

HELP & ASSISTANCE FOR ROTARY PHILIPPINE DISTRICTS, INC. **Integrity Policy No. 1 - Canvassing, Bidding and Accreditation**

POLICY STATEMENT

This policy shall ensure integrity, transparency and accountability over the following areas:

- a) Canvassing and bidding
- b) Contractor accreditation
- c) Bid evaluation criteria

SECTION 1 - Canvassing and Bidding

For purposes of this policy, the following terms and their meanings shall be applied:

Turnkey projects - these are projects where all project elements from planning to construction are contracted to accredited contractors. Materials, labor, overhead and other project contingencies are all included in the contractor's bid. The project shall be turned over to the responsible Project Management team upon completion.

Substituted materials – these are materials donated by Rotarians or third party donors which meet the technical specifications of the projects. The Bids and Awards Committee reserves the right to substitute certain materials to allow usage of donated materials, subject to agreement with the contractor. Costs of the substituted materials shall be excluded from the total contractor's bid.

This policy prohibits Rotary managed projects, including procurement of materials and labour by Help & Assistance for Rotary Philippine Districts, Inc. other than those donated substituted materials as defined above.

Canvassing and bidding policies:

The Bids and Awards Committee shall be responsible for the canvassing and bidding process under the following operating policies:

- a. All contractor-bidders should meet the criteria set forth under the Contractor Accreditation policy as discussed in Section 2 of this Integrity Policy.
- b. The Bids and Awards Committee shall obtain at least three (3) competitive bids only from accredited contractors. Invitation for bid will be announced via the www.rotaryhelps-philippines.org website and/or formal advice to accredited contractors.
- c. Where competitive bids received are below three (3), the Bids and Awards Committee shall declare a failure and thereafter, shall advertise invitation for bid through a major newspaper with nationwide reach in terms of circulation.
- d. In the unlikely event that the nationwide advertisement did not generate the minimum number of qualified and accredited bidders, the Board of Trustee of Help & Assistance for Rotary Philippine Districts, Inc. shall make a decision, based on a majority vote, on the appointment of winning bidder.
- e. The Bids and Awards Committee shall select the most qualified bidder based on 3 equally critical criteria:
 - 1) technical proposal;
 - 2) quality and sustainability; and

3) total bid cost.

The Bids and Awards Committee shall require the bidders to submit 2 separate sealed envelopes containing a) the technical proposal as well as quality and sustainability and, b) the cost bid.

The bid cost will only be opened after the evaluation and rating of the technical proposal, including quality and sustainability (envelope 1). It is important that bid cost shall not be the only consideration for awarding a contract.

Refer to Section 2 and 3 of Integrity Policy No. 1 for general criteria for technical, quality and bid contract proposals.

- f. A summary of competitive bids, together with the endorsement of the winning bid, will be submitted by the Bids and Awards Committee to the Board of Trustees of Help & Assistance for Rotary Philippine Districts, Inc. for final approval.

The contractor accreditation form of the winning bidder shall also be submitted to the Board of Trustees.

- g. A notice to proceed will be issued in favour of the winning contractor 3 days after the Board of Trustees approves the winning bid.

SECTION 2 - Contractor Accreditation

This policy requires that all contractors should meet the following criteria before transacting with Help & Assistance for Rotary Philippine Districts, Inc.

- a. Submission of a verifiable proof of similar or larger projects for the past 5 years.
For the purpose of accreditation, the contractor should have undertaken at least 5 comparable or more complex construction projects.
- b. Submission of the following:
- 1) Valid local business permit;
 - 2) TIN and VAT registration;
 - 3) Listing of registered stockholders/owners;
 - 4) Valid identification of owners/stockholders such as passport and other verifiable government issued identification; and
 - 5) Latest permit to print official receipt and invoices (must be dated consistent with the requirement of Revenue Regulation 2-2013).
- c. Relatives or business associates of local and national government officials are disqualified from bidding.
A formal declaration from the contractor-bidder that it is not related to or business associates of local and national government officials has to be submitted. Local officials, in the context of this policy, mean barangay, municipal, city and provincial officials, elected or appointed in the municipalities or provinces of construction.
- d. Contractor-bidders with known pending criminal cases and litigations or known tax cases are disqualified from bidding. *The contractor-bidder must submit a certification that it is not currently facing any criminal case.*
- e. Rotarians or relatives of Rotarians are disqualified from bidding.
The contractor-bidder must submit a certification that it is not a Rotarian or a relative of a Rotarian. This policy is to avoid any conflict of interest that may arise.

