of its obligations shall render the Supplier liable to the imposition of liquidated damages pursuant to GCC Clause 19, unless an extension of time is agreed upon pursuant to GCC Clause 29 without the application of liquidated damages.

19. Liquidated Damages

Subject to GCC Clauses 18 and 22, if the Supplier fails to satisfactorily deliver any or all of the Goods and/or to perform the Services within the period(s) specified in this Contract inclusive of duly granted time extensions if any, the Procuring Entity shall, without prejudice to its other remedies under this Contract and under the applicable law, deduct from the Contract Price, as liquidated damages, the applicable rate of one tenth (1/10) of one (1) percent of the cost of the unperformed portion for every day of delay until actual delivery or performance. The maximum deduction shall be ten percent (10%) of the amount of contract. Once the maximum is reached, the Procuring Entity shall rescind the Contract pursuant to GCC Clause 1, without prejudice to other courses of action and remedies open to it.

20. Settlement of Disputes

- 20.1. If any dispute or difference of any kind whatsoever shall arise between the Procuring Entity and the Supplier in connection with or arising out of this Contract, the parties shall make every effort to resolve amicably such dispute or difference by mutual consultation.
- 20.2. If after thirty (30) days, the parties have failed to resolve their dispute or difference by such mutual consultation, then either the Procuring Entity or the Supplier may give notice to the other party of its intention to commence arbitration, as hereinafter provided, as to the matter in dispute, and no arbitration in respect of this matter may be commenced unless such notice is given.
- 20.3. Any dispute or difference in respect of which a notice of intention to commence arbitration has been given in accordance with this Clause shall be settled by arbitration. Arbitration may be commenced prior to or after delivery of the Goods under this Contract.
- 20.4. In the case of a dispute between the Procuring Entity and the Supplier, the dispute shall be resolved in accordance with Republic Act 9285 ("R.A. 9285"), otherwise known as the "Alternative Dispute Resolution Act of 2004."
- 20.5. Notwithstanding any reference to arbitration herein, the parties shall continue to perform their respective obligations under the Contract unless they otherwise agree; and the Procuring Entity shall pay the Supplier any monies due the Supplier.

21. Liability of the Supplier

- 21.1. The Supplier's liability under this Contract shall be as provided by the laws of the Republic of the Philippines, subject to additional provisions, if any, set forth in the SCC.
- 21.2. Except in cases of criminal negligence or willful misconduct, and in the case of infringement of patent rights, if applicable, the aggregate liability of the Supplier to the Procuring Entity shall not exceed the total Contract Price, provided that this limitation shall not apply to the cost of repairing or replacing defective equipment.

22. Force Majeure

- 22.1. The Supplier shall not be liable for forfeiture of its performance security, liquidated damages, or termination for default if and to the extent that its delay in performance or other failure to perform its obligations under the Contract is the result of a *force majeure*.
- 22.2. For purposes of this Contract the terms "*force majeure*" and "fortuitous event" may be used interchangeably. In this regard, a fortuitous event or *force majeure* shall be interpreted to mean an event which the Contractor could not have foreseen, or which though foreseen, was inevitable. It shall not include ordinary unfavorable weather conditions; and any other cause the effects of which could have been avoided with the exercise of reasonable diligence by the Contractor. Such events may include, but not limited to, acts of the Procuring Entity in its sovereign capacity, wars or revolutions, fires, floods, epidemics, quarantine restrictions, and freight embargoes.
- 22.3. If a *force majeure* situation arises, the Supplier shall promptly notify the Procuring Entity in writing of such condition and the cause thereof. Unless otherwise directed by the Procuring Entity in writing, the Supplier shall continue to perform its obligations under the Contract as far as is reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the *force majeure*.

23. Termination for Default

- 23.1. The Procuring Entity shall terminate this Contract for default when any of the following conditions attends its implementation:
 - (a) Outside of *force majeure*, the Supplier fails to deliver or perform any or all of the Goods within the period(s) specified in the contract, or within any extension thereof granted by the Procuring Entity pursuant to a request made by the Supplier prior to the delay, and such failure amounts to at least ten percent (10%) of the contract price;
 - (b) As a result of *force majeure*, the Supplier is unable to deliver or perform any or all of the Goods, amounting to at least ten percent

11/11/20

(10%) of the contract price, for a period of not less than sixty (60) calendar days after receipt of the notice from the Procuring Entity stating that the circumstance of force majeure is deemed to have ceased; or

(c) The Supplier fails to perform any other obligation under the Contract.

23.2. In the event the Procuring Entity terminates this Contract in whole or in part, for any of the reasons provided under GCC Clauses 23 to 26, the Procuring Entity may procure, upon such terms and in such manner as it deems appropriate, Goods or Services similar to those undelivered, and the Supplier shall be liable to the Procuring Entity for any excess costs for such similar Goods or Services. However, the Supplier shall continue performance of this Contract to the extent not terminated.