- f. The Bids and Awards Committee is responsible for the screening and evaluation of contractor accreditation. A contractor accreditation form should be accomplished and signed by the Bids and Awards Committee head.

This form shall be forwarded to the Board of Trustees for every endorsement of a winning bidder.

SECTION 3 - Bid Evaluation Criteria

The Bids and Awards Committee shall evaluate competitive bids submitted by the accredited contractor-bidders using the following general criteria:

- a. Technical Proposal - 30%

Technical proposal shall include the following: 1. a demonstration of the contractor-bidder's ability to deliver the turnkey project on time; 2. available credible financial statements or any other public records; and 3. listing of owned or leased equipment to support the turnkey project.

- b. Quality and sustainability - 35%

This includes, among others, 1. design and blue print of the construction project; 2. quality (ie brands) of construction materials to be used; 3. post construction warranty services and support; and 4. post construction maintenance services for certain equipment installed such as water pumps, electrical, etc.

- c. Cost - 35%

The lowest bidder shall get the highest rating. Points reduction to the second and third bidder shall be reduced by a percentage relative to the price difference (ie 10% price difference means the next bidder is assigned a rate equivalent to 90% of the lowest bidder).

HELP & ASSISTANCE FOR ROTARY PHILIPPINE DISTRICTS, INC. **Integrity Policy No. 2 – Invoice Processing and Disbursements**

POLICY STATEMENT

This policy shall ensure integrity, transparency and accountability over the following areas:

- a) Receipt and approval of contractor invoice
- b) Approval and release of disbursements

SECTION 1 - Receipt and approval of contractor invoice

The Project Management Committee shall be responsible for the receipt and approval of contractor invoices under the following operating policies:

- a. The Project Management Committee shall compare the contractor's invoice amount against the billing milestone attached in the construction contract.
- b. The Project Management Committee shall ensure that the billing milestone is met as supported by the approval of the on-site Project Management Team.

Refer to Section 1 of Integrity Policy No. 3 for policies on project inspection and acceptance.

- c. Only invoices under the name of Help & Assistance for Rotary Philippine Districts, Inc. shall be accepted and processed. The invoices must comply with the BIR requirements.
- d. The Project Management Committee shall also ensure that invoice amount is not subject to 12% VAT pursuant to the tax exempt status of Help & Assistance for Rotary Philippine Districts, Inc.'s projects.
- e. The Project Management Committee shall prepare a Payment Voucher form and shall be submitted, together with the contractor's invoice, supporting document of the approval of the on-site Project Management Team and billing milestone, to the Disbursements Committee prior to check voucher and check preparation.

The Payment Voucher form must be duly approved and signed by the Project Management Committee head.

SECTION 2 - Approval and release of disbursements

The check and check voucher processing shall be processed by Isla Lipana & Co. under the following operating policies:

Petty Cash Disbursements

- a. Petty Cash Fund (PCF) shall be maintained at a maximum amount of P10,000 per project. PCF shall be replenished every end of the month or as and when necessary.
- b. The Petty Cash Custodian shall prepare a liquidation and reconciliation of the PCF expenses and actual PCF on hand, on every PCF replenishment or on every end of the month, whichever is earlier.
- c. All PCF reimbursements above P1,000 must be covered by an official receipt explicitly under the name of Help & Assistance for Rotary Philippine Districts, Inc.