23.3. In case the delay in the delivery of the Goods and/or performance of the Services exceeds a time duration equivalent to ten percent (10%) of the specified contract time plus any time extension duly granted to the Supplier, the Procuring Entity may terminate this Contract, forfeit the Supplier's performance security and award the same to a qualified Supplier.

24. Termination for Insolvency

The Procuring Entity shall terminate this Contract if the Supplier is declared bankrupt or insolvent as determined with finality by a court of competent jurisdiction. In this event, termination will be without compensation to the Supplier, provided that such termination will not prejudice or affect any right of action or remedy which has accrued or will accrue thereafter to the Procuring Entity and/or the Supplier.

25. Termination for Convenience

25.1. The Procuring Entity may terminate this Contract, in whole or in part, at any time for its convenience. The Head of the Procuring Entity may terminate a contract for the convenience of the Government if he has determined the existence of conditions that make Project Implementation economically, financially or technically impractical and/or unnecessary, such as, but not limited to, fortuitous event(s) or changes in law and national government policies.

25.2. The Goods that have been delivered and/or performed or are ready for delivery or performance within thirty (30) calendar days after the Supplier's receipt of Notice to Terminate shall be accepted by the Procuring Entity at the contract terms and prices. For Goods not yet performed and/or ready for delivery, the Procuring Entity may elect:

- (a) to have any portion delivered and/or performed and paid at the contract terms and prices; and/or
 - (b) to cancel the remainder and pay to the Supplier an agreed amount for partially completed and/or performed goods and for materials and parts previously procured by the Supplier.
- 11/7/16*

- 25.3. If the Supplier suffers loss in its initial performance of the terminated contract, such as purchase of raw materials for goods specially manufactured for the Procuring Entity which cannot be sold in open market, it shall be allowed to recover partially from this Contract, on a *quantum meruit* basis. Before recovery may be made, the fact of loss must be established under oath by the Supplier to the satisfaction of the Procuring Entity before recovery may be made.

26. Termination for Unlawful Acts

- 26.1. The Procuring Entity may terminate this Contract in case it is determined *prima facie* that the Supplier has engaged, before or during the implementation of this Contract, in unlawful deeds and behaviors relative to contract acquisition and implementation. Unlawful acts include, but are not limited to, the following:

- (a) Corrupt, fraudulent, and coercive practices as defined in ITB Clause 3.1(a);
- (b) Drawing up or using forged documents;
- (c) Using adulterated materials, means or methods, or engaging in production contrary to rules of science or the trade; and
- (d) Any other act analogous to the foregoing.

27. Procedures for Termination of Contracts

- 27.1. The following provisions shall govern the procedures for termination of this Contract:

- (a) Upon receipt of a written report of acts or causes which may constitute ground(s) for termination as aforementioned, or upon its own initiative, the Implementing Unit shall, within a period of seven (7) calendar days, verify the existence of such ground(s) and cause the execution of a Verified Report, with all relevant evidence attached;
- (b) Upon recommendation by the Implementing Unit, the Head of the Procuring Entity shall terminate this Contract only by a written notice to the Supplier conveying the termination of this Contract. The notice shall state:
 - (i) that this Contract is being terminated for any of the ground(s) afore-mentioned, and a statement of the acts that constitute the ground(s) constituting the same;
 - (ii) the extent of termination, whether in whole or in part;
 - (iii) an instruction to the Supplier to show cause as to why this Contract should not be terminated; and
 - (iv) special instructions of the Procuring Entity, if any.

Handwritten signature

- (c) The Notice to Terminate shall be accompanied by a copy of the Verified Report;
- (d) Within a period of seven (7) calendar days from receipt of the Notice of Termination, the Supplier shall submit to the Head of the Procuring Entity a verified position paper stating why this Contract should not be terminated. If the Supplier fails to show cause after the lapse of the seven (7) day period, either by inaction or by default, the Head of the Procuring Entity shall issue an order terminating this Contract;
- (e) The Procuring Entity may, at anytime before receipt of the Supplier's verified position paper described in item (d) above withdraw the Notice to Terminate if it is determined that certain items or works subject of the notice had been completed, delivered, or performed before the Supplier's receipt of the notice;
- (f) Within a non-extendible period of ten (10) calendar days from receipt of the verified position paper, the Head of the Procuring Entity shall decide whether or not to terminate this Contract. It shall serve a written notice to the Supplier of its decision and, unless otherwise provided, this Contract is deemed terminated from receipt of the Supplier of the notice of decision. The termination shall only be based on the ground(s) stated in the Notice to Terminate;
- (g) The Head of the Procuring Entity may create a Contract Termination Review Committee (CTRC) to assist him in the discharge of this function. All decisions recommended by the CTRC shall be subject to the approval of the Head of the Procuring Entity; and
- (h) The Supplier must serve a written notice to the Procuring Entity of its intention to terminate the contract at least thirty (30) calendar days before its intended termination. The Contract is deemed terminated if it is not resumed in thirty (30) calendar days after the receipt of such notice by the Procuring Entity.