Check Disbursements

- a. Upon receipt by Isla Lipana & Co. of the duly approved and signed payment voucher, they should match details and amounts to the contractor's invoice, supporting document of the approval of the on-site Project Management Team and billing milestone. If there are differences in the details and amounts, the documents will not be processed for payment and will be returned to the Project Management Committee.
- b. If there are no differences in the details and amounts, Isla Lipana & Co. shall prepare the check voucher and bank check. The check voucher shall be duly approved and signed by the Disbursement Committee manager.
- c. The bank checks will be routed to the signatories together with the duly approved and signed check voucher, contractor's invoice, supporting document of the approval of the on-site Project Management Team and billing milestone.
- d. All check disbursements to contractors will be subject to 2% withholding tax.
- e. All checks shall be picked up by the suppliers at the releasing office of the Isla Lipana & Co., 30 days after the receipt of the invoice.
- f. Check disbursements will only be released to those with official receipts under the name of Help & Assistance for Rotary Philippine Districts, Inc. The official receipts must comply with the BIR requirements (covered by Authority to Print dated on or before October 30, 2013 but not earlier than June 30, 2013).
- g. It is a policy that contracts with the contractors shall explicitly require a 10%-retention to indemnify Help & Assistance for Rotary Philippine Districts, Inc. from possible defects or undelivered warranties. Unless the contracts specify otherwise, retention portion of the contract shall be paid no less than 180 days from the turnover date.
- h. Portion of the contract representing "retention" shall not be paid and released to the contractor until all the conditions under the construction contracts have been met by the contractor, including but not limited to warranty and post construction services. Payment of the "retention" after the contractor has met all the conditions under the contract shall be approved by the Project Management Committee.

Bank Reconciliation

- a. A statement of bank reconciliation shall be prepared by Isla Lipana & Co. on a monthly basis and must be reviewed and approved by the manager-in-charge.

HELP & ASSISTANCE FOR ROTARY PHILIPPINE DISTRICTS, INC.

Integrity Policy No. 3 - Inspection and Acceptance

POLICY STATEMENT

This policy shall ensure integrity, transparency and accountability over the following areas:

- a) Progress inspection
- b) Inspection in support of a contractor's progress billing
- c) Project acceptance upon completion

SECTION 1 - Progress inspection

The Project Management Committee shall be responsible for the progress inspection and completion acceptance. The Committee is ultimately responsible to ensuring that the completed projects comply with the agreed specifications and design. The following operating policies shall also apply:

- a. An on-site Project Management Team Committee shall be designated to every project. The on-site Project Management Team shall be composed of the following: Appointed Rotarian-Project Manager, preferably an engineer or architect, appointed school official and designated Department of Education (DepEd) representative.
- b. On a monthly basis, the onsite Project Management Team shall conduct an inspection as to the progress of the project which shall be reported to the Project Management Committee Head.
- c. On a quarterly basis, the Project Management Committee shall submit to the Board of Trustees a summary report of the progress of all ongoing projects.
- d. Where the progress is not within the timetable agreed, the Project management Team Committee shall set a meeting with the contractor. The results of the meeting shall be reported to the Board of Trustees if anticipated delay is more than 30 days.

SECTION 2 - Responsibility over accuracy of contractor's progress billing

- a. The Project Management Committee shall be responsible for accuracy of the progress or milestone billing of the contractor to prior to payment.
- b. The on-site Project Management Team shall provide a certification to the Project Management Committee that appropriate inspection was conducted and approves the progress billing. The certification shall be duly approved and signed by the following: Appointed Rotarian-Project Manager, appointed school official and designated Department of Education (DepEd) representative.

SECTION 3 - Project Acceptance upon completion

- a. Completed projects should be inspected by the Project Management Committee and the on-site Project Management Team before accepting the certificate of completion issued by the contractor.
- b. A copy of the certificate of completion shall be forwarded to the Disbursements Committee, while the original copy should be filed and kept by the Project Management Committee.