28. Assignment of Rights

The Supplier shall not assign his rights or obligations under this Contract, in whole or in part, except with the Procuring Entity's prior written consent.

29. Contract Amendment

Subject to applicable laws, no variation in or modification of the terms of this Contract shall be made except by written amendment signed by the parties.

30. Application

These General Conditions shall apply to the extent that they are not superseded by provisions of other parts of this Contract.

M/2 to

Special Conditions of Contract

GCC Clause	
1.1 (g)	The Procuring Entity is the Department of Budget and Management (DBM) .
1.1 (i)	The Supplier is Certification International Philippines, Inc.
1.1 (j)	The Funding Source is: The Government of the Philippines (GOP) through the authorized appropriations under the FY 2014 General Appropriations Act.
1.1 (k)	The Project sites shall cover all the Bureaus/Services/Offices of the DBM Central Office, as well as sixteen (16) Regional Offices (ROs).
5.1	<p><u>The Procuring Entity's address for Notices is:</u></p> <p>The DBM QMS Core Team Head Systems and Productivity Improvement Bureau Department of Budget and Management Second Floor DBM Bldg. I General Solano St., San Miguel, Manila Tel No. 490-1000 local 1220 Fax No. 735-1976 Email address: cdrapete@dbm.gov.ph</p> <p>Contact Person: Director Clotilde Lacsamana-Drapete</p> <p><u>The Supplier's address for Notices is:</u></p> <p>Unit 601, OMM-CITRA Building, San Miguel Avenue Ortigas Center, Pasig City</p> <p>Contact Person: Renato V. Navarette</p>
6.2	No additional requirements.
10.4	No further instructions.
13.4	No further instructions.
16.1	None.
17.3	No further instructions.
17.4 and 17.5	No further instructions.
21.1	No additional provision.

NOTE



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO ST., SAN MIGUEL, MANILA

NOTICE OF AWARD

September 11, 2014

MR. RENATO V. NAVARRETE

Managing Director

Certification International Philippines, Inc.
Unit 601, OMM-CITRA Building, San Miguel Avenue
Ortigas Center, Pasig City

Dear **Mr. Navarrete**:

We are pleased to inform you that the contract for the project, "Department of Budget and Management ISO 9001:2008 Quality Management System (QMS) Initial Certification Audit," is hereby awarded to your company in the amount One Million One Hundred Seventy Thousand Three Hundred Forty Pesos (P1,170,340.00).

In this regard, you are hereby required to post a performance security in the amount and form stated in Section 39 Republic Act No. 9184 and its Implementing Rules and Regulations within ten (10) calendar days upon receipt of this Notice.

Very truly yours,

FLORENCIO B. ABAD

Secretary



M. V. Navarrete



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
MALACANANG, MANILA

Sept. 17, 2014

To Whom It May Concern:

This is to acknowledge receipt of bid security for DBM
ISO 9001:2008
details as follows:

Payor	<u>Certification International Phil</u>
Check No.	<u>0017318</u>
Amount	<u>P 58,577 -</u>
Date	<u>9/16/2014</u>
Form	<u>Manager's check</u>
Bank/Branch	<u>BDO - Ortigas</u>

Louderes T. SIA
LOURDES T. SIA
Chief AO-Cash Division, AS

Note: Please present letter from BAC in retrieving Bid Security

Received Original
Transparent Receipt
9/17/14

Manager's Check

Check No.
0017318

RT No.
01053
210-2

Date 16 Sep 2014

Pay to the order of ***DEPARTMENT OF BUDGET AND MANAGEMENT*** 58,517 PHP 00 P ***58,517.00**

Pesos

** Fifty-Eight Thousand Five Hundred Seventeen Pesos and Zero Centavos

BD

ORTIGAS - EXCHANGE ROAD BRANCH
G/F, PSE CENTER, EXCHANGE ROAD,
ORTIGAS COMMERCIAL COMPLEX, PASIG CITY

Valid only within six (6) months from date of issue

Authorized Signature

Authorized Signature

⑈0000017318⑈01053⑈2102⑈0000000000000000⑈



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO ST., SAN MIGUEL, MANILA

NOTICE TO PROCEED

October 14, 2014

MR. RENATO V. NAVARRETE

Managing Director

Certification International Philippines, Inc.
Unit 601, OMM-CITRA Building, San Miguel Avenue
Ortigas Center, Pasig City

Dear **Mr. Navarrete**:

This is to inform your company that performance of the obligations specified in the attached Contract for the project, Department of Budget and Management (DBM) ISO 9001:2008 Quality Management System (QMS) Initial Certification Audit, shall commence upon receipt of this Notice to Proceed.

Very truly yours,

FLORENCIO B. ABAD

Secretary



[Handwritten signature]
MARILYN GABBA

16/15/14